

Model-PARTNERSHIP DEED

This deed of partnership is made on this **Date** at between:

1. Mr X, S/D/o Mr Y, aged about **AGE** years residing at **Address**, India, hereinafter called as the party of the First Part, which term shall mean and include the successors, assignees, legal representatives, legal heirs etc.
2. Mr Z, S/D/o Mr A, aged about **AGE** years residing at **Address**, India, hereinafter called as the party of the First Part, which term shall mean and include the successors, assignees, legal representatives, legal heirs etc.

AND THIS DEED WITNESSES that the parties hereby agree as follows:

1. The partnership hereby constituted will commence from the date of this deed of partnership and shall be one at will.
2. The name of the firm shall be **M/S. Name of the Firm**
3. The firm's business shall be carried on at **Address of place of business**, ~~for the time being~~ and at such other places as may be mutually agreed upon by the parties.
4. The business of the firm is to carry on:

Objects and business of the partnership firm

5. The Initial Capital of the firm is **Rs. /-** which shall be contributed by the partners as follows.

First Part ----- Rs.
Second Part ----- Rs.

Any further capital required shall be contributed by the partners in the proportion.....

6. The profit and loss of the new partnership shall be divided between the partners as follows:
 - a) Mr. X- %
 - b) Mr. Z-%

The Partners of this Firm are working partners. As and when the partners agree mutually to draw remuneration then remuneration will be paid as follows.

- a. The remuneration payable to the partners shall be calculated as a percentage of the book profits for each accounting year in the following manner.

	FIRST PART	SECOND PART
In Respect of first Rs. 3,00,000/- of Book Profit	45%	45%
In Respect of Balance of Book Profit	30%	30%

- b. For the purpose of the above, calculating the income of the partnership firm shall be calculated as defined in Explanation-3 of Sec.40 (b) of the Income tax Act or any other applicable provisions may be in force for the Income Tax assessment of the Partnership firm for the relevant accounting year.
- c. The partners shall be entitled to draw each a minimum remuneration of Rs 75,000/- per annum in the accounting year in which the partnership firm has made inadequate profits or suffered losses on the basis of the above calculation.
- d. The partners shall be entitled to increase or reduce the above remuneration.
- e. The remuneration payable to the above said partners shall be credited to their respective account at the close of the accounting period when final accounts of the partnership are made up and the amount of remuneration shall fall due to them on determining the same.
- f. The said partners shall be entitled to draw their remuneration only after the end of the relevant accounting period. However, nothing herein contained shall preclude any of the partners from withdrawing any amount from the partnership firm against the amount standing to the capital and/or current or loan account or his share of profit for the relevant accounting year, in such a manner as may be decided by the mutual consent of the partners.
8. The accounting period of the firm shall be from 1st April to 31st March.
9. Proper books of accounts and records as are usual in business of like nature shall be maintained and shall not be removed from the place of business without the consent of the partners. Each partner shall have free access to them at all reasonable times and shall be at a liberty to inspect and copy anything there from as he thinks fit.

10. The books of account shall be closed on 31st March and the annual statements of accounts viz, Profit & Loss account, Balance Sheet, Schedules etc., shall be prepared. The above statements, signed by all the partners, shall be conclusive proof of the correctness of the accounts.
11. Banking account may be opened with any Bank in the name of the firm and the same shall be operated jointly by both the partners or such others mode as decided by the partners from time to time.
12. That there shall be a meeting of the partners on every month wherein all important matters to be discussed.
13. Partners may borrow money with the consent of all the partners from any bank or other sources for the purpose of the firm's business.
14. Interest at the rate of 12% per annum or such lower rate as may be prescribed by Section 40(b) of the Income Tax Act of 1961 or any amendment thereof which may be in force in the relevant financial year, shall be payable to the partners on the amount standing to the credit of account of the partners whether as capital or otherwise. Such interest shall be calculated and credited to the account of each partner at the close of the accounting year.
15. Any Surplus fund left with the firm after meeting all its commitments shall be invested by the firm in its name, with the consent of the partners in various sources such as Fixed deposits, or any other manner as may be decided by the partners.
16. The goodwill of the partnership business shall belong to all of the partners in equal shares.
17. No partner shall, without the consent of the other partners:
 - a. Carry on any business that is competitive to the business of this firm; or
 - b. Lease out or mortgage or alienate any immovable property of the firm; or
 - c. Remit whole or part of any loan or debt from third parties to the firm; or
 - d. Lend any of the monies or deliver upon credit any of the goods of the firm to any person/s whom the other partner or partners have previously in writing forbidden him to trust; or
 - e. Submit any dispute relating to the firm for arbitration; or
 - f. Pledge the credit of the partnership without the consent of the other partner.
 - g. Admit any party into the partnership.
18. The partners hereby mutually covenant as follows:
 - a. That they shall be true and fair, diligent and faithful to each other in the conduct of the firm's business.

- b. That they shall keep each other fully informed of all the transactions concerning the firm's activities.
 - c. That they shall not involve the firm in any of their personal debts either directly or indirectly.
19. The partners shall have equal rights in the management of the business and the provisions of the Indian Partnership Act shall apply to these presents and shall regulate the rights and liabilities of the partners except as herein provided.
20. The partnership shall not be dissolved in the event of death or insolvency of any partner but only by mutual consent to be given in writing.
21. The partners by mutual consent may vary, alter, amend or substitute any of the above terms. All such decisions shall be minuted and the minutes signed immediately by all partners.
22. All disputes and questions in connection with the partnership or this deed arising between
The partners or between any of them and the legal representative whether during the continuance of this partnership or after the partnership shall be referred to arbitration. Each partner shall be entitled to appoint one arbitrator for the above purpose. In case of difference of opinion, the decision of the majority of the arbitrators shall prevail. In case of a tie, i.e., if the arbitrators are equally divided on an opinion then an umpire shall be appointed by all the arbitrators jointly and the decision of such umpire shall prevail on such matters where there is a tie. The arbitration shall be governed by the provisions of the Arbitration & Conciliation Act, 1996 or any other statutory modification thereof in force for the time being.

IN WITNESS THEREOF THE PARTIES HERETO SET THEIR HANDS ON THIS DAY, MONTH AND YEAR ABOVE WRITTEN.

1. Party of the First Part

2. Party of the Second Part

Witnesses:

1.