

PARTNERSHIP DEED

SPECIMEN 2

This deed of partnership made on the _____ day of _____ between _____ son of _____ aged _____ years, residing at _____ of the one part and _____ son of _____, aged _____ years, residing at _____ of the other part witnesseth as under :

WHEREAS _____ had been carrying on business in as _____ at _____ for _____ years since _____,

AND WHEREAS he had received an offer of dealership of Bajaj household appliances and goods which offer he considered lucrative and desirable to accept,

AND WHEREAS acceptance of _____ of _____ and the responsibilities of such acceptance required additional capital investment of Rs. _____,

AND WHEREAS _____ approached _____ for capital of Rs. _____ in return for half share of profits in the business of _____,

AND WHEREAS _____ agreed to become partner _____ in _____, by investment of Rs. _____ on the terms and conditions mutually agreed upon between them and the partnership business in pursuance of such agreement commenced on _____,

AND WHEREAS it is considered expedient and desirable to reduce the terms of the agreement to writing,

NOW, THEREFORE, it is hereby agreed and declared that the aforesaid parties have become partners on the following terms and conditions, namely :

1. The firm's name is _____
2. The firm commenced business on the _____ day of _____ by taking over all the assets and liabilities, including stocks, book debts, furniture, etc., of proprietary business also of name of _____ as at close of business on _____
3. The capital of the firm is Rs. _____ of which Rs. _____ has been contributed by _____ by account payee cheque dated on the _____ Bank _____. Out of _____ credit balance of Rs. _____ on _____, Rs. _____ has been transferred to his capital account and the balance Rs. _____ to his current account with the firm. The capital is fixed at Rs. _____. If additional capital is required it shall be contributed by the partners in the ratio of _____, _____ parts being contributed by _____ for every one part contributed by _____.
4. _____ is not required to take active part in the day-to-day conduct of the partnership business. However, he may, if he so desires, do so. _____ is the working partner, responsible for devoting his full time to the day-to-day conduct of the firm's business. For his service to the firm he shall be paid salary of Rs. _____ per mensem, such salary being a charge on the profits of the firm.
5. The capital or credit in the current account of the partners shall not bear any interest. However, if any partner overdraws from his current account, such overdrawal or debit

balance in his current account shall bear interest at _____ per cent per annum payable to the firm.

6. The business of the firm is in household appliances and goods. The firm may engage itself in any other business also, as may be mutually agreed upon between the partners.
7. _____ shall ensure that proper accounts are maintained for the business of the firm. _____ shall have the right to inspect such accounts, supporting vouchers, bills, receipts, etc., at any time and take extracts therefrom if he so desires.
8. A general account shall be taken each year on the _____ day of the assets and liabilities and of the profits and losses of the partnership and shall be audited by a firm of Chartered Accountants and shall be signed by each partner. Thereafter, such account may be reopened within three months of the signing thereof only on discovery of some patent error in which case such error can be corrected. Otherwise the signed accounts shall be binding on both the partners.
9. The net profits of the partnership shall be divided between the partners in equal shares and they shall bear all losses in the same proportion. Such profits or losses shall be credited or debited, as the case may be, to the current account of the partners.
10. The bankers of the partnership shall be the _____. The account therein shall be in the firm's name. All cheques in an amount exceeding Rs. 5,000 shall require the signatures of both partners.
11. The firm may be dissolved by mutual consent. The firm shall stand dissolved on a partner becoming bankrupt. Either partner may give the other partner not less than two calendar months' notice in writing of his intention to determine the partnership. On receipt of such notice, the other partner shall have the right to buy up the interest and share in the firm of the partner giving such notice, by paying him the amounts standing to his credit as at the date on which such notice is received plus half the credit balances represented by reserves, if any. No amount need be paid on account of any other matter such as for goodwill, revaluation of stock, capital appreciation, etc. If the partner to whom notice has been issued is not desirous of buying up the other partner's interest and share in the firm, the firm shall stand dissolved on the expiry of the notice period.
12. On death of a partner, the surviving partner may either :
 - (i) pay the legal heir of the deceased partner the value of his interest and share in the firm as stated in the preceding clause, or
 - (ii) take the legal heir as partner in place of the deceased with the same rights and obligations as the deceased partner had, or
 - (iii) dissolve the firm.
13. Each partner shall be just and faithful to the other and shall render true accounts and full information of all things concerning or affecting the firm to the other partner or his legal representative.
14. Each partner shall pay his separate and private debts and indemnify the other partner and partnership assets against all proceedings, claims or demands in respect thereof.
15. Neither partner shall without the consent of the other—
 - (i) carry on any business in _____, either directly or indirectly or through any other firm besides Messrs _____;
 - (ii) assign or mortgage his interest or share in the firm;
 - (iii) dispose of by way of loan, pledge, sale or otherwise, any part or whole of the partnership property.
16. Any dispute arising out of this partnership shall be referred for adjudication to Messrs _____, Chartered Accountants.

IN WITNESS whereof the parties hereunto have set their hands in the presence of witnesses.

Witnesses :

1.

[Name and address]

First Party

2.

[Name and address]

Second Party