

PARTNERSHIP AGREEMENT BETWEEN TWO LIMITED COMPANIES

THIS DEED OF PARTNERSHIP is made at... on this.. day of.. between M/s. A B & Co. Pvt. Ltd., a Company registered under the Companies Act, 1956. and having its registered office at ... hereinafter referred to as the, Party of the First Part. and M/s. X Y Z & Co. a Company registered under the said Act and having its registered office at ... hereinafter referred to as the 'Party of the Second Part'.

WHEREAS both the parties of the First Part and of the Second Part are, under their respective Memorandum of Association, entitled to carry on the business of producing electricity and supplying the same to any area.

AND WHEREAS both the Parties of the First Part and Second Part are entitled to enter Into partnership with any person or persons including a company for carrying on the business authorised by their respective Memorandum of Association.

AND WHEREAS the parties hereto have proposed to set up in joint collaboration a plant to produce electricity and supply the same to the town of ... and to enable them to pool together their finances and technical expertise they have therefore proposed to enter into a partnership.

AND WHEREAS the parties have obtained license or permission of the Govt. for producing and supplying electricity to the said town.

AND WHEREAS it is, therefore, proposed to enter into this deed of partnership containing the terms and conditions agreed upon between the parties.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:-

- (1) The parties hereto agree to carry on the business hereinafter mentioned In partnership on the terms and conditions herein mentioned, In the name and style of M/s.....
  
- (2) The partnership shall commence from the ... day of... and the period of the partnership shall be for a period of ten years from the date hereof. The said period may be extended as the parties may by mutual consent decide.

- (3) The business of the partnership (hereinafter referred to as the 'Firm') consist of setting up a plant for manufacture or production of electricity on grid system and to supply-the same to the town of .....
- (4) The office of the partnership shall be at ..... The parties will open branches at such other places as may be agreed upon.
- (5) The parties have contributed towards the initial capital of the firm a sum of Rs... in equal shares. The partners will contribute such further amounts towards the capital of the firm in equal... shares as may be required from time to time. If any partner shall contribute more amount than Its share In the capital It will be treated as a loan by it to the Firm carrying Interest at the maximum rate allowable as deduction under the Income Tax Act.
- (6) The net profits and losses of the Firm will be shared by the partners hereto in equal shares or proportion. Net profit will mean gross profit earned in each year less the expenses of the management of the business including the rent of the premises of the Firm including outgoings In respect of the salaries and wages of the staff, commission paid to others, and all other expenses Incurred In connection with the business of the firm and all other expenses as may be allowable as deduction under the Income Tax Act.
- (7) The accounting year of the Firm will be from 1st April to 31st March of each Christian calendar year.
- (8) At the end of each accounting year an account of the business carried on in that year will be made and a statement of accounts namely a Balance Sheet and Profit and Loss Account will be prepared and signed by the partners. The accounts will be got audited by a Chartered Accountant every year.
- (9) The Managing Director or any other authorised representative of each of the parties hereto will represent his company on the Firm and for all practical purposes he will be considered as the partner of this partner- ship.

- (10) The books of accounts and all other record of the Firm will be always kept at the office of the Firm and will be open for inspection by any of the partners hereto at any time.
- (11) All the working staff such as clerks, peons, accountants, cashier, technicians, salesmen and others will be appointed by the joint consent of the parties hereto and their wages and salaries and other emoluments will be fixed by mutual consent of the parties hereto.
- (12) Each of the Parties hereto shall -
- (i) participate and attend to the business of the Firm through their respective Managing Director or authorised representative for the time being to the greatest common advantage of the Firm.
  - (ii) be just and faithful to each other.
  - (iii) render true accounts and full information of all moneys affecting the Firm to the other,
  - (iv) indemnify the Firm for any loss caused to it by wilful negligence or fraud in the conduct of the business.
  - (v) attend to the business of the Firm diligently and actively.
  - (vi) not withdraw any amount for its own profit, benefit or use as remuneration or otherwise without the consent of the other.
  - (vii) be entitled to be indemnified by the Firm in respect of payment made and liabilities incurred by him (A) in the usual and proper course of business of the Firm. and (ii) in doing any act for protecting the Firm from loss in emergency.
- (13) All the tangible and Intangible assets of the Firm including the goodwill, stock in-trade, benefit of business licenses and permits, benefits of contracts entered etc. In relation to the said business will belong to the Parties In equal shares and the property of the Firm shall be used by the parties exclusively for the business of the firm.
- (14) Every party shall account for the profits earned from any transaction of the Firm or for the use of the property in business transaction of the Firm.

- (15) Any party hereto shall not, without the consent of the other and in respect of or relating to the said partnership business,
- (a) submit any dispute with any other person to arbitration or compromise or relinquish any claim,
  - (b) withdraw any suit or legal proceedings filed by the Firm,
  - (c) admit any liability of the Firm,
  - (d) acquire or dispose of any immovable or moveable property, except the stock in trade in the ordinary course of business.
  - (e) assign or transfer its share or any interest in the Firm, (f) admit any person as a partner in the Firm,
  - (f) borrow any moneys for or in the name of the Firm, or create any security or charge on the assets of the Firm,
- (16) The Parties shall open one or more accounts either current, saving or overdraft or cash credit with one or more banks as may be agreed upon by the Parties and the account or accounts will be operated by the Managing Director or other authorised representative of each of the Parties hereto.
- (17) No party hereto shall be entitled to dissolve the partnership before the expiration of the said period aforementioned.
- (18) If any party does not desire to continue the partnership or if any party goes into winding up voluntarily or through Court, the other party hereto will be entitled to take over the entire business together with all assets and subject to all liabilities at a valuation to be made through the Chartered Accountants of the Firm and the share of the former Party will be paid by instalments as may be agreed upon or decided by Arbitration.
- (19) On the expiration of the said period of ten years or the extended period if any, the business of the partnership together with its assets and liabilities will be transferred to another company to be formed and registered jointly by the parties hereto on such terms as may be agreed upon failing which the partnership will be dissolved and the dissolution will be effected in terms of the provisions of the Partnership Act, 1932.

- (20) If any dispute or difference shall arise between the parties hereto touching the business of the Firm or interpretation of any provision hereof, or otherwise. however relating to the Firm and its business, the same shall be referred to arbitration of a common arbitrator if agreed upon. failing which to two arbitrators one to be appointed by each party to the arbitration and the arbitration shall be governed by the Arbitration & Conciliation Act, 1996.
- (21) The parties shall. as early as possible but in any event within the prescribed period get the Firm registered under the Partnership Act, 1932 and the Income Tax Act. 1961.
- (22) Nothing In this Deed shall be constrained to prevent or disable any party hereto to carry on any business in terms of Its Memorandum of Association anywhere except the business of the partnership and no partner shall be entitled to have any right or concern with the other business and internal management of the other.
- (23) This Deed is executed in duplicate and one copy will remain with the Party of the First Part and the other will remain with the Party of the Other Part.

IN WITNESS WHEREOF the parties have put their respective hands the day and year first hereinabove written.

Signed and delivered for and on behalf of the withinnamed M/s. A B & Co. Ltd., by its Managing Director, Mr ..... duly authorised In that behalf by the Board of Directors. In the presence of ...

Signed and delivered by the withinnamed M/s. X Y Z Co. Ltd., by Its Managing Director Mr .... duly authorised by the Board of Directors, Mr ..... In the presence of ...