

**THIS MODEL CONTRACT MAY BE DOWLOADED, SHALL BE EDITED**  
**AND MODIFIED AS PER THE REQUIREMENT OF THE PARTIES**

**MODEL OF PARTNERSHIP DEED**

THIS DEED of Partnership made at..... this..... day of ....., 2017, between A, son of O Hindu resident of .....(address) Bengaluru of the ONE PART, B, son of E of resident of .....(address) Bengaluru of the SECOND PART and Mrs. C, wife of F, resident of .....(address) Bengaluru of the THIRD PART.

WHEREBY IT IS AGREED that the parties hereto (hereinafter together called the partners) shall become partners in the business of ..... for the term of .....years with effect from ..... upon the terms and conditions hereinafter contained namely:

(1) The partnership shall be carried on in the name and style of M/s. ....

(2) The partnership business will be carried on at ..... and/or at such other place or places, as shall be agreed to by the partners from time to time.

(3) The capital of the partnership shall be Rs. ....which shall be contributed by the partners in the following proportions.

First Party 40% Rs . ....

Second Party 40% Rs . ....

Third Party 20% Rs . ....

The further capital if any required by the partnership shall be brought by the partners and such additional capital brought by the partners shall be treated as loan to the firm and shall be paid interest @ ..... % p.a. out of the gross profits of the firm.

(4) The partners may agree to increase the capital of the firm by bringing in additional contribution in the proportion of the shares held by them in the initial capital of the firm. At the time of increase of the capital, the additional capital of the partner or partners may be adjusted against the increased capital.

(5) The bankers of the partnership shall be ..... Branch ..... the bank account of the firm shall be operated by any partner or by the Authorised Signatory.

(6) The net profits of the business shall be divided between the partners in the proportion of the

capital and they shall bear all losses including loss of capital in the same proportion.

- (7) The firm shall maintain usual account and other books at the place of business and they shall be kept properly posted upto date and shall not be removed from the place of business without the consent of all the partners. Each partner shall have free access to the books of account of the partnership at all times and shall be entitled to make such copies or extract therefrom as he may think fit.
- (8) The First and the Second Party shall devote their whole time and attention to the interests of the business and shall be the working partners. They shall be entitled to equal remuneration for their working out of the amount computed in the manner laid down under section 40(b) of the Income-tax Act, 1961. The remuneration so computed shall be worked out and credited in the books of account, at the close of the accounting year period.
- (9) Each partner shall-
  - (i) Be just and faithful to other partners in the transactions relating to partnership business;
  - (ii) Pay his separate debts and indemnify the other partners and assets of the firm against the same and all other proceedings, costs, claims or demands in respect thereof;
  - (iii) Give full information and truthful explanations of all matters relating to the affairs of the partnership to all the partners at all times.
- (10) No partner shall without the consent of the other partners-
  - (i) Engage in any other business directly or indirectly;
  - (ii) Lend money or give credit of the goods of the firm to whom the other partners have previously forbidden him to trust;
  - (iii) Mortgage, charge or assign his share in the assets or profits of the firm;
  - (iv) Draw, accept or endorse any bill of exchange or promissory note on account of the firm;
  - (v) Engage, remove or dismiss any apprentice, employee or agent of the firm;
  - (vi) Give any security or promise for the payment of money on account of the firm except in the ordinary course of business;
  - (vii) Give bail, bond or guarantee or become surety for any person or do or Knowingly suffer any thing to be done where the partnership property may be endangered;
  - (viii) Buy, order or contract any property or goods for the firm exceeding Rs.....;

(ix) Sign any cheque on behalf of the firm to, a sum exceeding Rs. ....;

(x) Compromise or compound or, release or, discharge any debt due to the partnership.

(11) The accounts of the partnership shall be maintained according to the financial year, from 1st April to 31st March and general account shall be taken of all the capital assets and liabilities to, the time being of the partnership as on ..... in each year and a balance sheet and profit and loss account shall be prepared by M/s. .... Chartered Accountants or any other Chartered Accountants to be agreed upon by the partners and a copy thereof shall be furnished to each of the partners, who shall be bound thereby, unless some manifest error shall be discovered within six months, in which case such error, shall be rectified. Immediately after the preparation of the said balance sheet and profit and loss account, the net profits less sums drawn by the partners shall be divided to the partners.

(12) Each partner, shall be entitled to ..... weeks holiday in each year and all the partners shall make choice of the holiday alternatively.

(13) A new partner, may be introduced with the consent of all the partners on such terms and conditions as the partners agree with the Person to be introduced as a partner, in the firm.

(14) On the death of any partner, during the continuance of the partnership, the firm shall not be dissolved, the surviving partners shall have the option to purchase the share of the deceased partner, in the partnership business and the property and goodwill thereof. The purchase price of the share of deceased partner shall be the amount at which such share shall stand in the last balance sheet which shall have been prepared prior to the death of the deceased or in the event of the death of either, partner before the preparation of the first balance sheet the sum credited to him as his share of capital, and interest at the rate of ..... % p.a. thereon in lieu. of profit from the date of the then last preceding annual account upto the date of death of the deceased. The partner, purchasing the share of the deceased partner, shall also enter, into a covenant to indemnify the personal representatives of the deceased partner from the existing and future debts, obligations and liabilities of the partnership.

(15) If a partner retires or becomes insolvent, then the partnership will not be dissolved, and the remaining partner, shall have the option to purchase the share of such partner and the purchase price shall be calculated as given in the preceding clause.

(16) All outgoings and expenses of the partnership and all losses or damages incurred, interest payable for any loans received and taxes, etc. shall be paid first out of the profits, next out of capital and in the case of further deficiency, by the partners in the shares in which they are entitled to the

net profits of the partnership business.

(17) All partnership moneys, bills, notes, cheques and other instruments received by the partnership shall as and when received be paid and deposited in the bank to the credit of the firms' account, except such sums as are immediately required to meet the current expenses of the partnership firm.

(18) All transactions of the firm shall be done in the name of the partnership and all goods shall be purchased or sold in the firm name. All the bills, vouchers, delivery notes, receipts, etc. shall be issued in the name of the firm.

(19) If any partner shall assign, charge or encumber his share in the partnership or shall become bankrupt or a lunatic or otherwise permanently incapable of attending to the partnership business or shall absent himself from the partnership business for more than..... days, in any period of the twelve months except during his annual holiday without the consent of the other partners, or commit any breach of any of the provisions of this agreement or commits any criminal offence or do or suffer any act which would be a ground for the dissolution of the partnership by the court and in any such case it shall be lawful for the other partners by notice in writing to the offending or incapacitated partner or his trustee or official assignee to determine the partnership whereupon the partnership so far as concerns such partner shall determine and the other partner shall have the option to purchase his share and pay the purchase price to the offending partner or his trustee or official assignee in accordance with clause 14 hereof.

(20) Upon the determination of the partnership by efflux of time or in the case of death, retirement or expulsion of a partner from the partnership, the surviving or other partner shall not exercise the option of purchasing the share and interest of the deceased, retired or expelled partner or the partnership is determined by any other event not herein otherwise provided, a full and general account of the assets, credits, debts, liabilities of the partnership shall be taken and the assets and credits shall be sold, realised and the proceeds shall be applied in paying and discharging debts, liabilities and expenses of and incidental to the partnership business and the winding up affairs of the partnership affairs and subject thereto in paying to each partner any unpaid profits which may be due to him and his share of the capital and the balance of such proceeds shall be divided between the partners in the shares in which they are entitled to the net profits of the partnership and the partners shall execute, do or cooperate in all necessary or proper instruments, acts, matters and things for effecting or facilitating the sale, realisation and getting in of the partnership assets and credits and the application and division of the proceeds thereof and for their mutual release or indemnity or otherwise.

(21) Upon the determination of the partnership, each partner shall have the option to purchase the

goodwill of the partnership on a price as agreed to by the partners, and if no partner exercises the option to purchase the goodwill, the same shall be sold to a willing purchaser, PROVIDED THAT if upon any such determination as aforesaid of the partnership, the business thereof shall be sold as a going concern, the goodwill shall be sold along with the business. No partner (unless he is the purchaser of such business) shall directly or indirectly carry on or be concerned or interested in a similar business in his own name in the locality of the firm within a period of ..... years from the completion of sale of goodwill. The value of the goodwill shall be considered as an asset of the firm and will be added to and form part of the sum payable to all the partners on the dissolution of the partnership.

(22) All the other matters for which no provision is made in this deed, shall be decided by the majority of the partners for the time being of the partnership.

### **Dispute Resolution and Jurisdiction**

1. Any dispute, controversy or claims arising out of or relating to this Agreement or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the provisions of the [Indian] Arbitration and Conciliation Act, 1996.
2. The arbitral tribunal shall be composed of Sole Arbitrator or by the Arbitrator appointed by mutual consent.
3. The place of arbitration shall be at ..... and any award whether interim or final, shall be made, and shall be deemed for all purposes between the Parties to be made in .....
4. The arbitral procedure shall be conducted in the English/Kannada language and any award or awards shall be rendered in English/Kannada. The procedural law of the arbitration shall be Indian law.
5. The award of the arbitral tribunal shall be final, conclusive and binding upon the Parties, and the provisions of the [Indian] Arbitration and Conciliation Act, 1996 shall apply.
6. The rights and obligations of the Parties under, or pursuant to, this Clause, including the arbitration agreement in this Clause, shall be governed by and be subject to Indian law, and the agreement shall be subject to the exclusive jurisdiction of the courts at \_\_\_\_\_. (place to be named as per the agreement between the parties)

IN WITNESS WHEREOF, the parties hereto have hereunto set and subscribed their respective hands on this DEED OF PARTNERSHIP the day and year first hereinabove written.

Signed and delivered by the within named A

Signed and delivered by the within named B

Signed and delivered by the within named Smt.C

WITNESSES;

1.

2.