Death of partner

**Non-Dissolution of Firm Upon Death:**

If there is an agreement among the partners that the firm will not dissolve upon the death of one of the partners, then the estate of the deceased partner is not liable for any actions of the firm performed after the partner's death.

**Dissolution Due to Death:**

If the firm does dissolve upon the death of a partner (unless otherwise agreed), any transactions carried out by the surviving partners or the representatives of the deceased partner, before the affairs of the firm are fully wound up, are subject to the provisions of clause (a) of section 16. This likely refers to rules governing the conduct and obligations of partners during the winding up process.

**Personal Profits and Goodwill:**

If a partner or their representative has purchased the goodwill of the firm, the provisions do not affect their right to use the firm's name. This implies that the purchaser of the goodwill maintains certain rights, including the use of the firm's name, irrespective of the dissolution.

**PARTNERSHIP DEED OF RECONSTITUTED FIRM ON DEATH OF A PARTNER**

**THIS AGREEMENT** executed at .................. this [Date, Month, Year], between A, son of ....................residing at .............................. having PAN………………………; B, son of ........................... residing at ............................... having PAN…………………………(hereinafter collectively referred to as the "Existing Partners") of the FIRST PART and C, son of .................................... residing at ................................ having PAN………………………… (which respective expressions shall, unless repugnant to the contrary to the subject or the context, mean and include their respective heirs, successors, executors, administrators, nominees, representatives, and assigns of the respective parties)

**WHEREAS** the Partners are currently engaged in the business of ............. under the name and style of M/s. ................................................... at .................. as per Deed of Partnership dated ............, registered with ………………….. having unique registration no…………………since............

**AND WHEREAS** all expressions, unless inconsistent with the subject or the context, shall mean and include the heirs, successors, representatives, executors, administrators, nominees, and assigns of the respective parties.

**AND WHEREAS** the partnership firm was hitherto carrying on the business of …….in the name and style of “…………" having its principal place of business at ..., in which the first party, second party, and the third party along with S/o ... were partners;

**AND WHEREAS** the partnership deed executed by the partners of the erstwhile partnership firm provided that the partnership firm shall not dissolve on the death of a partner and anyone nominated by the deceased, with the consent of all the legal heirs of the deceased/as per the last will or probate/as per the Court’s Order etc.(to be suitably selected), shall be taken as a partner in place of the deceased, and the partnership business shall continue on the same terms and conditions;

**AND WHEREAS** the deceased has nominated the fourth party hereto to succeed the deceased;

**AND WHEREAS** the fourth party hereto has reviewed the terms and conditions of the partnership and has agreed to join the firm as a partner;

Now this deed of partnership witnesseth as under:

**Admission of New Partner**

The fourth party has joined the first, second, and third parties to become a partner on the date of execution hereof.

**Business Name**

The business of the partnership firm shall continue to be run in the name and style of "…….". The parties may, with mutual consent, change the name of the firm.

**Principal Place of Business**

The principal place of the business shall remain at ..., which may be changed future, as per the mutual decision of the parties.

**Commencement of Business**

The re-constituted partnership business shall be deemed to have commenced the business effective from today.

**Capital Contribution**

The capital of the deceased partner standing to his credit as of today has been transferred in the name and to the credit of the fourth party. Similarly, the capital standing to the credit of the first, second, and third parties in the books of the erstwhile partnership firm has been transferred into the books of the reconstituted firm and credited to their respective accounts. Details of such capital are provided in the schedule below.

**The Schedule: Capital Standing to the Credit of the Parties as on Today**

First party: Rs. ...

Second party: Rs. ...

Third party: Rs. ...

Fourth party: Rs. ...

**Conduct of Business**

The parties hereto shall carry on the business of the partnership firm to the greatest common advantage, shall be just and faithful to each other, and shall render true accounts and full information of all things affecting the firm or any partner or his legal representative.

**Full-Time Commitment**

Every party hereto shall devote his full time to the business of the partnership firm and shall have no right or interest in any business except that of the firm.

**Salary**

The parties hereto shall be entitled to draw a salary of Rs. ... per month from the partnership firm.

**Interest on Capital**

The parties hereto shall also be entitled to interest on the capital standing to their credit in the books of the partnership firm. However, the maximum interest shall not exceed 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.

**Accounting Year**

The accounting year of the partnership firm shall be from April 1st to March 31st. Accounts of the partnership firm shall be closed on March 31st every year to prepare the trading account, profit and loss account, and to draw the balance sheet.

**Accounts and Records**

A true and proper account of the business affairs of the partnership firm shall be maintained in the ordinary course of the business and kept at the principal place of the business of the firm.

**Profit and Loss Distribution**

The profit or loss shall be distributed among the parties in the following proportion:

First party: ...%

Second party: ...%

Third party: ...%

Fourth party: ...%

**Insurance**

It has been specifically agreed that the entire trading stock of timber shall be insured against fire, theft, and loss by natural calamities like floods, earthquakes, and riots, and such insurance shall always be kept effective.

**Bank Accounts**

Accounts of the partnership firm shall be opened in ... bank and ... bank. Such accounts shall be operated by the signatures of any two of the parties hereto.

**Audit**

The accounts of the partnership firm shall be audited within two months of the preparation of annual accounts or by August 31st each year. Objections raised by the auditor shall be addressed in a meeting attended by all parties.

**Continuation of Partnership**

The partnership firm shall not dissolve upon the death or retirement of any party. Upon the death of a party, their nominated person or heir shall be taken as a partner in place of the deceased, and the firm shall continue on the same terms and conditions. Upon retirement of a party, the remaining parties shall continue the business subject to necessary adjustments in capital and profit-sharing ratio.

**Independent Practice (Optional Clause)**

The partners will be / will not be allowed to continue with their independent practice.

**Rights and Duties**

(a) Every party has the right to take part in the conduct of the business of the firm.

(b) Every party is bound to diligently attend to his duties in the conduct of the business of the firm.

(c) Minor disputes or differences shall be decided by the majority view of the parties.

(d) Every party has the right and access to inspect and copy any of the books of accounts of the firm.

(e) The firm shall indemnify the parties hereto for payments made and liabilities incurred by them in the ordinary and proper conduct of the business and in the interest of the firm.

(f) Each party shall indemnify the firm for any loss caused by his willful neglect in the conduct of the business.

**Dispute Resolution**

In case of any dispute or differences regarding the construction, meaning, and effect of this deed and the rights, relations, and obligations of the parties, the matter shall be referred to arbitration by ... S/o ... residing at ..., whose award shall be final and binding, subject to the provisions of the Arbitration and Conciliation Act, 1996.

**Applicable Law**

Any other matters not specifically mentioned in this deed, the provisions of the Indian Partnership Act, 1932 shall apply.

**IN WITNESS WHEREOF**, the parties hereto have hereunto set and subscribed their respective hands, the day and year first above written.

SIGNED AND DELIVERED BY: A B C

**WITNESSES:**

**1**

**2**