

10. Winding Up

Meaning

Winding up is a process by which the management of a company's affairs is taken out of its director's hands, its assets are realised by a liquidator, and its debts are paid out of the proceeds of realisation and any balance remaining is returned to its members. At the end of the winding up, the company will have no assets or liabilities, therefore be simply a formal step for it to be dissolved, that is, for its legal personality as a corporation to be brought to an end.

Modes of Winding Up

1. Compulsory winding up
2. Voluntary winding up
 - a. Member's voluntary winding up
 - b. Creditor's voluntary winding up
3. Winding up subject to supervision of court

Grounds for compulsory winding up (Sec 433)

Winding up of a company under an order of the court is known as compulsory winding up.

Ground I – the members of the company may, by passing a special resolution, resolve that the company be wound up by the court.

Ground II – Default in filing statutory report or holding statutory meeting

If the company fails to comply with section 165 (i.e., holding statutory meeting and filing a report to ROC), the court may order the winding up of the company

- An application on this ground can be made only on the expiration of *14 days* from the last day in which statutory meeting ought to have been held.
- The court may instead of making a winding up order, direct that the statutory report shall be delivered or that the statutory meeting held. The court may order the costs to be paid by any person who are responsible for the default [Section 444(3)]

Ground III – Non-commencement of business or suspension of business

If a company does not commence business within *1 year* from its incorporation or suspends its business for 1 year, the court may order the company to be wound up.

- Where a company having many business, discontinues one of them, it cannot be said to have suspended its business.
- If the delay for non-commencement of business is sufficiently explained and it is shown that the company intends to carry on its business, an order for winding up will not be made.
- Where suspension of business is alleged, the court will decide whether the company has abandoned the object for which it was established. If the majority of the shareholders do not want it, winding up order will not be made.

Ground IV – reduction in number of member below minimum

If the numbers of members fall below the statutory minimum, i.e., 7 in case of a public company and 2 in case of private company, the court may order the company wound up.

Ground V – Company unable to pay debts

As per section 434, a company shall be deemed to be unable to pay its debts in the following circumstances:

1. Neglect to pay a debt exceeding Rs. 500. Where the company neglects to pay or compound or secure the debt *exceeding Rs. 500 within 3 weeks* from the date of demand by way of notice form creditors.
 2. Failure to satisfy court decree etc. when the company fails to satisfy a court decree in favour of a creditor, whether in whole or in part
 - a. Unsatisfied execution of decree, however small, will constitute inability to pay debts.
 - b. Inability to satisfy a decree of a foreign court shall also constitute inability to pay debts.
 3. Satisfaction of the court. When it is proved to satisfaction of the court that the company is unable to pay its debts
 - a. The court shall also take into account the contingent and prospective liabilities of the company.
 - b. The expression '*unable to pay its debts*' is to be taken in the commercial sense of being unable to meet the current demands through the company may be otherwise solvent. The test is whether the court is satisfied that the existing and probable assets would be insufficient to meet the existing liabilities.
- Where in spite of repeated demands by a creditor, the company neglects to pay the debt, it is *prima facie* evidence of its inability to pay.
 - Where a debt is *bona fide* disputed by the company and the court is satisfied with the company's defence, there is no 'neglect to pay' and therefore no winding up order.
 - The court may, in its discretion, refuse to pass a winding up order and may grant some time to the company to satisfy the debt.

Ground VI – Just and equitable to wind up the company

1. *Loss of substratum* – the substratum of the company may be said to have gone where the main purpose for which the company was formed becomes impossible, i.e., permanently impracticable.
2. *Deadlock in management* – if there is total deadlock and there is no other practice remedy, the court would have little option but to order the winding up.
3. *Fraudulent or illegal business*
4. *Company is a bubble*- where the company is a mere bubble and does not carry on any business and does not have any property.
5. *Recommendations by BIFR* – Where the Board for Industrial and Financial reconstruction recommends the winding up.

Commencement of Compulsory winding Up (Section 441)

- In case of a winding up by the court, the winding up shall be deemed to have commenced at the time of presentation of the petition for winding up. Thus, where a petition is made to the court and the court orders the winding up, the order relates back to the date of the petition.
- Where a company is being wound up voluntarily, an application may be made to the court seeking an order of compulsory winding up. After considering the application, the court may order the compulsory winding up if it is satisfied that the voluntary winding up can not be continued with due regard to the interests of the creditors or contributors or both (section 440

Winding up by the court – discretionary power

- It is for the court to consider the financial status, strength and substratum of the company, in the overall context. If there is temporary cash crisis despite high sales and heavy turnover, it would not be proper to wind up the company for mere inability of the company to pay its debts.
- If the company is an ongoing concern having regular business and employment of employees, the court cannot remain oblivious to this aspect. The effect of winding up would be putting an end to the business or an entrepreneurship and, in turn, resulting in loss of employment to several employees and loss of production and effect in the larger interest of the society. The court would take into consideration the entire status and position of the company in the market.
- If the company has shown considerable growth in a reasonable span and is a growth oriented enterprise, even a case of temporary inability to pay debt would not be sufficient to wind up the company.
- The element of public policy has to be taken into account before determining the winding up issue.
- It is also well settled that a winding up order shall not be made on a creditor's petition, if it would not benefit him or the company's creditor in general.

Petition for compulsory winding up (section 439)

- *The company* may file a petition where it has passed a SR for compulsory winding up.
- *A creditor* can file a petition if the company fails to pay its debts. Which are as follows:
 - ✓ A prospective or contingent creditor
 - ✓ A secured creditor
 - ✓ The holder of any debenture, whether or not any trustee or trustees have been appointed.
 - ✓ The trustee for the holders of debenture.
- *Contributory*: a contributory may file a winding up petition in the following cases:
 - ✓ He can present the petition on the ground that the number of members has fallen below the statutory limit
 - ✓ He can present the petition on any other ground if-
 - He is an original allottee of shares
 - He has held his shares for at least *6 months* during the *18 months* immediately preceding the commencement of winding up, or
 - The shares have been devolved on him through the death of a member.
 - ✓ Right of certain persons as contributory
 - Holder of forfeited shares
 - Legal representative
 - Surviving shareholders in case of joint holders
- *The registrar*: the registrar may file the petition under any of the following grounds:
 - ✓ If a default is made in filing the statutory report or holding a statutory meeting.
 - ✓ If the company does not commence business *within 1 year* or suspends its business for 1 year.
 - ✓ If the number of members fall below the statutory limit
 - ✓ If the company is unable to pay its debts

- ✓ If the court is of the opinion that it is just and equitable to wind up the company.
- *The central government*
 - ✓ Section 273 (b) empowers the CG to order investigation into the affairs of a company if, in the opinion of the CLB, any of the following circumstances exists:-
 - That the business of the company is being conducted to intent of fraud etc.
 - That the company was formed for any fraudulent or unlawful purpose.
 - That the persons concerned in the formation or management of the company have been guilty of fraud, misfeasance or other misconduct.
 - ✓ After considering the inspector's report, if the CG is satisfied that any of the above circumstances exist and it is expedient to wind up the company, it may cause a petition to be presented to the court for winding up the company on just and equitable ground.

Consequences of winding up order (section 444 to 447)

1. Communication of winding up order (section 444)
 - Where the court makes an order for the winding up of a company, the court shall forthwith cause intimation thereof to be sent to the official liquidator and the registrar. This will enable the official liquidator to take into his possession the books, accounts and assets of the company.
2. Copy of winding-up order to be filed with Register (Section 445)
 - a. Within 30 days by
 - i. The person who has filed a petition for winding up of the company
 - ii. The company
3. Discharge of officers and employees (section 445)
 - The winding up order shall be deemed to be notice of discharge to the officers and employees of the company, except when the business of the company is continued.
 - Damages for wrongful dismissal is allowed and paid.
4. Stay of suits or proceedings (section 446)
 - On a winding up order being made –
 - ✓ No suit or legal proceedings shall be commenced against the company; or
 - ✓ No suit or proceedings already pending at the date of the winding up order shall be processed with. But exception
 - The court may grant the permission to institute or continue any suit or proceedings against the company on such terms as it deems fit.
 - No suit or proceedings already pending in appeal before the SC or HC shall be stayed.
5. Jurisdiction to dispose of all suits and proceedings (section 446)
 - Section 446 empowers the court to decide all the claims made by or against the company and other questions whatsoever so that winding up proceedings might be expedited.
 - Any suit or proceedings by or against the company which is pending in any other court may be transferred to the court which is winding up the company. Exclude SC or HS cases

The liquidator (Section 448 to 453)

1. The official liquidator

Sr	Liquidator of a	Appointment by	Other
1	High court	CG	-
2	District court	Official receiver of a District court	-
3	Deputy and Assistance official liquidator	CG	-
4	Official liquidator to be a liquidator	In compulsory winding up	The company can not appoint any private person

- The liquidator shall not be described by his individual name. he shall be described by his official name.
- No receiver can be appointed to realise the assets of the company except with the permissions of court.
- The OL gets his remuneration from the CG.
- The acts of a liquidator shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification. However, his appointment has been shown to the company as invalid or to have terminated, all the subsequent acts shall be invalid.
- The liquidator has to submit notice to income tax officer within 30 days.

Duties of Liquidator

1. Conduct of winding up proceedings
2. Not to make secret profit
3. Primary report
 - a. The OL has to submit preliminary report as soon as possible to the court
 - b. Contents
 - i. Issued, subscribed and paid up capital;
 - ii. The estimated amount of assets
 - iii. Debts due to the company and securities
 - iv. Movable and immovable properties
 - v. Unpaid calls
 - c. The estimated amount of liabilities
 - d. If the company fails, the cause of such failure
 - e. Whether in his opinion, further inquiry is desirable as to any matter relating to the promotion, formation, or failure of the company, or the conduct of the business.
4. Further report (Section 455)
 - a. Contents
 - i. Particulars regarding the promotion and formation of the company
 - ii. Detail about any fraud
 - iii. Any other matters which related to his opinion
5. Custody of company's property (section 456)
 - a. The properties of the company do not vest in the liquidator or in the court
 - b. If Liquidator or court want to take possession then certain procedure must be followed

6. Maintenance of books (section 461)
 - a. Maintain the proper books of account and other records in respect of winding up
 - b. Minute book of meeting of creditors and contributory

➤ Creditor or contributory can examine or inspect above documents personally or by his agent.
7. Presentation of accounts by the liquidator (section 462)
 - a. Submission to court
 - b. The accounts shall be in prescribed form
 - c. The account may be audited if court thinks fit
 - d. Copy of audited account must be filed with registrar
 - e. The copies of audited accounts shall be open for inspection of any interested person.
 - f. A printed copy of audited account shall be sent by the liquidator to every creditor or any other contributory.
 - g. In case of liquidation of government companies copy sent to CG and SG.
8. Duty to submit information as to pending liquidation (section 551)

➤ If winding up not concluded within 1 year from its commencement, the liquidator shall file a statement with respect to the proceedings conducted and the position of liquidation

 - ✓ The statement shall be duly audited
 - ✓ It shall be within 2 months after the year
 - ✓ Statement to SC or registrar
 - ✓ Any creditors or contributory can inspect such statement
 - ✓ In case of government liquidation the copy shall be send to CG or SG

Powers or the liquidator (Section 457)

1. Powers exercisable with the sanction of the court
 - a. To institute or defend and legal proceedings on behalf of the company
 - b. To carry on the business of the company so far as may be necessary for the beneficial winding up of the company.
 - c. To sell the immovable and movable property and actionable claim of the company.
 - d. To raise money on the security of the assets of the company.
 - e. To do all such other things as may be necessary for winding up the affairs of the company and distributing its assets.
 - f. To disclaim onerous property.
2. Power exercisable without the sanction of the court
 - a. To do all acts and to execute all documents in behalf of the company and use the company's seal
 - b. To inspect the records and return of the company on the files of the registrar without payment of any fee.
 - c. To prove, rank and claim in insolvency of any contributory, and to receive dividends in the insolvency.
 - d. To draw, accept, make and endorse any bill of exchange, *hundi* or promissory note.
 - e. To take out letters of administration to any deceased contributory, and to do any other act necessary for obtaining payment of any money due from a contributory or his estate.
 - f. To appoint an agent to do any business which he is unable to do himself.

Statement of affairs to be made to official liquidator (Section 454)

1. Contents

- a. The assets of the company, stating separately the cash balance in hand and at the bank, and the negotiable securities.
- b. Its debts and liabilities.
- c. The names, residence and occupation of creditors, stating separately the amount of secured and unsecured debts; and in the case of secured debts, detailed particulars of the securities given.
- d. The debts due to the company and the names, residence and occupations of the persons from whom they are due and the amount likely to be realised.
- e. Such further or other information as may be prescribed.

2. Verification

- The statement of affairs shall be submitted and verified by one or more persons who were directors, managers, and secretary or other chief officer as on the relevant date.

3. Time limit

- The SOA shall be submitted within 21 days of the relevant date.
 - ✓ Relevant date means
 - In a case where a provisional liquidator is appointed, the date of his appointment
 - In other case, the date of winding up of the order.
- 4. A creditor or contributory of the company shall be entitled to inspect, or obtain a copy or extract of the SOA.
- 5. A person preparing the SOA and affidavit shall be entitled to recover cost and expenses incurred in such preparation.

Voluntary winding up (Section 484 to 487)

Voluntary winding up means winding up at the instance of the members if the company, without any interference by the court.

1. Grounds for Voluntary Winding up (Sec 484)

- a. If company is formed with definite period in its AOA, then when such at the completion of such period.
- b. If company is formed with condition of happening of any event for winding up of the company specified in its article. Then after happening of such specified event.
- c. A company may be wound up voluntarily by passing a special resolution. The SR may be passed on any ground, whatsoever. Even the articles of the company cannot take away his statutory rights.

2. Advertisements (Sec 485) : within 14 days of passing the resolution

- a. In official gazettes; and
- b. One newspaper circulating in the district where RO of the company.

3. The voluntary winding up shall be deemed to have commenced when the resolution for voluntary winding up was passed (486)
4. On passing a resolution for voluntary winding up, the company shall cease to carry on its business, except so far as may be required for the beneficial winding up of the business. But, the corporate status and powers of the company shall continue until it is dissolved. (487)

5. Types of voluntary winding up
 - a. Members' voluntary winding up
 - b. Creditors' voluntary winding up

Distinction between members' and creditors' voluntary winding up

Type	Member	Creditor
Company	Solvent company	Insolvent company
Declaration	Filed by the company if want to take benefit of this	No such filing required
Meeting of members only	Require	Not required
Dominant control over the procedure	Remain with members	Remain with creditors
Liquidator	By member only	By member as well as creditor
Remuneration	Fixed by the members	Committee of inspection (COI)
Appointment of COI	No provision for such committee	Optional

Winding up of unregistered companies (Section 582 to 589)

An unregistered company includes any partnership, association or company having 8 or more members. Such membership exists as on the day of presentation of petition of winding up.

1. Applicability of provision (Section 583)
 - It shall be wound only by the court.
 - Ground for winding up:
 - ✓ That the company has ceased to carry on its business or it is carrying on its business only to wind up of affairs.
 - ✓ That the company is unable to pay its debts.
 - ✓ That in the opinion of the court it is just and equitable that it should be wound up.
2. A body corporate incorporated outside India may be wound up an unregistered company if it had been carrying on business in India and it has ceased to carry business in India.
3. Winding up – provisional applicable
 - a. Section 585 – contributory who is liable to pay -
 - i. Any debt or liability of the company
 - ii. The costs, charges and expenses of winding up
 - iii. The amount payable for adjustment of rights of the members amongst themselves
 - b. Section 586 – after the presentation of winding up or before the order has been made, the company or any creditor or any contributory may apply to the court for stay of suits or proceedings against the company.
 - c. Section 587 – on the making of a winding up order, all suits or legal proceedings are automatically stayed against a contributory.
 - d. Section 588 – If an unregistered company has no power to sue on its own name, the court may order that all or any part of the property, movable or immovable, shall vest in the official liquidator by his official name.

Defunct companies (section 560)

The expression 'defunct company' denotes a company which is not functioning and is almost dead. Where a company does not have adequate assets to meet out the cost of liquidation, the course followed is to strike the name of the company off the register of the companies pursuant to section 560 of the act.

- Where a company has ceased to carry on business, the registrar may strike off the name of the company from the register. The procedure for such are as follows:
 - ✓ Enquire to determine whether the company is in operation
 - ✓ If the registrar does not get any reply from the company within 1 month, he shall within next 14 days send to the company a registered letter referring to his earlier letter. The registered letter shall also state that no reply is received within 1 month; a notice shall be published in official gazette with a view to strike off the name of the company from the register of companies.
 - ✓ If no cause shown within 3 months then company publish name in official gazette.
 - ✓ If no reply is received or no cause is shown within 3 months, from the date of name publish in official gazette registrar may strike off name from the register.

Restoration of name of the company (section 560)

Where the name of the company has been struck off by the registrar, the court has the power to restore the name of the company.

- The application shall be filed with the court within 20 years from the date of publication of order of dissolution in the official gazette
- The application may be made by-
 - ✓ The company; or
 - ✓ Any member of the company; or
 - ✓ Any creditor of the company
- The order of the court becomes effective only when a certified copy of the court has been delivered to the registrar for registration.
- On restoration, the company shall be deemed to have continued its existence as if its name had not been struck off. The company, its creditors, debtors and members go back to the position in which they were before the date on which the name of the company was struck off.

Contributory (Section 428 to 467)

Persons liable as contributories

- a. Present members
- b. Past members
 - i. No liability of a past member if
 - ✓ If he has ceased to be a member for 1 year or upwards before the commencement of the winding up.
 - ✓ In respect of any debt or liability of the company contracted after he ceased to be a member.
 - ✓ Unless it appears to the court that the present members are unable to satisfy the contributions required to be made by them.

ii. Limitation of liability of member

- ✓ In the case of a company limited by shares, the liability of member shall be limited to the amount remaining unpaid by him
- ✓ In the case of a company limited by guarantee, the liability of a member shall be limited to the amount which he has undertaken to contribute in the event of winding up of the company.
- ✓ In case of a company limited by guarantee and having a share capital, the liability of a member shall be limited to the amount which he has undertaken to contribute in the event of winding up of the company plus any amount remaining unpaid in share held by him.

iii. Directors and manager with unlimited liability

- ✓ If he is appointed or liable for unlimited liability he has to contribute more.
- ✓ Limitation of liability
 - If he has ceased to hold office for 1 year or upwards before the commencement of winding up.
 - In respect of any debt or liability of the company contracted after he ceased to hold office;
 - Unless the court deems it necessary that such additional contribution is required.

- The legal representative of a deceased member shall be liable for the debts of the deceased, but his liability is limited to estate inherited by him.
- Where a contributory is adjudged an insolvent, his official assignee shall be liable to pay the debts of the insolvent contributory out of the estate of the insolvent.
- Where a body corporate is a contributory and is ordered to be wound up, the liquidator of such body corporate shall be contributory.
- A person who is party to a fraud may be a contributory.

Order of payment of liabilities (Section 529A to 530)

Practical question

- The purpose of this section 529A is to protect the rights of workman so that they are not deprived of their legitimate claims in the event of winding up of a company. Following debts should be paid in priority to all other debts –
 - ✓ Workman's dues
 - ✓ Debts due to secured creditors to the extent such debts rank *pari passu* with workman's dues
- These debts shall be paid in full unless the assets of the company are insufficient to meet them, in which case they shall abate in equal proportions.

Preferential payments (section 530)

- a. *Revenues, taxes, cesses and rates*: the amount should have become due and payable within 12 months before the relevant date.
- b. *Wages and salaries of employees*: all wages and salaries of any employee, due for a period not exceeding 4 months within 12 months before the relevant date. But sum to each employee not exceed notified by government. Now this notified amount is 20,000/employee
- c. all accrued holiday remuneration becoming payable to any employee before, or by the effect of, the winding up order.

- d. *Contribution payable as employers:* amount which is due within 12 months. And in case of voluntary winding (VWU) up such amount is nor payable.
- e. *Compensation to employees:* due under compensation act. No paid if VWU.
- f. All sums due to any employee from a provident fund, a pension fund, a gratuity fund or any other fund for the welfare of the employee maintained by the company.
- g. Investigation expenses

Payments of liabilities

- a. Overriding preferential payments under section 529A
- b. Costs and expenses for winding up
- c. Preferential payment under section 530
- d. Creditors secured by floating charges
- e. Unsecured creditors
- The provision contained in section 529A and 530 shall apply notwithstanding anything contained in any other provision of the act or any other law.

Fraudulent Preference (Section 531)

- Fraudulent preference means giving an improper benefit or favourable treatment to some of the creditors.
- The transaction shall be deemed to be a fraudulent preference and consequently invalid if all the following conditions are satisfied:
 - ✓ The transaction relates to transfer of property, delivery of goods, payment of money or other act relating to the property of the company.
 - ✓ It took place within 6 months before commencement of the winding up of the company.
 - ✓ It was an entirely voluntary act and not made under any pressure.
 - ✓ The dominant motive was to give a creditor a preference over other creditors.
- According to section 532 – any transfer or assignment by a company of all its property to trustees for the benefit of all its creditors shall be void.
- Where the company gives a fraudulent preference to a creditor, following consequences shall follow:
 - ✓ The creditor shall be liable to refund the liquidator the amount paid by the company.
 - ✓ The creditor shall be entitled to claim such amount from the surety or guarantor.
 - ✓ The winding up court shall be empowered to order that the surety or guarantor shall make the payment to the creditor.

Voluntary transfer to be invalid (section 531A)

Any transfer of property or delivery of goods made by a company shall be void against the liquidator if it is made within a 1 year before the commencement of winding up of a company.

Exceptions:

- Following transaction shall remain valid even if made within a period of 1 year before the commencement of winding up
 - ✓ Any transfer of property or delivery of goods made in the ordinary course of business
 - ✓ Any transfer of property or delivery of goods made in favour of a purchaser or encumbrance in good faith and for valuable consideration.

Floating charges to be invalid in certain cases (Section 534)

Section 534 prevents an insolvent company from creating a floating charge of its undertaken to secure past debts or for moneys which do not come into hand of the company.

A floating charges created by the company within 12 months preceding the commencement of WU shall be invalid.

Exceptions:

- Floating charges shall not be invalid where it is proved that the company was not solvent immediately after the creation of the charge.
- A floating charge shall be valid up to the amount of any cash paid o the company as a consideration for the charge. Also, interest shall be allowed on that amount at the rate of 5% p.a. or such other rate as may be notified by the CG.

Other point:

- Unless a fluting charge is covered in two exceptions, it is invalid. However, the debt is not affected. But it becomes an unsecured debt.
- Where the debt secured by the floating charge has already been paid by the company before winding up commenced, the sum paid cannot be recovered by the liquidator.

Action against delinquent directors (Section 543)

Meaning

Misconduct covers any breach of duty resulting in misapplication of the assets or property of the company. The conduct would amount to misfeasance if there is dishonesty or fraud or culpable negligence, or there is an improper exercise of lawful authority.

Action

The court shall examine into the conduct of such person. The court may compel him to repay or restore the money or property or any part thereof, with interest at such rate as the court thinks fir or to contribute such sum to the assets of the company by way of compensation in respect of the misapplication, misfeasance or breach of trust, as the court thinks fit.

Time limit

The application shall be made within 5 years from the dare of order for winding up of the first appointment of the liquidator in the winding up or of the misapplication, retainer, misfeasance or breach of trust whichever is longer.

Companies Liquidation account (section 555)

1. Payment of unclaimed dividends and undistributed assets

a. During the course of winding up

Where a company is being wound up, the liquidator shall pay the following moneys into the public account of India in the RBI in a separate account to be known as “companies liquidation account”:

- ✓ Dividend payable to any creditor which had remained unpaid for 6 months after the date on which they were declared.
- ✓ Assets refundable to any contributory which have remained undistributed for 6 months after the date on which they became refundable.
- b. On dissolution**
- ✓ On the dissolution of the company, any unpaid dividends or any undistributed assets in his hands at the date of dissolution.

2. Payment out of the liquidation account
 - ✓ Any person claiming to be entitled to any money paid into the CLA may apply to the court for an order for payment thereof.
 - ✓ Instead of applying to the court, a person may apply to the CG for an order for payment of the money claimed.
3. Transfer of amount to General reserve account
 - ✓ Any money paid into the CLA, which remains unclaimed thereafter for a period of 15 years, shall be transferred to the GRA of the CG. But such transfer shall not affect the right of any person to claim any money which he is entitled.
4. Consequences of default by liquidator
 - ✓ Penalty – for default in paying money in CLA
 - Pay interest in the amount retained at the rate of 12% p.a.;
 - Pay such penalty as may be determined by the registrar;
 - Be liable to pay any expenses occasioned by reason of his default.
 - ✓ Where the winding up is by or under the supervision of the court, the court may disallow his remuneration.
 - ✓ Where the winding up is by or under the supervision of the court, the court may remove him from the office.