



## LLP: CONVERSION

### CS Atul Kumar Labh

Practicing Company Secretary  
aklabhcs@gmail.com

#### Conversion

Different type of entities can be converted into a Limited Liability Partnership (LLP) under the provisions of the Limited Liability Partnership Act, 2008. It can be broadly covered under :

- (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  
(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:
- 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 :
  - (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 : Certificate of Incorporation
  - (d) 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  
(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: :\*deleted w.e.f. 15.10.2015
- 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 :
- (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 : \* Certificate of Incorporation
- (d) 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  
(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: :\*deleted w.e.f. 15.10.2015
- LLP model of business is very popular in foreign countries and is gradually steaming up its popularity in our country too due to its operational simplicity and lesser burden of legal compliances resulting in a smooth overall ease to do business for our young entrepreneurs promoting stand up India and MAKE IN INDIA.



## Dedicated Phone Lines

As a part of providing better services, special dedicated lines (033) 2283 2973 / 2290 2178 have been introduced; which will exclusively address your telephone calls to the institute (EIRC) from 10:30AM to 5:30PM on all working days. We are confident that this will help to answer your queries effectively. In case your query is not resolved, please write to dvns.sarma@icsi.edu; chairman.eirc@icsi.edu / sandipkej@yahoo.co.in