

CONVERSION TO LLP

- **Meaning**

Conversion of a concern into LLP means that **automatic transfer** of the property, whether tangible or intangible, assets, interests, rights, privileges, liabilities, obligations and whole of the undertaking of that concern to the LLP as a going concern.

- **Which concerns can be converted into LLP?**

- i. A Partnership firm
- ii. A Private limited company
- iii. An unlisted Public company

Please note that a **listed public company cannot be converted into LLP.**

I. Conversion from Partnership Firm into LLP (Sec. 55)

A) Eligibility for conversion

- 1) Apply to RoC
- 2) All partners of converting partnership firm to become partners of the proposed LLP
- 3) No other person to become the partner during the process of conversion

B) Preliminary Steps

Preliminary Steps
1) Deciding the partners and designated partners
2) Drafting of LLP agreement and the incorporation document
3) Check availability of name through search facility
4) Fill form RUN-LLP through web service

C) Subsequent Steps

Subsequent Steps

1) **Filing of conversion application:**

In E-form 17 along with requisite fee and incorporation document. E-form 17 has two parts:

Part A

- Name and registration no. (if any) of the firm
- Date of registration (if registered)

Part B

➤ **Statement by partners that:**

- a) All the requirements of LLP Act, 2008 and rules made there under have been complied with.
- b) All partners of LLP comprise of all the partners of partnership firm and no one else.
- c) Applicable approvals, clearances or permissions from body/authority have been obtained.
- d) Consent of all secured creditors for conversion has been obtained.
- e) To the best of knowledge and belief, the information given and attachments are correct and complete.

➤ **Attachments:**

- a) Statement of consent of partners.
- b) Statement of assets and liabilities of the firm duly certified.
- c) Copy of acknowledgement of latest income tax return.
- d) Approval from regularity body/authority.
- e) List of all secured creditors along with their consent for conversion.

➤ **Certificate:**

E-form to be **digitally signed by the designated partner** and shall be **certified by CS or CA or Cost Accountant** in whole time practice.

2) **Obtaining Certificate of Registration from RoC [Rule 38(2)]**

- Issue of certificate by RoC in form 19 stating that the LLP is registered with the name and from the date specified in the certificate.
- Power of RoC to refuse conversion in case he is not satisfied with the information filed as required by the Act.
- **Appeal to the Tribunal** in case of refusal **within 60 days** from the date of receipt of such intimation of refusal.

D) Consequential Steps

Consequential Steps

- Converted LLP to inform the **Registrar of firms** about conversion **within 15 days** in case the partnership firm is registered and about the particulars of the LLP in **form 14**, **penalty** in case of delay- **Rs. 100 per day**
- Ensure **notice of conversion** in all official correspondence of LLP for a period of **one year**.

E) Effects of Registration of Conversion

- 1) Existence of LLP
- 2) Transfer and vesting of assets and liabilities in LLP
- 3) Dissolution of converting entity and removal from the records of concerned authority

II. Conversion from Private Company into LLP (Sec. 56)

A) Eligibility for conversion

- 1) Apply to RoC
- 2) **No security interest (no fixed or floating charge) on the assets of company at the time of application**
- 3) All **shareholders** of private company to become partners of the proposed LLP and no one else

B) Preliminary Steps

- same as above (in case of conversion from partnership firm to LLP) except:
the proposed **LLP name is same as the company name** so step 3) is eliminated in preliminary steps above

C) Subsequent steps

- same as above (in case of conversion from partnership firm to LLP) except

(i) e-form **18**

(ii) Part A

Name and **Corporate Identity Number (CIN)**

(iii) Statement by **Shareholders**

additional point:

All the documents due for filing including latest balance sheet and annual return have been filed under the provisions of Companies Act

D) Consequential Steps

- same as above (in case of conversion from partnership firm to LLP) except

(i) Inform the Registrar of **Companies**

E) Effects of Registration of Conversion

- same as above (in case of conversion from partnership firm to LLP)

III. Conversion from Unlisted Public Company into LLP (Sec. 57)

A) Eligibility for conversion

- 1) Apply to RoC
- 2) No security interest (no fixed or floating charge) on the assets of company at the time of application
- 3) All shareholders of unlisted public company to become partners of the proposed LLP and no one else

B) Preliminary Steps

- same as above (in case of conversion from partnership firm to LLP) except:
the proposed LLP name is same as the company name so step 3) is eliminated in preliminary steps above.

C) Subsequent steps

- same as above (in case of conversion from partnership firm to LLP) except
 - (i) e-form 18
 - (ii) Part A
Name and Corporate Identity Number (CIN)
 - (iii) Statement by Shareholders

additional point:

All the documents due for filing including latest balance sheet and annual return have been filed under the provisions of Companies Act

D) Consequential Steps

- same as above (in case of conversion from partnership firm to LLP) except
 - (i) Inform the Registrar of **Companies**

E) Effects of Registration of Conversion

- same as above (in case of conversion from partnership firm to LLP)