



Companies Act, 1956

WINDING UP

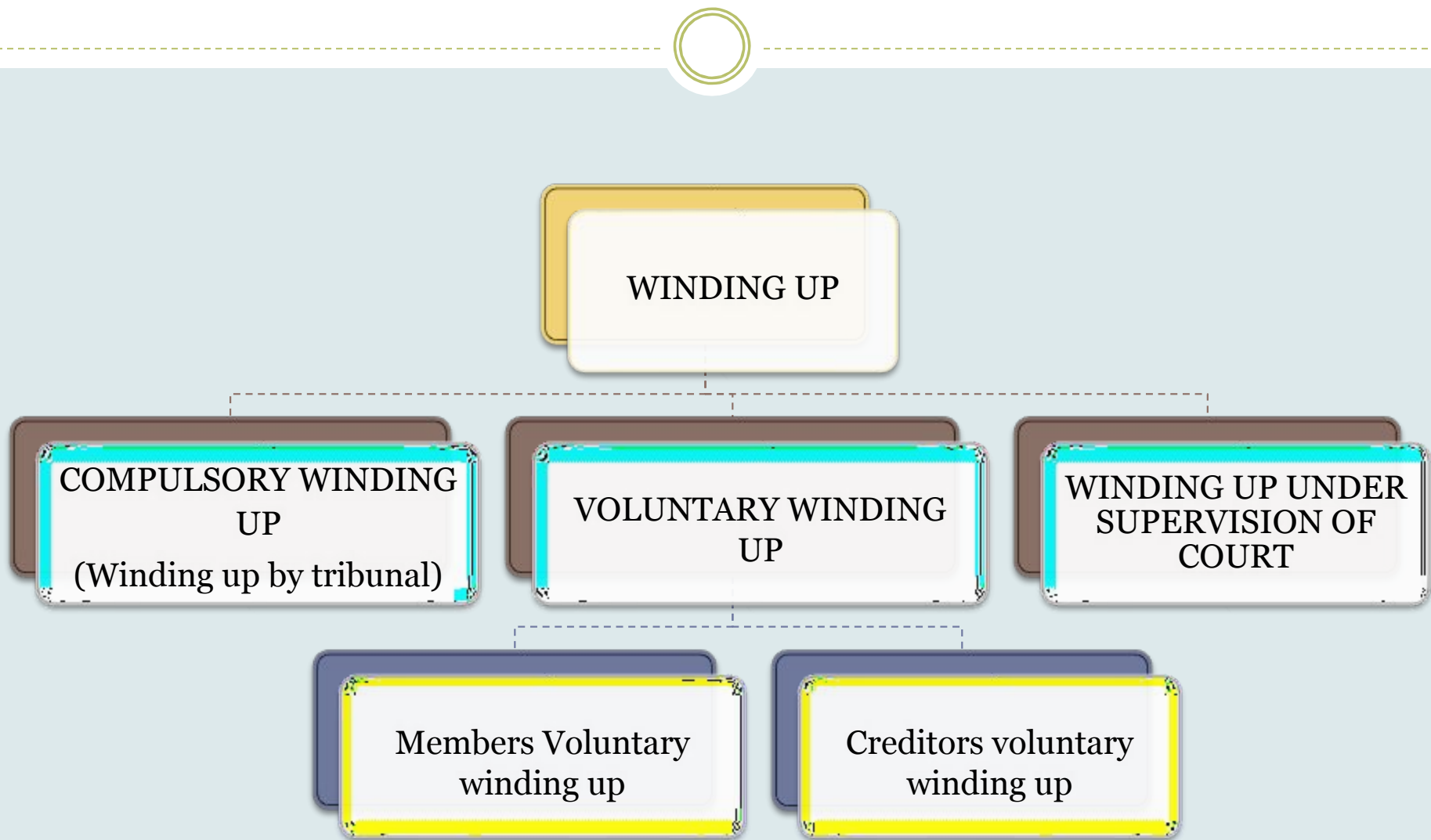


Winding Up of a Company



- Last stage in company's life.
- It is the proceeding by which a company is dissolved.
- “ Winding up of a company is a process whereby its life is ended and its property administered for the benefit of its creditors and members.
- An administered, called liquidator, is appointed and he takes control of the company, collects its assets, pays its debt and finally distributes any surplus among the members in accordance with their rights.”

MODES OF WINDING UP



GROUND'S FOR COMPULSORY WINDING UP (Section 433 & 434)



- If the company has, by a Special Resolution, resolved that the company be wound up by the Tribunal.
- If the company fails to commence its business within one year of its incorporation, or suspends its business for a whole year.
- If the number of members is reduced below the statutory minimum i.e. below seven in case of a public company and two in the case of a private company.
- If the company is unable to pay its debts.
- If the tribunal is of the opinion that it is just and equitable that the company should be wound up.
- If the company has made a default in filing with the Registrar its balance sheet and profit and loss account or annual return for any five consecutive financial years
- If the company has acted against the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality.

VOLUNTARY WINDING UP

(Section 484)



- Acc. To section 484, When a company is wound up by the members or the creditors without the intervention of Tribunal, it is called as voluntary winding up.
- It may take place by:-
 - By passing an ordinary resolution in the general meeting if :-
 - (i) the period fixed for the duration of the company by the articles has expired; or
 - (ii) some event on the happening of which company is to be dissolved, has happened.
 - By passing a special resolution to wind up voluntarily for any reason whatsoever.

MEMBERS & CREDITORS VOLUNTARY WINDING UP



● MEMBERS VOLUNTARILY WINDING UP

- Directors of the company shall call for a Board of Directors Meeting, and make a declaration of winding up, accompanied by an Affidavit, stating that:
 - The company has no debts to pay, or
 - The company will repay its debts; if any, within 3 years from the commencement of winding up, as specified in declaration

● CREDITORS VOLUNTARILY WINDING UP

- Where the resolution for winding up has been passed, but the Board of Directors are not in a position to give a declaration on the liability of company, they may call a meeting of creditors, for the purpose of winding up.
- It is the duty of Board of Directors, to present a full statement of company's affairs, and list of creditors along with their dues, before the meeting of creditors.
- Whatever resolution, the company passes in creditor's meeting, shall be given to the Registrar within ten days of its passing.

WINDING UP UNDER SUPERVISION OF COURT (Section 522)



- Acc. To section 522, when a company is wound up voluntarily and the process of winding up is completed under the supervision of court, it called as winding up under supervision of court.
- The creditors /contributors/ liquidator request the court to supervise the process of winding up.
- Ground's for it are: -
 - If the liquidator is negligent in realizing the assets, or
 - The rules regarding winding up are not being duly observed or
 - The majority shareholders are working in fraudulent manner, against the interest of minority shareholders.

thank
you!