



PRESS RELEASE

Companies should identify and Address Financial Stress at an Early Stage and Avoid Insolvency Process wherein IPs can play important role.

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A Study Group constituted by Indian Institute of Insolvency Professionals of ICAI (IIPI) has affirmed that besides resolving corporate debtors, the insolvency professionals (IPs) can play a crucial role in the pre and post CIRP (Corporate Insolvency Resolution Process) stage under the IBC, 2016. The Study Group titled “Roles of Insolvency Professionals Across Insolvency Value Chain from Incipient Stage till Post-Resolution Stage” under the Chairmanship of CA. Nihar Jambusaria, Past-President, The Institute of Chartered Accountants of India (ICAI), in its recent report has enumerated various methods and processes that can be used to diagnose corporate distress at an early stage and introduce interventions to mitigate insolvency process.

Dr. Ashok Haldia, Chairman, IIPI-Board hoped that “this report will help the IPs to manage the stress in companies at both, pre and post CIRP stages as they bring specialised expertise and experience within the scope of law and regulations as envisaged under the IBC”.

The Report has also delved into benefits of addressing stress at an early stage, besides identifying areas to address and control early signs of distress. The Report highlights that it is important for companies to be proactive in order to address the stress at an early stage which can help to prevent financial difficulties from escalating and becoming more severe, while also positioning the company for long term success.

The Report suggests four ways by which professionals can help in the resolution of a company in distress *viz.* One Time Settlement (OTS), Restructuring under RBI’s June 7 Circular, restructuring through schemes of arrangement under Companies Act 2013 and Settlement through arbitration or mediation.

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About IIPI

Indian Institute of Insolvency Professionals of ICAI (IIPI), promoted by the Institute of Chartered Accountants of India (ICAI) is the largest frontline regulator under IBC in India with about 63% of Insolvency Professionals as its Members. IIPI actively works under the aegis of Insolvency and Bankruptcy Board of India (IBBI) to build professionals' capacity and provide policy inputs to regulators. Website: <https://www.iiipicai.in/>

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