

# Draft Sample Format Limited Liability Partnership (LLP) Agreement

 [corporatelaws.in/2020/10/sample-format-limited-liability-partnership-llp-agreement.html](http://corporatelaws.in/2020/10/sample-format-limited-liability-partnership-llp-agreement.html)

## DRAFT SAMPLE FORMAT LIMITED LIABILITY PARTNERSHIP (LLP) AGREEMENT

**THIS AGREEMENT OF LIMITED LIABILITY PARTNERSHIP** made at \_\_\_\_\_ on this \_\_\_\_ day of \_\_20\_\_ by and between RN \_\_\_\_\_ of the First Part and JG \_\_\_\_\_ of the Second Part.

**WITNESSES** the mutual agreement of the Parties hereto as follows:

**THAT THEY BOTH** shall become Partners who shall be Designated Partners on incorporation of the LLP to carry on partnership business as a Limited Liability Partnership (LLP) registered under the Limited Liability Partnership Act, 2008 (LLP Act) with a view to sharing profit upon the following terms.

## INTERPRETATION

In this Agreement unless the context otherwise requires:-

“Accounting Year” means the financial year as defined in the LLP Act, 2008.

“Act” or “LLP Act” means the Limited Liability Partnership Act, 2008.

“Business” includes every trade, profession service and occupation.

“Change” means a change in the constitution of the body of Partners or Designated Partners other than their admission afresh.

“Designate 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 rights and duties of the partners and their rights and duties in relation to the LLP.

“Partner” means any person who becomes a partner in the LLP in accordance with this LLP Agreement.

“She” includes “he” or vice versa.

**1. Business** - The Partnership business shall be \_\_\_\_\_ until and unless changes as mutually agreed upon by all the partners for the time being of the LLP.

**2. Name**- The name under which the Partnership business shall be carried on will be the one permitted by the Registrar out of the three names proposed by mutual agreement of the Parties hereto.

**3. Place**- The Partnership business shall be carried on at the address given below:

---

City\_\_\_\_\_

District\_\_\_\_\_

State\_\_\_\_\_

Pin Code\_\_\_\_\_

Phone\_\_\_\_\_

Fax\_\_\_\_\_

E-mail ID\_\_\_\_\_

At the principal place of business and at such other place or places as the Partners shall from time to time unanimously agree upon.

**4.** Term of LLP - The Partnership shall commence on the date of registration of the LLP, and shall continue to operate thereafter subject to the provisions of the LLP Act, 2008, until termination of this agreement by consent of all Partners for the time being of the LLP.

#### **5. Capital, Partners' Contribution, Liability and Admission of Partners-**

(1) The capital of Partnership shall be the sum of Rs\_\_\_\_\_ (Rupees\_\_\_\_\_) brought in cash/money's worth of any property or services agreed by all partners for the time being of the LLP and belonging to the Partners initially by the Partners being the Parties hereto in equal shares subject to the amount equivalent to \_\_\_\_\_% thereof being accepted from such of the other Partners hereafter admitted as mutually agreed upon by the Partners being the Parties hereto, into the LLP after its registration at not less than\_ % as capital contribution per such Partner as his share at 100% premium payable half up-front and the other half within 90 days of admission, so that when such capital contribution shall have been completed the shares of the Partners being Parties hereto shall stand at \_\_\_% each of the total capital contributed. The capital contribution thus received shall go to reduce progressively the capital originally contributed by the Partners being the original Parties hereto equally but the same together with the premium received in its entirety shall be retained in the LLP business as their loan contribution made from time to time as and when received on the corresponding dates of receipt of capital contribution and payment of premium from the new Partners admitted as aforesaid. There shall be no limit on the number of Partners to be admitted at any time and from time to time by changing the provisions of this LLP Agreement, if necessary, and as required, subject to its acceptance by all the then existing Partners at a meeting of theirs or otherwise confirmed in writing.

(2) A separate capital account shall be maintained for each Partner. No Partner shall withdraw any part of his capital account while he is a Partner.

(3) The loan component accrued as stated in (1) above to the Partners being the Parties hereto shall not be withdrawn by them before 24 months from the date of admission of the last Partner to make up for the % off-loading of the capital at a premium as aforesaid; and thereafter the Parties hereto shall be free to withdraw their loan-retention component at not more than % at a time once in each 10 weeks commencing at the expiry of the said 24 months of the total amount standing as loan *plus* interest thereon as balance respectively to their credit as at the end of the previous financial year as per the last audited balance sheet.

(4) The Parties hereto shall be bound to be Partners of the LLP till the loan component of theirs is completely paid back to them by the LLP as aforesaid whereupon their capital contribution standing at\_% shall become re-payable in one lump-sum; and should they cease to be Partners earlier for any reason beyond their control that shall not alter the scheme of return of loan and capital to them or their other claimants on their behalf, as aforesaid.

(5) If at any time after the commencement of the Partnership as LLP any further capital shall be required for the purposes of the LLP, the same shall be additionally contributed by the then Partners in their respective proportion of capital contributions made, unless otherwise agreed upon by all the then Partners.

Existing loans advanced or deemed as advanced by the Partners to the LLP shall not be convertible into such capital contribution.

(6) The obligation of a Partner to contribute (i) money or (ii) other property or benefit or to perform services in the case of its money's worth as determined in the agreement with the Partner therefore as equivalent to his share of contribution of capital to the LLP under this Agreement, shall be a debt due from him to the LLP. The liability of a partner or designated partner in relation to the LLP shall be as set out in the Act and in particular every partner shall indemnify the LLP insofar as every partner may take part in its management. It is a condition of this Agreement that the LLP shall indemnify each Partner in respect of payments made and personal liabilities incurred by him (a) in the ordinary and proper conduct of business of the LLP, and (b) in or about anything necessarily done for the preservation of the business or property of the LLP.

(7) This LLP Agreement along with the LLP's Certificate of Incorporation should be laid before a special general meeting of the Partners to be held within 30 days of the LLP's registration, and it shall be the responsibility of the first two Designated Partners of the LLP to comply with the same.

(8) After the LLP's registration, it may reimburse the Promoter-Partners the costs of promotion and registration, legal fees, cost of printing and stamp duties and all other direct costs at accruals according to the account rendered to the LLP by the Promoter-Partners, with the approval of the general meeting of Partners mentioned in (7) above.

(9) The LLP shall have a Common Seal and it shall be laid before and adopted at the general meeting mentioned in (7) above. The Common Seal shall be affixed to any document or contract with approval of and in the presence of at least two of the Designated Partners of the LLP, on each occasion and the same fact recorded chronologically in the Seal Book maintained for the purpose under their signatures.

(10) All the assets owned by or 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 himself any such property otherwise than as a client or customer.

(11) No resolution or decision carried by a majority of Partners of the LLP shall be valid to be given effect to unless it includes the Partners being the original Parties hereto.

(12) The contents of this para shall not be alterable till the conditions stated in sub paras (3) and (4) above are fully complied with.

**6. Bar against admission of Partner and A person who has any business interest in conflict with the business of the LLP compliance of persons admitted as partner** – A person who has any business interest in conflict with the business of the LLP shall not be admitted as its Partner, and any Partner who acquires such conflicting interest shall cease to be and be expelled as a Partner by a unanimous decision of the partners. Persons admitted as partners shall duly comply with the provisions of section 25(1) of LLP Act and Rule 22(1) and Form 6 of the LLP Rules & Forms, 2008 within a period of 15 days of any change in the name and address, to intimate the LLP.

**7. Interest on Capital or Loan** – Interest at the rate of percent per annum 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. For this purpose, the financial year shall be the twelve months from the first of April to the thirty-first of March next.

**8. Withdrawal of Loans** – Every Partner may withdraw the loans advanced or deemed as advanced by him to the Partnership business in accordance with the terms of such sums advanced or deemed as advanced from time to time, and if any such terms are fixed for any such loan amount, the partner may withdraw the same after serving a notice of ten weeks on the LLP demanding repayment at not more than \_\_\_\_\_% of the loan plus interest standing to his credit as at the end of the previous financial year as per the last audited balance sheet of the LLP, in each period of ten weeks.

**9. Business transactions of Partner with LLP** – A Partner may lend money to and transact other business with the LLP, and in that behalf the Partner shall have the same rights and obligations with respect to the loans or other business transactions as a person who is not a Partner.

**10. Profits & Losses and Partner's Income Account** – (1) Profits and losses of the Partnership business in each financial year shall be divided between and borne by the Partners in the proportion of their respective capital contribution standing to their credit in the books of the Partnership as on the last date of the relevant financial year.

(2) Partnership profits and losses computed as due shall be charged or credited to the separate income account of each Partner. If a Partner has no credit balance in the income account, losses shall be charged to his capital account.

**11. Partner's Drawings** – Each Partner may draw out of the Partnership funds as drawings from the credit balance of his income account any sum of money not exceeding Rs\_\_\_\_\_ (Rupees \_\_\_) per each one percentage point of capital contributed per month for his own use, subject to such draws to be duly accounted for in each yearly settlement of account and division of profits of the Partnership at the end of each financial year, and the same shall be duly adjusted to the actuals due to or from the partnership by refunds or further draws, as the case may be as required.

**12. Book of Accounts** - (1) All funds of the Partnership business shall be deposited in its name in such banking account or accounts as shall be determined by the Designated Partners. All withdrawals are to be made by Cheques signed by the Designated Partners as determined by them.

(2) All necessary books of account and other papers relating the affairs of the LLP as prescribed under Rule 24 of LLP Rules & Forms, 2008 pursuant to section 34(1) of the LLP Act 2008 shall be ensured by the designated partners for the time being to be kept at the principal place of business of the LLP or at other place or places as mutually agreed upon by all the Partners, and regularly maintained on cash basis or accrual basis and according to double entry system of accounting with all books duly posted with entries arising from day to day up-to-date on any day so as to give a true and fair view of the state of affairs of the LLP. Such books of account shall not be removed from the designated place of business without the consent of all the Partners. Each Partner shall have access and be entitled for taking a copy or an extract of any books of account or related papers of the LLP or folio thereof during the working hours on each working day of the week.

**13. Annual Statements of Accounts and Solvency** – The Designated Partners of the LLP shall, within a period of six months from the end of each financial year, prepare the Annual Statements of Accounts and Solvency for the financial year as at its last day of all the capital contributions, assets and liabilities and of the profits and losses of the LLP, and the same shall be signed by each Partner in addition to the signing thereof by the Designated partners of the LLP as required under section 34(2) of the Act in token of his being bound thereby. If, in the event, any Partner refuses to sign the Annual Statements of Accounts and Solvency giving no valid reason, a copy of the same shall be posted to him by Registered Post Acknowledgement Due to his last known address as supplied by him to the LLP, and same shall be deemed to have been signed by him on the date of such posting.

**14. Audit** - The Statements of Accounts and Solvency of the LLP made 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 said Rules in every respect.

**15. Reserve Fund** – A sum equivalent to\_\_\_\_\_per cent per annum of the net profits arrived at in the audited Annual Statements of Accounts of the LLP shall be transferred and kept in the general reserve fund account and the same invested in gilts every year in the name of the LLP till it accumulates to the amount of\_ per cent of the capital specified in para 5 above. Such reserve fund accumulated shall be utilized for meeting extraordinary losses or expenses or for such other purposes including the renewal of any part of the building or other long term assets of the LLP in any way as mutually agreed upon by all the partners of the LLP including the Partners being the Parties hereto.

**16. Division of Annual Profit of the 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 Agreement.

**17. No remuneration to Partners** – No Partner shall be entitled to any remuneration for taking part in the conduct of the LLP's business.

**18. Management of the LLP – (1)** Partners of the LLP other than Designated partners shall be sleeping Partners. Their right to participate in the management of the LLP shall be as provided in this Agreement and otherwise it is restricted to:

- Ratification of this LLP Partnership Agreement post-incorporation of the LLP;
- Any alteration to this LLP Agreement;
- The admission of new Partners;
- Appointment of Designated Partner;
- Raising further capital under para 5(3) above,
- Acceptance of Annual Accounts and Solvency and the Auditor's Report thereon;
- Assignment and transfer of partnership rights, by the Partners in any way;
- Expulsion of any Partner;
- Any proposal of the LLP to make an application to the Central Government that the affairs of the LLP ought to be investigated;
- Change of business;
- Any sale or merger or amalgamation of the LLP with another entity or the incidence of any extraordinary loss or jeopardy or 'waste' to the property of the LLP as defined in section 66 of the Transfer of Property Act, 1882, warranting the appointment of a Receiver; and
- Winding up and dissolution of the LLP.

In deciding all the matters specified above by a 75% majority vote of the Partners present at a meeting of Partners duly called and held, except expulsion of any partner and change of business which shall require a unanimous decision of all the Partners excluding the Partner shall have one vote each irrespective of their capital contribution to the LLP's capital. The decisions so taken shall be recorded in the minutes within ten days of the general meetings and the same kept at the registered office of the LLP.

**(2)** The Designated partners appointed by the LLP shall be responsible both for business management in its entirety and compliance management under the LLP Act and this Agreement. The management of the LLP shall be carried on jointly by the Designated Partners being the original Parties hereto as agreed upon mutually between them by themselves or otherwise so however that they both shall be the first two Designated partners to be named in the Incorporation Document submitted for the LLP's registration and to be answerable for the doing of all acts, matters and things as are required to be done by the LLP in respect of compliance of the provisions of the LLP Act, 2008 in terms of sections 7,8 and 9 of the said Act. The Partners may appoint more Designated Partners by a 75% majority vote of the Partners present at a meeting of Partners duly called and held at any time and from time to time out of the Partners whose contribution to the capital of the LLP at the material time of appointment is not less than ----% of the total capital contribution as of that date, provided both the Partners being Parties to this Agreement as originally made approve the names proposed. The Designated Partners may by their unanimous decision delegate their powers to any one or more Designated Partners or any top-ranking officers of the LLP as they may consider fit or necessary in the management of the affairs of the LLP at any time or from time to time and similarly withdraw the same.

**(3)** Every Partner appointed as a Designated Partner by a majority of the Partners as stated in (2) above shall be entitled to take part in the management of the LLP.

**(4)** Any matter or issue relating to the LLP shall be decided by a majority in number of the Designated Partners which shall in every case include the Partners being the original Parties hereto so long as they continue as the designated Partners of the LLP.

**(5)** Banking arrangements for the LLP shall be as unanimously decided by the Designated Partners at any time and from time to time, ensuring that all moneys received subject to requirements of current expenses, by way of Cheques, drafts or other pay orders shall be promptly paid into the LLP's banking account.

**(6)** Each Partner shall render true accounts and full information of all things affecting the LLP to the Designated Partner(s) and on request to any Partner or his legal representative.

**(7)** All decisions of the Partners shall be taken at meetings called by a notice in writing or by circular resolutions in cases of urgency. Meetings in which all Partners are entitled to participate to deliberate and decide on the matters specified in Para 18(1) above shall be called general meetings, and the meetings of the

Designated Partners shall be called Executive Meetings. The provisions as are applicable to calling, holding and conducting/adjourning etc., of general meetings and Board meetings and keeping of minutes of such meetings of pure private companies limited by shares under the companies Act, 1956, shall apply respectively to the said two kinds of meetings, excluding the special resolutions, requisitioned resolutions special notices, special business and explanatory statements, requisitioned meetings and default meetings and the related jurisdiction as well as powers of the Court/Tribunal/Central government conferred under the said Act. Every such meeting shall be called by any Designated Partner on the basis of a decision of the Executive Meeting or by circular resolution passed by majority of Designated Partners in any exigency.

**(8)** A resolution circulated in writing and signed by a majority of the Partners and/or Designated Partners, as the case may be, depending upon whether it is a business to be transacted at a General Meeting or Executive Meeting, including the Partners who are the original Parties to this Agreement in every case, shall be deemed to be duly passed, the date of passing such circular resolution being the date of the signature of the person signing last.

**19. Performance of work by Partner** - If at any time any work for the LLP is to be done under this Agreement or any Supplement thereto by any partner, it may be done by any of his relative or other agent or servant engaged by such Partner competent to do the work on condition that any payment in that behalf shall be to the account of the Partner concerned entailing nothing to be borne by the LLP. Where such a Partner fails to perform such work contracted by him with the LLP, any other Partner may do the same instead or have it done by persons competent to do the work and engaged as his agents additionally to such of the work, if any, contracted by him on his own account with the LLP, at the cost of the LLP. There is nothing contained in this para to enable a Designated partner to assign his responsibility to anyone being an outsider to interfere in the business management of the LLP entrusted to or undertaken by him.

**20. Designated Partners' attention to business** – The Partners being the original Parties hereto and other Partners appointed as designated partners of the LLP shall at all times

- Protect the property and assets of the LLP;
- Devote the whole of their attention to the said partnership business diligently and faithfully by employing themselves in it, and carry on the business for the greatest advantage of the partnership;
- Punctually pay their separate debts to the LLP, if any, duly and indemnify the LLP or other Partners towards charges, expenses or costs incurred to protect the assets of the LLP against any failure to do so; and
- Upon every reasonable request, inform the other Partners of all other Partners of all letters, writings and other things which shall come to their hands or knowledge concerning the business of the LLP.

**21. Number of Designated partners** – The maximum number of Designated Partners appointed for the LLP shall be such as mutually agreed upon by the Partners being the original Parties hereto or as decided by the Designated Partners of the LLP unanimously at any time and from time to time not exceeding ten.

**22. Sleeping Partner** – All the Partners other than those appointed as the Designated Partners of the LLP shall be Sleeping Partners and they shall not interfere with the carrying on the management or conduct of the business of the LLP otherwise than as has been provided in this Agreement and those shall not sign the name of the LLP.

**23. Transfer or assignment of Share of Capital contribution by Partner - (1)** No Partner shall without the consent in writing of all the Partners transfer, assign or mortgage his share of interest in the LLP by way of a share of the profits and losses of the LLP and to received distributions under this Agreement in any way in whole or in part.

**(2)** On the transfer of a Partner's interest in the LLP as set out in (1) above, section 42(2) and (3) shall become applicable to the transferor Partner and the transferee, respectively.

**24. Death or voluntary retirement of Partner** – If any Partner shall die or have voluntarily retired, a statement of account shall be taken and made out of his share of the capital and effects of the LLP and of all unpaid interest and profits due to him up to the time of his demise or retirement and be paid at the earliest as may be decided by the Designated Partners of the LLP, subject to required adjustments between his capital account and income account transactions and transfers made till the date of death or retirement, as the case may be, and balances struck as certified by the Auditor for the time being of the LLP. The said statement of account shall include the Partner's share of profit and loss for the period from the beginning of

the financial year in which his death or retirement occurs until the end of the calendar month in which the event takes place.

**25. Representative of deceased or retired Partner** – At the discretion of the remaining Partners, the nominee or representative of the deceased or retired Partner may be admitted as a sleeping Partner against retention of the dues to the former Partner by the LLP. In no case such persons shall have the power to interfere in the management or conduct of the LLP's business by virtue of anything done by the Partner who had existed.

**26. Purchase of share of retiring, expelled deceased or insolvent Partner** – If a Partner shall die, retire or be expelled or become insolvent, then, the remaining Partners shall have the option of first refusal to buy the share of such a partner in the LLP, and the option may be exercised by notice in writing, fixing a month's time by either side given to the other side. The purchase price shall be the amount at which such share shall stand by the last audited balance sheet prior to the date of the event of exit of the Partner net of his drawals, *plus* interest thereon at... per cent

per annum to the date of the event, *plus* his share of current profits, if any, in the broken part of the year next following determined in terms of this Agreement, either in one lump-sum or as otherwise agreed with the retiring Partner or his personal or legal representatives, against an indemnity provided against the debts, engagements or other liabilities of the partnership devolving to the account of the Partner that existed.

**27. Expulsion of Partner** – This provision of this Agreement shall operate as an express agreement of the Partner: a Partner may not be expelled by an unanimous decision of the partners save in good faith and in the interest of the partnership business only after a show-cause notice in writing is served on that Partner or designated Partner giving 7 days time for his response; and in that event the Partner expelled shall be entitled to the benefits of a retiring Partner in accordance with the provisions of this Agreement in that behalf.

**28. Goodwill** – A valuation of the assets, effects and of the goodwill including the Partnership name shall be made at three times the average net yearly profits of the preceding five years or the commencement of the LLP, whichever is less, for the purpose to determine the amount due to such a Partner who has existed, and the payment shall be met by the Partners remaining with the LLP in proportion to their respective capital contribution on the date of his exist within six calendar months from the date of exit, any delay beyond attracting interest at -----per cent per annum from the date of expiry of the said six months till the actual date of payment. On such a payment being made the share of the Partner exited in the goodwill shall stand vested in the remaining Partners of the LLP.

**29. Retiring Partner not to carry on competing business** – An outgoing or retiring Partner, whose dues have been settled and paid off in accordance with the covenants in this Agreement, shall not during the period of two years from the date of his exit as Partner carry on or engage or be interested directly or indirectly in any business competing with the LLP anywhere in the State where the LLP's registered office is situated.

**30. Contracting on behalf of the LLP** – All contracting by way of placement of orders for supplies to the LLP shall be carried out only by the Designated Partners in the manner as mutually agreed upon between them at any time and from time to time.

**31. Giving Credit** – No Designated Partner shall lend money or give credit to or have any dealings on behalf of the LLP with any person or company or LLP or other entity whose credit- worthy is doubtful and who is forbidden due to former crisis of confidence confronted by the LLP in dealing with him or it.

**32. Acts forbidden** – Without the consent given in writing of the other Partners, no Partner while he is a Partner for the time being of the LLP shall -

- Transfer, assign otherwise encumber his share in the assets or profits of the LLP;
- Engage or be concerned or interested in any other business, directly or indirectly as and competing with the LLP all profits made by him in that business;
- Do any act that may conflict his interest with the interest of the LLP or any of its other Partners;
- Take any apprentice or hire or dismiss (except in cases of gross misconduct) any servant or agent of the LLP;

- Lend any money or deliver upon credit any of the goods of the LLP to any person or persons whom the other Partners shall have previously in writing forbidden to trust;
- Give any unauthorized security or promise for the payment of money on account on behalf of the LLP except in the ordinary course of its business;
- Secure unauthorized surety or guarantee for anyone encumbering or otherwise charging or pledging the properties of the LLP;
- Draw or accept or endorse unauthorizedly any bill of exchange or promissory note on LLP's account;
- Draw and sing any Cheque on behalf of the LLP unauthorizedly in excess of Rs... on its banking account;
- Remit the whole or part of any debt due to the LLP;
- Lease, sell, pledge or do other disposition of any of the LLP's property otherwise than in the ordinary course of business;
- Commit to buy or buy any immovable property for the LLP;
- Go and remain out of station on LLP's business for more than.....days in a row;
- Do any act or omission rendering the LLP liable to be wound up by the Tribunal;
- Share business secrets of the LLP with outsiders;
- Derive profits from any transaction of the LLP or from the use of its name, resources or assets or business connection by carrying on a business of the nature as competes with that of the LLP, and remain without accounting for the same to the LLP;
- Submit a dispute relating to the LLP's business to arbitration;
- Open a banking account on behalf of the LLP in his own name;
- Commit to compromise or relinquish any claim in whole or in part of the LLP;
- Withdraw a suit filed on behalf of the LLP;
- Admit any liability in a suit or proceeding against the LLP;
- Enter into any partnership joint venture; float any subsidiary LLP or company with the LLP being the promoter or acquirer of interest or control.

**33. Notice – (1)** To the LLP – Any notice by the Partners to the LLP may be given by addressing to the LLP and leaving it at the registered office of the LLP.

**(2)** To a Partner – Any notice to a Partner shall have been sufficiently given by the LLP by leaving it addressed to the Partner at the registered office of the LLP or by sending the same by registered post to his usual or last known address.

**34. Term of validity of Agreement** – 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. In the event that the LLP remains not formed as envisaged in this agreement within 6 months from the date hereof, this agreement shall stand null and void with no claims *inter se* the parties hereto claimed or paid by any.

**35. Covenant against breaking away** – During the first five years of the subsistence of this agreement, none of the Parties hereto shall be entitled to part with the LLP unless mutually agreed upon in writing.

**36. Partners and LLP to ratify this agreement to be bound** – This agreement shall become valid to bind the LLP on its incorporation on its being ratified by all of its partners both for themselves and on behalf of the LLP in terms of section 23(3) of the LLP Act, 2008.

**37. Termination & Dissolution** – If any time owing to losses or any other cause whatsoever one-fourth of the entire capital of the LLP shall have been lost or not represented by available assets or there exists reasonable cause of apprehension that a call on the Partners to contribute further capital of % or more of the entire capital of the LLP is imminent in order to carry on its business as a solvent entity, a majority in value of the Partners may require the LLP to be dissolved and wound up as if the same has occurred by efflux of time.

**38. Arbitration – (1)** All the matters not expressly provided in this agreement shall be decided by the consent of all the Partners in writing. Failing that all disputes and questions about and in connection with the LLP under this Agreement arising between the Partners or between any one of them and the legal representative of the Partners or with the LLP at any time and from time to time, shall be settled by



conciliation or by arbitration as provided under the Arbitration and Conciliation Act, 1996 as if the parties to the dispute have consented in writing for determination of the same as aforesaid and the provisions of the said Act apply accordingly.

**(2).** If any question arises whether the dispute relates to formation, management or business of the LLP, the question shall be referred to the arbitrator, whose decision thereon shall be final.

**39. Alteration or amendment** – No alteration to or amendment or change in this LLP Agreement including any change of business of the LLP in terms of para 8 of the First Schedule to the LLP Act shall be valid unless it is reduced to writing as a Supplement to this Agreement duly accepted by every Partner of the LLP by himself or his legal representative(s), as on the relevant date of alteration, amendment or change.

**40. Entire agreement, Severability & Waiver** – **(1)** The forgoing constitutes the entire agreement between the Parties hereto on the subject-matter.

**(2)** If any part of this Agreement is held by any Court or authority of competent jurisdiction as void or without effect it shall be limited to that extent and be binding on all parties hereto at the relevant time as a severable part thereof with nothing to affect the rest of this Agreement.

**(3)** A failure or a waiver of exercise of any right or power or benefits under this agreement by a Partner or Designated Partner or on their behalf shall not operate as a waiver of the same for ever during the term of this agreement nor any delayed exercise of any right or power or benefit by a Partner or Designated Partner or on their behalf under this Agreement deemed as a waiver.

Party of the First Part

Party of the Second Part

.....

.....

## Ratification of the LLP Agreement

---

POST-INCORPORATION OF THE..... LLP.

### By Partner –

---

“The LLP Agreement hereinabove is hereby ratified”

(a). Designated Partner of..... LLP. – Name and Signature

(b). Designated Partner of..... LLP. – Name and Signature

(c) Partner of..... LLP – Name and Signature

(d). Partner of..... LLP – Name and Signature

(e). etc.

Place: .....

Date: .....

## Ratification of LLP Agreement

---

POST-INCORPORATION OF..... LLP on its behalf

By its authorized **Designated Partner**

“The LLP Agreement herein above is hereby ratified”

**For and on behalf of..... LLP**

---

**As decided at its general meeting of Partners held on.....20....**

(1)            (2)

Signature of Designated Partners

Place: .....

Date: .....

**Other Related Post :**

**Format of Partnership Deed Agreement**

**Specimen Formation Agreement Deed To Convert Partnership Firm Into a Limited Company**