



PROCEDURE FOR CONVERSION OF PUBLIC  
LIMITED COMPANY TO PRIVATE LIMITED  
COMPANY



## BACKGROUND

The purpose of this presentation is to highlight the brief procedure for conversion of Public Limited Company to Private Limited Company as per the relevant sections of Companies Act, 2013, rules made thereunder and other statutory laws.



## BACKGROUND

In the event where a Company which is incorporated as a Public Limited Company is desirous of converting into a Private Limited Company, thereby bringing significant changes in its strength of Members, Directors and simultaneously restricting raising of funds from public to closely held individuals.

Thus in such scenarios there is a provision under the Companies Act, 2013 to undertake such conversions.

# Pre-requisites for filing an application for conversion from Public to Private Company

## **Limit of Shareholders**

Since there is no limit on maximum strength of Shareholders in a Public Limited Company, however post conversion into Private Limited Company, it is mandatory to ensure that maximum strength does not crosses the threshold of 200 shareholders

## **Non invitation of funds from Public**

Post conversion, no funds / capital should be raised from general public through the issuance of prospectus or any other means.

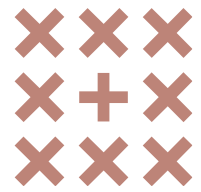
## **Non listing of Company**

Prior to conversion, it is to be assured that Company was either never listed on Stock Exchange and if it was listed, all necessary procedures were complied for delisting of the shares in accordance with the applicable bye laws as prescribed by Securities Exchange Board of India ("SBI").

## **Verification of list of Creditors**

Company before conversion is required to draw a list of all its Creditors at least 30 days before applying to adjudicating authority for conversion and the said list is to be verified by means of an affidavit either signed by Company Secretary of the Company or by any two Directors one of whom shall be Managing Director.





PROCEDURE FOR CONVERSION OF  
PUBLIC LIMITED COMPANY TO  
PRIVATE LIMITED COMPANY

# Steps for Conversion

## Step 1

*The first step is to hold Meeting of Board of Directors (“BOD”) of the Company for the aforesaid purposes:*

- a) to consider reason for conversion and suitable alterations in the Memorandum of Association (“MOA”) and Articles of Associations (“AOA”) of the Company reflecting the changes arising due to conversion;*
- b) to consider convening of General Meeting of Shareholders of the Company for according their consent to the said conversion;*
- c) to provide authorization for filing the necessary application for conversion with the adjudicating authority.*

## Step 2

*Next step is to hold General Meeting of Shareholders of the Company for according their consent to the said conversion along with the necessary alterations in the MOA and AOA reflecting changes arising from the said conversion by means of passing special resolution.*

## Step 3

*Filing prescribed e-form with Registrar of Companies (“ROC”) within 30 days of the passing of aforesaid special resolution.*



# Steps for Conversion

## Step 4

*The Company is further required to file Application for conversion with the adjudicating authority within 60 days from the date of passing special resolution in the General Meeting of Shareholders.*

*However, before proceeding with filing the Application, the Company shall at least 21 days before the date of filing application with RD advertise notice of conversion in the prescribed form in both English and vernacular newspaper widely circulating in the state in which the Registered office of the Company is situated.*

## Step 5

*Apart from advertisement, Company shall serve individual notice of conversion to each of its Creditors by registered post.*

*Further, the Company shall also serve individual notice of the conversion to both the RD and ROC or any other authority which regulates the Company by registered post.*



# Steps for Conversion

## Step 6

*Post the necessary publications and serving of notice of conversion, Company shall file the Application for conversion with Regional Directorate (“RD”) in the prescribed e form within 60 days from the date of passing special resolution along with the following documents:*

- a) Draft copy of altered MOA and AOA of the Company and copy of Minutes of General Meeting of Shareholders wherein the said conversion was approved by the Shareholders;*
- b) Copy of board resolution giving authorization to file such an application with RD;*
- c) Prescribed declarations from Directors / KMP of the Company with respect to restriction of total number of members to 200, non- acceptance of deposits in violation of the law and various other matters as elucidated under the relevant Section of the Act;*
- d) List of Creditors drawn not older than 30 days from the date of filing Application supported by an Affidavit duly verifying the said list*

## Step 7

*In case no objections are received, then the RD shall pass an order duly approving the application within 30 days from the date of receipt of application.*





# Steps for Conversion

## **Step 8**

*On the receipt of order the same is to be filed with ROC in the prescribed e form within 15 days from the date of order.*

*ROC shall close the former registration and issue fresh certificate of incorporation thereby evidencing the conversion from Public Limited Company to Private Limited Company.*

## **Step 9**

*The Company to apply for conversion in the database of all tax authorities i.e. PAN/TAN, and any other registrations and shall also ensure that the letterheads, Invoices, name plate, and/or any other correspondences are amended / altered and undertake necessary updation of bank records.*



# **Setting up a business in India might seem like a hassle to someone who's unaware about the country's rules and regulations. But that's where we come in to help you.**

At Coinmen, our aim is to provide financial expertise to help set up your business and provide profound advisory for its growth. This presentation is put together by our team to ensure that you're prepared well in advance before setting up a business in India and can navigate swiftly through the required compliances.

## **Disclaimer**

This publication does not constitute as professional advice. The information in this publication has been obtained or derived from sources believed by Coinmen Consultants LLP (Coinmen) to be reliable but Coinmen does not represent that this information is accurate or complete. Any opinions or estimates contained in this publication represent the judgment of Coinmen at this time and are subject to change without notice. Readers of this publication are advised to seek their own professional advice before taking any course of action or decision, for which they are entirely responsible, based on the contents of this publication. Coinmen neither accepts or assumes any responsibility or liability to any reader of this publication in respect of the information contained within it or for any decisions readers may take or decide not to or fail to take. The presentation contains amendments as proposed in the Income tax Return Forms by Central Board of Direct Taxes ('CBDT') through notification amending Income tax Rules, 1962 dated 1<sup>st</sup> April 2019.