

PARTNERSHIP AGREEMENT BETWEEN TWO PARTNERSHIP FIRMS

THIS DEED OF PARTNERSHIP Is made at ... on this... day of... Between M/ s A B & Co. a partnership firm consisting of (1)... (2)... (3)... partners and carrying on business at ... hereinafter referred to as the Party of the First Part and M/s. X Y & Co. a partnership firm consisting of (1)... (2) ... (3).... (4).... as partners and carrying on business at ... hereinafter referred to as the Party of the Second Part, as follows

WHEREAS the Party of the First Part Is carrying on business at ... and the business consists of

AND WHEREAS the Party of the Second Part is carrying on business at... and the business consists of

AND WHEREAS the parties hereto have proposed to commence and carry on a third business In partnership on the following terms and conditions and have proposed to execute this Deed.

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 19 ... and the period of the partnership shall be for three years from the date hereof.
- (3) The business of the partnership (hereinafter referred to as the 'Firm') shall consist of ... only and no other business shall be undertaken by the Firm except by mutual consent of all the partners.
- (4) The Office of the partnership shall be at ... The parties may open branches at such other places as they may be agreed upon.
- (5) Each of the parties of the First and Second Parts 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 party of the First or Second Part or any partner of any of the said partnership individually shall contribute more amount than its share in the capital, it will be treated as a loan by that party to the Firm. The amounts of capital contributed or loans advanced by any partner or partners will carry Interest at the rate of 1 8% per annum or at such maximum rate as may be allowable as deduction from gross Income under the Income Tax Act for the purpose of calculating taxable income.

- (6) The net profits and losses of the firm will be shared by the parties of the First and Second Parts in equal shares or proportion. Net Profit will mean the gross profits earned in such 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. The share in the net profits and/or losses of each partner of the First Part and of the Second Part will be shared or distributed among the partners of each of the partners of the First and Second Part according to the partnership agreements between the partners of each of the parties hereto of the First and Second Part recorded in the deeds of partnership of their respective partnerships above mentioned.
- (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 by the Firm 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 authorised representatives of each party hereto. If necessary or required by law the accounts will be got audited by a Chartered Accountant.
- (9) The Books of account 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 authorised representatives of the parties hereto at any time.
- (10) Each of the Party of the First and Second Part will be represented by any partner of that party duly authorised by the other partners of that party from time to time, and the authorised representatives alone will be entitled to attend to the business

of the firm and the other partners of that party will not Interfere in the business of the Firm. The true copies of the resolutions of the partners of each of the Parties of the First and Second Part appointing their respective representatives, duly signed by all the partners of that party will be kept in the records of the Firm. The representative so appointed will act as the working partner for the accounting year for which he will be appointed as representative of his Firm. The working partners will be entitled to remuneration at the maximum rate allowable as deduction from gross income under the Income Tax Act for taxable income.' Such remuneration may be drawn every month or periodically as may be agreed upon. the aggregate drawn in a year not exceeding the maximum limit mentioned above.

- (11) In the event of any difference of opinion between the two authorised representatives, on any question relating to the business of the Firm the matter will be placed before a joint meeting of all the partners of each of the parties hereto of the First and Second Part and discussed. But the matter will not be decided on the basis of majority of the partners of both the partnerships but only on the mutual consent of all the partners.
- (12) Each of the Parties of the First and Second Part hereto will be entitled to change the constitution of its partnership by taking additional partner or partners in place of those retiring from the partnership or by reason of death or insolvency of any partner. but such change will be notified to the other Party hereto from time to time.
- (13) The expressions Party of the First Part will therefore mean and include the partners or partner for the time being of that partnership and the expression "Party of the Second Part" will also mean and include the partner or partners for the time being of that partnership. But no change In the constitution of the party of the First Part or the party of the Second Part will affect the terms and conditions of this Deed. All partners each of the party hereto for the time being shall be deemed to be partners of this Firm and the half share in the profits and losses of the Firm will shared by the parties of each of the Parties hereto In proportion to their shares in their respective firms being the Parties of the First and the Second Part hereto.

- (14) Each of the Party of the First Part and Second Part will be entitled to carry on its own business but none of them will carry on said business undertaken by this partnership, directly or indirectly during the continuance of this partnership.
- (15) All the working staff such as clerks. peons. accountants, cashier, salesmen and others will be appointed by the joint consent of the authorised representatives of the parties hereto and their wages and salaries and other emoluments will be fixed by mutual consent of the authorised representatives.
- (16) Each of the Party hereto through its authorised representative shall-
- (i) participate and attend to the business of the firm 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) Not carry on any business similar to the business of the Firm anywhere without the consent of the other party.
 - (vi) attend to the business of the Firm diligently and actively.
 - (vii) Not withdraw any amount for his own or his partnerships benefit or use as remuneration or otherwise without the consent of the other Party hereto.
 - (viii) be entitled to be indemnified by the Firm in respect of payment made and liabilities incurred by him - (i) 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.
- (17) 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. will belong to the parties of the First & Second Parts in equal shares and the property of the Firm shall be used by the parties exclusively for the business of the firm.

- (18) Every Party shall account for the profit earned from any transaction of the Firm or for the use of the property in business transaction of the Firm.
- (19) Any Party of the First or Second Part or any partner thereof shall not, without the consent of the other -
- (a) submit any dispute with any other person to arbitration or compromise or relinquish the 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) enter into partnership or other business unilaterally with any other person.
 - (f) assign or transfer his share or any interest in the Firm.
 - (g) admit any person as a partner in the Firm.
 - (h) borrow any moneys for or in the name of the Firm, or create any security or charge on the assets of the Firm.
 - (i) enter into any contracts except contracts in the regular course of business of the Firm.
 - (j) stand as a guarantor or surety for any person in the name of the Firm or for and on behalf of the Firm.
- (20) The parties shall open in the name of the Firm one or more accounts either current, saving or overdraft or cash credit with one or more banks as may be agreed upon by the partners and the account or accounts will be operated by the authorised representatives of the parties hereto jointly.
- (21) The Partnership shall stand dissolved on the expiration of the said period of 3 years unless by mutual consent the period is extended by any additional period in which event the partnership will continue on the same terms and conditions as are herein contained subject to such modification as may be mutually agreed.
- (22) Notwithstanding anything herein contained to the contrary if any of the Party of the First Part or the Party of the Second Part is or a majority of the partners of

any of the parties hereto are adjudged insolvent or dissolved for any reason, this partnership will also stand dissolved.

- (23) On dissolution of the partnership hereby created accounts will be made of all assets, debts, and liabilities and subject to payment of the debts and liabilities, the net assets will be distributed between the parties, of the First Part and of the Second Part in equal shares.
- (24) This partnership will be registered under the Income Tax Act, 1961, and the Partnership Act, 1932 and the application for registration or a true certified copy of this deed will be signed by all the partners of both the parties hereto.
- (25) 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, howsoever, 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 of the First Part and party of the Second Part, to the arbitration and the arbitration shall be governed by the Arbitration & Conciliation Act, 1996.
- (26) 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 Party of the First Part by its partners (1) ...
(2) ... (3) ... In the presence of ...

Signed and delivered for and on behalf of the withinnamed Party of the Second part by its
partners (1) ... (2)... (3) ... (4)... in the presence of.