



# PROCEDURE FOR CLOSURE OF COMPANIES UNDER FAST TRACK EXIT SCHEME ("FTE")



## BACKGROUND

The purpose of this presentation is to highlight the brief procedure for Closure of Companies as per the relevant sections of Companies Act, 2013 (“Act”) and rules made thereunder under FTE.



## BACKGROUND

In case the Company wants to close down its business or where it has not commenced its business within one year of incorporation or a company is not carrying on any business or operation for a period of two immediately preceding financial years, it can make an application to the Registrar of Companies (“ROC”) for removing the name of the Company from its register of companies.

# Pre-requisites for filing an application for closure of Companies under FTE

- Form AOC 4 (Financial Statement) or AOC 4 XBRL and Form MGT 7 (Annual Return) should be filed with ROC up to the end of the financial year in which the company ceased to carry its business operations.
- The Company should have NIL assets and Liabilities before filing an application for closure.
- The Bank account of the Company should be closed.
- Latest Income-tax return should be filed under the Income-tax Act,1961.
- The Company shall not changed its name or shifted its registered office from one State to another during the previous three months of making application.
- The Company shall not made a disposal for value of property or rights held by it, immediately before cesser of trade, for the purpose of disposal for gain in the normal course of trading or otherwise carrying on of business during the previous three months of making application.
- The Company shall not engaged in any other activity except the one which is necessary or expedient for the purpose of making an application during the previous three months of making application.
- The Company shall not have any pending litigations involving the Company.
- The application for Compromise or Arrangement shall not be pending with the Tribunal, during the previous three months of making application.
- The Company shall not be wound up under Chapter XX of the Act, whether voluntarily or by the Tribunal or under the Insolvency and Bankruptcy Code, 2016 during the previous three months of making application.

## Following categories of the companies shall not be removed/strike off under FTE:

- Listed companies;
- Companies that have been delisted due to non-compliance of listing regulations or listing agreement or any other statutory laws;
- Vanishing companies;
- Companies where inspection or investigation is pending or any proceedings are pending in the Court;
- Companies where notices have been issued by the Registrar or Inspector and reply thereto is pending or where any prosecution arising out of such inquiry or scrutiny, if any, is pending with the Court;
- Companies against which any prosecution for an offence is pending in any court;
- Companies whose application for compounding is pending before the competent authority;
- Companies which have accepted public deposits which are either outstanding or the company is in default in repayment of the same;
- Companies having charges which are pending for satisfaction; and
- Companies registered under section 25 of the Companies Act, 1956 or section 8 of the Companies Act. 2013.



# PROCEDURE FOR CLOSURE OF COMPANIES UNDER FTE

# Steps for Closure of Companies

- Step 1** *The first step is to convene a Board Meeting of the Board of the Directors (“BOD”) of the Company to consider the closure of the Company and to obtain approval for calling of Extra Ordinary General Meeting (“EGM ”)*
- Step 2** *The next step is to prepare the application for closure of Company along with other supporting documents, affidavits and consents .*
- Step 3** *Convene EGM and pass a resolution for closure of the company , by a special resolution or consent of seventy five (75%) per cent members in terms of its paid-up share capital.*  
***In case, the company is regulated under a special Act, approval of the regulatory body constituted or established under that Act shall also be obtained.***
- Step 4** *Signing and execution of all the requisites documents by all the directors.*  
***In case, the documents executed outside India than it need to be duly notarised and apostilled .***
- Step 5** *File an application for removal of the name of the Company with ROC in the requisite Form.*



# Steps for Closure of Companies

## **Step 6**

*After filing of application along with requisite documents with ROC, the ROC shall publish notice in the Official Gazette and the same shall also be placed on the website of MCA and published in Newspapers both in English and Vernacular language of the state where the registered office of the Company is situated for the information to the general public for one month. ROC shall simultaneously intimate various statutory authorities.*

## **Step 7**

*The ROC shall strike off the name of the Company from the register of companies and on the publication of the aforesaid notice in the official gazette, the Company shall stand dissolved.*





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