**Deed of Partnership**

**(To be executed on Rs. ………. Non-Judicial Stamp Paper)**

This deed of partnership is made and entered into at \_\_\_\_\_\_ on [Date, Month, Year] between:

1. [First Partner’s Name], [Son/Daughter] of [Mr. Father’s Name], residing at [Address Line 1, Address Line 2, City, State, Pin Code] having PAN……………. hereinafter referred to as FIRST PARTNER. (which expression shall, unless it be repugnant to the subject or context thereof, include his/her legal heirs, successors, nominees and permitted assignees and hereinafter called the Party of the “First Part”);
2. [Second Partner’s Name], [Son/Daughter] of [Mr. Father’s Name], residing at [Address Line 1, Address Line 2, City, State, Pin Code] having PAN……………. hereinafter referred to as SECOND PARTNER (which expression shall, unless it be repugnant to the subject or context thereof, include his/her legal heirs, successors, nominees and permitted assignees and hereinafter called the Party of the “Second Part”);

**WHEREAS** the parties hereto have agreed to commence business in partnership and it is expedient to have a written instrument of partnership.

**WHEREAS** the parties hereto have mutually agreed to carry on the business of………………… (here describe the business) and to share the profits and losses of the said business in partnership between themselves and they have with that object constituted themselves into a firm of partners under the name and style of M/s………………… (here give the name of the firm).

The terms and conditions agreed to by and between the parties hereto witnesses:

1. **NAME OF THE FIRM**: The business of the firm shall be carried on with the name of M/S\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [Give the Name of the Form] or such other name as may be mutually agreed in future with the consent of the partners.
2. **BUSINESS ACTIVITY**: The parties hereto have mutually agreed to carry on the business of [Description of Business Activity Proposed], or such other business as may be mutually agreed in future with the consent of the partners.
3. **PLACE OF BUSINESS**: The principal place of the partnership business will be situated at [Address Line 1, Address Line 2, City, State, Pin Code], which is made available by the First/Second Party in which the business of the firm shall be carried on or such other place/places as may be mutually agreed in future with the consent of the partners.
4. **PAYMENT OF RENT AND EXPENSES:** The rent, and all taxes, duties, repairs, and outgoings in respect of the said place or places of business of the partnership shall be paid out of the partnership.
5. **DURATION OF PARTNERSHIP**: The duration of the partnership will be at will.
6. **CAPITAL OF THE FIRM**: The capital of the firm for the time being is fixed at Rs. …………… (Rupees ……………) only, which has been contributed by the partners as follows:

First Party: ……………

Second Party: …………….

1. **INTEREST ON CAPITAL:** That interest at the rate of 12% per annum or as may be prescribed under section 40(b)(iv) of the Income-tax Act, 1961 or any other applicable provisions as may be in force in the income-tax assessment of the partnership firm for the relevant accounting period or at a lower rate as may be agreed to by and between the parties from time to time shall be paid to the partners or credited to the partners on the amount standing to the credit of the account of the partners.
2. **REMUNERATION TO PARTNERS:** The Partners shall be entitled to any remuneration for taking part in the conduct of the business which may be decided mutually by the partners from time to time and that the maximum remuneration payable shall be paid in accordance with Section 40(b) of the Income Tax Act, 1961 to the partners. In the event of losses, the partners may decide whether to pay interest or not.

**This clause may suitably be also drafted as under:**

That all partners shall be working partners and will be entitled for remuneration as hereunder:

In case of Loss: Rs. 1,50,000/-

In case of Book Profit:

On Book Profit upto Rs. 3,00,000- Rs. 1,50,000 or 90% of such book profit whichever is more.

On balance book profit exceeding Rs. 3,00,000- 60% of Book Profit exceeding Rs. 3,00,000

The gross allowable remuneration as calculated above, shall be apportioned to the parties in the following ratio:

First Party - …………… Second Party - …………….

In cases where neither the amount has been quantified nor even the limit of total remuneration has been specified but the same has been left to be determined by the partners at the end of the accounting period, in such cases payment of remuneration to partners cannot be allowed as deduction in the computation of the firm's income.

1. **DISTRIBUTION OF PROFITS AND LOSSES**: The profit or loss of the firm shall be shared as follows:
   1. FIRST PARTY: [Profit Sharing Ratio]%
   2. SECOND PARTY: [Profit Sharing Ratio]%
2. **WITHDRAWAL OF PROFITS:** Each partner shall be entitled to withdraw out of the profits, money not exceeding Rs. …………… in each month, adjustable against the account of the respective partners at the time of annual accounting.
3. **MANAGEMENT**: The management of the firm shall be conducted by all the partners jointly, and any decision regarding the business shall be taken by mutual agreement.
4. **EMPLOYMENT OF STAFF:** No apprentice, clerk, or servant shall be employed or dismissed without the consent of all the partners.
5. **OPERATION OF BANK ACCOUNTS**: The firm shall open a current account in the name of [Partnership Firm Name] at any bank, and such account shall be operated by [First Partner] and [Second Partner] jointly as declared from time to time to the Banks.
6. **BORROWING**: The written consent of all Partners will be required for the partnership to avail credit facilities from any financial institution.
7. **ACCOUNTS**: The firm shall regularly maintain, in the ordinary course of business, a true and correct account of all its incoming and outgoing transactions, as well as all its assets and liabilities, in proper books of accounts which shall ordinarily be kept at the firm's place of business. The accounting year shall be the financial year from 1st April onwards, and the balance sheet shall be properly audited as may be required by the law for the time being in force and signed by all the Partners.
8. **RETIREMENT**: If any partner desires to retire from the firm, he shall give at least one calendar months’ notice of his intention to do so. The remaining partners shall pay to the retiring partner or his legal representatives the purchase money of his share in the assets of the firm.
9. **Continuation after Death**: Notwithstanding anything contained in the Indian Partnership Act, it is hereby mutually agreed to by and between the parties that in case of death of any one or more partners, the firm shall not be dissolved but shall continue to be carried on by and between the surviving partners and legal heirs and/or representatives of the deceased partner, as a continuing concern, on the same terms and conditions as incorporated in this Deed or on such terms and conditions as may be agreed to by and between them from time to time. It is hereby further clarified that it shall be deemed as change in constitution and not succession.
10. **Mediation:** If a dispute, difference, or controversy arises related to the contract, including its existence, validity, or termination, the parties agree to seek settlement through mediation in accordance with the Mediation Act, 2023. Mediation is a process where a neutral third party helps the disputing parties reach a mutually acceptable solution. The specific location for mediation (city and/or country) is typically specified in this clause.
11. **Med-Arb Clause**: Any dispute arising out of or relating to this Partnership Deed shall first be submitted to mediation, mediator being ……………………………. in accordance with the Mediation Act, 2023. If the dispute is not resolved within…. [days/months] from the start of mediation, it shall then be referred to arbitration administered by ………………………………. in accordance with the Arbitration and Conciliation Act, 1996. The mediator may, with the written consent of all parties, also act as the arbitrator. The arbitration award shall be final and binding. Both mediation and arbitration proceedings shall be confidential. The costs shall be borne equally by the parties, unless otherwise agreed or awarded by the mediator/arbitrator.
12. **Branches:** The firm may open branches with mutual consent.
13. **Amendment of Terms:** Terms can be changed by mutual consent, with supplementary deeds executed.
14. **Individual Capacity:** Each Partner enter the partnership in Individual capacities.
15. **OWNERSHIP OF PREMISES:** XYZ agrees that the premises for the partnership business are currently leased to them. XYZ consents to the partnership using the premises as long as XYZ remains a partner. If the partnership is dissolved or reconstituted, XYZ will retain sole ownership and control of the premises.
16. **DUTIES OF PARTNERS –**
17. Each Partner shall be just and faithful to the other partners in all transactions relating to the partnership business;
18. Each partner shall render true accounts and full information of all things affecting the limited liability partnership to any partner or his legal representatives.
19. Each partner shall indemnify the partner­ship firm for any loss caused to it by his fraud in the conduct of the business on account of him;
20. No Partner shall without the written consent of other Partners :-

* Engage or except for gross misconduct, dismiss any employee of the partnership.
* Employ any money, goods or effects of the partnership or pledge the credit thereof except in the ordinary course of business and upon the account or for the benefit.
* Enter into any bond or become sureties or security with or for any person or do knowingly cause or suffer to be done anything whereby the partnership property or any part thereof may be seized.
* Assign, mortgage or charge his or her share" in the partnership or any asset or property thereof or make any other person a partner therein.
* Engage directly or indirectly in any business competing with that of the partnership.
* Lend money or give credit on behalf of the firm or to have any dealings with any persons, company or firm whom the other partner previously in writing have forbidden it to trust or deal with.
* Enter into any bond or become bail or surety for any person or knowingly cause or suffer to be done anything whereby the partnership property may be endangered.

In witness whereof, this deed of partnership is signed sealed and delivered this [Day, Month, Year] at [City, State]:

**FIRST PARTNER** **SECOND PARTNER**

[Address Line 1] [Address Line 1]

[Address Line 2] [Address Line 2]

[City, State, Pin Code] [City, State, Pin Code]

[PAN] [PAN]

**WITNESS ONE** **WITNESS TWO**

[Address Line 1] [Address Line 1]

[Address Line 2] [Address Line 2]

[City, State, Pin Code] [City, State, Pin Code]

[PAN] [PAN]