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Partnership Deed

A deed between two partners forming a firm under the Indian Partnership Act, 1932. Template v1.1.

Date of this deed: _____

Name of the firm: _____

First partner: _____

Address: _____

Second partner: _____

Address: _____

The partners named above (the Partners) agree to carry on business in partnership under the name of the firm above (the Firm), under the Indian Partnership Act, 1932 and on the terms of this deed.

1. Business

Nature of business: _____

Principal place of business: _____

State: _____

The Firm may open branches or take up any other lawful business that the Partners agree in writing.

2. Commencement and duration

The partnership begins on: _____

The partnership is at will. It continues until it is dissolved as set out in Section 10.

3. Capital

Capital of the first partner: _____

Capital of the second partner: _____

Further capital may be brought in as the Partners agree in writing. Each Partner has a capital account and a current account in the books of the Firm.

4. Profit and loss

Share of the first partner (percent): _____

Share of the second partner (percent): _____

The net profit or loss of each financial year, after interest on capital and remuneration to working partners, is shared between the Partners in these percentages.

5. Interest on capital and remuneration

The capital account of each Partner carries simple interest at the highest rate allowed as a deduction under the income tax law in force, or at a lower rate the Partners agree in writing before the year ends.

Working partners: _____

The working partners are paid remuneration for their services. The total remuneration for a year is the highest amount allowed as a deduction under the income tax law in force, or a lower amount the Partners agree in writing before the year ends. It is shared equally between the working partners unless they agree otherwise in writing.

6. Bank accounts

The Firm's bank accounts are operated by: _____

All bank accounts are opened in the name of the Firm. No Partner may use money of the Firm for personal purposes.

7. Books of account

Financial year: _____

Proper books of account are kept at the principal place of business. Each Partner may inspect and copy them at any time. The accounts are closed at the end of each financial year, audited where the law requires, and signed by both Partners.

8. Duties of the Partners

Each Partner will work diligently for the Firm, act in good faith, account for any money received for the Firm, and not carry on a business that competes with it. No Partner may do any of the following without the written consent of the other:

- (a) Borrow or lend money on behalf of the Firm outside the ordinary course of business.
- (b) Stand surety or give a guarantee in the name of the Firm.
- (c) Sell, transfer or mortgage property of the Firm outside the ordinary course of business.
- (d) Assign or charge their share in the Firm.

9. Admission and retirement

A new partner may be admitted only with the written consent of all Partners. A Partner may retire by giving the other at least three months of written notice. The retiring Partner is paid the balance of their capital and current accounts and their share of the value of the Firm, including goodwill, as at the date of retirement. The amount is settled by agreement or under Section 11, and paid within a period the Partners agree.

10. Death and dissolution

If a Partner dies, the surviving Partner may continue the business by admitting a legal heir of the deceased Partner, if the heir agrees, or another person as a new partner. Otherwise the Firm is dissolved. The legal heirs receive the deceased Partner's share, worked out as for retirement.

The Firm may also be dissolved at any time by the written agreement of the Partners or as the Indian Partnership Act, 1932 provides. On dissolution, the assets are realised, the debts of the Firm are paid and the capital of each Partner is repaid. Any surplus or deficit is shared in the percentages in Section 4.

11. Arbitration

Any dispute about this deed or the Firm, between the Partners or with the legal heirs of a Partner, is referred to a sole arbitrator appointed by agreement under the Arbitration and Conciliation Act, 1996.

Seat and venue of arbitration: _____

12. General

This deed is governed by the laws of India. A change to it is valid only in writing signed by all Partners. Matters not covered by this deed are governed by the Indian Partnership Act, 1932.

Second partner

Signature

Name

Date

First partner

Signature

Name

Date