MBA –III Semester,
MB 302, LEGAL ASPECTS OF BUSINESS
Unit: 3
Topic: Introduction to Winding Up
Dr. Faryas Kausar Ansari



## What is winding up? Why is it required?

Winding up of a company may be required due to a number of reasons including closure of business, loss, bankruptcy, passing away of promoters, etc., The procedure for winding up of a company can be initiated voluntarily by the shareholders or creditors or by a Tribunal. In this article, we look at the procedure for winding up of a company voluntarily.

## Winding up of a Company by Tribunal

As per Companies Act 2013, a company can be wound up by a Tribunal, if:

- The company is unable to pay its debts.
- The company has by special resolution resolved that the company be wound up by the Tribunal.
- The company has acted against the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign states, public order, decency or morality.
- The Tribunal has ordered the winding up of the company under Chapter XIX.
- If the company has not filed financial statements or annual returns for the preceding five consecutive financial years.
- If the Tribunal is of the opinion that it is just and equitable that is company should be wound up.
- If the affairs of the company have been conducted in a fraudulent manner or the company was formed for fraudulent and unlawful purposes or the persons concerned in the formation or management of its affairs have been guilty of fraud, misfeasance or misconduct in connection therewith and it is proper that the company be wound up.