**DRAFT OF LLP AGREEMENT**

THIS Agreement of LLP made at ………… this……………….. Day of …………………. 20…………By and Between\amongst

1. ………………. S/o ……………….. R/o………………………. residing at…… which expression shall, unless it be repugnant to the subject or context -thereof, include their legal heirs, successors, nominees and permitted assignees and hereinafter called the FIRST PARTY,

**AND**

1. ………………. S/o ……………….. R/o………………………. residing at…… which expression shall, unless it be repugnant to the subject or context thereof, include their legal heirs, successors, nominees and permitted assignees and hereinafter called the SECOND PARTY,

**Whereas:**

1. That the above named parties intend to carry on Partnership business as a Limited Liability Partnership business of …….. in the name of ……(firm name) as partners from……(date) vide this Limited Liability partnership deed.
2. They shall become the partners and shall be designated as partners from the date of incorporation of this LLP under the provisions of Limited Liability Partnership Act, 2008 (LLP Act).
3. Parties intend to reduce all the terms and conditions of partnership into writing in order to avoid any future discrepancy or misunderstanding.
4. This deed shall regulate and govern the relation between\amongst partners and other matters relating thereto.
5. Each partner hereby agrees to be bound by the terms of this deed respectively.

**WITNESSTH THAT** the parties shall be and become partners from on the following terms and conditions:

1. **Definition and Interpretation Clause**

* “Accounting year” means the financial year as defined in the Limited Liability Partnership Act, 2008. “Act” or “LLP Act” means the Limited Liability Partnership Act, 2008
* “Business” includes every trade, profession service and occupation. “Designated Partner” means any partner designated as such.
* “LLP” means the limited liability partnership formed pursuant to this LLP Agreement.
* “LLP Agreement” means this Agreement or any supplement thereof determining the mutual right, duties and obligations of the partner in relation to each other and in relation to LLP.
* “Partner” means any person who becomes a partner in the LLP accordance with this LLP Agreement

1. **Name of the Partnership Firm**

The name of the Limited Liability Partnership firm shall be ….. (Hereinafter shall be referred as Firm).

1. **Purpose of the Partnership**

The Limited Liability Partnership Firm is established for the given purpose –

1. **Principal Nature of Business**

The Principal nature of business of the Limited Liability Partnership firm shall be …….. until and unless changed as per the mutual decision of all the partners of the LLP at the time of the decision.

1. **Principal Place of Business**

The Principal Place of Business of Limited Liability Partnership Firm shall be …….. It may be shifted to any other place or places with the written consent of all the partners.

1. **Commencement Date of Partnership**

The Limited Liability Partnership firm shall commence from the date of registration of the firm, and shall continue to operate as per the provisions of LLP Act, 2008 and rules framed thereunder until and unless it is terminated either by law or in accordance with this deed.

5. **Capital Contribution:**

1. The partners have contributed in the Capital of the Firm in the form of cash, goods, services, gold in following manner

Partner 1:

Partner 2:

1. Each partner shall pay his respective share on and before …..
2. This Capital Contribution shall be final unless all the partners give the written consent to alter the same.
3. **Number of Designated Partners:**

The maximum number of designated partners appointed for the LLP shall be as mutually agreed between the partners initially at the time of incorporation of LLP or as mutually decided by the designated partners of the LLP from time to time.

1. **Sleeping Partners:**

* All the designated partners shall be active partners of the LLP who shall have control over the day to day conduct of business of the LLP.
* All the partners other than the designated partners of the LLP shall be sleeping partners, and they shall have no right to interfere with the day to day conduct of business of the LLP.

1. **Common Seal:**

LLP shall have a common seal to be affixed on documents as defined by partners under the signature of any of the Designated Partner.

1. **Immovable Properties:**

The immovable properties purchased by the LLP shall be clear, marketable, and free from all kinds of encumbrances.

1. **Auditing:**

* The Statement of Accounts and Solvency of LLP mad each year shall be audited by a qualified Chartered Accountant in practice in accordance with the rules prescribed under section 34(3) of the LLP act, 2008, namely, rule 24 of the LLP Rules & Forms, 2008.
* It shall be the responsibility of the Designated Partners of the LLP to comply with Rule 24 of the LLP Rules & Forms, 2008.

1. **Remuneration to Partners:**

No partners shall be entitled to any remuneration for taking part in the conduct of the LLP’s

1. **Drawings:**

Each partner may draw out of the partnership funds as drawings from the credit balance of his income account. Such drawings shall be duly accounted yearly during the settlement of accounts.

1. **Interest on Capital or Loan :**

Interest at the rate of\_\_ % per annul on the capital contributed or loan given or credited as given by each of the partners and standing to his credit as on the first day of each calendar month for the previous month out of the gross profits of the partnership business shall be credited in the respective accounts, and such interest shall be cumulative such that any deficiency in one financial year shall be made up out of the gross profits of any succeeding financial year or years.

1. **Profit sharing :**

The net profits of the LLP shall be divided in the following proportions:

To the said —————        %

To the said —————         %

1. **Losses sharing :**

The losses of the LLP including loss of capital, if any, shall be borne and paid by the partners in the following proportions:

To the said —————       %

To the said —————         %

1. **Bankers:**

The LLP shall have the following bankers –

———– Bank,– branch and/or

Such other bank or banks as the partners may from time to time unanimously agreed upon.

1. **Accounting year:**

* The accounting year of the LLP shall be from 1st April of the year to 31st March of subsequent year.
* That the first accounting year shall be from the date of commencement of this LLP till 31st March of the subsequent year.

1. **Place of keeping books of accounts:**

The books of accounts of the firm shall be kept at the registered office of the LLP.

1. **Division of Annual profits of LLP:**

As soon as the Annual Statements of Accounts and Solvency shall have been signed by the Partners and the same duly audited and the auditor rendering his report thereon, the net profits, if any of the LLP business, shall be divided between the partners in the proportion specified in and in accordance with the provisions of this

1. **Term of validity of deed:**

Duration of this Agreement shall be\_ years beginning from the date first above mentioned, subject to the condition that this deed may be extended further by mutual consent in writing of the Parties hereto upon such terms and conditions or with such modifications as may be mutually agreed upon between them.

1. **Arbitration:**

In the event of any dispute or differences arising between the parties hereto either touching or concerning the construction, meaning or effect of this Deed or the respective rights and liabilities of the parties hereto, or their enforcement there under, it shall be first settled amicably through discussions between the parties and if not resolved then otherwise referred to the arbitration of a Sole Arbitrator if agreed upon, failing which to the Sole Arbitrator as appointed by the Court in accordance with  the provisions  of  the [Arbitration and Conciliation, Act 1996](https://taxguru.in/corporate-law/govt-amends-fourth-schedule-arbitration-conciliation-act-1996.html). The arbitration proceedings shall be conducted at New Delhi in English language.

1. **Auditors:**

The Auditors of the firm shall be  ….having their  office at…………… The auditors shall be responsible for all the accounts/taxation related tasks of the firm including but not limited to income tax, VAT, preparation of balance sheet/ assets and liabilities/ profit and loss of the LLP etc.

1. **Goodwill**

The Goodwill of the firm shall be ascertained as per the Generally accepted accounting principles (GAAP).

1. **The legal advisors of the firm shall be Sever ability:**

This deed constitutes the entire understanding/agreement between the parties taking precedence over and superseding any prior or contemporaneous oral or written understanding. Unless otherwise provided herein, this deed cannot be modified, amended, rescinded, or waived, in whole or part except by a written instrument signed by all the parties to this deed. The invalidity or unenforceability of any terms or provisions of this deed shall not affect the validity or enforceability of the remaining terms and provisions of this deed, which shall remain in full force and effect from the date of registration.

1. **Miscellaneous**

That any of the above terms, conditions, and stipulations may be altered, varied, or added to by mutually taking the consent of all the partners in writing.

In **Witness Whereof,** the partners shall execute this deed on ………….

Signed By

P1

P2

In the presence of

Witness 1

Witness 2