Partnership deed on minor, attaining majority and electing to become partner

This Deed of Partnership is executed on this \_\_\_ day [Date, Month, Year] amongst:

First Party: \_\_\_, aged \_\_\_, S/o \_\_\_, residing at \_\_\_, hereinafter described as the first party,

Second Party: \_\_\_, aged \_\_\_, S/o \_\_\_, residing at \_\_\_, hereinafter described as the second party,

Third Party: \_\_\_, aged \_\_\_, S/o \_\_\_, residing at \_\_\_, hereinafter described as the third party, and

Fourth Party: \_\_\_, aged \_\_\_, S/o \_\_\_, residing at \_\_\_, hereinafter described as the fourth party,

Which respective expressions shall, unless repugnant to contrary to the subject or the context, mean and include their heirs, successors, executors, administrators, nominees, representatives, and assigns of the respective parties.

The partnership firm has been carrying on business in the name and style of \_\_\_ vide Deed of Partnership executed on \_\_\_, constituted by the first, second, and third parties hereto, admitting the fourth party to the benefits of the partnership as he was a minor at that time.

The deed of partnership of the said partnership executed on \_\_\_ provided, amongst other things, that the minor admitted to the benefits of the partnership, i.e., the fourth party hereto, shall have the right to elect to become a partner of the firm on attaining his majority.

The said minor has attained majority today and has also elected to become a partner of the firm and has agreed to the terms and conditions of the partnership.

To reduce the terms and conditions of the partnership to define the rights, relations, and obligations of the parties inter se and to avoid unnecessary confusions leading to differences amongst the parties in future, they have also decided to execute a partnership deed.

Now this deed of partnership executed by the parties in the circumstances stated above witnessed as under:

**Partnership Formation:** All the four parties hereto have joined each other to become partners and have reconstituted the partnership with effect from today.

**Business Name**: The partnership firm shall continue to carry on business in the name and style of \_\_\_, which may be changed mutually by the parties hereto.

**Principal Place of Business:** The principal place of the business of the partnership firm shall remain at \_\_\_, provided the parties hereto may mutually decide to change it from time to time.

**Branch Offices:** Branch or branches of the partnership firm may be opened/closed according to the business requirements of the firm.

**Business Activities:** The partnership firm shall continue the business of manufacture and sale of ……

**Capital Contribution:** The parties hereto shall contribute the following sums towards the capital of the partnership firm:

First party: Rs. \_\_\_

Second party: Rs. \_\_\_

Third party: Rs. \_\_\_

Fourth party: Rs. \_\_\_

Thus, the capital of the partnership firm shall be Rs. ………… which may be increased in the future, and the parties shall contribute such further sum of money to the firm as is decided mutually by them.

**Interest on Capital:** Each party hereto shall be entitled to interest on the amount of capital standing to his credit in the books of account of the 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.

**Profit and Loss Sharing:** Profit or loss, as the case may be, of the firm shall be shared by the parties hereto in the following proportion:

First party: \_\_\_%

Second party: \_\_\_%

Third party: \_\_\_%

Fourth party: \_\_\_%

**Account Maintenance:** True and proper accounts of the partnership business shall be maintained in the regular course of business of the firm. The first party hereto shall be responsible for keeping such accounts up to date at all times. Parties hereto shall have access to such accounts and shall be entitled to take extracts therefrom.

**Accounting Year:** The accounting year of the partnership firm shall be from the first day of April to the thirty-first day of March, consisting of twelve months. At the end of the accounting year, the accounts of the firm shall be closed, and trading account, profit and loss account, and balance sheet shall be drawn, and the share in profit or loss, as the case may be, of the parties hereto shall be ascertained and credited/debited to their respective accounts.

**Bank Accounts:** The partnership firm shall open its account in \_\_\_ bank and \_\_\_ bank, which shall be operated by the signatures of any two of the parties hereto. However, any party hereto shall be empowered to issue cheques under his signature for an amount not exceeding five thousand only, but any party hereto shall not issue more than three cheques in a calendar month.

**Audit:** The accounts of the partnership firm shall be got audited within two months from the date of finalization of the balance sheet or within five months from the date of closure of the accounts. Objections raised by the auditors shall be considered by the parties hereto within two weeks from receipt thereof, and compliance of the audit report shall be done accordingly.

**Rights and Duties of Parties:**

* Each party hereto shall:
* Have the right to take part in the conduct of the partnership business,
* Attend diligently to his duties in the conduct of the business,
* Have access to the accounts of the firm,
* Be faithful to each other,
* Render true and correct accounts and disclose full information of all things affecting the firm or the parties or their representatives,
* Indemnify the firm and the other partners thereof for any loss or damage caused due to negligence on his part in the conduct of the business of the firm.

**Restrictions on Parties:** Any party hereto shall not:

* Submit a dispute relating to the business of the firm to arbitration,
* Open a banking account on behalf of the firm in his own name,
* Compromise or relinquish any claim or part thereof by the firm,
* Withdraw any suit or proceedings filed on behalf of the firm,
* Admit any liability in a suit or proceeding against the firm,
* Acquire any immovable property on behalf of the firm,
* Transfer any immovable property belonging to the firm,
* Enter into partnership on behalf of the firm:

Provided any party shall be empowered to do any or all acts enumerated hereinabove if a resolution passed by all the parties hereto has authorized him to carry out such work on behalf of the firm.

**Continuity of Partnership**:

The firm shall not dissolve on the death of any party hereto. The nominee or heir of the deceased shall be admitted to the partnership on the same terms and conditions which were applicable in the case of the deceased.

**Dispute Resolution:**

In case of any dispute in regard to the construction of this deed or in respect of the rights, relations, and obligations of the parties hereto, the matter shall be referred to the arbitration of \_\_\_, S/o \_\_\_, residing at \_\_\_, and the award given by the said arbitrator shall be final and binding on the parties hereto subject to the provisions of the Arbitration and Conciliation Act, 1996.

In witness whereof the parties have signed this deed on the date aforementioned at \_\_\_.

Signed, sealed, and delivered by the first party, in presence of:

Signed, sealed, and delivered by the second party, in presence of:

Signed, sealed, and delivered by the third party, in presence of:

Signed, sealed, and delivered by the fourth party, in presence of: