



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



Indian Banks' Association



INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

Jointly with

STATE BANK OF INDIA

and

INDIAN BANKS' ASSOCIATION

organizes

One Day Workshop (in Hybrid Mode) for Bank Officers

Committee of Creditors:

An Institution of Public Faith

21st July, 2022 (Thursday)

Mumbai

It is normal for a firm to have stress in a market economy. Such stress, however, needs to be addressed expeditiously in an orderly manner. The Insolvency and Bankruptcy Code, 2016 (Code) envisages a market mechanism to address this situation swiftly.

The Code recognises that a limited liability firm is a contract between equity and debt. As long as the debt is serviced; the equity, represented by a Board of Directors, has complete control of the firm. When the firm fails to service its debt, control of the firm shifts to the creditors, represented by a Committee of Creditors (CoC), for resolving stress. The Code envisages the CoC to comprise financial creditors for the process to be speedy, effective, and efficient.

The Code assigns the role of a saviour to the CoC. It recognises a wider public interest in resolving corporate insolvencies [Kridhan Infrastructure Pvt. Ltd. Vs. Venkatesan Sankaranarayan & Ors. (2020)]. It is a beneficial legislation which aims to put the firm back on its feet. It enables revival and continuation of the firm by protecting it from its own management and from closure by liquidation. The first and foremost objective of the Code is reorganisation and insolvency resolution of the firm [Swiss Ribbons Pvt. Ltd. & Anr. Vs. Union of India & Ors. (2019)]. The second order objective is maximising value of assets of the firm and the third order objective is promoting entrepreneurship, availability of credit and balancing the interests of all stakeholders. This order of objectives is sacrosanct [Binani Industries Limited Vs. Bank of Baroda & Anr. (2018)]. If there is a resolution applicant who can continue to run the firm as a going concern, every effort must be made to try and see that this is made possible [Arcelor Mittal India Private Limited Vs. Satish Kumar Gupta and Ors. (2018)].

The CoC has responsibility to rescue viable firms and close unviable ones. Its commercial wisdom is supreme. An inappropriate decision which lets a viable firm close or an unviable firm survive is very costly for stakeholders and the economy. The CoC needs to rescue a viable firm through a resolution plan which (i) has been received from a credible and capable resolution applicant, (ii) complies with the applicable laws, (iii) is feasible and viable, (iv) has potential to address the stress, (v) has provision for effective implementation of the plan, and (vi) maximises the value of the assets of the firm, irrespective of realisation for creditors under the plan. This ensures sustained resolution.

The CoC has powers commensurate with its responsibilities. It can decide a haircut of any magnitude to any or all stakeholders required for rescuing the firm; and to seek and choose the best resolution plan from the market, unlike other avenues that allow creditors to find a resolution only from existing promoters. The resolution plan can entail a change of management, technology, or product portfolio; acquisition or disposal of assets, businesses, or undertakings; restructuring of organisation, business model, ownership, or balance sheet; strategy of turn-around, buy-out, merger, amalgamation, acquisition, or takeover; and so on, as may be necessary to resolve the stress of the firm. Its decisions must increase the value of the firm, which is valued 100 at the commencement of the resolution process, to at least 101 the next year, 102 the year after, and so on. Such value maximisation with sustained resolution requires strategies much beyond restructuring of liabilities. This requires tremendous commercial dexterity and acumen on the part of members of the CoC.

The responsibility comes with accountability. Since the decisions of the CoC impact the life of the firm and consequently its stakeholders, it needs to be fair and transparent in its decisions.

OBJECTIVES

The workshop aims to develop an understanding of the role of and expectations from the CoC, under the Code and to build the capacity of institutional financial creditors to ensure that the CoC:

- ⇒ discharges its statutory duties and responsibilities with utmost care and diligence;
- ⇒ has the capability and motivation to take business decisions in terms of generating multiple competing resolution plans and approving the best among them; and
- ⇒ considers and balances the interest of all stakeholders in a resolution process.

PARTICIPANTS

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



The manner of rescue is as important as the rescue itself. The manner of rescue must ensure optimum utilisation of limited resources of the economy, promote availability of credit and entrepreneurship. The conduct of the CoC and its members must be above Board, to justify their exalted position in the Code.

The institution of CoC has grown in strength and earned respectability over the last 5 years. To further strengthen the institution, a one-day hybrid mode workshop, on the theme, “Committee of Creditors: An Institution of Public Faith”, has been scheduled on 21st July, 2022 at Mumbai.

TENTATIVE SCHEDULE

Session	Subject
10.00 -10.45	Inauguration and Context Setting
10.45 - 12.00	Deciding to grant a loan; Choosing a remedy in case of default; Guarantee and security; Preparing for using the Code; and Initiating CIRP.
12.15 - 13.30	Role of CoC in a CIRP; Dealing with Insolvency Professional, Corporate Debtor, and Adjudicating Authority; Relationship among members inter se, and interface with operational creditors and other stakeholders; Avoidance transactions; and Emerging jurisprudence.
14.30 - 15.15	Deciding to rescue or liquidate a corporate debtor; Choosing a resolution plan; Selecting a resolution applicant; What is commercial and what is not commercial for the CoC; and Valuations and their uses in CIRP.
15.30 - 16.45	Experience sharing session on case study of Essar Steel India Limited
16.45 - 17.00	Valedictory Session

FACULTY

Mr. Sudhaker Shukla, WTM, IBBI; Mr. Sunil Mehta, Chief Executive, IBA; Mr. Ashwini Kumar Tewari, MD, SBI; Mr. Sanjeev Pandey, Former DGM, SBI; Mr. Dhananjay Kumar, Partner, Cyril Amarchand Mangaldas; Mr. Abizer Diwanji, Head, Financial Services, EY; and Mr. Satish Kumar Gupta, Insolvency Professional.

NOMINATION AND REGISTRATION

There is no fee for participation in the workshop. However, the number of physical participants in a workshop is limited to 50 to ensure effective interactions.

The Banks and Financial Institutions must confirm their nominations to Indian Banks' Association (IBA) (mgr2.cib@iba.org.in) in response to the request for nomination sent by IBA to respective Banks and Financial Institutions.

Workshop on 21st July, 2022, in Hybrid Mode

MODE OF DELIVERY

Hybrid Mode (Physical and Online) Workshop

Venue for those joining in Offline Mode:

State Bank of India, Local Head Office, Peshwa Darbar Hall, Bandra Kurla Complex, Mumbai - 400051.

Link for those joining Online

The link for the workshop will be shared with the officers nominated by the Banks / Financial Institutions, closer to the date of the workshop.

FOR MORE INFORMATION/ ASSISTANCE, PLEASE CONTACT

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