



CIRCULAR

SEBI/HO/RRD/RD1/CIR/P/2019/46

April 02, 2019

To,
All Registered Insolvency Professional Agencies,
All Registered Insolvency Professionals,
All Recognised Insolvency Professional Entities.

Madam/Sir,

Subject: Empanelment of Insolvency Professionals (IPs) to be appointed as Administrator, remuneration and other incidental and connected matters under the Securities and Exchange Board of India (Appointment of Administrator and Procedure for Refunding to the Investors) Regulations, 2018.

1. The Board has made the Securities and Exchange Board of India (Appointment of Administrator and Procedure for Refunding to the Investors) Regulations, 2018 ("**Administrator Regulations**"), which was notified in the Official Gazette on October 3, 2018. The aforesaid regulations provide, *inter alia*, for appointment of an Administrator and procedure for refund to the investors.
2. In terms of regulation 4 of the Administrator Regulations, the Board shall, after attachment of the properties of the defaulter, appoint an Administrator in the manner specified. In terms of sub-regulation (1) of regulation 5 of the said Regulations, the Administrator shall be a person registered with the Insolvency and Bankruptcy Board of India ("**IBBI**") as an Insolvency Professional ("**IP**") and empanelled with the Board from time to time.
3. The Board is also empowered, under regulations 5, 6 and 17 to, *inter alia*, fix the eligibility criteria, the terms of appointment including remuneration of an Administrator and issue clarifications and guidelines in respect of the application of the Administrator Regulations.
4. The Administrator would be selected from a Panel of IPs prepared by IBBI under the Administrator Regulations. The details of such appointments would be shared with IBBI from time to time.
5. An Administrator, who is selected from a Panel of IPs, shall not withdraw his consent to act as an Administrator or refuse to act as an Administrator, if



appointed by the Board under the Administrator Regulations or surrender his registration to the IBBI Board or membership to his Insolvency Professional Agencies (IPA) during the pendency of the assignment. In case of such withdrawal or refusal, the matter will be referred to IBBI for suitable action in this regard.

6. Remuneration of Administrator shall be as under:
 - (a) the remuneration payable to the Administrator shall be in accordance with sub-regulation (3) and (4) of regulation 4 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (Liquidation Process Regulations) (as amended from time to time) with suitable modifications as given in Table 1 and 2 in Part-I of the Schedule;
 - (b) fees for distribution as given in Table 2 in Part-I of the Schedule shall not apply in cases of recovery of fees, penalties and disgorgement;
 - (c) in addition to the fees under sub-regulation (3) of regulation 4 of the Liquidation Process Regulations, the fees payable to the entities such as chartered accountant (Table 3 and 4), registered valuer (Table 5), registrar and share transfer agent or such other agency (Table 6), etc. in Part-II of the Schedule, appointed by the Administrator under regulation sub-regulation (2) of regulation 7 the Administrator Regulations and incidental expenses as given in Part-III of the Schedule to this Circular would be payable to the Administrator and the same would be part of the overall remuneration payable to the Administrator;
 - (d) the overall remuneration paid to the Administrator shall be treated as the costs of administration under regulation 11 of the Administrator Regulations;
 - (e) in appropriate cases, the Board may, after recording reasons in writing, pay higher remuneration than the remuneration fixed under the Schedule to this Circular.
7. The Administrator shall appoint chartered accountant from the list of empanelled chartered accountants with SEBI. As regards registered valuer and registrar and share transfer agent or such other agency, they shall be appointed through open tender. The tender for registered valuer shall be published in at least two newspapers, one in an English daily newspaper having nationwide circulation and another in a newspaper having wide circulation and published in the language of the region where the defaulter was last known to have resided or carried on business or personally worked for gain or its registered office is located.
8. The tender for registrar and share transfer agent or such other agency shall be published in an English daily newspaper having nationwide circulation. However, if the investors to whom refund needs to be made is very few and total



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refund amount is small making newspaper publication not feasible in terms of cost-effectiveness, such publication shall be made only on the website of the Board. An officer of SEBI nominated by the Recovery Officer shall be part of the Tender Opening Committee in such matters.

9. This Circular is being issued in exercise of powers conferred under section 11(1) of the Securities and Exchange Board of India Act, 1992 read with regulations 4, 5, 6 and 17 of the Administrator Regulations and shall come into force with immediate effect.
10. This Circular is available on the website of the Board (www.sebi.gov.in) under the category "Circulars" and "Empanelment of Insolvency Professionals (IPs) remuneration and other incidental and connected matters".

Yours faithfully,

Jai Sebastian
Deputy General Manager
Recovery Division-1
Recovery and Refund Department
jais@sebi.gov.in



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SCHEDULE

Part-I

Table -1. FEES OF ADMINISTRATOR FOR REALISATION

Amount of Realisation (Rs.)	Percentage of fee on the amount realized			
	in the first six months	In the next six months	In the next one year	Thereafter
Amount of Realisation (exclusive of fees of entities appointed by Administrator and incidental expenses)				
On the first 1 crore	5.00	3.75	2.50	1.88
On the first 9 crore	3.75	2.80	1.88	1.41
On the first 40 crore	2.5	1.88	1.25	0.94
On the first 50 crore	1.25	0.94	0.68	0.51
On further sums realized	0.25	0.19	0.13	0.10

Table -2*. FEES OF ADMINISTRATOR FOR DISTRIBUTION

Amount of Distribution (Rs.)	Percentage of fees
On the first 1 crore	0.94
On the first 9 crore	0.71
On the first 40 crore	0.47
On the first 50 crore	0.25
On further sums realized	0.05

* the Administrator shall be entitled to receive half of the fee payable on realisation under Table-1 only after such realised amount is distributed.

Part-II

FEES OF CHARTERED ACCOUNTANT

Table -3. REGULAR AUDIT

Sr. no.	Amount realised	Fees (Rs.)
1	Up to Rs. 25 lakh	50,000
2	Rs.25 lakh-50 lakh	55,000
3	Rs. 50 lakh-1 crore	60,000
4	Rs.1 crore & above	1,00,000



Table -4. FORENSIC AUDIT

Category of the Company	No. of years of forensic audit (Rs. Lakh)					
	1	2	3	4	5	5+
Company mobilising money above 10,000 crore	8	12	15	18	20	20
Company mobilising money between Rs. 2000 -10,000 crore	7	10	12	14	15	15
Company mobilising money up to Rs. 2000 crore	5	6	7	8	9	10

Table -5. MAXIMUM FEES OF REGISTERED VALUER

Sr. No.	Valuation amount	Percentage of fee on the amount valued
1	On the first Rs. 5,00,000 of the asset as valued	0.50%
2	On the next Rs. 10 lakh of the asset as valued	0.20%
3	On the next Rs. 40 lakh of the asset as valued	0.10%
4	On the balance of the asset as valued	0.05%
Excluding GST		
Other actual expenses like travelling conveyance and out of pocket expenses, if any, are to be borne by SEBI subject to maximum of 20% of total fee charged by the registered valuer		

Table -6. FEES OF REGISTRAR AND SHARE TRANSFER AGENT OR SUCH OTHER AGENCY

Sr. No.	Range (Number of Successfully Submitted Applications)	Effective Rate
1.	> 0 ≤ 10,00,000	Offered Rate
2.	> 10,00,000 ≤ 25,00,000	Offered Rate less 5 % of the Offered Rate
3.	>25,00,000 ≤ 50,00,000	Offered Rate less 10 % of the Offered Rate
4.	> 50,00,000 ≤1,00,00,000	Offered Rate less 15 % of the Offered Rate
5.	> 1,00,00,000 ≤3,00,00,000	Offered Rate less 20 % of the Offered Rate
6.	> 3,00,00,000	Offered Rate less 25 % of the Offered Rate



Offered Rate shall be a rate offered by a successful bidder in an open tender.

Effective Rate shall be the applicable rate for the processing of successfully submitted applications as prescribed slab-wise on an incremental basis. It is stated that online applications as received from Investors in consonance and accepted by the web-portal upon satisfaction of the submission criteria shall be categorised as “**Successfully Submitted Applications**”.

Part-III

INCIDENTAL EXPENSES

Incidental expenses shall be payable on actual basis subject to a maximum of 25% of the fees payable to the Administrator under Table 1 of Part-I of this Schedule.