



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

SUPPLEMENT EXECUTIVE PROGRAMME (NEW SYLLABUS)

for

December, 2021 Examination

Setting up of Business Entities & Closure

MODULE 1

PAPER 3

Disclaimer: This document has been prepared purely for academic purposes only and it does not necessarily reflect the views of ICSI. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.

INDEX

S.No.	Name of Lesson	Page No.
1	Lesson 2-Types of Companies	2-7
3	Lesson 12: Conversion of Business Entities	8-10
4	Lesson 13: Various Initial Registrations and Licenses	11-12
5	Lesson 21-Corporate Insolvency Resolution Process, Liquidation and Winding Up: An Overview	13-14

Part A

Lesson 2-Types of Companies

1) Section 2 of the Companies (Amendment) Act, 2020 amends Section 2(52) of the Companies Act, 2013 w.r.t. "Definition of Listed Company"-Notification dated September 28, 2020 (Amendment Effective from January 22, 2021)

A proviso has been inserted in the Definition of Listed Company, namely:

"Provided that such class of companies, which have listed or intend to list such class of securities, as may be prescribed in consultation with the Securities and Exchange Board, shall not be considered as listed companies."

Details of Changes:

The Central Government has been empowered to exclude certain companies, based on listing of certain securities on recognized stock exchanges, as provided by rules, in consultation with SEBI from the definition of listed companies.

*For details: https://www.mca.gov.in/Ministry/pdf/AmendmentAct_29092020.pdf
<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=Njc1MO==&docCategory=Notifications&type=open>*

2) The Companies (Specification of definitions details) Second Amendment Rules, 2021 (Notification No: G.S.R. 123 (E), Dated February 19, 2021) (Effective from April 01, 2021)

The MCA has notified the Companies (Specification of definitions details) Second Amendment Rules, 2021 to further amend the Companies (Specification of definitions details) Rules, 2014.

In the Companies (Specification of definitions details) Rules, 2014, after rule 2, the following rule has been inserted, namely:-

Rule 2A- Companies not to be considered as listed companies- For the purposes of the proviso to clause (52) of section 2 of the Companies Act, 2013, the following classes of companies shall not be considered as listed companies, namely:-

- a) Public companies which have not listed their equity shares on a recognized stock exchange but have listed their –
 - (i) non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008; or
 - (ii) non-convertible redeemable preference shares issued on private placement basis in terms of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013; or
 - (iii) both categories of (i) and (ii) above.
- b) Private companies which have listed their non-convertible debt securities on private placement basis on a recognized stock exchange in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008;
- c) Public companies which have not listed their equity shares on a recognized stock exchange but whose equity shares are listed on a stock exchange in a jurisdiction as specified in Section 23(3) of the Companies Act, 2013.

For details:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MTM0OTE=&docCategory=Notifications&type=open>

3) Section 53 of the Companies (Amendment) Act, 2020 omitted the proviso of Section 379(1) of the Companies Act, 2013 w.r.t. “Application of Act to Foreign Companies”-Notification dated September 28, 2020 (Amendment Effective from January 22, 2021)

Omitted Provision

Provided that the Central Government may, by Order published in the Official Gazette, exempt any class of foreign companies, specified in the Order, from any of the provisions of sections 380 to 386 and sections 392 and 393 and a copy of every such Order shall, as soon as may be after it is made, be laid before both Houses of Parliament.

Details of Changes

The proviso to Section 379(1), which has empowered the Central Government to exempt any class of foreign companies from any of the provisions of sections 380 to 386, 392 and 393 by Order published in Official Gazette has been omitted since a new provision has been inserted in Section 393A to provide the Central Government with power related to granting exemption to foreign companies.

For details:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=Njc1MQ==&docCategory=Notifications&type=open>

https://www.mca.gov.in/Ministry/pdf/AmendmentAct_29092020.pdf

4) Section 55 of the Companies (Amendment) Act, 2020 has inserted a new Section 393A of the Companies Act, 2013 w.r.t. “Exemptions under this Chapter pertaining to Companies Incorporated outside India-Chapter XXII”-Notification dated September 28, 2020 (Amendment Effective from January 22, 2021)

Section 393A- The Central Government may, by notification, exempt any class of—

- (a) foreign companies;
- (b) companies incorporated or to be incorporated outside India, whether the company has or has not established, or when formed may or may not establish, a place of business in India,

as may be specified in the notification, from any of the provisions of this Chapter and a copy of every such notification shall, as soon as may be after it is made, be laid before both Houses of Parliament.

For details:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=Njc1MQ==&docCategory=Notifications&type=open>

https://www.mca.gov.in/Ministry/pdf/AmendmentAct_29092020.pdf

5) Section 62 of the Companies (Amendment) Act, 2020 has amended Section 446B of the Companies Act, 2013 w.r.t. “Lesser penalties for certain companies”-Notification dated September 28, 2020 (Amendment Effective from January 22, 2021)

Old Penal Provision

446B-Notwithstanding anything contained in this Act, if a One Person Company or a small company fails to comply with the provisions of sub-section (5) of section 92, sub-section (2) of section 117 or sub-section (3) of section 137, such company and officer in default of such company shall be liable to a penalty which shall not be more than one half of the penalty specified in such sections.

New Penal Provision

446B- Notwithstanding anything contained in the Companies Act, 2013, if penalty is payable for non-compliance of any of the provisions of the Companies Act, 2013 by a One Person Company, small company, start-up company or Producer Company, or by any of its officer in default, or any other person in respect of such company, then such company, its officer in default or any other person, as the case may be, shall be liable to a penalty which shall not be more than one-half of the penalty specified in such provisions subject to a maximum of two lakh rupees in case of a company and one lakh rupees in case of an officer who is in default or any other person, as the case may be.

Explanation.—For the purposes of this section:

(a) "Producer Company" means a company as defined in clause (l) of section 378A;

(b) "start-up company" means a private company incorporated under the Companies Act, 2013 or under the Companies Act, 1956 and recognised as start-up in accordance with the notification issued by the Central Government in the Department for Promotion of Industry and Internal Trade.

For details: https://www.mca.gov.in/Ministry/pdf/AmendmentAct_29092020.pdf

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=Njc1MQ==&docCategory=Notifications&type=open>

6) New 'Extend' functionality has been introduced as part of SPICe+ Part A in line with Rule 9A 'Extension of reservation of name in certain cases' of the Companies (Incorporation) Third Amendment Rules, 2020 with effect from January 26, 2021.

For details: <http://www.mca.gov.in/>

7) The Companies (Specification of Definitions Details) Amendment Rules, 2021 (Notification No: G.S.R. 92(E), Dated February 01, 2021) (Effective from April 01, 2021)

The MCA has notified the Companies (Specification of Definitions Details) Amendment Rules, 2021 to further amend the Companies (Specification of Definitions Details) Rules, 2014.

In rule 2(1) after clause (s), the following clause has been inserted, namely:-

“(t) For the purposes of sub-clause (i) and sub-clause (ii) of clause (85) of section 2 of the Companies Act, 2013 paid up capital and turnover of the small company shall not exceed rupees two crores and rupees twenty crores respectively.”

Details of Changes

The MCA for the Ease of doing Business has revised the definition of Small companies by increasing their threshold limits for paid up capital from “not exceeding Rs. 50 Lakhs” to “not exceeding Rs. 2 Crore” and turnover from “not exceeding Rs. 2 Crore” to “not exceeding Rs. 20 Crore”.

Now the Revised Definition under Section 2(85) read with Rule 2(1)(t) of the Companies (Specification of definitions Details) Rules, 2014 with effect from 1 April 2021 is given hereunder:

"small company" means a company, other than a public company,—

(i) paid-up share capital of which does not exceed 2 crore rupees or such higher amount as may be prescribed which shall not be more than 10 crore rupees; and

(ii) turnover of which as per profit and loss account for the immediately preceding financial year does not exceed 20 crore rupees or such higher amount as may be prescribed which shall not be more than 100 crore rupees:

Provided that nothing in this clause shall apply to—

- (A) a holding company or a subsidiary company;
- (B) a company registered under section 8; or
- (C) a company or body corporate governed by any special Act;

For details: http://www.mca.gov.in/Ministry/pdf/SpecificationAmndtRules_02022021.pdf

8) The MCA notified the commencement date for Section 52 and Section 66 of the Companies (Amendment) Act, 2020 (Notification No: S.O. 644(E), Dated February 11, 2021)

The MCA has appointed **February 11, 2021** as the commencement date of section 52 of the Companies (Amendment) Act, 2020 which is related to the insertion of new Chapter XXIA in the Companies Act, 2013 pertaining to Producer Companies.

Section 66 of the Companies (Amendment) Act, 2020 has amended Section 465 of the Companies Act, 2013 related to Repealing of certain enactments and savings respectively.

After introduction of new chapter XXIA on 'producer companies', the first proviso to section 465 (1) of the Companies Act, 2013 has been omitted which provides for the provisions of Part IXA of the erstwhile Companies Act, 1956, which was applicable to a producer company in a manner as if the Companies Act, 1956 has not been repealed until a special Act is enacted for Producer Companies.

For details:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=NjczOO==&docCategory=Notifications&type=open>

https://www.mca.gov.in/Ministry/pdf/AmendmentAct_29092020.pdf

9) The Producer Companies Rules, 2021, (Notification G.S.R. 112(E), Dated February 11, 2021)

The MCA has notified the Producer Companies Rules, 2021, on February 11, 2021 namely:-

Applicability - These rules shall apply to a Producer Company as referred in clause (I) of section 378A of the Companies Act, 2013.

Definitions- (1) In these rules, unless the context otherwise requires,-

- (a) "Act" means the Companies Act, 2013;
- (b) "section" means the section of the Act;
- (c) "co-operative society" means a society registered or deemed to be registered under any law relating to co-operative societies for the time being in force in any State.

Words and expressions used in these rules but not defined and defined in the Companies Act, 2013 or in the Companies (Specification of Definitions Details) Rules, 2014, shall have the same meanings respectively assigned to them in the Companies Act, 2013 or in the said rules.

Change of place of registered office from one State to another. - The rules 27, 30 and 31 of the Companies (Incorporation) Rules, 2014, including the forms stated therein shall be applied for the purpose of change of place of registered office of a Producer Company from one State to another.

Investment of general reserves.- A Producer Company shall make investments from and out of its general reserves in anyone or in combination of the following, namely:--

- (a) in approved securities, fixed deposits, units and bonds issued by the Central Government or State Governments or co-operative societies or scheduled bank; or
- (b) in a co-operative bank, State co-operative bank, co-operative land development bank or Central co-operative bank; or
- (c) with any other scheduled bank; or
- (d) in any of the securities specified in section 20 of the Indian Trusts Act, 1882 (02 of 1882); or
- (e) in the shares or securities of any other inter-State co-operative society or any co-operative society; or
- (f) in the shares, securities or assets of public financial institutions specified under clause (72) of section 2 of the Companies Act, 2013.

Details of Changes

The MCA has notified the Producer Companies Rules, 2021. The new rules define the term 'cooperative society' for the purpose of this rule. It also specifies the rules applicable for the purpose of change of place of registered office of a Producer Company from one State to another and Investment of general reserves by a Producer Company.

For details:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MTM0OTO=&docCategory=Notifications&type=open>

10) The Companies (Incorporation) Third Amendment Rules, 2021 (Notification No. G.S.R. 158(E), March 05, 2021)

The MCA has notified the Companies (Incorporation) Third Amendment Rules, 2021 to further amend the Companies (Incorporation) Rules, 2014, namely:—

In the Companies (Incorporation) Rules, 2014,- in the Annexure, in Form INC-35 AGILE-PRO, part of SPICE+, in serial number 12, at the end of Table (A), the following shall be inserted, namely.—

Do you wish to perform Aadhar authentication for GSTIN registration.

Yes No

Details of Changes

With this Amendment the MCA has revised Form (INC-35) AGILE PRO to include the option to perform Aadhar authentication for GSTIN registration at the time of incorporation of Companies.

For details:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MTM0OTA=&docCategory=Notifications&type=open>

11) Establishment of Central Scrutiny Centre (CSC) (Notification No: S.O.1257 (E), Dated March 18, 2021)

The Central Government has established a Central Scrutiny Centre (CSC) for carrying out scrutiny of Straight Through Processes (STP) e-forms filed by the companies under the Companies Act, 2013 and the rules made thereunder which has come into force from March 23, 2021.

- The CSC shall function under the administrative control of the e-governance Cell of the Ministry of Corporate Affairs.
- It shall carry out scrutiny of the aforesaid forms and forward findings thereon, wherever required, to the concerned jurisdictional Registrar of Companies for further necessary action under the provisions of the Companies Act, 2013 and the rules made thereunder.
- It is located at the Indian Institute of Corporate Affairs (IICA), Plot No. 6, 7, 8, Sector 5, IMT Manesar, District Gurgaon (Haryana), Pin Code- 122050.

For details:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjU5NDc=&docCategory=Notifications&type=open>

Lesson 12 Conversion of Business Entities

1) The Companies (Incorporation) Amendment Rules, 2021 (Notification No: G.S.R. 44 (E), Dated January 25, 2021)

The MCA has issued the Companies (Incorporation) Amendment Rules, 2021 to further amend the Companies (Incorporation) Rules, 2014, namely:

In Rule 41 of the Companies (Incorporation) Rules, 2014 pertaining to “Application under section 14 for conversion of public company into private company.”

(a) For sub-rule (6),

(i) in clause (c), for the words, brackets and figure "sub-rule (6)" the words, brackets and letter "clause (b)" has been substituted;

(ii) clause (d) has been omitted;

Omitted Content

Where no order for approval or re-submission or rejection has been explicitly made by the Regional Director within the stipulated period of thirty days, it shall be deemed that the application stands approved and an approval order shall be automatically issued to the applicant.

(iii) the existing sub-rules (9), (10), (11) is renumbered as sub-rules (7), (8) and (9) respectively;

(b) for sub-rule (7) as so renumbered, the following sub-rule has been substituted, namely:-

"(7) (i) Where an objection has been received or Regional Director on examining the application has specific objection under the provisions of the Companies Act, 2013 the same shall be recorded in writing and the Regional Director shall hold a hearing or hearings within a period of thirty days as required and direct the company to file an affidavit to record the consensus reached at the hearing, upon executing which, the Regional Director shall pass an order either approving or rejecting the application along with the reasons within thirty days from the date of hearing.

(ii) In case where no consensus is received as referred in clause (i), the Regional Director may approve the conversion, if he is satisfied having regard to all the circumstances of the case, that the conversion would not be against the interests of the company or is not being made with a view to contravene or to avoid complying with the provisions of the Companies Act, 2013 with reasons to be recorded in writing:

Provided that the conversion shall not be allowed if any inquiry, inspection or investigation has been initiated against the company or any prosecution is pending against the company under the Companies Act, 2013.

For details:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MTMIMDc=&docCategory=Notifications&type=open>

2)The Companies (Incorporation) Second Amendment Rules, 2021 (Notification No: G.S.R. 91(E), Dated February 01, 2021) (Amendment Effective from April 01, 2021)

The MCA has notified the Companies (Incorporation) Second Amendment Rules, 2021 to further amend the Companies (Incorporation) Rules, 2014.

I. In rule 3 (1) of the Companies (Incorporation) Rules, 2014:

(i) for the words, "and resident in India" the words "whether resident in India or otherwise" has been substituted;

(ii) in *Explanation 1*, for the words "one hundred and eighty two days" the words "one hundred and twenty days" has been substituted;

(c) **Rule 3 (7) of the Companies (Incorporation) Rules, 2014 has been omitted.**

Omitted Content

No such company can convert voluntarily into any kind of company unless two years is expired from the date of incorporation of One Person Company, except threshold limit (paid up share capital) is increased beyond fifty lakh rupees or its average annual turnover during the relevant period exceeds two crore rupees.

II. For Rule 6 of the Companies (Incorporation) Rules, 2014, the following rule has been substituted, namely:-

"6. Conversion of One Person Company into a Public company or a Private company.-

(1) The One Person Company shall alter its memorandum and articles by passing a resolution in accordance with sub-section (3) of section 122 of the Companies Act, 2013 to give effect to the conversion and to make necessary changes incidental thereto.

(2) A One Person company may be converted into a Private or Public Company, other than a company registered under section 8 of the Companies Act, 2013 after increasing the minimum number of members and directors to two or seven members and two or three directors, as the case may be, and maintaining the minimum paid-up capital as per the requirements of the Companies Act, 2013 for such class of company and by making due compliance of section 18 of the Companies Act, 2013 for conversion.

(3) The company shall file an application in e-Form No.INC-6 for its conversion into Private or Public Company, other than under section 8 of the Companies Act, 2013, along with fees as provided in the Companies (Registration offices and fees) Rules, 2014 by attaching documents, namely:-

(a) Altered MOA and AOA;

(b) copy of resolution;

(c) the list of proposed members and its directors along with consent;

(d) list of creditors; and

(e) the latest audited balance sheet and profit and loss account.

(4) On being satisfied that the requirements stated herein have been complied with, the Registrar shall approve the form and issue the Certificate.

III. In Rule 7 (1) of the Companies (Incorporation) Rules, 2014, the words" having paid up share capital of fifty lakhs rupees or less and average annual turnover during the relevant period is two crore rupees or less" has been omitted.

(b) In Rule 7 (4) of the Companies (Incorporation) Rules, 2014, in clause (i), the words ",the paid up share capital company is fifty lakhs rupees or less or average annual turnover is less than two crores rupees, as the case may be" has been omitted.

IV. In the Annexure, (a) the e-Form No.INC-5 has been omitted.

Details of Changes

The MCA vide this notification has notified the Amendments as announced in the Union Budget 2021-22, for OPCs. Amendment has been introduced w.r.t. Allowing non-resident Indians to incorporate OPCs in India, Reducing the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days,

Thresholds limit of Paid-up share capital exceeding Rs. 50 lakhs and turnover exceeding Rs. 2 crores for compulsory conversion of OPC into Public/Private Company has been removed, etc.

For details:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MTM00TY=&docCategory=Notifications&type=open>

Part B

Lesson 13: Various Initial Registrations and Licenses

MICRO, SMALL AND MEDIUM ENTERPRISES

Revision of MSME Definition

In line with Government of India's top focus on energizing MSMEs in the country, Government of India approved the upward revision of MSME definition on 1st June 2020 under the Aatmanirbhar Bharat Package. The Government revised the MSME classification by inserting composite criteria of both investment and annual turnover.

An enterprise shall be classified as a micro, small or medium enterprise on the basis of the following criteria, namely: --

(i) a micro enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;

(ii) a small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; and

(iii) a medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

Udyam Registration

Udyam is an online and simplified procedure of filing of registration which enables MSMEs to obtain registration without any documentation and fees. It is a globally benchmarked process and a revolutionary step towards Ease of Doing Business. Ministry of MSME has also commenced API integration of Udyam Registration portal with GeM so that MSEs can participate in Government procurement easily.

(1) Any person who intends to establish a micro, small or medium enterprise may file Udyam Registration online in the Udyam Registration portal, based on self-declaration with no requirement to upload documents, papers, certificates or proof.

(2) On registration, an enterprise (referred to as “Udyam” in the Udyam Registration portal) will be assigned a permanent identity number to be known as “Udyam Registration Number”.

(3) An e-certificate, namely, “Udyam Registration Certificate” shall be issued on completion of the registration process.

Registration Process

(1) The form for registration shall be as provided in the Udyam Registration portal.

(2) There will be no fee for filing Udyam Registration.

(3) Aadhaar number shall be required for Udyam Registration.

(4) The Aadhaar number shall be of the proprietor in the case of a proprietorship firm, of the managing partner in the case of a partnership firm and of a karta in the case of a Hindu Undivided Family (HUF).

(5) In case of a Company or a Limited Liability Partnership or a Cooperative Society or a Society or a Trust, the organisation or its authorised signatory shall provide its GSTIN and PAN along with its Aadhaar number.

(6) In case an enterprise is duly registered as an Udyam with PAN, any deficiency of information for previous years when it did not have PAN shall be filled up on self-declaration basis.

(7) No enterprise shall file more than one Udyam Registration:

Provided that any number of activities including manufacturing or service or both may be specified or added in one Udyam Registration.

(8) Whoever intentionally misrepresents or attempts to suppress the self-declared facts and figures appearing in the Udyam Registration or updation process shall be liable to such penalty as specified under section 27 of the Act.

Registration of Existing Existing Enterprises

- (1) All existing enterprises registered under EM-Part-II or UAM shall register again on the Udyam Registration portal on or after the 1st day of July, 2020.
- (2) All enterprises registered till 30th June, 2020, shall be re-classified in accordance with this notification.
- (3) The existing enterprises registered prior to 30th June, 2020, shall continue to be valid only for a period up to the 31st day of March, 2021.
- (4) An enterprise registered with any other organisation under the Ministry of Micro, Small and Medium Enterprises shall register itself under Udyam Registration.

Part-C

Lesson 21-Corporate Insolvency Resolution Process, Liquidation and Winding Up: An Overview

PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS (PPIRP)

Micro, small, and medium enterprises (MSMEs) are critical for India's economy. They contribute significantly to gross domestic product and provide employment to a sizeable population. The COVID-19 pandemic has impacted their business operations and exposed many of them to financial stress. Resolution of their stress requires different treatment, due to the unique nature of their businesses and simpler corporate structures. Therefore, it was considered expedient to provide an efficient alternative insolvency resolution process under the Code for corporate MSMEs, that ensures quicker, cost-effective and value maximising outcomes for all the stakeholders, in a manner which is least disruptive to the continuity of their businesses, and which preserves jobs. Accordingly, President promulgated the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 on 4th April, 2021 to introduce PPIRP under the Code for this purpose. PPIRP is built on trust and honours the honest MSME owners by enabling resolution when the company remains with them.

PPIRP is available for resolution of stress of corporate MSMEs. It is available as an alternate option, should the stakeholders like to use it. PPIRP has the features, which make a CIRP sacrosanct, and has the rigour and discipline of the Corporate Insolvency Resolution Process (CIRP). It is informal up to a point and formal thereafter. It blends debtor-in-possession with creditor-in-control. It is neither a fully private nor a fully public process - it allows the company, if eligible under section 29A, to submit the Base Resolution Plan (BRP) which is exposed to challenge for value maximisation. It safeguards the rights of stakeholders as much as in CIRP and has adequate checks and balances to prevent any potential misuse. It entails a limited role of the courts and IPs. Unlike CIRP, it does not yield liquidation if there is no resolution plan. Though PPIRP and CIRP are alternate options, some stakeholders may prefer one over the other in certain circumstances.

Governing Framework

The provisions governing PPIRP are available in:

- Ø Insolvency and Bankruptcy Code, 2016, as amended by the Insolvency and Bankruptcy (Amendment) Ordinance, 2021 (Chapter III-A contains Section 54A to 54 P);
- Ø Insolvency and Bankruptcy (Pre-packaged Insolvency Resolution Process) Rules, 2021; and
- Ø Insolvency and Bankruptcy Board of India (Pre Packaged Insolvency Resolution Process) Regulations, 2021.

Eligibility for PPIRP

A Corporate Debtor (CD), which is an MSME under sub-section (1) of the section 7 of the Micro, Small and Medium Enterprises Development Act, 2006, is eligible to apply for initiation of PPIRP, if it-

- (i) has committed a default of at least ₹10 lakh;
- (ii) is eligible to submit a resolution plan under section 29A of the Code;
- (iii) has not undergone a PPIRP during the three years preceding the initiation date;
- (iv) has not completed a CIRP during the three years preceding the initiation date;

- (v) is not undergoing a CIRP; and
- (vi) is not required to be liquidated by an order under section 33 of the Code.

To evidence that the CD is an MSME, the application shall attach either a copy of the latest and updated Udyam Registration Certificate or proof of investment in plant and machinery or equipment and turnover as per Notification No. 2119(E) dated 26th June, 2020 of the Ministry of MSMEs.

For Details: <https://www.ibbi.gov.in/uploads/whatsnew/a650764a464bc60fe330bce464d5607d.pdf>

Note: Students appearing in December, 2021 Examination should also update themselves on all the relevant Notifications, Circulars, Clarifications, Order etc. issued by MCA, SEBI, RBI & Central Government and any other competent authority upto 31st May, 2021.