Date: _____ ★★★★★

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Dept # LLB

Roll no :- F23-1034

Semester :- 6th A

Subject :- Law of Business Organization

Winding up of a Company, Kinds

1) Introduction:-

Winding up of a company refers to the legal process by which a company is brought

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to an end, it assets are realized, liabilities, are paid off, and any remaining surplus is distributed among the shareholder. It is the final stage in the life cycle of a company after which company is dissolved and ceases to exit as a legal entity.

2) Meaning of winding up

Winding up (also called liquidation) is the procedure through which the business operations of a company are stopped and its assets are used to pay creditors. After settlement of debt, the company

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is formally dissolved.

3) Objective of Winding up

- To close the business operations of company
- To pay off creditors and liabilities
- To distribute remaining assets among shareholders
- To bring legal existance of the company to end.

Kinds of Winding UP

Winding up of a company generally takes place in the following ways.

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(a) Winding up By court:-

This type of winding up is ordered by the court

Ground for compulsory winding up

A company may be wound up by court if :-

- The company is unable to pay its debt.
- The company passes a special resolution for winding up by a court.
- The company act against the interest of soverignty or integrity of the country.

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- The numbers of members fall below the required minimum.

- It is just and equitable to wind up the company.

Features:-

- Initiated by creditors, shareholders or government.
- Court appoints an official liquiditor.
- Legal process is strictly followed.

(b) Voluntary Winding up.

This occurs when members of company.

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decide to wind up the company themselves.

It is of two types

1) Members Voluentry Winding up

- When the company is solvent. (able to pay debts)
- Directors make a declaration of solvency.
- Members pass a special resolution
- Liquidator is appointed by members.

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2) Creditors' Voluntary Winding up

- When the company is insolvent (unable to pay debts)
- Creditors plays a major role.
- Liquidator is appointed with the approval of creditors
- Creditor's meeting is held

(c) Winding up subject to Supervision by Court.

- It is a mix of voluntary and compulsory winding up
- The company is wound up voluntarily but under court supervision.

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- Court may appoint or remove liquidator
- Ensures fairness and protection of creditors.

5) Consequences of winding up

- The company stops its business activities.
- Assets are sold to pay liabilities
- Power of directors cease.
- Liquidator takes control.
- Company is dissolve after completion.

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6) Role of Liquidator :-

A liquidator is a person appointed to :

⇒ Collect and realize company assets

⇒ Pay off debts and liabilities.

⇒ Distribute surplus among shareholder

⇒ Represent the company in legal matters.

7) Conclusion :-

Winding up is an important, legal mechanism, that ensures an already closure of a company.

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It protects the interest, of creditors, Share holders and the public, The law provides different kinds of winding up to suit various circumstances, whether the company is solvent, or insolvent, Proper execution of winding up of a company ensures transparency and justice in the closure process.

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Topic no = 2

Meeting, its Resolution

1) Introduction:-

Meeting and resolution are essential components of corporate governance. A company being an artificial legal person act, through its members and directors. These decisions are taken formally expressed in meeting and through resolution.

2) Meaning of Meeting:-

A meeting is a formal gathering of members or director of a company to discuss matters and

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make decisions regarding the company's affairs

3) Types of Meeting

(a) Statutory Meeting:

- Held Once in the lifetime of a public company
- Conducted within a specified period after incorporation.
- Purpose is to inform members about company information.

(b) Annual General Meeting (AGM)

⇒ Held every year.
⇒ Mandatory for all companies
⇒ Discuss financial statement, dividend and election of directors.

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(c) Extraordinary General Meeting (EGM)

- Held when urgent matters arise
- Can be called at any time
- Deals with special or urgent business.

(d) Board Meeting

- Meeting Directors
- Conducted to manage day-to-day affair of the company.

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5) Meaning of Resolution

A resolution is a formal decision passed by members of directors in a meeting. It represents the will of the company.

6) Types of Resolution

a) Ordinary Resolution:

- Passed by a simple majority (more 50 %)
- Used for routine matters

Example:- Approval of Accounts

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(b) Special Resolution:-

- Requires at least 3/4 (75%) majority.
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Example: Change in company name or memorandum.

(c) Resolution Requiring Special Notice

- Requires advance notice before passing
- Members must be informed before hand

Example:- Removal of Director

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7) Importance of Meeting Resolution

- Ensure democratic decision-making
- Provide legal validity to Company actions
- Protect right of members and share holders.
- Maintain transparency and accountability.

8) Conclusion:-

Meeting and resolution are the back bone of corporate ~~dec~~ decisions making. They

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Ensure that all decisions are taken in a structured and lawful manner. Through meetings members participate in governance, and through resolutions, decisions are legally enforced.

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