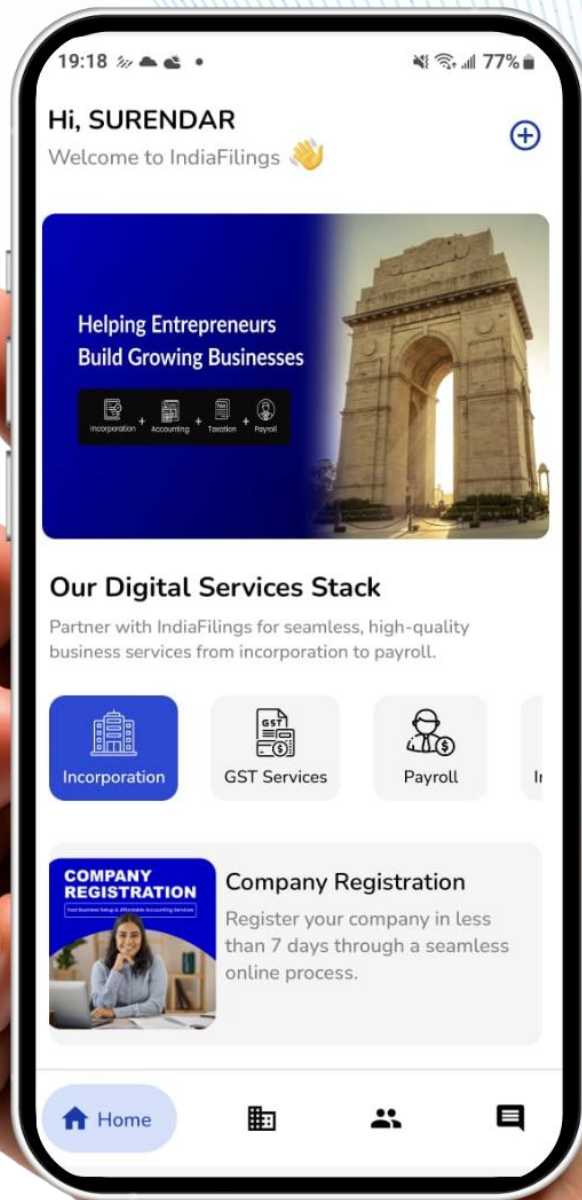




# C-PACE - Wind Up a Company Quickly in India



## **C-PACE - Wind Up or Strike-Off a Company Quickly**

If you own a company that you no longer wish to continue, you may be thinking about officially closing it down. Properly winding up a company is an important step because it removes the company's name from the government's official list (the "MCA Register") and helps you avoid future penalties, fees, and legal troubles. The Ministry of Corporate Affairs (MCA) in India has introduced a new system called the Centre for Processing Accelerated Corporate Exit (C-PACE) to make this process simpler, faster, and more efficient.

### **What is C-PACE?**

C-PACE stands for the Centre for Processing Accelerated Corporate Exit. It is a centralized government office set up by the MCA to handle the closure (also called "striking off") of companies. Before C-PACE, winding up a company could be more time-consuming and was handled by the local Registrar of Companies. Now, the goal is to make the entire process more streamlined.

### **Key Benefits of C-PACE for Company Closure**

#### **Faster Process:**

Previously, closing a company could take up to 180 days or more. With C-PACE, the aim is to complete the process in about 100 days or less. This faster timeline means you can settle matters quickly and move on without delays.

#### **Centralized and Efficient:**

C-PACE centralizes the entire winding-up procedure, reducing confusion and back-and-forth communication. Instead of dealing with multiple offices, everything is handled in one place, improving clarity and minimizing errors.

#### **Simplified Paperwork:**

The forms and paperwork involved in closing a company have been made simpler. For example, the new STK-2 form now allows you to attach your financial statements in an Excel format and get them digitally certified by a Chartered Accountant. This reduces the hassle of traditional paperwork and helps ensure accuracy.

#### **Transparency and Accountability:**

A new requirement in the STK-2 form asks the directors to confirm that at least 75% of the company's shareholders (based on paid-up share capital) have agreed to close the company.



This ensures that all major stakeholders are on board with the decision and that the process is transparent and fair.

### **Avoiding Penalties and Legal Issues:**

By voluntarily and properly winding up your company through C-PACE, you can avoid future penalties. If a dormant or non-operational company is not officially closed, it may still be required to file annual returns or meet other legal obligations. Ignoring these duties can lead to fines and even legal complications. Using C-PACE to strike off your company's name ensures you won't be caught off-guard by unwanted costs later.

## **How to Get Started:**

### **Check Eligibility:**

Get in touch with our Advisors to check if your company is eligible for winding up. Companies eligible to file Form STK-2 for striking off their names generally include those that have been completely inactive or have not conducted any business operations for a significant period of time. In accordance with Section 248 of the Companies Act, 2013 and relevant rules, these companies typically have not commenced business activities since incorporation or have ceased all operations for at least two consecutive financial years. Additionally, they must be free from outstanding liabilities, ongoing litigations, and pending regulatory compliances. Companies that meet these criteria, and have obtained the requisite shareholder approvals, can apply through STK-2 to the Registrar of Companies to remove their names from the official register, ensuring a clean and penalty-free exit.

### **Prepare Documents:**

Make sure your company's financial statements are up to date, and gather any documents required by the STK-2 form (like shareholder consent and a digitally certified statement of accounts). In case you choose to engage IndiaFilings, our Accountants will help you prepare the necessary documents.

### **File STK-2 Form through C-PACE:**

Our Professionals will certify and file the STK-2 form and required attachments online on the MCA Portal.

### **Await Approval:**

Once filed, C-PACE will process your application. With its faster turnaround, you should receive updates and a final decision in a much shorter time than before.



## **1. What is C-PACE and why was it introduced?**

C-PACE (Centre for Processing Accelerated Corporate Exit) is a centralized office set up by the Ministry of Corporate Affairs to simplify and speed up the process of striking off companies from the MCA Register. It aims to reduce the time taken for closure, minimize paperwork, and ensure a more streamlined and transparent winding-up process.

## **2. How does C-PACE benefit companies looking to close down?**

C-PACE helps complete the closure process significantly faster than before—often reducing it from 180 days to around 100 days. By centralizing the filing and approval procedures, it simplifies the paperwork, reduces back-and-forth with multiple offices, and makes it easier for companies to exit legally without unnecessary delays or complications.

## **3. Which companies are eligible to file the STK-2 form?**

Generally, companies that have not commenced business since incorporation or have ceased operations for at least two consecutive financial years can file STK-2. Such companies must be free from pending legal cases, unpaid dues, and must obtain the necessary shareholder approvals—at least 75% by paid-up share capital—before proceeding.

## **4. Will using C-PACE and filing STK-2 help me avoid penalties?**

Yes. Properly winding up your company through C-PACE ensures that it is legally removed from the MCA Register. This helps you avoid future penalties, fees, or legal complications that could arise if an inactive company remains registered and fails to comply with ongoing statutory requirements.

## **5. How does C-PACE differ from the previous winding-up process?**

Previously, the winding-up process involved dealing with local Registrars of Companies, often resulting in varying timelines, complex documentation, and delays. C-PACE centralizes and standardizes the process, making it faster, more predictable, and user-friendly.

## **6. How can IndiaFilings assist me with the strike-off procedure?**

IndiaFilings offers end-to-end support for winding up your company. They can help you understand eligibility, prepare the necessary documents, ensure all compliance requirements are met, and file your STK-2 application accurately. Their expertise streamlines the process, reduces errors, and saves you time and effort.

## **7. Does IndiaFilings provide advisory support on whether my company is eligible for strike-off?**

Yes. IndiaFilings' experts assess your company's operational history, compliance status, and financials to determine if you meet the eligibility criteria. They also guide you on collecting the right documents and obtaining shareholder approvals before proceeding.

