

Insolvency and Bankruptcy Board of India

Frequently Asked Questions (FAQs) on Liquidation and Voluntary Liquidation Forms

(As on 10.01.2025)

1. What are the key responsibilities of Insolvency Professionals (IPs) while filing LIQ and VL forms?

IPs must ensure:

- Accurate completion of all relevant fields.
- Submission of comprehensive details and all required documents.
- Only one LIQ-1, LIQ-3, LIQ-4 and VI-1, VL-3 & VL-4 should be filed by a liquidator for same CD

2. What documents should be attached while filing LIQ-1?

- List of documents received from the RP as an undertaking (including cases where RP continues as Liquidator).
- Public Announcement and Liquidation Order as part of the attachments.

3. How should valuation reports be attached in LIQ-2?

- Fresh valuation conducted: Attach under "Other Relevant Documents."
- No fresh valuation: Attach the previous valuation report under the same category.
- The liquidation value mentioned in LIQ-2 should be taken from the attached valuation report.

4. What is the sequential order for filing LIQ forms?

LIQ forms must follow a sequential order: LIQ-1, LIQ-2, LIQ-3, and LIQ-4. This ensures compliance with the process stages, from commencement to dissolution or closure.

5. What are the mandatory details to be included in LIQ-3?

- **Point G:** Amount realized during liquidation.
- **Point H:** Distribution made under Section 53.
- **Point I:** Details of a security interest not relinquished under Section 52.
- Details of Realisation from all sources should match with the total amount distributed under section 53 (including CIRP cost, liquidation cost and liquidator's fee)

6. What things should mandatorily be checked and correctly mentioned while filing VL-1 form?

At the time of adding the assignment, the correct LCD should be specified based on the date of the Special Resolution or Extraordinary General Meeting mentioned in the assignment. This ensures that the correct LCD date is accurately mapped in VL-1.

7. Is it mandatory to report SCC meeting details in LIQ-2?

Yes, **point no. 7 on SCC meetings** must be completed, and the respective documents should be uploaded in "Other Relevant Documents."

8. What happens if an IP fails to comply with the guidelines while submitting forms?

Non-compliance with the guidelines will result in the rejection of the AFA application. IPs should adhere strictly to the outlined requirements.

9. Are liquidation forms required to be filed for cases that are stayed?

Yes, liquidation forms must be filed for stayed cases to ensure proper documentation and compliance.

10. What is the requirement for filing forms in cancelled/withdrawal cases?

- In cancelled cases, liquidation forms should still be filed to capture the relevant stage of the liquidation process.
- In such cases, the liquidator shall file, LIQ-1, LIQ-2 (based on the activities undertaken during the period). In LIQ-2, select 'cancelled' option. Rest of the fields would not be mandatory and you may fill it to the extent the information is available.
- LIQ-3 would not be mandatory and directly proceed to file LIQ-4.
- LIQ-4 includes a field to select the option for cancelled cases. This allows IPs to document the status of such cases accurately.

11. What forms need to be filed if the final report has been submitted before 28.06.2024?

The IP needs to file LIQ1, LIQ2 for the last quarter for which the progress report has been filed, and LIQ3.

12. What forms need to be filed if the process has been closed or the Corporate Debtor (CD) has been dissolved before 28.06.2024?

The IP needs to file LIQ1, LIQ2 for the last quarter for which the progress report has been filed, LIQ3, and LIQ4.

13. If the process is ongoing, do I need to file LIQ2 for all the quarters?

No, The IP only needs to file LIQ2 starting from March 2024 onward.

14. Who is responsible for filing forms if a liquidator has been replaced?

The responsibility for filing all forms lies with:

- The liquidator who is currently handling the process, or
- The liquidator who last handled the process.