



Conversion to LLP — Compliance Module

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LLP Basics

- LLP (Limited Liability Partnership) was introduced through Limited Liability Partnership Act, 2008.
- LLP Act got the assent of the President on 7th January, 2009.
- LLP Act was notified on 9th January, 2009.
- The provisions of the LLP Act came into force on 31st March, 2009.
- The Limited Liability Partnership Rules, 2009 were notified by the Central Government in phases since 1st April, 2009.
- LLP Act comprises of 81 Sections and 4 Schedules attached thereto.
- LLP Rules comprises of 41 Rules.
- List of LLP Forms :

Description	e-Form with Instruction kit	e-Form
Application for reservation or change of name	Form 1	Form 1
Incorporation document and subscriber's statement	Form 2	Form 2
Details in respect of designated partners and partners of Limited Liability Partnership	Form 2A	Form 2A
Information with regard to limited liability partnership agreement and changes, if any, made therein	Form 3	Form 3
Notice of appointment, cessation, change in name/ address/designation of a designated partner or partner. and consent to become a partner/designated partner	Form 4	Form 4
Notice of appointment, cessation, change in particulars of a partners	Form 4A	Form 4A
Notice for change of name	Form 5	Form 5
Statement of Account & Solvency	Form 8	Form 8
Annual Return of Limited Liability Partnership (LLP)	Form 11	Form 11
Form for intimating other address for service of documents	Form 12	Form 12
Notice for change of place of registered office	Form 15	Form 15

Application and statement for conversion of a firm into Limited Liability Partnership (LLP)	Form 17	Form 17
Application and Statement for conversion of a private company/ unlisted public company into limited liability partnership (LLP)	Form 18	Form 18
Notice of intimation of Order of Court/ Tribunal/CLB/ Central Government to the Registrar	Form 22	Form 22
Application for direction to Limited Liability Partnership (LLP) to change its name to the Registrar	Form 23	Form 23
Application to the Registrar for striking off name	Form 24	Form 24
Application for reservation/ renewal of name by a Foreign Limited Liability Partnership (FLLP) or Foreign Company	Form 25	Form 25
Form for registration of particulars by Foreign Limited Liability Partnership (FLLP)	Form 27	Form 27
Return of alteration in the incorporation document or other instrument constituting or defining the constitution; or the registered or principal office; or the partner or designated partner of limited liability partnership incorporated or registered outside India.	Form 28	Form 28
Notice of (A) alteration in the certificate of incorporation or registration; (B) alteration in names and addresses of any of the persons authorised to accept service on behalf of a foreign limited liability partnership (FLLP) (C) alteration in the principal place of business in India of FLLP (D) cessation to have a place of business in India	Form 29	Form 29
Application for compounding of an offence under the Act	Form 31	Form 31
Form for filing addendum for rectification of defects or incompleteness	Form 32	Form 32

Benefits in case of LLP

- Low cost of formation
- Easy to establish
- Easy to manage and run
- No requirement of any minimum capital contribution
- No restrictions as to maximum number of partners
- LLP and its partners and distinct from each other
- Less compliance level
- Less requirement as to maintenance of statutory records

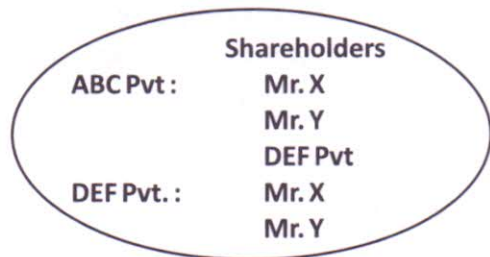


- Less Government Intervention
- For professionals' more suitable
- Renowned form of Business worldwide

WHY LLP than Pvt. Ltd. Co

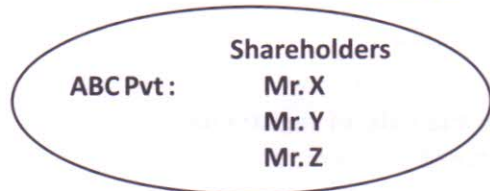
(A) EASY FUND FLOW :

CASE STUDY - I



Result : ABC Pvt cannot give loan to DEF Pvt
ABC LLP can give loan to DEF LLP

CASE STUDY - II



Result : ABC Pvt cannot have loan from its
Shareholders and relatives
ABC LLP can have loan from its partners

**(A) Related Party Transactions : Pvt Co. : Conditions
LLP : No concept at all**

Conversion to LLP

- (A) Conversion of Partnership Firm to LLP
- (B) Conversion of Private Company to LLP
- (C) Conversion of Unlisted Public Limited to LLP

Partnership Firm to LLP

➤ Relevant provisions:

Section 55 of the LLP Act read with Second Schedule as attached thereto.

➤ "Conversion" means :

"Conversion" in relation to a firm converting into a LLP, means a transfer of the property, assets, interests, rights, privileges, liabilities, obligations and the undertaking of the firm to the LLP.
(Paragraph 1(b) of the Second Schedule)

➤ Pre-requisite:

- All the partners of the firm and no one else will be the partners of LLP.
- Conversion must be consented by all the partners of the firm.
- Minimum Number of Designated Partners : 2
- All other partners will be LLP Partners, if the number of partners in the Partnership Firm are more than two.
- Consent of all the secured creditors have been obtained.

➤ Procedure:

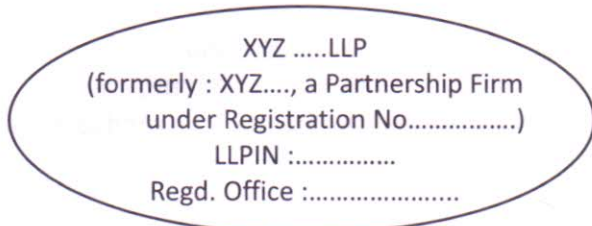
- (a) all the designated partners must have DIN;
- (b) the designated partners to take DSC first, in case of no DIN;
- (c) to make the application for reservation of name :
 - Form : Form - 1
 - Attachments : * Firm Registration copy, if any
* Copy of Agreement, if any
- (d) to make application for incorporation and conversion :
 - Form : Form - 2 (Form : 2A, if required)
 - Attachments : * Subscribers' sheet
* Proof of Registered Office
 - Form : Form - 17
 - Attachments : * Statement of consent of all the partners of the firm
* Statement of assets and liabilities duly certified by CA
* List of Secured Creditors, if any along with their consent
* Copy of last Income Tax acknowledgement.

(e) to register LLP Agreement :

- Form : Form - 3
- Attachments : LLP Agreement
- (f) intimation vide Form 14 (Form Not Available)
(within 15 days of the conversion)

➤ Notice of Conversion:

For a period of 12 months commencing not later than 14 days from the date of registration, every official correspondence of the LLP must carry:



Result : ABC Pvt cannot have loan from its Shareholders and relatives

ABC LLP can have loan from its partners

**(A) Related Party Transactions : Pvt Co. : Conditions
LLP : No concept at all**

Conversion to LLP

- (A) Conversion of Partnership Firm to LLP
- (B) Conversion of Private Company to LLP
- (C) Conversion of Unlisted Public Limited to LLP

Partnership Firm to LLP

➤ **Relevant provisions:**

Section 55 of the LLP Act read with Second Schedule as attached thereto.

➤ **“Conversion” means :**

“Conversion” in relation to a firm converting into a LLP, means a transfer of the property, assets, interests, rights, privileges, liabilities, obligations and the undertaking of the firm to the LLP.

(Paragraph 1(b) of the Second Schedule)

➤ **Pre-requisite:**

- All the partners of the firm and no one else will be the partners of LLP.
- Conversion must be consented by all the partners of the firm.
- Minimum Number of Designated Partners : 2
- All other partners will be LLP Partners, if the number of partners in the Partnership Firm are more than two.
- Consent of all the secured creditors have been obtained.

➤ **Procedure:**

- (a) all the designated partners must have DIN;
- (b) the designated partners to take DSC first, in case of no DIN;
- (c) to make the application for reservation of name :
 - Form : Form – 1
 - Attachments : * Firm Registration copy, if any
* Copy of Agreement, if any
- (d) to make application for incorporation and conversion :
 - Form : Form – 2 (Form : 2A, if required)

- Attachments : * Subscribers’ sheet
* Proof of Registered Office
- Form : Form – 17
- Attachments : * Statement of consent of all the partners of the firm
* Statement of assets and liabilities duly certified by CA

* List of Secured Creditors, if any along with their consent
* Copy of last Income Tax acknowledgement.

(e) to register LLP Agreement :

- Form : Form – 3
- Attachments : LLP Agreement

(f) intimation vide Form 14 (Form Not Available) (within 15 days of the conversion)

➤ **Notice of Conversion:**

For a period of 12 months commencing not later than 14 days from the date of registration, every official correspondence of the LLP must carry:

XYZLLP
(formerly : XYZ....., a Partnership Firm
under Registration No.....)
LLPIN :.....
Regd. Office :.....

Pvt. Ltd. Co. to LLP

➤ **Relevant provisions :**

Section 56 of the LLP Act read with Third Schedule as attached thereto.

➤ **“Conversion” means :**

“Conversion” in relation to a private company converting into a LLP, means a transfer of the property, assets, interests, rights, privileges, liabilities, obligations and the undertaking of the private company to the LLP in accordance with the Third Schedule.

- **Certain Companies not eligible for conversion:**
- Company not having Share Capital (i.e., limited by guarantee)
 - Company registered u/s 8 of the Companies Act, 2013 (earlier u/s 25 of the Companies Act, 1956)

➤ **Pre-requisite:**

If and only if:

- All the shareholders of the Company and no one else will be the partners of LLP.
- Conversion must be consented by all the shareholders of the Company.
- Minimum Number of Designated Partners : 2
- All other shareholders will be LLP Partners, if the number of shareholders in the Company are more than two.
- Consent of all the secured creditors have been obtained.

➤ **Procedure:**

- all the designated partners must have DIN;
- the designated partners to take DSC first, in case of no DIN;
- to make the application for reservation of name:
 - Form : Form – 1
 - Attachments : Certificate of Incorporation
- to make application for incorporation and conversion :
 - Form : Form – 2 (Form : 2A, if required)
 - Attachments : * Subscribers' sheet
* Proof of Registered Office
 - Form : Form – 18
 - Attachments : * Statement of consent of all the shareholders of the Pvt Co.
* Statement of assets and liabilities duly certified by CA

- * List of Secured Creditors, if any along with their consent
- * Copy of last Income Tax acknowledgement.

(e) to register LLP Agreement :

- Form : Form – 3 (attachment : LLP Agreement)
- (f) intimation vide Form 14 (Form Not Available) (within 15 days of the conversion)*deleted w.e.f. 15.10.2015

➤ **Notice of Conversion:**

For a period of 12 months commencing not later than 14 days from the date of registration, every official correspondence of the LLP must carry:

XYZLLP
(formerly : XYZ....Private Limited / CIN :)
LLPIN :
Regd. Office :

Unlisted Public Ltd. Co. to LLP

➤ **Relevant provisions :**

Section 57 of the LLP Act read with Fourth Schedule as attached thereto.

➤ **“Conversion” means :**

“Conversion” in relation to a company converting into a LLP, means a transfer of the property, assets, interests, rights, privileges, liabilities, obligations and the undertaking of the public company to the LLP in accordance with the Fourth Schedule.

➤ **Certain Companies not eligible for conversion:**

- Company not having Share Capital (i.e., limited by guarantee)

- Company registered u/s 8 of the Companies Act, 2013 (earlier u/s 25 of the Companies Act, 1956)

➤ **Pre-requisite:**

If and only if:

- All the shareholders of the Company and no one else will be the partners of LLP.
- Conversion must be consented by all the shareholders of the Company.
- Minimum Number of Designated Partners : 2
- All other shareholders will be LLP Partners, if the number of designated partners are only two.
- Consent of all the secured creditors have been obtained.

➤ **Procedure:**

- all the designated partners must have DIN;
- the designated partners to take DSC first, in case of no DIN;
- to make the application for reservation of name :
 - Form : Form – 1
 - Attachments : * Certificate of Incorporation
- to make application for incorporation and conversion :
 - Form : Form – 2 (Form : 2A, if required)
 - Attachments : * Subscribers' sheet
 - * Proof of Registered Office
 - Form : Form – 18
 - Attachments : * Statement of consent of all the shareholders of the Co.

- * Statement of assets and liabilities duly certified by CA
- * List of Secured Creditors, if any along with their consent
- * Copy of last Income Tax acknowledgement.

(e) to register LLP Agreement :

- Form : Form– 3 (Attachment : LLP Agreement)
- (f) intimation vide Form 14 (Form Not Available) (within 15 days of the conversion)*deleted w.e.f 15.10.2015

➤ **Notice of Conversion:**

For a period of 12 months commencing not later than 14 days from the date of registration, every official correspondence of the LLP must carry:

XYZLLP
 (formerly : XYZ....Private Limited / CIN :)
 LLPIN :.....
 Regd. Office :.....

LLP to Company

LLP to Joint Stock Company (ChapterXXI Companies) (earlier PART IX under the Companies Act, 1956)

LLPs generally should be deemed eligible to register under the provisions of Section 366 – 374 (Chapter XXI) of the Companies Act, 2013, whether as public or private if :
 any LLP consisting of seven or more partners formed under LLP Act, 2008, it being not organized as a joint stock company