

Course Code: BUS 222

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Conversion of Private Company into Public Company

A private limited company can be converted to public limited company, first of all board of director taking decision to convert public company from existing private company.

For converting public company needs to add few conditions such as:

1. At least seven shareholders and maximum shareholders limited by shares
2. Must be seven entrepreneurs set up the company
3. Have to circulate company prospectus or Statement in lieu of prospectus
4. No restriction to transfer of Share or Debenture of the company
5. Company can invite people to purchase company's Share & Debenture
6. Have to arrange statutory meeting
7. Company annual profit & loss A/C, Annual Return and others must be submitted to register of joint stock company (RJSC)
8. Have to at least three Directors of the company
9. End of the company name only add the word Limited
10. After completing company registration needs permission to start business from the register of Joint Stock Company and doing few activities for taking starting business order. /RJSC
11. To be signed of Memorandum of Association or Director's acceptance to submit to the Register of RJSC

12. If Managing Agent is appointed to be steeled salary on percentage of net profit, without profit or minimum profit there will be given minimum salary.

Conversion of a public company into private company

A public company can be converted a privet limited company, at first board of Directors make special resolution to convert private limited company from existing public limited company. (If a company, having not more than fifty members at the time of conversion, may be converted into a private one by passing special resolution altering its articles so as to exclude therein provisions applicable to public company. If the company has secured creditors, there written consent shall have to be obtained before passing a resolution as per provision of subsection (1) and the shares enlisted with the stock Exchange shall have to be enlisted.)

For converting private company needs to add few conditions like

1. At least two members and highest fifty members
2. Minimum two entrepreneurs can setup private company
3. No needs to circulate Prospectus or Statement in lieu of Prospectus
4. To be restricted Share and Debenture transfer
5. There have no right to invite people to receive Share and Debenture
6. No needs to arrange statutory meeting
7. Have to be two Directors into the company
8. To add private at the company name
9. To start business after completing company registration
10. There is no restriction to appoint Director of the company
11. There are no specific rules to fixed Managing Agent salary

All kinds of Company conversion activities are followed by Company Act, 1994