



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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016

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16th March 2026

Ms. Deepti Gaur Mukerjee
Secretary
Ministry of Corporate Affairs
Government of India
New Delhi

Recd.
Adnan
16/03/26

Respected Madam,

Subject: Request for modification in first proviso to Section 14(1) of the Companies Act, 2013 regarding effective date of conversion of private company into public company

Greetings of the Day!!!

We wish to draw your kind attention to the First Proviso to Section 14(1) of the Companies Act, 2013, which provides as under:

“where a company being a private company alters its articles in such a manner that they no longer include the restrictions and limitations which are required to be included in the articles of a private company under this Act, the company shall, as from the date of such alteration, cease to be a private company.”

Accordingly, a private company ceases to be a private company immediately upon passing of the special resolution effecting alteration of its Articles of Association.

Further, Section 18(2) of the Act provides that where a conversion is required to be effected under this section, the Registrar (CPC) shall, upon an application made by the company and after satisfying himself that the applicable provisions relating to registration have been complied with, close the former registration of the company and, after registering the documents referred to in sub-section (1), issue a certificate of incorporation in the same manner as at the time of its first registration.

In this context, a practical concern arises, as in the event the Registrar does not approve the conversion of a private company into a public company, the First Proviso to Section 14(1) technically renders the conversion effective from the date of alteration of the articles. This creates ambiguity as to whether the cessation of private company status would prevail notwithstanding rejection of the application, or whether such conversion would be rendered void upon such rejection.

Further, the fresh Certificate of Incorporation as issued by the Registrar does not have any mention of the Date of AGM from which such fresh Certificate to be treated as valid.

The absence of clarity leads to uncertainty regarding the applicable legal status of the company and the compliances to be adhered to during the interim period between passing of the special resolution and approval or rejection by the Registrar.

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इष्टं कुरु। तृप्तये। कर्तव्यं कुरु।

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ICSI Submission

In light of the above and with a view to ensuring regulatory certainty, avoiding transitional compliance ambiguity, and aligning the provision with the framework envisaged under Section 18(2), it is proposed that the First Proviso to Section 14(1) be amended as under:

Provided that where a company being a private company alters its articles in such a manner that they no longer include the restrictions and limitations which are required to be included in the articles of a private company under this Act, the company shall, as from the date of such alteration, cease to be a private company *subject to issuance of the fresh Certificate of Incorporation under section 18(2).*”

The proposed amendment would enhance certainty, ensure consistency in statutory treatment, and strengthen governance standards by aligning the legal effect of conversion with formal regulatory approval.

We shall be happy to provide any further information or clarification that may be desired in this regard.

Thanking you

Yours faithfully


(CS Pawan G. Chandak)

President

The Institute of Company Secretaries of India