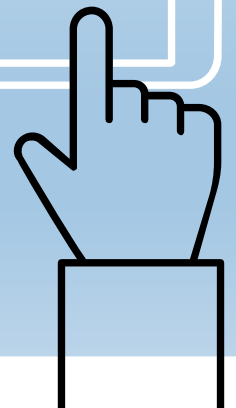
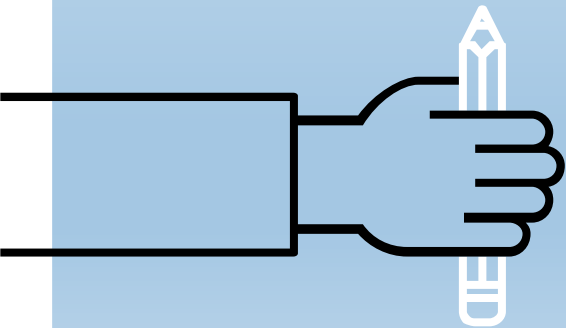
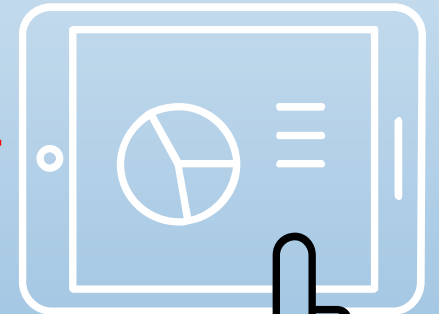
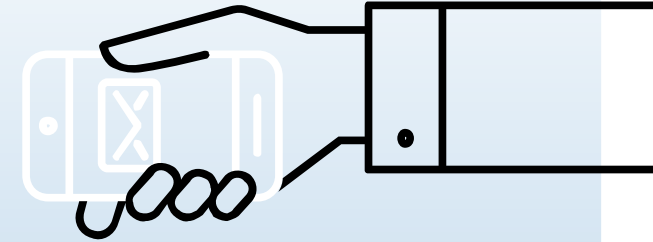
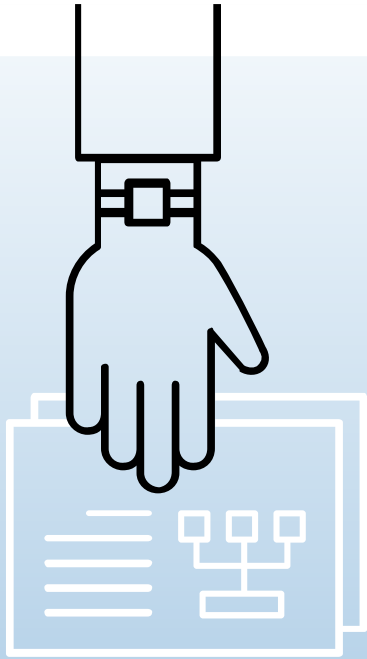


# **VOLUNTARY LIQUIDATION**

**Section 59  
read with Voluntary Liquidation  
Process Regulations, 2017**

**Pooja Ojha  
CS, LLB, PGDBA, DSL.**



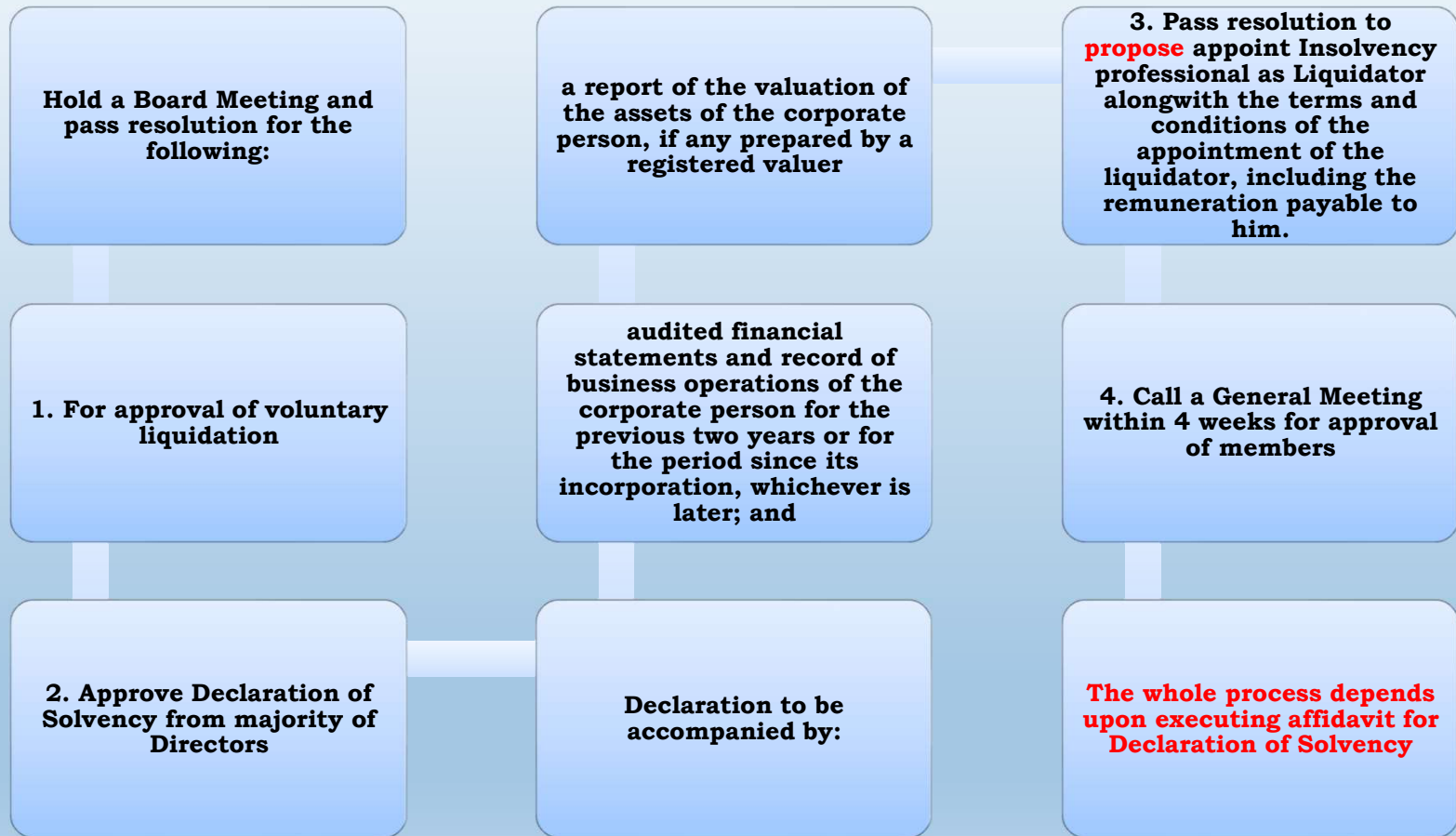
## **Requisite for Voluntary Liquidation**

**Any corporate person can initiate for voluntary liquidation under the provisions of Chapter V of Insolvency & Bankruptcy Code, 2016.**

**Provided such Corporate person has not committed any default.**

**"corporate person" means a company as defined in section 2(20) of the Companies Act, 2013, a limited liability partnership, as defined in section 2 (1) (n) of the Limited Liability Partnership Act, 2008, or any other person incorporated with limited liability under any law for the time being in force but shall not include any financial service provider.**

**Step 1:  
Board Meeting**



**Contents for  
Declaration of  
Solvency**

**Declaration of Solvency from majority of Directors verified by an Affidavit stating that:**

**1. They have made a full inquiry into the affairs of the corporate person and they have formed an opinion that either the corporate person has no debt or that it will be able to pay its debts in full from the proceeds of assets to be sold in the liquidation; and**

**2. That the corporate person is not being liquidated to defraud any person;**

**2. A report of the valuation of the assets of the corporate person, if any prepared by a registered valuer**

**1. Audited financial statements and record of business operations of the corporate person for the previous two years or for the period since its incorporation, whichever is later; and**

**Declaration to be accompanied by:**

## Step 2: General Meeting

**Within 4 weeks of declaration of solvency, hold General Meeting to pass Special Resolution for the following**

- 1. To approve Voluntary Liquidation**
- 2. To appoint insolvency professional to act as the liquidator**

**Or pass resolution as a result of expiry of the period of its duration, if any, fixed by its articles or on the occurrence of any event in respect of which the articles provide that the company shall be dissolved.**

**Also, obtain NOC from Creditors representing 2/3<sup>rd</sup> of value of debt, if any **within 7 days of Special Resolution.****

**The voluntary liquidation proceedings in respect of a company shall be deemed to have commenced from the date of passing of the special resolution, subject to the approval of the creditors (**Liquidation Commencement Date/ LCD**)**

**The whole process can be done in one/ two days from the date of affidavit for Declaration of Solvency**

**Step 3:  
Intimations  
required**

**Public  
Announcement**

Liquidator to make public announcement in Form A **within five days** from his appointment

Call, receive and verify Claims and provide last date for submissions of claims (30days from LCD)

**ROC**

**Within 7 days** of LCD and NOC from Creditors, if any, intimate to ROC

File Form MGT-14 for special resolution & GNL-2 for Declaration of Solvency.

**IBBI**

**Within 7 days** of LCD and NOC from Creditors, if any, intimate to IBBI

Mail the required resolution along with all the supportive documents to the Board

## Role of Liquidator

### Verification of claims and List of stakeholders

Liquidator to verify the claims submitted **within thirty days** from the last date for receipt of claims

Liquidator to prepare the list of stakeholders **within forty-five days** from the last date for receipt of claims.

### Opening of Bank account and Realization and distribution of assets

Liquidator to open bank account in name of corporate person followed by words '**in voluntary liquidation**', in scheduled bank

The liquidator shall distribute the proceeds from realization of assets within **six months** from the receipt of the amount to the stakeholders.

## Step 4: Functions of Liquidator

### Preliminary Report

Liquidator to submit a Preliminary Report to the corporate person within **forty five days** from LCD, detailing

The capital structure and the estimates of its assets and liabilities as on LCD date based on the books of the corporate person.

### Other Functions

Liquidator to maintain Registers and books of account

Engagement of professionals & Consultation with stakeholders.

### Final Report

Liquidator to complete the liquidation process within **twelve months** from the LCD.

The liquidator shall submit the Final Report to Board and ROC and to AA (NCLT) along with the application for dissolution.

### Order by AA (NCLT)

The AA shall pass an order that the corporate debtor shall be dissolved from the date of that order & the corporate debtor shall be dissolved accordingly.

A copy of such order shall within **fourteen days** from the date of order, be forwarded to the authority with which the corporate person is registered.



## Timelines for process in Voluntary Liquidation

### **Intimation to ROC & IBBI:**

Within **7 days** of LCD to inform ROC & IBBI for Voluntary Liquidation.

### **Public Announcement:**

Within **5 days** of LCD to make public advertisement for voluntary Liquidation and inviting claims.

### **Preliminary Report:**

Within **45 days** of ICD submit a preliminary report to Corporate person.

### **Last date for submission & Verification of claims:**

Claims to be submitted within **30 days** of LCD & Claims to be verified within **30 days** from the last receipt of claims.

### **List of stakeholders:**

List of stakeholders to be prepared within **45 days** from last date of receipt of claims

### **Distribution of assets realized:**

Liquidator to distribute the proceeds from realization within **6 months** from the receipt of the amount to the stakeholders.

### **Completion of liquidation:**

Liquidator to complete the liquidation process within **12 months** from LCD.



**THANKS & REGARDS**

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