



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

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Sudhaker Shukla
Whole Time Member

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Dear Insolvency Professionals,

As you are aware, in his address to the nation on 19th March 2020, Hon'ble Prime Minister emphasized on the importance of not taking the pandemic lightly and the need to be aware and proactive towards prevention of COVID-19. He added that patience and resolve of all Indians is vital in fighting the global pandemic which has wreaked havoc all over the world. Further, he highlighted that each of us singularly and collectively have to make concerted efforts to ensure the containment of the fast spreading virus.

Prime Minister urged citizens to follow the mantra of "when we are healthy, the world is healthy". He stressed on the importance of following self-imposed norms like 'social distancing'. Requesting citizens to patiently abide by the norm, he urged the need to isolate oneself and come out of the house only if imperative, while trying to work from home and avoid unnecessary travel.

As per saying, it is the turbulence which makes the sailor perfect. The outbreak of novel COVID-19 is presenting trying times for humanity. We are in a war like situation where no one is immune to the effect or possibility of being affected by this pandemic. In such a situation, we all must stand together with resolve to defeat this potent adversary to the humanity. As market tumbles and economy takes a nose dive, financial distress and credit defaults may potentially bring larger no of companies, which otherwise were resilient, at the brink of collapse, if required handholding is not extended.

Your role as Insolvency Professional so far, has been exemplary and no less than a care giver by rescuing the distressed persons - both companies as well as individuals. You have proven your capability and commitment by improving the performance of several CDs during the CIRP despite all the constraints and non-cooperation, which the entire board of directors was not able to do with all the resources and cooperation at their wherewithal. The rescue of more than 200 companies, one third of which were not even alive, and making difference to lives and livelihoods of lacs of stakeholders of the distressed companies, reflects your capability.

With such a proven capability, your responsibilities increase manifold in times when the pandemic COVID-19, while having brought human suffering, is also causing major economic disruptions. It has created a business continuity risk almost across all sectors of the economy, worldwide. With its epi-centre in China, from where the output contractions and supply chain disruptions first started, the tremors of the same is now being felt worldwide with sever intensity.

The IBC provides a right to initiate a CIRP and initiate it at the earliest. It is an obligation. It is so because, the stakeholders may have a thousand commercial reasons not to initiate it. One should weigh the consequences of initiating a CIRP. Will it find a appropriate resolution applicant to rescue the CD? On the one hand, a company may not have enough demand for its products and consequently may fail to service debt and on the other hand, if many such companies get into insolvency resolution process, there may not be many resolution applicants willing to rescue these companies. Therefore, whenever you are called upon to advise, please

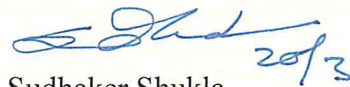
advise your client appropriately, keeping in view commercial considerations. In any case, you know that IBC is the last resort. Even the last resort has to be used very carefully. These are testing times for the law and for you as professionals.

I wish you all the strength to bring a smile on the face every stakeholder of every distressed company. It is time for you to rededicate yourself to the service of the nation. I am sure, you will rise to the occasion and prove your mettle in these trying situations. Let us all, associated with this ecosystem, make our own small contribution to the fight against this pandemic by doing whatever each of us can to protect ourselves; our families; our stakeholders and our fellow countrymen. IBBI as a regulatory authority of the Insolvency Professionals has come out with a circular dated 20th March 2020 wherein, to exercise social distancing, the IPAs have been encouraged to conduct online classes for pre-registration training and CEPs for the IPs.

I request you to follow the advice of health workers and government agencies to take necessary preventive steps to arrest the spread of this pandemic. I also urge you to exercise extra degree of empathy in these trying times. Above all, let humanity win in this unfortunate battle. Following are some of the steps you may imbibe in inculcating and propagating safe hygienic practices:

- Follow the suggestions given by Hon'ble Prime Minister in his address to nation on 19th March 2020, with regard to prevention of spread of COVID-19 in letter and spirit, which can be accessed at <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1607248>.
- Take necessary proactive steps to safeguard yourself, your staff and all other persons associated with you. We recommend you to follow the Do's and Don'ts annexed in the OM dated 17th March 2020 of Ministry of Personnel, Public Grievances and Pensions (Department of Personnel and Training) which can be accessed at <https://www.mohfw.gov.in/pdf/PreventivemeasuresDOPT.pdf>.
- As far as possible, meet the creditors and other stakeholders of the CIRP through virtual platform, rather than in-person.
- As far as practicable, allow your supporting staff to work from home. An extra degree of empathy is required in such trying times.

In case you need any clarification/ assistance from IBBI please E-mail to dilip.khandale@ibbi.gov.in



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