**Format of Partnership Agreement between Two Partnership Firms and Companies**

This partnership agreement is made at… on this… day of… Between Ms. Arindam & Co. a partnership firm comprising of(1)… (2)… (3)… partners and carrying on business at … here onwards termed as the Party of the First Part and M/s. Meher & Co. a partnership firm comprising of (1)… (2) … (3)…. (4)…. as partners and carrying on business at … here onwards termed to as the Party of the Second Part, as follows

The first party is conducting its business at\_\_\_\_ and the nature of business is\_\_\_\_\_

The second party is conducting its business at \_\_\_\_ and the nature of business is \_\_\_

Both the parties have decided to start a third business in partnership on the following proposed terms and conditions to execute this deed.

Both the parties have agreed to the following:

1. The parties mentioned above have agreed to carry on the new business here after as mentioned in the partnership on the following terms and conditions in the name of M/s ……………….

2. The term of partnership will be for three years commencing from the …. day of …. 20 … .

3. The mutually agreed business of partnership by both the parties is henceforth termed as “Firm”. This firm will have \_\_\_ business only. There should not be any other business under the name “firm” except the one agreed with mutual consent of all the partners.

4. The office premise of the partnership will be at … Both the parties may open branch offices at any other place mutually agreed upon.

5. The first party and second party have contributed towards initial capital of Rs… In equal … shares. The balance agreed capital amount shall be contributed by both the partners in the firm in equal ¬¬¬\_\_\_ shares as required from time to time. If the first party or the second party contributes more than the agreed share to the firm, it shall be treated as a loan by that party to the Firm. This amount of capital contributed as a loan by any partner or partners will be given an Interest at the rate of 1 8% per annum or a maximum interest rate which is allowed as deduction from gross Income under the Income Tax Act for calculating the taxable income.

6. Both the parties will share the net profits and losses of the firm in equal shares or proportion. The term net Profit means the gross profit earned in that respective year less the expenses of the management which included the rent of the premise, the salaries and wages paid to the employees and all other expenses incurred while conducting the business. The profits made will be shared in accordance to the shares mentioned in the partnership deed by partners of the first and second part and will be shared and distributed among them accordingly.

7. The fiscal year or the accounting year of the firm will be from 1st April to 31st March of every Christian calendar.

8. The business carried will be presented in the form of statement of accounts namely Balance sheet and Profit and Loss account at the end of each accounting year. These statement of accounts have to be prepared and signed by authorized representatives of each party. These books of accounts will be audited by a chartered account if need be.

9. The Books of account and all other record of the firm will be always kept at the office of the Firm and will be open for inspection by any of the authorized representatives of the parties hereto at any time.

10. The first and second Part will be represented by an authorized representative or any partner who will attend to the business of the firm. No other person will interfere or participate in the operational and financial matters of this business. All these details and the resolutions of the partners of each of the Parties of the First and Second Part appointing their respective representatives, will be duly signed by all the partners of that party and maintained in the records of the firm. Such a representative will be known as a working partner for that accounting year. This working partners are entitled to remuneration for maximum rate allowed as deduction from gross income under the Income Tax. This remuneration can be withdrawn periodically or monthly.

11. If any dispute arises between the authorized partners on any business related issues, the matter has to be presented before joint meeting of all the partners of each of the parties of the First and Second Part and discussed. This matter has to be resolved on mutual consent and not on majority.

12. Whenever the representative partner or working partner retires or becomes insolvent, or death occurs, a change in the partnership can be made by taking additional partner or partners in place of those moving out for reasons of retirement, insolvency or death by notifying both the parties.

13. The term Party of the First Part and “Party of the Second Part” means and include the partners or partner of that partnership. All the partners in first part and second part for the time being are deemed to be partners. They will share the profits and losses equally.

14. Each of the Party of the First Part and Second Part will be entitled to carry on its own business but none of them will carry on said business undertaken by this partnership, directly or indirectly during the continuance of this partnership.

15. The employees of the firm like accountant, peon, clerks etc will be appointed by the joint consent of the authorized representatives of the parties. The wages and salaries will be fixed by the joint consent of the authorized representatives.

16. Each Party through its authorized representative shall-

(a) Should conduct and participate in the business to the common interest of the firm.

(b) Should be honest and truthful to each other.

(c) Maintain accounts record correct money transactions affecting the firm.

(d) Indemnify for the loss incurred due to negligence or fraud caused to the firm

(e) Should not carry any business which is similar in nature of the business of the firm anywhere without the consent of all the partners.

(f) Work diligently and work actively in the agreed business.

(g) Should not withdraw any amount belonging to the firm for personal use or use as remuneration without the consent of the other parties.

(h) can be entitled for indemnification by the firm for any payments or liabilities incurred by him.to be indemnified by the Firm in respect of payment made and liabilities incurred by him – (i) in performing the routine and usual business operations of the firm. (ii) While protecting the firm from loss during emergency

17. The parties of first and second parts of the firm will own the tangible and intangible assets of the firm including the goodwill, stock-in-trade, benefit of business licenses and permits .All these assets will belong to the parties and they will be used for the business purpose only and not for any personal use.

18. Any profit earned from any business transaction or for the use of the property of the firm, both the parties shall account in the statements of accounts.

19. The parties in partnership shall not without the consent of the other do the following

(a) Will not submit any dispute or a compromise or surrender any claim without the consent of all the partners.

(b) Will not withdraw any legal suit or proceedings filed by the Firm or on the firm.

(c) Will not admit any liability of the Firm.

(d) Will not buy or sell immovable or movable property, except the stock in trade which is transacted day to day business.

(e) Cannot enter into unilateral partnership agreements with any other person or business agreement.

(f) No partner can transfer or assign his share or any interest in the Firm without the consent of other partners.

(g) Cannot admit any person as a partner without the consent of others in the Firm.

(h) No partner can borrow any money in the name of the Firm, or pledge the assets or create any security or charge on the assets of the Firm.

(i) Cannot enter into contracts except regular business contracts.

(j) No partner can stand as a guarantor or surety for any person on behalf of the Firm or for and on behalf of the Firm.

20. An authorized representative will operative a bank account which is opened in the name of the firm. This account can be savings, current or overdraft. One or more such accounts can be opened and will be operated jointly by an authorized representative.

21. The present partnership will get dissolved after three years. An extension of the period of partnership can be done with mutual consent with the same terms and conditions.

22. In case of an event where majority of the partners from First art or second part or both are declared insolvent or dissolved or any reason, then the partnership will also stand dissolved.

23. If there is a situation of dissolution of partnership all the accounts will be categorized as assets, debts, and liabilities. The debts and liabilities have to be cleared and the assets will be shared equally by first part and second part.

24. This partnership deed is a legal document and will be registered under the Income Tax Act, 1961, and the Partnership Act, 1932 and the application for registration or a true certified copy of this deed has to be signed by all the partners of both parties.

25. In the event of any dispute arising between the parties which impacts the business or any interpretation of any provision, the matter should be referred to an arbitrator who had been appointed on mutual consent otherwise two arbitrators will be appointed and the arbitration shall be governed by the Arbitration & Conciliation Act, 1996

26. A copy of the deed will be with Party of the First Part and another copy will remain with the Party of the Other Part.

In the presence of witnesses both the parties have laid their hands on his document on \_\_\_\_day\_\_ month.

This document is Signed and delivered on behalf of the First Part by its partners (1) … (2) … (3) … In the presence of …

This document is Signed and delivered on behalf of the Second part by its partners (1) … (2)… (3) … (4)… in the presence of.