



PROCEDURE FOR CONVERSION OF LIMITED LIABILTY PARTNERSHIP TO COMPANY



BACKGROUND

The purpose of this presentation is to highlight the brief procedure of conversion of Limited Liability Partnership (“LLP”) to Company as per the relevant sections of Companies Act, 2013, Limited Liability Act, 2008 and rules made thereunder along with the other various statutory laws as applicable in India.



BACKGROUND

In the event where a LLP consisting of 2 or more partners which is incorporated under the LLP Act, 2008, may at any time convert into unlimited company, or as a company limited by shares, or as a company limited by guarantee, in such manner as may be prescribed under Companies Act, 2013. Each partner of the LLP must submit relevant documents for conversion of LLP into Company along with the application to Registrar of Companies (“ROC”).

Points to be considered before conversion of LLP into Company

- A LLP having the liability of its members limited by any Act of Parliament other than this Act, shall not register as an unlimited company or as a company limited by guarantee;
- A LLP shall not register in pursuance of this section without the assent of a majority of such of its members as are present in person, or where proxies are allowed, by proxy, at a general meeting summoned for the purpose;
- Where a LLP not having the liability of its members limited by any Act of Parliament is about to register as a limited company, the majority required to assent as aforesaid shall consist of not less than three-fourths of the members present in person, or where proxies are allowed, by proxy, at the meeting;
- A LLP with less than seven members shall register as a private company not public company.



PROCEDURE FOR CONVERSION OF LLP INTO COMPANY

Steps for Conversion

Step 1- Partner's Meeting

The first step is to convene meeting of partners of the LLP to consider the need and reason for conversion of the LLP into Company and take approval from the majority of partners.

Step 2- Name Approval

Application for name availability of the Company to be filed with ROC in Form "RUN" and obtain name approval certificate.

Step 3- Advertisement

Upon obtaining the name approval certificate, drafting and publication of advertisement in English newspaper and in any vernacular language regarding the application for proposed conversion of LLP into Company.

Step 4- Documentation

Post publication, prepare necessary documents in relation to conversion of LLP into Company along with the drafting of Memorandum of Association ("MOA") and Articles of Association ("AOA") of the Company.



Steps for Conversion

Step 5- Execution and signing of documents

Execution and signing of all the documents by proposed Directors and Shareholders of the Company.

All the documents executed outside India need to be duly notarized and apostilled

Step 6- Filing application for conversion with ROC

Filing of Application for conversion of LLP into Company with ROC in the prescribed e form URC-1 along with the following documents:

- Particulars of members / partners along with details of shares held by them;*
- Particulars of persons proposed as First Directors of the Company;*
- Declaration from proposed First Directors of the Company verifying particulars of all members / partners;*
- Certificate of Incorporation of LLP;*
- Affidavit from all partners / members for dissolution of entity;*
- Copy of newspaper advertisement;*
- Certificate from CA/ CS / CWA certifying the compliance with all provisions of Stamp Act;*



Steps for Conversion

- *Consent of majority of partners;*
- *Statement of accounts of the LLP, prepared not later than 15 days preceding the date of application duly certified by auditor;*
- *Undertaking from proposed first Directors of the Company for compliance with the requirements of Indian Stamp Act, 1899;*
- *Copy of latest income tax return of the LLP;*
- *Any other information as may be sought by ROC.*

Further along with application in Form URC-1, prescribed e forms for incorporation of a Company i.e. Form Spice is also required to be filed as a linked form with Form URC-1 .

Step 7- Issuance of Certificate of Incorporation

The ROC shall, after considering the application and the objections, if any, received by him within 30 days from the date of publication of the advertisement and after ensuring that the Company has addresses the objections, shall issue the Certificate of Incorporation ("COI").



Implication on conversion

- There shall be a Company by the name specified in the certificate of registration.
- The LLP shall be deemed to be dissolved and removed from the register of the ROC.
- All the properties, assets, interests, rights, privileges, liabilities and obligations of the LLP is transferred to the Company.
- The conversion has no bearing on the existing liabilities, obligations, agreements, contracts and continued employment.
- All proceedings by or against the LLP which are pending before any Court, Tribunal or other authority on the date of registration may be continued, completed and enforced by or against the Company.
- Any conviction, ruling, order or judgment of any Court, Tribunal or other authority in favour of or against the LLP may be enforced by or against the Company.
- Every existing contract to which the LLP was a party, immediately before the date of registration or every contract of employment, shall continue in force on or after the date of registration as if the Company were the employer there under instead of the LLP.

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