

PARTNERSHIP AGREEMENT BETWEEN AN INDIVIDUAL,  
A PARTNERSHIP FIRM AND A COMPANY

THIS DEED OF PARTNERSHIP Is made at ... on this ... day of... between Mr. 'A' residing at ... hereinafter referred to as the 'Party of the First Part' M/s. A B & Co. a Partnership firm, consisting of (1) ..... (2) ..... and (3) ..... as partners and having their office at... hereinafter referred to as 'the Party of the Second Part'. and M/s. X Y Z Co. Pvt. Ltd., a Company registered under the Companies Act, 1956, and having registered office at ... herein- after referred to as 'the Party of the Third Part'.

WHEREAS the Party of the First Part has registered a Patent bearing Registration No... In his name which is intended to manufacture several products mentioned in the Schedule hereunder written. The Party of the First Part As, however, handicapped for want of finance.

AND WHEREAS the Party of the Second Part is carrying on business of sales agents and has gained lot of experience in salesmanship.

AND WHEREAS the Party of the Third Part is carrying on several businesses including that of financing and has also factory premises which can be used for manufacturing the said products.

AND WHEREAS the parties, under the circumstances, have come together and decided to do business in partnership with a view to exploit, the said Patent to the maximum extent for the benefit of all of them on the following terms & conditions.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS

FOLLOWS:-

1. The parties hereto agree to carry on the business hereinafter mentioned In partnership on the terms and conditions herein contained, in the name and style of M/s.....
2. The partnership shall commence from the ... day of... and the period of the partnership will be at Will.
3. The business of the partnership (hereinafter referred to as 'the Firm') shall consist of manufacturing, buying and selling the products mentioned In the Schedule hereunder written, with the help of the Patent rights acquired by the Party of the First Part.
4. The office of the partnership shall be at ... The Parties may open branches at such other places as may be agreed upon.
5. The Parties of the First, Second and Third Part have contributed equally a token capital of Rs... each. All the finance required to carry on the business will be supplied by the Parties of the Third Part and that Party will be entitled to charge interest thereon at 18 per cent per annum or at such maximum rate as may be allowable under the Income Tax Act. The Parties may also agree to borrow any moneys from any Bank or other financial Institution.
6. The Party of the First Part agrees to make available and to grant a formal license to the partnership to use and exploit the said Patent no... together with all plans, models and drawings relating thereto during the subsistence of the partnership and the license will not be terminable so long as the firm continues whether the party of the first part is a partner

thereof or not.

7. The Party of the Second Part agrees to undertake the work of selling the products as well as to buy all raw materials required for the same and for that purpose agrees to utilise all the services of Its subagents and distributors engaged in the other businesses carried on by the Party of the Second Part and to allow the use of its depots and selling centres at different places. The Party of the Second Part will be entitled to charge separately commission at the rate of ... per cent for the sale of the products but will not be entitled to charge separately overhead expenses incurred for effecting such sales.
8. The Party of the Third Part agrees to allow the partnership to use the premises of the factory of the Party of the Third Part situate at ... and for which the Partnership will pay a nominal rent of Rs... per month. The Party of the Third Part will also make available the use of the machinery. electric power and other amenities available for the manufacture of the said products.
9. Nothing herein contained will prevent the parties of the Second an Third Part from carrying on their respective businesses at present carried on or that may hereinafter be undertaken.
10. The Party of the First Part will, however, exclusively devote his skill, knowledge and time in the manufacture of the said products.
11. If any capital assets are purchased or otherwise acquired by the Firm, they will belong to the Parties in equal shares.

12. So far as the Party of the Second Part is concerned it will be represented by any one of the partners thereof authorised by the other partners and will have only one vote in the meeting of the partners.
13. The Party of the Third Part will be represented by its Managing Director or any other person duly authorised for the time being.
14. The net profits and losses of the firm will be shared by the Parties hereto in equal shares or proportion. Net Profit will mean gross profit earned in such year less the expenses of the management of the business including the rent of the premises of the firm the outgoings in respect of the salaries and wages of the staff, administrative expenses, commission paid to others and all other expenses Incurred In connection with the business of the firm and expenses that will to be allowed to be deducted under the Income Tax Act, 1961. The share in the profits and losses of the Party of the Second Part in the Firm will belong to each of the Partners of that Party in the same proportion as provided in the deed of partnership of the Party of the Second Part.
15. The accounting year of the Firm will be from 1st April to 31st March of each Christian Calendar Year.
16. At the end of each accounting year an account of the business carried on In that year will be made and a statement of accounts namely a Balance Sheet and Profit and loss account will be prepared and signed by the partners. If necessary or required by law the Accounts will be got audited by a Chartered Accountant.
17. 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 parties hereto at any time.

18. All the working staff such as clerks, peons, accountants, cashier, salesmen and others will be appointed by the joint consent of the Parties hereto and their wages and salaries and other emoluments will be fixed by mutual consent of the Parties hereto.

19. Subject to what As otherwise herein provided, each of the Party hereto shall -

(a) participate and attend to the business of the firm to the greatest common advantage of the firm.

(b) be just and faithful to each other.

(c) render true accounts and full information of all moneys affecting the Firm to the other.

(d) Indemnify the Firm for any loss caused to it by wilful negligence or fraud in the conduct of the business.

(e) not carry on any business similar to the business of the Firm without the consent of the other partner/s.

(f) attend to the business of the Firm diligently and actively,

(g) not withdraw any amount for his or Its own profit benefit or use as remuneration or otherwise without the consent of the other,

(h) be entitled to be indemnified by the Firm in respect of payments made and liabilities incurred by him –

(i) in the usual and proper course of business of the Firm, and

(j) in doing any act for protecting the Firm from loss in emergency.

20. All the tangible and intangible assets of the firm including the goodwill,

stock-in-trade, benefit of business licenses and permits, benefits of contracts entered etc. will belong to the parties In equal shares and the property of the Firm shall be used by the parties exclusively for the business of the firm. The rights of the party of the First Part in respect of the said Patent will continue to belong to that Party and the Firm will be entitled to the user's rights in respect thereof during the subsistence of the partnership.

21. Every Party shall account for the profit earned from any transaction of the Firm or from the use of the property in business transaction of the Firm.
22. The Party of the First Part will be entitled to draw every month a sum of Rs... or such other amount as may be agreed between the parties from time to time and allowable under the Income Tax Act as deduction and the said amount will be exclusive of his share in the net profits of the Firm.
23. Any Party hereto shall not, without the consent of the other -
  - (a) submit any dispute with any other person to arbitration or compromise or relinquish the claim,
  - (b) withdraw any suit or legal proceedings filed by the Firm.
  - (c) admit any liability of the Firm,
  - (d) acquire or dispose of any immovable or moveable property, except the stock in trade In the ordinary course of business,
  - (e) enter into partnership or other business unilaterally with any other person.
  - (f) assign or transfer his share or any interest in the Firm,
  - (g) admit any person as a partner in the Firm.
  - (h) borrow any moneys for or in the name of the Firm, or create any

security or charge on the assets of the Firm.

- (i) enter into any contracts except contracts in the regular course of business of the Firm,
  - (j) stand as a guarantor or surety for any person in the name of the Firm or for and on behalf of the Firm,
24. The Parties shall open in the name of the Firm one or more accounts either current, saving or overdraft or cash credit with one or more banks as may be agreed upon by the Parties and the account or accounts will be operated by any two of the Party of the First Part, the authorised partner of the Party of the Second Part and the Managing Director or other authorised person of the Party of the Third Part.
25. If any party hereto desires to retire from the Firm he shall give to the others at least three months' previous notice to that effect and on the expiration of the notice period, the Party shall be deemed to have retired. No one Party hereto shall be entitled to dissolve the partnership.
26. If any partner retires from the Firm he will not be entitled to carry on the same or similar business as that of the Firm, within an area of two kilometres from the office of the Firm and for a period of two years from the date of retirement and he shall not carry on any business in the same name as that of the Firm, until the partnership Firm is fully dissolved and wound up.
27. The winding up of the Party of the Third Part (voluntarily or by order of the Court) or the insolvency of the Party of the Third Part, will not dissolve the Firm but such party on winding up or insolvency will cease to be a partner hereof and shall be deemed to have retired from the Firm.

28. Notwithstanding any thing herein contained to the contrary a retiring partner or its legal representatives shall not be entitled to make any claim for the goodwill of the Firm.
29. If any dispute or difference shall arise between the parties hereto touching the business of the Firm or Interpretation of any provision hereof or otherwise, however, relating to the Firm and Its business, the same shall be referred to arbitration of a common Arbitrator if agreed upon, failing which to arbitrators one to be appointed by each party to the arbitration and the arbitration shall be governed by the Arbitration & Conciliation Act, 1996.
30. The parties shall, as early as possible, but in any event within the prescribed period get the Firm registered under the Partnership Act, 1932, as well as under the income Tax Act. 1961.
31. This Deed is executed in triplicate and one copy will remain with each of the Party of the First Part, the Party of the Second Part and the Party of the Third Part.

IN WITNESS WHEREOF THE parties have put their respective hands the day and year first hereinabove written.

Signed and delivered by withinnamed party of the First Part Mr. A In the  
presence of ...

Signed and delivered by the withinnamed party of the Second Part by its



partners 1 .... 2.....3..... in the presence of ...

Signed and delivered for & on behalf of the withinnamed Party of the Third Part  
by its Managing Director Mr. in the presence of ...