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CHAPTER V VOLUNTARY LIQUIDATION OF CORPORATE PERSONS

59. Voluntary liquidation of corporate persons. -

(1) A corporate person who intends to liquidate itself voluntarily **and has not committed any default**

- may initiate voluntary liquidation proceedings under the provisions of this Chapter.

(2) The voluntary liquidation of a corporate person under sub-section (1) shall meet such conditions and procedural requirements as may be specified by the Board

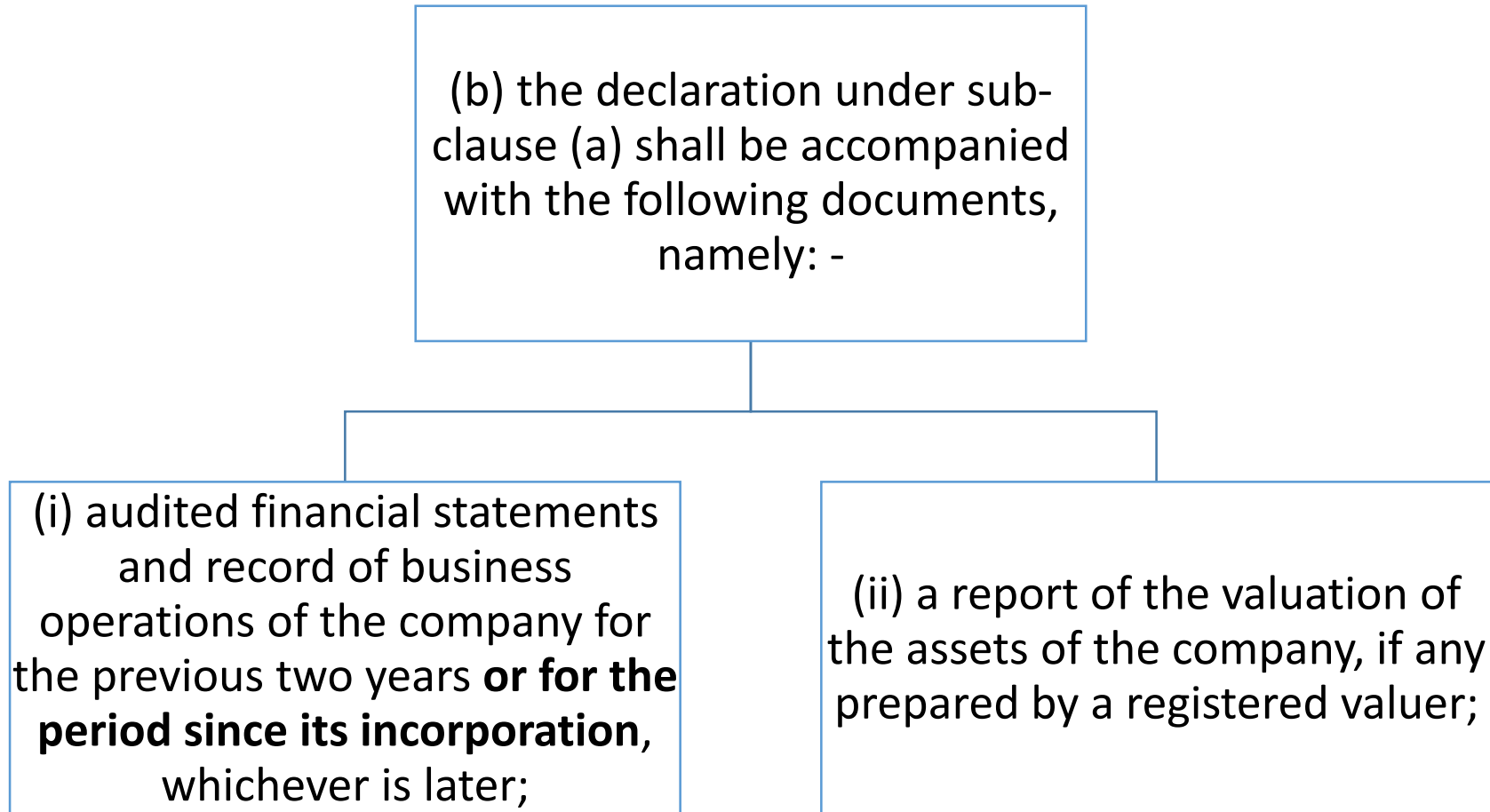
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(3) Without prejudice to sub-section (2), voluntary liquidation proceedings **of a corporate person registered as a company shall meet the following conditions, namely: -**

(a) **a declaration from majority of the directors of the company verified by an affidavit** stating that –

- (i) they have made a full inquiry into the affairs of the company and they have formed an opinion that **either the company 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 voluntary liquidation; and**
- (ii) **the company is not being liquidated to defraud any person;**

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(c) within four weeks of a declaration under sub-clause (a), there shall be –

- (i) a special resolution of the members of the company in a general meeting requiring the company to be liquidated voluntarily and appointing an insolvency professional to act as the liquidator; or

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C (ii) a resolution of the members of the company in a general meeting requiring the company to be liquidated voluntarily

- 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, as the case may be and appointing an insolvency professional to act as the liquidator:

Provided that the company owes any debt to any person,

- creditors representing two thirds in value of the debt of the company shall approve the resolution passed under sub clause (c) **within seven days of such resolution.**

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(4) The company shall notify the Registrar of Companies and the Board about the resolution under sub-section (3)

- to liquidate the company within seven days of such resolution **or** the subsequent approval by the creditors, as the case may be.

(5) Subject to approval of the creditors under sub-section (3),

- the voluntary liquidation proceedings in respect of a company shall be deemed to have commenced from the date of passing of the resolution under sub-clause (c) of sub-section (3).

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(6) The provisions of sections 35 to 53 of Chapter III [Liquidation Process] & Chapter VII [Offences & Penalties]

- shall apply to voluntary liquidation proceedings for corporate persons with such modifications as may be necessary.

(7) Where the affairs of the corporate person have been completely wound up,

- and its assets completely liquidated,
- the liquidator shall make an application to the Adjudicating Authority for the dissolution of such corporate person.

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(8) The Adjudicating Authority shall on an application filed by the liquidator under sub-section (7),

- pass an order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly.

(9) A copy of an order under sub-section (8) shall within fourteen days from the date of such order, be forwarded to the authority with which the corporate person is registered.