

What is winding up of the company?

Companies winding up is the process of the termination of the companies. it can be arises when the companies suffer debts or any insolvency. When the emergency situation arrives, the shareholders can declare the winding up of the companies.

This process is distinguished into two terms collectively:

❖ Voluntary winding up

❖ Compulsory winding up

Voluntary winding up can be arisen when the shareholders consider it as a bankruptcy or debts.

On the other hand, compulsory winding up can be arisen when the court declared the company is insolvent or not capable of running the business.

Here, I will narrate seven case summaries about company law.

CASE SUMMARY ON AMIN MD.VS. BENGAL SHIPPING LINE LTD 50DLR

FACT OF THE CASE:

The petitioner Md. Amin was a shareholder and owner of the “Bengal shipping line LTD.” Of the company. A massive central dispute appeared between the shareholders and owners of the company which made shut down of the company. The company did not operate its’ business according to its’ objectives (MOA) – MEMORANDUM OF THE ASSOCIATION,

So, the petitioner sued for winding up for the company.

LEGAL ISSUES:

Whether the company should be bound to close?

JUDGMENT:

The court found that, on the reasonable ground the company can shut down the business if the shareholders can comply with the terms of the winding up. Although the company is not included in bankrupt.

CASE SUMMARY ON DIRA DOCKYARD ENGINEER'S LTD VS (BSRS) AND OTHERS 10 BLC (AD) 171

FACTS OF THE CASE:

In this case, a tripartite agreement was held among the Dira dockyard engineers, (the builder), tapashe group (the purchaser), and BSRS (the financier) for construction of two cargo vessels. The total amount was 95.75 lakh and BSRS financing TK 70 lakh and TAPASHE group contributing 25.75 lakh tk. BSRS gave a loan on TAPASHE GROUP.

TAPASHE group failed to recover the loan and DIRA DOCKYARD ENGINEERS LTD imported reconditioned engines instead of new engines. As a result, BSRS sued against DIRA DOCKYARD ENGINEERS LTD to recover the compensation.

LEGAL ISSUES:

Whether BSRS was entitled to recover the loan against the TAPASHE GROUP AND DIRA DOCKYARD ENGINEERS LTD?

JUDGEMENT:

The court held in favor of BSRS. The tapashe group and DIRA DOCKYARD ENGINEERS LRD breached their contract.

CASE SUMMARY ON YOUNUS BHUIYAN AND OTHERS VS BASHATI PROPERTY DEVELOPMENT LIMITED 4 BLC 249 1997

FACTS OF THE CASE:

Younus Bhuiyan and others shareholders or creditor filed a petition against the bashati property ltd for winding up. Bashati property ltd took money from Younus Bhuiyan's company for developing the land. But they were failed to make this.

LEGAL ISSUES:

Whether the defendant is legally bound to give the flat even after making the payment?

JUDGEMENT:

The appellate division held that. When a company is no longer able to carry out its' primary business purpose, it is just and equitable to order it's winding up.

**CASE SUMMARY ON PRIME FINANCE AND INVESTMENT LTD VS DELWAR
H KHAN 15 BLC (AD) 170**

FACTS OF THE CASE:

Delwar khan holding 66% shares of the owner of the company abused the money, not for company's' objectives. PRIME FINANCE LTD extended the substantial loan to the H's company. But the company failed to repay the loan. Consequently, prime finance ltd sued against H's company.

LEGAL ISSUES:

Whether the company should be closed up in a legal way or not?

JUDGEMENT:

The high court division held that, and liquidator was appointed for winding up of the company to distribute the share and surplus among the creditors which was a legal process and mandatory to formulate the challenging issues.

CASE SUMMARY ON CONSUMER TESTING LABORATORIES LTD VS REGISTRAR JOINT STOCK COMPANIES AND FIRMS 16 BLC 244

FACTS OF THE CASE:

Consumer testing laboratories ltd. Was a registered company under the companies act but it had no longer an active company for the long time. But the shareholders again started to continue to its' business. The registrar of joint stock companies and firms was also involved as the regulatory authority overseeing the maintenance and registration. But due to long time inactivity and complexity the company could not find any solution. They were seeking for court intervention.

LEGAL ISSUES:

Whether the company be able to run its' business or how the share would be distributed among the creditors?

JUDGEMENT:

The court held that, consumer testing laboratories ltd is directed to handover the assets and properties both movable and immovable property of the shareholders within four weeks from the date of company order.

CASE SUMMARY ON EASTERN BANK LTD VS BENGAL CARPETS LTD 48 DLR 392

FACTS OF THE CASE:

Eastern bank ltd provided credit facilities to the Bengal carpets ltd for business purposes. But they were failed to repay the loan. Even after extending the credit opportunities,

they were not able to complete the procedure. So, the eastern bank ltd sued against the Bengal carpet ltd.

LEGAL ISSUES:

Whether the Bengal bank is obligated to fulfill the loan?

JUDGEMENT:

Bengal carpets ltd was insolvent and no longer worthy for running the business and ordered for winding up.

CASE SUMMARY ON MOUSHUMI INDUSTRIES LTD AND OTHERS VS ASAD AHAD AND OTHERS 24 BLD (AD) 72

FACTS OF THE CASE:

The petitioner Asad Ahad provided a loan to Moushumi industries ltd. But the company failed to repay the loan. So, the petitioner sued against the respondent company.

LEGAL ISSUES:

Whether the company should pay the loan or the defendant can sue for a legal remedy?

JUDGEMENT:

The loan was not the personal loan of the directors but of the company. The company should have paid the petitioners the outstanding amount. The petitioners are creditors and this entitled to winding up order.

MY FINAL OBSERVATION:

Companies winding up can be held in presence of conflict among shareholders, inactivity of the business, company's' insolvency, inability of repaying loan, breach of contract, does not match with its objectives etc.

“THE END”