



भारतीय दिवाला और शोधन अक्षमता बोर्ड
Insolvency and Bankruptcy Board of India



INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

in association with
STATE BANK OF INDIA
Announces Workshop on

“Committee of Creditors (CoC) : An Institution of Public Trust”



24th AUGUST, 2019
GURGAON

Failure of a firm to service debt is an outcome of the market. The Code, therefore, envisages market-led solutions to address insolvency. It offers resolution, wherever possible, and liquidation, wherever required, of the firm. The Code believes that a limited liability firm is a contract between equity and debt. As long as debt is serviced, equity, represented by a Board of Directors, has complete control of the firm. When the firm fails to service the debt, control of the firm shifts to creditors, represented by a CoC, for resolving insolvency.

In the matter of *Swiss Ribbons Pvt. Ltd. & Anr. Vs. Union of India & Ors*, the Hon'ble Supreme court observed: "...the primary focus of the legislation is to ensure revival and continuation of the corporate debtor by protecting the corporate debtor from its own management and from a corporate death by liquidation." The Hon'ble NCLAT in the matter of *Binani Industries Limited Vs. Bank of Baroda & Anr.*, observed: "The first order objective is "resolution". The second order objective is "maximisation of value of assets of the 'Corporate Debtor'" and the third order objective is "promoting entrepreneurship, availability of credit and balancing the interests". This order of objective is sacrosanct."

The CoC considers resolution plans received from resolution applicants (RAs) and approves the best of them for insolvency resolution of the firm. The consideration of resolution plans and approval of the best of them requires two abilities, namely, the ability to restructure the liabilities and the ability to take commercial decisions. The operational creditors (OCs) typically do not have the ability and willingness to restructure liabilities. The CoC may opt for liquidation to realise immediately whatever is available, if it comprises OCs. The financial creditors (FCs) generally have the resilience to wait for realisation of their dues post reorganisation. They have also the ability to determine if a resolution plan will achieve the objectives of the Code. In view of their abilities, the CoC comprises FCs. The Hon'ble Supreme Court in the matter of *K. Shashidhar Vs. Indian Overseas Bank & Ors* reiterated that the Code grants paramount status to the commercial wisdom of the CoC, without any judicial intervention, for ensuring completion of the processes within time limit.

The Code envisages the CoC to consider only those resolution plans which (i) have been received from credible and capable RAs, (ii) comply with the applicable laws, (iii) are feasible and viable, (iv) have potential to address the default, and (v) have provision for effective implementation of the plan. These considerations ensure that the resolution plan achieves reorganisation of the firm as a going concern, on a sustained basis. A resolution plan may provide for restructuring of the corporate debtor, including by way of merger, amalgamation, and demerger. Of the plans which meet these requirements, the CoC must approve that resolution plan which maximises the value of the assets of the firm.

It is important to note that the commercial decisions are not amenable to a precise mathematical formula. In fact, it requires considerable commercial dexterity and acumen. The CoC must enhance its capacity to distinguish a viable firm from an unviable one and ensure rescue of all viable firms and allow closure of only unviable ones, in the interest of the economy. Only then the economy can reap the full benefits of having the Code and justify its well-founded objects and reasons.

OBJECTIVE

In the above background, this workshop aims to develop an understanding of the role of and expectations from the CoC under the Code and to ensure that the CoC must:

- discharge its statutory duties and responsibilities with utmost care and diligence;
- have the capability and motivation to take business decision in terms of generating competitive resolution plans and approving the best among them and thereby avoid recovery, sale or liquidation;
- be willing to restructure the liabilities of the firm, to the extent expedient, both in terms of value and timing; and
- must consider and balance the interest of all stakeholders, in a resolution process, taking into account the order of priority laid down in section 53 of the Code.

DELEGATES

This workshop is intended for top management and senior level officers (GM and above) of Scheduled Commercial Banks, who are decision makers under the Code.

FACULTY



Dr. M. S. Sahoo
(Chairperson, IBBI)



Mr. Sunil Mehta
(MD & CEO, PNB)



Ms. Anshula Kant
(MD, SARC,
State Bank of India)



Mr. L. Viswanathan
(Partner, CAM)



Mr. Manish Agarwal
(Partner, KPMG)



Mr. Piyush Mishra
(Partner, AZB)



Mr. Sanjeev Krishan
(Partner, PwC)



Mr. Shailendra Ajmera
(Partner, EY)



Mr. Vijay Kumar V. Iyer
(Partner, Deloitte)

NOMINATION AND REGISTRATION

There is no registration fee for the programme. However, the invitee organisations need to nominate not more than two delegates for the Workshop and confirm their participation in advance at workshop.ip@ibbi.gov.in by **21st August, 2019**. All participants shall have to make their own traveling/boarding arrangements.

VENUE

State Bank Institute of Credit & Risk Management (SBICRM)
Plot 77, Sector 18, Gurgaon - 122015

SCHEDULE

24th August, 2019 (Saturday)

Time	Subject
10.00 -11.15	Inauguration and Expectation Sharing
11.30 - 12.15	Effective Participation, Due Diligence, Relationship with RP and Other Stakeholders, Speeding up Process
12.15 - 13.00	Consideration and Approval of Resolution Plans: Viability and Feasibility of Resolution Plans; Duty of Care for Others (Shareholders, Operational Creditors, Employees, Government, Society) and Transparency in Decision Making
13.45 - 14.30	Information Memorandum, Invitation of Expression of Interest, Evaluation Matrix and Request for Resolution Plans
14.30 – 15.15	Role and Responsibilities of CoC vis-à-vis Objective of the Code; Emerging Jurisprudence
15.15 -16.00	Maximisation of Value of Assets of the Corporate Debtor; Options for Resolution Insolvency: Resolution Plan, Recovery, Liquidation, Sale or Any Other? Developing Markets for Interim Finance, Forensic Audit and Avoidance of Transactions
16.15 - 17.00	Post-Resolution: Implementation of Resolution Plan, Liquidation as Going Concern
17.00 – 17.30	Valedictory Session

For more information, please contact:

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