

# **LIMITED LIABILITY PARTNERSHIP AGREEMENT**

**(As per Section 23(4) of LLP Act, 2008)**

**THIS Agreement of Limited Liability Partnership made at [PLACE] on the [DATE].**

## **BETWEEN**

1. Mr. [NAME OF 1<sup>st</sup> PARTNER], S/o [FATHER'S NAME], Resident at [MENTION FULL ADDRESS], which expression shall unless it is repugnant to the subject thereof, includes his successors, legal heirs, nominees and hereinafter called the **FIRST PARTY**,

## **And**

2. Mr. [NAME OF 2<sup>nd</sup> PARTNER], S/o [FATHER'S NAME], Resident at [MENTION FULL ADDRESS], which expression shall unless it is repugnant to the subject thereof, includes his successors, legal heirs, nominees and hereinafter called the **SECOND PARTY**,

**(THE FIRST AND SECOND PARTY SHALL BE INDIVIDUALLY REFERRED TO AS A PARTNER AND COLLECTIVELY AS PARTNERS)**

**WHEREAS** the above-mentioned PARTIES have mutually agreed to carry on the business and other ancillary businesses, more particularly described in the **Schedule-I** annexed herewith or any other business in any other manner as may be decided by the consent of both the Partners. Unless otherwise prescribed, all the decisions of the LLP would be taken by the consent of both the partners.

Further, the liability of the Partners would be limited to the extent of their contribution only, except in case of frauds or any unauthorized action or anything done or action is taken which is not considered as taken in the ordinary course of business and in such cases, such parties shall be responsible.

NOW the First and Second Party are agreed to form a Limited Liability Partnership under the Limited Liability Partnership Act, 2008 and that they intend to record the terms and conditions of the said formation.

**IT IS HEREBY AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:**

**1 Definitions**

The word and phrases used in this agreement shall take their interpretation from the word and phrases as defined in the Limited Liability Act, 2008 or as per the rules circular, notification or clarification issued by the Central Government pertaining to said Act.

In case any word or phrase which has not be defined in the manner as detailed above and the same has not been defined in this agreement, then the same shall be interpreted in accordance to the General Clauses Act, 1897

**2 Name of the LLP**

A Limited Liability Partnership shall be carried on in the name and style of '**NAME OF LLP**' [Hereinafter referred to as 'NAME OF LLP' or 'The LLP' or 'The Limited Liability Partnership'].

The Name of the LLP can be changed with the consent of both the parties to this agreement.

**3 Registered office**

The Registered Office of Limited Liability Partnership shall be at **[MENTION REGISTERED OFFICE ADDRESS]**.

The LLP may shift the registered office or may open or close any branch office at such other place or places, with the consent of both the parties to this agreement.

**4 Property of LLP**

All the assets created and owned by or acquired and belonging to the LLP including but not limited to the Intellectual Property Rights (IPRs) of whatever kind shall be the property of the LLP and no Partner shall be entitled to use for themselves any such property otherwise than as a client or customer in its ordinary course of business.

## **5 The object of the Limited Liability Partnership**

As described in the **Schedule-I** annexed herewith the Agreement or any other business in any other manner as may be decided by both the parties to this agreement by passing a resolution at a duly convened partner's meeting in this context.

## **PARTNERS**

### **1. Admission of New Partner**

A new partner shall be inducted only, with the consent of both the parties to this agreement.

### **2. Rights of Partners**

- (i) All Partners hereto shall have the rights, interest, and title of all the assets and other properties of the LLP in the proportion of their contribution to the capital.
- (ii) **Right to Receive Profits or Loss:** - The Net Profit or Loss of the Limited Liability Partnership, as per the financial statements prepared by the Limited Liability Partnership, after deduction of all expenses like salaries, interest, and other establishment, shall be divided and distributed among the partners on the close of the financial year in the following proportion: -

S. No.	Name of Partner	Percentage Share
1.	Mr. X	-
2.	Mr. Y	-
Total		100%

- (iii) The profit sharing ratio of the Partners may be altered subject to the approval of all Partners, and alteration of the LLP Agreement to this effect and necessary compliance with all the requirements of the Act and Rules.
- (iv) **Right to Receive Remuneration:** - Every partner shall be entitled to receive minimum monthly remuneration as specified below, subject to the

maximum amount of annual remuneration which could be paid to them. The annual remuneration may be reduced or enhanced looking to the Book profit as per the provision of section 40(b) of the Income Tax Act, 1961. The remuneration shall be payable in accordance with any mode as may be decided upon, and can be paid monthly or yearly either in cash or adjusted to their respective accounts at the time of closing of the accounting year/period.

S. No.	Name of Partner	Month Remuneration	Annual Remuneration
1.	Mr. X	-	-
2.	Mr. Y	-	-

The LLP shall **indemnify** and defend its Partners and other officers from and against any and all liability in connection with claims, actions and proceedings (regardless of the outcome), judgment, loss or settlement thereof, whether civil or criminal, arising out of or resulting from their respective performances as Partners and officers of the LLP, except for the gross negligence or willful misconduct on the part of the Partner or officer seeking indemnification.

- (v) **Right to Interest on Fund Contributed:** - Every Partner shall entitle to receive Interest @ 12% (Twelve Percent) per annum simple interest on the amount standing to the credit of the contribution, capital, current or loan account or any other account of the partner. Such interest shall be calculated and credited to the account of each partner at the close of the financial year. The partners are at liberty to increase or decrease the above rate of interest from time to time. However, in case of loss or inadequate income, the rate of interest can be Nil or lower than 12% (Twelve Percent) per annum, as may be agreed to by and among the partners from time to time.
- (vi) **Right to Withdraw Fund:** -The said partner shall be entitled to withdraw any amount during the year from the Limited Liability Partnership towards their yearly remuneration, the share of profit or out of their current, loan or capital account from time to time as may be decided among the partners by mutual consent.

- (vii) Fund given to LLP as the Contribution, as committed as per the said LLP agreement, shall not be withdrawn unless the said partner ceases to remain as the partner of LLP.

If there is any debit balance in the account of any partner, interest at the rate of 12 % will be payable by the partner.

(viii) **Right to Transfer or Assignment of rights:**

- (a) In case, any of the Partners of the LLP desires to transfer or assign his interest in the LLP, he has to first offer the same to another partner, party to this LLP Agreement by giving 60 days' written notice.
- (b) In case none of the partners acquire his right, then the retiring partner cannot transfer the same to any person other than who is not a partner of this LLP.
- (c) Such assignment or transfer of the share in the profits of the Limited Liability Partnership shall be communicated to all the Partners within thirty days from the execution date of the agreement/ deed, or the effective date of transfer/ assignment, whichever is earlier.

- (ix) **The right of Voting** - Any matter or issue relating to the limited liability partnership, including matter relating to change in the nature of business of the limited liability partnership, shall be decided by a resolution passed with the consent of both the partners and for this purpose, each partner shall have one vote.

- (x) Every Partner has a right to access, inspect and copy any books of account/documents, form, return, report etc. of the LLP.

### **3. Duties of Partners**

**(i) Contribution**

- (a)** In compliance to the provision of Chapter VI of the Limited Liability Partnership Act, 2008 the initial contribution of the LLP shall be ₹-----/- (Mention amount in words), which shall be contributed by the initial Partners in the given proportions:

**First Party:** ₹\_\_\_\_/- (Mention amount in words only)

**Second Party:** ₹\_\_\_\_/- (Mention amount in words only)

- (b) Any further contributions, if required by the LLP shall be brought by the Partners in such ratio as may be decided with the consent of both the Partners from time to time.
- (c) The Contribution of a Partner may be tangible, intangible, movable or immovable property or otherwise. Further, any contribution by Partner other than cash would be accepted only with the consent of both the partners.

(ii) **Resignation / Retirement of Partner**

- (i) Any Partner may cease to be Partner of the LLP by giving a notice in writing of not less than Sixty (60) days to the other Partners of his intention to **resign/ retire** as Partner.
- (ii) On the expiry of the notice period or at an earlier date at the discretion of any Party of this agreement, the resigning/ retiring Partner shall cease to be a Partner in the LLP.

(iii) **Cessation of Partner**

A partner shall Cease to be a partner of the LLP: -

- (a) On his death or dissolution of the LLP.
- (b) If he is declared to be of unsound mind by a competent court.
- (c) If he has applied to be adjudged as an insolvent or declared as an insolvent.

(iv) **Expulsion of Partner**

- (a)** If a partner is found carrying, on any business in his individual capacity which is similar to the nature of the business being done or proposed to be done by this LLP.
- (b)** Carries on any business in the capacity of the partner of this LLP but the said work and income therefrom is not disclosed to the LLP.
- (c)** If any of the partners believe that any act done by defaulting partner, does not make him worthy of being a partner of this LLP, the partners shall take this matter for arbitration for the expulsion of such partner and the award given by arbitrator shall be binding upon both the parties to this agreement. The partner alleged to be defaulting partner shall get an opportunity to be heard before an arbitrator.
- (d)** A Partner may be expelled by giving a notice of ten (10) days from the date of the decision given by arbitrator.

- (v) Every Partner shall **indemnify** the LLP and the other existing Partners for any loss caused to them by their fraud in the conduct of the business of the Limited Liability Partnership.

## **DESIGNATED PARTNERS**

### **4. Initial Designated Partners**

The following Partners shall be the initially designated partners of the said LLP: -

<b>S. No</b>	<b>Name of the Partner</b>
1.	Mr. X
2.	Mr. Y

### **5. Appointment of Designated Partners**

- (i) Any person who is eligible to become partner may be appointed as designated partner of this LLP if it is approved by both the partners subject to the approval of **First and Second party** to this agreement.
- (ii) The proposed designated partner shall be required to give his consent to be appointed as the designated partner.

### **6. The resignation of Designated Partner**

- (i) A Designated Partner may cease to be a designated Partner of the LLP by giving a notice in writing of not less than sixty (60) days to the other Partners of his intention to resign/retire as designated Partner.
- (ii) On the expiry of the notice period or at an earlier date at the discretion of any party of this agreement, the resigning/ retiring Designated Partner shall cease to be a Designated Partner in the LLP.
- (iii) Resignation given by a partner with respect to his intention of not being a designated partner, shall not result in resignation/cessation as a partner of the LLP unless the same is also expressed by the resigning designated partner.

### **7. Removal of Designated Partner**

- (i) A designated Partner shall be removed from the post of a designated partner with the consent of both the Partners.

- (ii) On Cessation / Expulsion of any partner, the said partner shall cease to be a designated Partner, with effect from the date of his cessation/expulsion.

#### **8. Powers of Designated Partner**

As specified in Schedule II

#### **9. Duties of Designated Partner**

Every Designated Partner is obligated to inform the LLP and other Partners for any loss caused as a result of any fraud done by them during the course of the business of the LLP.

#### **10. The extent of Liability of the LLP**

The LLP is not bound by anything done by a Partner in dealing with a person if:

- (i) The Partner is not authorized to act on behalf of the LLP in doing a particular act; and
- (ii) The person dealing with his/her knows that he/she has no authority or does not know or believe his/her to be a Partner of the LLP.

#### **11. Decision Making Process**

All decisions including businesses as mentioned in **Schedule III**, of the Partners shall be taken at meetings of Partners called general meetings (Partner's Meeting) or by Designated Partners at meetings called Executive Committee meetings, in both the cases duly called and held by a notice in writing issued by any of the Designated Partners.

#### **12. Miscellaneous Provisions**

Notwithstanding anything said or provided herein, the Partners shall have full discretion to modify, alter, or vary the terms and conditions of this LLP Agreement, subject to the provisions of the Limited Liability Partnership Act, 2008, in any manner whatsoever as they may deem fit by mutual agreement which shall be reduced to writing and be signed by all the Partners and thereupon and the said writing shall become part of this LLP Agreement.

#### **13. Arbitration**

All disputes between the Partners or between the Partner and The LLP arising out of the Limited Liability Partnership agreement which cannot be resolved in terms of this agreement shall be referred for arbitration as per the provisions of the Arbitration and Conciliation Act, 1996 (26 of 1996).



**14. Winding up**

The LLP can be wound up with the consent of all the Partners subject to the provisions of Limited Liability Partnership Act, 2008 and rule framed thereunder and amended from time to time.

**IN WITNESS, WHEREOF** the parties hereto have signed this agreement this **[ENTER DATE]** at [ENTER PLACE]

**Parties have put their signature in presence of Witnesses.**

**Signed and delivered by**

**(Partner)**

**(Partner)**

Witnesses have put their signature in presence of abovementioned parties.

**WITNESS:**

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_