

**GAZETTE OF INDIA
EXTRAORDINARY
PART III, SECTION 4
PUBLISHED BY AUTHORITY**

**INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
NOTIFICATION**

New Delhi,, 2019

**INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (LIQUIDATION PROCESS)
(AMENDMENT) REGULATIONS, 2019**

IBBI/2019-20/GN/REG.....-In exercise of the powers conferred by clause (t) of sub-section (1) of section 196 read with section 240 of the Insolvency and Bankruptcy Code, 2016(31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following Regulations further to amend the Insolvency and Bankruptcy Board of India (Liquidation process) Regulations, 2016, namely: -

1. (1) These Regulations may be called the Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations, 2019.
(2) They shall come into force on the date of their publication in the Official Gazette.

2. In Insolvency and Bankruptcy Board of India (Liquidation process) Regulations, 2016, (hereinafter referred to as the principal regulations), in regulation 2, after clause (k), the following clause shall be inserted, namely: -
“(1) “Tribunal” means the National Company Law Tribunal defined under clause (90) of section 2 of the Companies Act, 2013.”.

3. In the principal regulations, for regulation 8, the following regulation shall be substituted, namely: -
“8. Stakeholders’ Consultation Committee.
(1) The liquidator shall constitute a Stakeholder’s Consultation Committee comprising representatives of financial creditors, employees, workmen, operational creditors, representatives of the Government and shareholders, where relevant, to advise him on matters relating to the liquidation process.
(2) Subject to sub-regulation (3), the composition of the Stakeholders’ Consultation Committee shall be as under:

Representative of	Number	Remarks
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Secured Financial Creditors	≤ 4	If their claims admitted during CIRP is less than 50% of liquidation value, the number shall be limited to 2.
Unsecured Financial Creditors	≤ 2	If their claims admitted during CIRP is less than 25% of liquidation value, the number shall be limited to 1.
Employees/Workmen	≤ 1	
Representative of the Government	≤ 1	
Other Operational Creditors	≤ 2	If their claims admitted during CIRP is less than 25% of liquidation value, the number shall be limited to 1.
Shareholders	≤ 1	

(3) The shareholders ineligible under section 29A shall not be part of the Stakeholder's Consultation Committee.

(4) The liquidator shall convene the first meeting of the Stakeholders' Consultation Committee not later than thirty days from the date of the liquidation order.

(5) Members of the Stakeholders Consultation Committee shall have access to all relevant records and information as may be required for effective deliberation for advice under sub-regulation (1).

(6) Where the stakeholders are consulted under sub-section (2) of section 35 of the Code, they shall extend all assistance and cooperation to the liquidator in taking possession, inventory, valuation, deciding the manner of the sale of assets, etc. of the corporate debtor.

(7) Where the liquidator consults stakeholders in exercise of power vested under sub-section (2) of section 35, he shall maintain the records of such consultation in the manner as specified in Form A of Schedule II.

(8) The advice of the Stakeholders' Consultation Committee shall not be binding on the liquidator:

Provided that where the liquidator takes a decision against the advice of not less than sixty-six per cent of the members of the Stakeholders' Consultation Committee, he shall record the reasons in writing.

(9) The liquidator shall chair the meetings of Stakeholders' Consultation Committee.”.

4. In the principal regulations, in regulation 12, for sub-regulation (2), the following sub-regulation shall be substituted, namely: -

“(2) The public announcement shall-

(a) call upon stakeholders to submit their claims or update the claims which were submitted during the corporate insolvency resolution process of the corporate debtor as on the liquidation commencement date;

(b) provide the last date of submission of claims, which shall be thirty days from the liquidation commencement date; and”;

(c) provide that a creditor, who fails to submit claim with proof within the time stipulated may submit the claim with proof to the liquidator, on or before the forty-fifth day of the liquidation commencement date”.

5. In the principal regulations, after regulation 12, the following regulation shall be inserted, namely: -
“12A. Application for compromise or arrangement: -
- (1) The liquidator, creditor or a class of creditors, members or class of members, as the case may be, may file an application before the Tribunal proposing for compromise or arrangement under section 230 of the Companies Act, 2013, within seven days from the date of the liquidation order:
 Provided that where no application is filed, the liquidator shall proceed with the corporate debtor under Chapter III of Part II of the Code.
- (2) After filing of the application under sub-regulation (1), the liquidator shall conduct meetings of creditors or a class of creditors, members or class of members, as the case may be, in such manner as the Tribunal may direct for the purposes of compromise or arrangement.
- (3) Where in a meeting under sub-regulation (2), majority of members agree to a compromise or arrangement in accordance with sub-section (6) of section 230 of the Companies Act, 2013, the liquidator shall file the same with the Tribunal for its sanction.
- (4) The process of compromise or arrangement initiated under sub-regulation (1) shall be completed within ninety days of the order of liquidation or such extended period as may be allowed by the Tribunal:
 Provided that where process of compromise or arrangement is not completed within the specified time or extended time allowed, as the case may be, the liquidation process under the Code shall forthwith commence after the expiry of such period.
- (5) Where compromise or arrangement is not sanctioned by the Tribunal under sub-section section (6) of section 230 of the Companies Act, 2013, the liquidation process under the Code shall commence forthwith.
6. In the principal regulations, in regulation 17, after sub-regulation (2), the following sub-regulation shall be inserted, namely: -
“(3) A secured operational creditor shall inform the liquidator his intention to relinquish or not to relinquish his security interest in Form C of Schedule II:
 Provided, where the secured operational creditor does not intimate his decision within forty-fifth day from the liquidation commencement date, he shall be deemed to have relinquished his security interest.”.
7. In the principal regulations, in regulation 18, after sub-regulation (2), the following sub-regulation shall be inserted, namely: -
“(3) A secured financial creditor shall inform the liquidator his intention to relinquish or not to relinquish his security interest in Form D of Schedule II:
 Provided, where the secured creditor does not intimate his decision within forty fifth day from the liquidation commencement date, he shall be deemed to have relinquished his security interest.”
8. In the principal regulations, after regulation 21, the following regulation shall be inserted, namely: -
“21A. Realizing security interest. -

(1) Where a secured creditor proceeds to realize its security interest, he shall be liable to pay the portion of the expenses incurred by the liquidator for the preservation of the security before its Realisation by the secured creditor.

(2) Where a secured creditor proceeds to realize its security interest, he may retain the sale proceeds of his secured assets after depositing the workmen's and employees' dues with the liquidator in accordance with the provisions of section 53 of the Code.”.

9. In the principal regulations, in regulation 35:-

(i) for sub-regulation (1), the following shall be substituted, namely: -

“(1)Where valuation has been conducted under regulation 35 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 or under regulation 34 of the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017, as the case may be, the liquidator, for the purposes of valuation under these regulations, may consider the average of the estimates of the values arrived during the corporate insolvency resolution process:

Provided that where the liquidator is of opinion that the average of the estimates of the values arrived during the corporate insolvency resolution process is not to be considered, he shall appoint registered valuers in accordance with sub-regulation (2).”;

(ii)in sub-regulation (2), for “In cases not covered under sub-regulation (1)”, the following shall be substituted, namely: -

“In cases the valuation has not been conducted during corporate insolvency resolution process or fast track corporate insolvency resolution process, as the case may be.”.

10. In the principal regulations, in regulation 44:-

(i) for sub-regulation (1), the following sub-regulation shall be substituted, namely: -

“(1) The liquidator shall liquidate the corporate debtor within a period of one year irrespective of pending litigation regarding avoidance transactions.”

(ii) in sub-regulation (2), for the words “two years”, the words “one year” shall be substituted.

11. In the principal regulations, in regulation 45:-

(i) for sub-regulation (3), the following sub-regulation shall be substituted, namely: -

“(3) The liquidator shall submit the application for the dissolution of the corporate debtor along with the final report and compliance certificate in form H to the Adjudicating Authority under section 54 of the Code:

“Provided that where the corporate debtor is sold as a going concern, the final report of liquidator to the Adjudicating Authority as required under sub-regulation(3) of regulation 45 shall form part of the application for the closure of the liquidation process of the corporate debtor and not for the dissolution of the corporate debtor;

Provided further that if the liquidator is not able to sell the corporate debtor as a going concern within ninety days from the date of order of liquidation, he shall proceed to sell the assets of the corporate debtor under regulation 32.”.

12. In the principal regulations, after regulation 46, the following regulation shall be inserted, namely: -

“47. Model time-lines for liquidation process.

The following Table presents a model timeline of liquidation process of corporate debtor on the assumption that the liquidator is appointed on the liquidation commencement date:

Model Timeline for Liquidation Process

Sl. No.	Section / Regulation	Description of Task	Norm	Latest Timelines (Days from)
1	Section 33 and 34	Commencement of Liquidation; Appointment of Liquidator	Order of Liquidation	0 = T
2	230 of the Companies Act, 2013	Proposal for compromise or arrangement to liquidator (to be seen)	Within seven days of the date of order under section 33 of the Code	0 + 7
		Application to NCLT (time by which creditors approval to be filed with NCLT)	Within fourteen days of the order of liquidation.	0 + 14
		Constitution of Stakeholders Consultation Committee	Within 30 days of the order of liquidation	T + 30
		Closure of Process by sanction by NCLT	Within 90 days of the order of liquidation or such extended time as may be allowed by NCLT	0 + ≤ 90 = T
3	Section 33	Beginning of Liquidation Process under Regulations	Order of Liquidation, closure of process under section 230 of the Companies Act, as the case may be.	T
4	Section 33 (1) (b) (ii) / Reg. 12 (1, 2, 3)	Public Announcement - Form B	Within 5 days of appointment of Liquidator.	T + 5
5	Reg. 35 (2)	Appointment of registered valuers	Within 7 days of Liquidation commencement date	T + 7
7	Reg. 8(2)	Constitution of Stakeholders Consultation Committee	Within 30 days of the order of liquidation	T + 30
8	Section 38 (1), (5) / Reg. 12(2)(b)	Submission of Claims	Within 45 days of the order of liquidation	T + 45
		Withdrawal/ Modification of claim	Within 14 days of submission of Claim	T + 59
9	Reg. 30	Verification of claims received under Regulation 12(2)(b)	Within 30 days from the last date for receipt of claims	T + 75

10	Reg. 18	Intimation of decision on relinquishment of security interest	Within 60 days of Liquidation commencement date	T + 60
11	Section 40 (1)	Recording reasons for Rejection of its Claims	Within 7 days of rejection of claim (to be modified)	T + 82
12	Section 40 (2)	Intimation about decision of Acceptance/ rejection of Claim	Within 7 days of admission or rejection of claim	T + 82
13	Reg. 31 (1 & 2) Reg. 12 (3)	List of Stakeholders, category wise		T + 90
		Publication of Filing of List of Stakeholders to be announced to Public		
14	Section 42	Appeal by Creditor against the decision of the Liquidator	Within 14 days of receipt of such decision	T + 96
15	Reg. 13	Preliminary Report to the AA	Within 75 days of Liquidation Commencement Date	T + 75
16	Reg. 34	Asset Memorandum	Within 75 days of Liquidation Commencement Date	T + 75
18	Reg. 15 (1), (2), (3), (4) and (5), and 36	Submission of Progress Reports to NCLT; Sale Report to be enclosed with every Progress Report, if sales are made	First Progress Report	Q1 + 15
			Q-2	Q2 + 15
			Q-3	Q3 + 15
			Q-4	Q4 + 15
			FY: 1 Audited accounts of liquidator's Receipt & Payments for the Financial Year	15 th April
19	Proviso to Reg. 15 (1)	Progress Report in case of cessation of Liquidator	Within 15 days of cessation as Liquidator	
20	Reg. 37 (2, 3)	Information to secured creditors	Within 21 days of receipt of intimation from secured creditor	
21	Reg. 42 (2)	Distribution of the proceeds to the stakeholders	Within 3 months from the receipt of amount	
22	Reg.10 (1)	Application to AA for Disclaimer of onerous property	Within 6 months from the liquidation commencement date	T + 180
23	Reg.10 (3)	Notice to persons interested in the onerous property or contract	At least 7 days before making an application to AA for disclosure.	
24	Reg. 44	Liquidation of Corporate Debtor.	Within one year	T + 365

25	Reg. 46	Apply to AA for order Unclaimed Proceeds of Liquidation or Undistributed assets.	Before Dissolution Order	
26	Sch-1 Sl. No 12	Time period to H1 bidder to provide balance sale consideration	Within 90 days of the date of invitation to provide the balance amount.	

13. In the principal regulations, in Schedule I:-

(i) in Paragraph 1:-

(a) after clause (3), the following clause shall be inserted, namely: -

“(3A). The Liquidator may sell the asset on “as-is-where-is” basis wherever possible.”;

(b) in clause (4):-

(A) , the words “Such valuation shall not be more than six months old” shall be omitted;

(B) the words “up to seventy-five per cent of such value” shall be omitted;

(ii) for paragraph 12, the following paragraph shall be substituted: -

“(12) On the close of the auction, the highest bidder shall be invited to provide balance sale consideration within ninety days of the date when he is invited to provide the balance sale consideration. However, payment made after thirty days shall attract interest at the rate of 12%. On payment of the full amount, the sale shall stand completed, the liquidator shall execute certificate of sale or sale deed to transfer such assets and the assets shall be delivered to him in the manner specified in the terms of sale.”.

14. In the principal regulations, in Schedule II:-

(i) in Form B, in for “[insert the date falling thirty days after the liquidation commencement date]”, the following shall be substituted, namely: -

“[insert the date falling thirty days from the liquidation commencement date]”;

(ii) in Form C, in table after serial number 8, the following shall be inserted, namely: -

“8A Whether security interest is relinquished Yes/ No”;

(iii) in Form D, after serial number 8, the following serial number and entries shall be inserted, namely: -

“8A Whether security interest is relinquished Yes/ No”.

15. (iv) after Form G, the following Form shall be inserted, namely: -

“FORM H

COMPLIANCE CERTIFICATE

[Under Regulation 45(3) of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016]

I, [Name of the Liquidator], an insolvency professional enrolled with [name of insolvency professional agency] and registered with the Board with registration number [registration number], am the Liquidator for the Liquidation Process of [name of the corporate debtor (CD)].

2. The details of the Liquidation Process are as under:

Sl. No.	Particulars	Description
1	Name of the CD	
2	Case No. & NCLT Bench	
3	Date of Initiation of Liquidation	
4	Date of appointment of Liquidator	
5	Date of commencement of CIRP	
6	Name of RP	
7	Registration No. of RP	
8	Date of Publication of Public Announcement under Form B	
9	Date of Intimation to Registry and Information Utility, if any, about commencement of Liquidation	
10	Date of handover of charge by RP	
11	Date of Submission of compliance, if any directed by AA in the Liquidation Order and its particulars	
12	Date of Appointment of Registered Valuers	
13	Date of Opening of Liquidation Account	
14	Date of submission of List of Stakeholder to AA	
15	Date of Public Announcement of List of Stakeholders	
16	Date of filing of Preliminary Report & Assets Memorandum to AA	
17	Fair Value	
18	Liquidation value	
19	Permission of the Liquidator to realize the security interest by the Secured Creditor	
20	Modified List of Stakeholders and Date of submission to AA	
21	Date of First Distribution	

22	Date of Second Distribution	
23	Date of Submission of Quarterly Progress Report-I (FY-1)	
24	Details of Submission of Sales Public Announcement, Assets Sales Report and date of Progress Report to AA	
25	Date of Submission of Quarterly Progress Report-II	
26	Date of Submission of Quarterly Progress Report-III	
27	Date of Submission of Quarterly Progress Report-IV & Audit Report	
28	Date of Submission of Quarterly Progress Report-I (FY-2)	
29	Date of Submission of Quarterly Progress Report-II	
30	Date of Submission of Quarterly Progress Report-III	
31	Date of Submission of Quarterly Progress Report-IV & Audit Report	
32	Date of intimation to statutory authority as applicable. a) PF b) ESI c) Income Tax Dept d) Inspector of Factory e) GST/VAT f) Others	
33	Date of Any order or Direction of AA	
34	Date of Submission of compliance of order of AA, if specific	
35	Date of Consultation with Stakeholders	
36	Date of Final Report to AA (prior to Dissolution Application)	
37	Date of Dissolution Order	
38	Date of Intimation to Registry and Information Utility	
39	Bank and Account detail of Liquidation Account	
40	Transfer of Undistributed Liquidation Fund to Public Account	

3.The details of the Asset Memorandum and Final Sale Report are as under:

Sl. No.	Assets	Mode of Sale	Estimated Liquidation Value	Realisation Amount	Date of Transfer to Liquidation Account

4. The amounts distributed to stakeholders as per section 52 or 53 of IBC code are as under:

(Amount in Rs. lakh)

Sl. No.	Category of Stakeholder*	Amount Claimed	Amount Admitted	Amount Distributed	Amount Distributed to the Amount Claimed (%)	Remarks
1	CIRP Cost					
2	Liquidation Cost					
3	Workmen					
4	Secured Creditors					
5	Employees					
6	Unsecured Financial Creditors					
7	Government dues					
8	Secured Creditors adjusted with Security (not relinquish to Liquidator)					Detail of Assets and Liquidation Value
9	Unsecured Operational Creditors					
10	Preference Shareholders					
11	Equity Shareholder					
Total						

*If there are sub-categories in a category, please add rows for each sub-category.

5. The time frame proposed for obtaining relevant approvals is as under:

Sl. No.	Nature of Approval	Name of applicable Law	Name of Authority who will grant Approval	When to be obtained	Date of Submission of compliance or discharge
1					
2					
3					

6. I hereby declare that Liquidation Process/Process under section 230 of the Companies Act, 2013 has been conducted as per the timeline indicated in time line sheet except following are the deviations /non-compliances of the provisions of the Insolvency and Bankruptcy Code, 2016, regulations made or circulars issued there under (If any deviation/ non-compliances were observed, please state the details and reasons for the same):

Sl. No.	Deviation/Non-compliance observed	Section of the Code / Regulation No. / Circular No.	Reasons	Whether rectified or not
1				
2				
3				

7. The dissolution application has been filed before expiry of the period of one year and if any extension sought with the reason:

8. Provide details of application filed / pending for avoidance of transactions.

Sl. No.	Type of Transaction	Date of Filing with Adjudicating Authority	Date of Order of the Adjudicating Authority	Brief of the Order
1	Preferential transactions under section 43			
2	Undervalued transactions under section 45			
3	Extortionate credit transactions under section 50			

4	Fraudulent transactions under section 66			
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9. Any undischarged, sub-judice matter which is reported to AA related to bonafide party in due course.

10. I (Name of Liquidator) hereby certify that the contents of this certificate are true and correct to the best of my knowledge and belief, and nothing material has been concealed there from.

(Signature)

Name of the Liquidator:

IP Registration No:

Address as registered with the Board:

Email id as registered with the Board:

Date:

Place:”.

(Dr. M. S. Sahoo)

Chairperson

Insolvency and Bankruptcy Board of India

[ADVT]

Note: The Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 were published *vide* notification No. IBBI/2016-17/GN/REG005 on 15th December, 2016 in the Gazette of India, Extraordinary, Part III, Section 4, No. 460 dated 15th December, 2016 and was subsequently amended by –

- (1) The Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations, 2018 *vide* notification No. IBBI/2017-18/GN/REG028, dated the 27th March, 2018.
- (2) The Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendment) Regulations, 2018 *vide* notification No. IBBI/2018-19/GN/REG037, dated the 22nd October, 2018.