

News

The NCLAT issued the ruling while rejecting an appeal by the CoC of Byju's contesting an NCLT judgment that refused to be included.



into petitions seeking the removal of the GLAS Trust. The NCLAT is not a legal entity, but it has the authority to litigate in IBC issues.

According to the Chennai Bench of the National Company Law Appellate Tribunal (NCLAT), a Committee of Creditors (CoC) is not a legal entity in the traditional sense, but it is nonetheless able to file lawsuits under the Insolvency and Bankruptcy Code (IBC) on its own behalf. [CoC, Riju Raveendran v. Think & Learn]

The decision was made by a panel of Judicial Member Justice (retd) Seshasayee and Technical Member Jatindranath Swain, who dismissed an appeal filed by the CoC of Think and Learn (Byju's) contesting an NCLT order that refused to include it in the proceedings to remove GLAS Trust Company LLC from the CoC.

The NCLAT decided, "Because a CoC is a statutory body and a decision-making entity, it cannot be considered an entity with the right to litigate under general jurisprudential principles. To deny it its legal existence for all purposes just because it is not a juristic person could be tantamount to throwing out the baby with the bathwater.

In July 2024, Byju's was accepted into the corporate insolvency resolution process (CIRP) in accordance with Section 9 of the IBC.

The resolution professional (RP) established a four-person CoC on August 21, 2024. On August 31, 2024, however, the RP reorganized the CoC by removing two creditors: Aditya Birla Capital, which owned a fractional voting stake, and GLAS Trust, which held a 99.41% voting share.

Before the NCLT, both creditors contested their dismissal. On January 29, 2025, their applications were approved, bringing them back to the CoC. The NCLT subsequently rejected the RP's request for approval of the rebuilt CoC as infructuous on February 17, 2025, and formally permitted the application recording the original CoC constitution.

When Riju Raveendran, a suspended Think and Learn director, applied to have the GLAS Trust removed from the CoC, the conflict reappeared. The CoC submitted an application to become a party during these proceedings.

The NCLT rejected the CoC's impleadment plea on two grounds: first, that the issue exclusively involved the membership of the GLAS Trust, and second, that the CoC lacked legal character and could only be represented by the RP.

Before the NCLAT, the CoC contested this order.

According to the Appellate Tribunal, the case brought up a basic issue that had not been thoroughly investigated since the IBC went into effect.

Is the CoC a juristic person with legal character? Is it able to sue or be sued in its own name?

The CoC was defined as a statutory entity established by the ReP. According to the statement, the organization is a group of financial creditors that have separate contractual rights against the company that is in debt.

"They are connected by a common denominator only, not a common cord."

The Tribunal emphasized that although the IBC does not combine the names of creditors, it does require them to operate in concert during the settlement process.

"The IBC does not seek to foster a sense of unity inside the CoC, even though it may mandate that the financial creditors attend a meeting. Its members may, but they are not have to."

Comparisons with businesses, partnerships, groups, clubs, and trusts were rejected by the Bench. It stated that CoC members get together to minimize losses rather than to divide earnings.

The NCLAT acknowledged the practical reality of insolvency litigation in spite of the aforementioned conclusion.

"Why should a generally developed and accepted practice that permits the CoC to file a lawsuit in its name be rejected if it has been in use for ten years and is proven to be successful in the IBC's operations?"

Disrupting this procedure could lead to pandemonium in the insolvency processes, according to the Tribunal.

"The CoC, which was established by the IBC itself, has every right to file a lawsuit in its name."

Additionally, it disagreed with the NCLT's assertion that the CoC can only be represented by the RP.

"The Code assigns distinct roles and specific responsibilities to CoC and RP,"

establishing them as completely distinct entities."

Nonetheless, in the application to remove GLAS Trust, the Tribunal maintained the NCLT's decision to not invoke the CoC. It said that only the creditor whose membership was contested was involved in the issue.

"The CoC is neither a necessary party nor even a proper party for deciding whether one of its members, the Glas Trust, should be in the CoC. Anything that affects or threatens the individual right of one member of the CoC cannot be construed as a threat to all."

The NCLT order was upheld and the appeal was rejected.

Advocates Prachi Johri, Mrigangi Parul, Girishkumar Fating, Mayan Jain, and Ajay Shankar Rao joined Senior Advocate Jayant Mehta in representing the CoC.

Advocates V Shyamohan, Sradhaxna Mudrika, Anshika Bajpai, Shreya Nair, Vishal Sinha, and Anirud C. accompanied Senior Advocate Haripriya Padmanabhan in representing Riju Raveendran.