

Exercise-1

PARTNERSHIP DEED

THIS INSTRUMENT OF PARTNERSHIP (hereinafter referred to as **"Deed"**) is made in Delhi, India on the 7th day of July 2021 ("Effective Date")

BY AND AMONGST

MR A, aged about _____ s/o _____ residing at _____, having Adhaar No. _____ and PAN _____ (hereinafter referred to as **"PARTNER-1"**) of the **FIRST PART**

MISS B, aged about _____ d/o _____ residing at _____, having Aadhaar No. _____ and PAN _____ (hereinafter referred to as **"PARTNER-2"**) of the **SECOND PART**

MR C, aged about _____ s/o _____ residing at _____, having Aadhaar No. _____ and PAN _____ (hereinafter referred to as **"PARTNER-3"**) of the **THIRD PART**

Hereinafter **"Partner-1"**, **"Partner-2"** and **"Partner-3"** shall collectively be referred to as **"Partners"**

WHEREAS

- I. Partners are in the business of construction of residential apartments and operate its activities through an unregistered partnership under the name of KYC (hereinafter referred to as **"Partnership"**);
- II. Imran is the true and rightful owner of the piece and parcel of land measuring _____ s.q ft (hereinafter referred to as **"Property"**);
- III. Partners want to construct 15 apartments on the Property by executing a Joint Development Agreement (hereinafter referred to as **"JDA"**) with Imran, but such execution shall take effect only when the Partnership is duly registered under the Partnership Act, 1932 (hereinafter referred to as **"Act"**);

- IV.** In pursuit of common business goals and to earn profits, Partners have mutually decided to execute this Deed and register it under the respective provisions of the Act. correct

NOW, THIS DEED WITNESSES AS FOLLOWS:

1. NAME OF THE BUSINESS

The Business shall be carried on under the name and style of **"KYC"** or any other name which the Partners to this Deed may have agreed upon mutually. correct

2. BUSINESS OF THE PARTNERSHIP

2.1. The Partnership shall carry on the business of: -

2.1.1. Construction of residential or commercial houses apartments, buildings, or any other housing. (hereinafter referred to as "Business")

2.1.2. Any ancillary business activity is described in Schedule-I annexed hereto and such undertaking shall be decided by mutual consent of the Partners. correct

3. DURATION OF THE PARTNERSHIP

3.1. The Partnership shall be **"At Will"** and shall continue to operate until it is cessed in accordance with the provisions of this Deed.

4. DUTIES OF THE PARTNERS

4.1. The Partners shall

4.1.1. Devote their time and attention to the Business.

4.1.2. Carry on the activities in good faith and at their best capacity.

- 4.1.3. Enter into agreements, engagements and transactions with third parties in the name and on behalf of the Partnership only.
 - 4.1.4. Be just, honest and faithful to other Partners while rendering books of accounts of the Partnership.
 - 4.1.5. Maintain such books of accounts and shall be kept at the place of business.
 - 4.1.6. Provide full information in an event that can cause loss or harm to the Partnership or Business.
 - 4.1.7. Discharge all their obligations and duties towards the Business of the Partnership
- 4.2. The Partners shall not;
- 4.2.1. Assign, pledge or mortgage their shares of interest in the Partnership without the written consent of the rest of the Partners jointly.
 - 4.2.2. Hypothecate, pledge or alienate any property of the Partnership for raising any form of a loan.
 - 4.2.3. Create any liability against the Partnership for their personal purpose.
 - 4.2.4. Draw, accept or endorse any instrument on account of the Partnership.
 - 4.2.5. Dispose of any loan, pledge, or sell any part of the Partnership property.
 - 4.2.6. Make undue profit in the name of the Partnership
 - 4.2.7. Start directly or indirectly any competing business. correct

5. RIGHTS AND LIABILITIES OF THE PARTNERS

- 5.1. Subject to this Deed, rights and liabilities of the Partners is as follows;
- 5.1.1. The Partners are entitled to receive remuneration for their services in running the Business. Such remuneration shall be calculated as defined u/s 40(b) of the Income Tax Act, 1961 or such other amended section.
 - 5.1.2. The Partners shall share the profits and losses and receive Interest in the manner mentioned in Clause-6 of this Deed.
 - 5.1.3. In addition to the Interest mentioned in clause 4.1.2, the Partners are entitled to receive additional interest on their capital contribution at 6% per annum and such amount shall be paid at the end of the financial year.
 - 5.1.4. The Partners are permitted to draw money for personal expenses and the same shall be reimbursed in not less than 60 days from when it was drawn.
- 5.2. Any rights or liabilities that are not covered under this Deed shall be dealt with under the provisions of the Act or any other law in force.
correct

6. PROFIT/LOSS SHARING

- 6.1. The Partners shall share all profits and losses arising from the Business of the Partnership in the manner laid in the Table-1
- 6.2. The Partners shall be entitled to a simple interest of 12% per annum payable within the last week of every financial year.
- 6.3. The Interest amount shall be paid out of the profits earned during that financial year.

- 6.4. In case the Partnership runs into losses, the interest amount for that financial year shall accrue and shall be paid on the principal amount in the next financial year or makes a profit, whichever is earlier.

TABLE-1

NAME OF THE PARTNER	PROFIT/LOSS
MR A	<i>25%</i>
MISS B	<i>40%</i>
MR C	<i>35%</i>
	<i>100%</i>

Correct

7. CESSATION OF PARTNERSHIP

- 7.1. The Partnership shall cease to operate at any time by mutual consent of all Partners after giving at least 6 months' notice to the Partnership and other Partners.

- 7.2. On the expiry of such notice mentioned in sub-clause 7.1, the Partnership shall be dissolved and stop all its operations.

8. INSOLVENCY

- 8.1. In the event any Partner is declared insolvent, he shall cease to be a Partner of Partnership and the official assignee of such insolvent partner shall not have any share in the profits or losses of this Partnership.

9. DEATH

- 9.1. On death of a partner, surviving partner may either;

- 9.1.1. Pay the legal heir of the deceased partner the value of his interest and share in the firm or;
- 9.1.2. Take the legal heir as partner in place of the deceased with the same right and obligations as the deceased partner.
correct

10. RETIREMENT

- 10.1. Anytime during the term of this Deed any Partner who is desirous of retiring from the Business can do so by sending 3-month prior notice to the other Partners informing them of his intention of doing so.
- 10.2. The Partner so retiring shall be entitled to receive this capital contribution including all dues payable to him.
- 10.3. The Partner shall retire from the Partnership once the conditions under 10.1 and 10.2 are fulfilled. correct

11. INDEMNITY

- 11.1. The Partners to this Deed hereby undertake to indemnify an individual partner or the Partnership in the following instances;
- 11.2. Any unauthorized action or decision of a Partner.
- 11.3. Any acts did in good faith to prevent any loss to the Partnership.
- 11.4. Any fraudulent or Mala fide acts carried out to cause
- 11.5. Cost is borne for all legal actions including but not limited to third party claims, disputes, or litigations against the Partnership. Okay but given you sample for reference

1.1 All Partners will be indemnified and held harmless by the Partnership Firm from and against any and all claims of any nature whatsoever, arising out of a Partner's

participation in Partnership Firm affairs. The firm shall indemnify a partner in respect of payments made and liabilities incurred by him—

(i) in the ordinary and proper conduct of the business, and

(ii) in doing such act, in an emergency, for the purpose of protecting the firm from loss, as would be done by a person of ordinary prudence, in his own case, under similar circumstances.

A Partner will not be entitled to indemnification under this section for liability arising out of gross negligence or willful misconduct of the Partner or the breach by the Partner of any provision of this Agreement. Moreover, the Partner shall indemnify the Partnership Firm for any loss caused to it by his fraud or malafide intent in the conduct of the business of the Partnership Firm.

IN WITNESS WHEREOF, this Instrument of Partnership is signed, sealed and delivered on 15th July 2021 in Delhi, India

PARTNER-1

[Address]

[Email Address]

[Signature]

PARTNER-2

[Address]

[Email Address]

[Signature]

PARTNER-3

[Address]

[Email Address]

[Signature]

WITNESS-1

[Address]

[Email Address]

[Signature]

WITNESS-2

[Address]

[Email Address]

[Signature]

EXERCISE-2

LIMITED LIABILITY PARTNERSHIP AGREEMENT

THIS AGREEMENT OF LIMITED LIABILITY PARTNERSHIP (hereinafter referred to as **"LLP Agreement"**) is made at Delhi on the 7th day of July 2021

BY AND AMONGST

MR. BILL GATES aged _____ S/o late Mr Gates, residing at _____, bearing Aadhaar No._____, PAN_____ (hereinafter referred at **"Party-1"** which expression shall, unless repugnant to the subject or context thereof, shall include their legal heir, successors, nominees and permitted assignees) of the **FIRST PART;**

MR. STEVE JOBS aged _____ S/o late Mr Jobs, residing at _____, bearing Aadhaar No._____, PAN_____ (hereinafter referred to as **"Party-2"** which expression shall, unless repugnant to the subject or context thereof, shall

include their legal heirs, successors, nominees and permitted assignees) of the
SECOND PART;

MR. WARREN BUFFET aged____ S/o late Mr Buffet, residing at_____,
bearing Aadhaar No._____, PAN_____ (hereinafter referred to as **“Party-3”**
which expression shall, unless repugnant to the subject or context thereof, shall
include their legal heirs, successors, nominees and permitted assignees) of the
THIRD PART;

Hereinafter, **“Party-1”**, **“Part-2”** and **“Party-3”** shall collectively be referred to as
“Partners”

WHEREAS

- I. The Partners has agreed to form and constitute a Limited Liability Partnership under Section 23 (4) of the Limited Liability Act, 2008 (“LLP Act”) to carry on the business of manufacturing and sale of scented alcohol sanitisers.
- II. The Partners have agreed to combine their business acumen, experience, expertise and efforts and have decided to regulate and control the rights, duties and relationship amongst Partners through executing this LLP Agreement on the terms and conditions hereinafter appearing. correct

IT IS HEREBY AGREED BY AND AMONGST THE PARTNERS HERETO AS FOLLOWS:

1. NAME OF THE LLP

- 1.1. The Partners shall carry their business in name and style **“CLEANUP”LLP** (hereinafter referred to as **“LLP”**)
- 1.2. This name shall need to be approved by the Registrar of Companies before the commencement of the business
- 1.3. The name of the LLP shall be amended by mutual consent of the Partners and by following the procedure as laid out in the LLP Act. correct

2. BUSINESS OF THE LLP

- 2.1. The business of the LLP shall consist of the following;
 - 2.1.1. Manufacture, sale and distribution of alcohol-based scented sanitisers in the name and style of _____ (“Sanitizers”) in Delhi NCR and India. (**“Activity-1”**)
 - 2.1.2. It shall export the manufactured sanitisers through the ports listed in TABLE-A
 - 2.1.3. Open a boutique store selling personal care products such as Body Lotions, Creams, Wipes, etc at Delhi, NCR. (**“Activity-2”**)
 - 2.1.4. The list of suppliers and distributors for procurement of products for Activity-2 is annexed in TABLE-B. This Schedule shall be amended from time to time by mutual agreement of the Partners.
- 2.2. Any ancillary business apart from Activity-1 and Activity-2 shall be described in Schedule-I annexed hereto and any other business that the LLP wants to undertake shall be decided by mutual consent of the Partners. consent

3. REGISTERED OFFICE OF THE LLP

- 3.1. The business of the LLP shall be carried on from _____, Delhi-XXXXXX, India and shall be the registered office of the LLP.
- 3.2. The LLP can change the registered office compiling the procedure laid down in the LLP Act and with the consent of all the Partners including “The Designated Partners”
- 3.3. The LLP in addition to the registered office address may use any other address for the purpose of opening a branch office of the LLP with the consent of the Partners. correct

4. DESIGNATED PARTNERS

- 4.1. The Designated Partners of the LLP as named in the Incorporation Documents are: -

Serial No.	NAME OF DESIGNATED PARTNERS	DPIN
1.	BILL GATES	XXXXXX
2.	WARREN BUFFET	XXXXXX

- 4.2. The said Designated Partners have given their consent to act as Designated Partners of the LLP and have complied with all requirements prescribed under the LLP Act.
- 4.3. The business of LLP shall be managed by the Designated Partners and shall be responsible for all acts, deeds and matters as required to be done by the LLP.
- 4.4. The Designated Partners shall be responsible for the day-to-day business of the LLP and shall ensure the LLP is compliant with the rules and regulations under the LLP Act and any such laws applicable to the LLP. good

5. CAPITAL CONTRIBUTION AND PROFIT/LOSS SHARING

- 5.1. The Partners have agreed to contribute towards the capital of the LLP mentioned in the table below

NAME OF PARTY	CONTRIBUTION AMOUNT (Rs)	PROFIT-SHARING (%)	LOSS SHARING (%)
BILL GATES	<i>25,00,000</i>	<i>25%</i>	<i>25%</i>
STEVE JOBS	<i>25,00,000</i>	<i>25%</i>	<i>25%</i>
WARREN BUFFET	<i>50,00,000</i>	<i>50%</i>	<i>50%</i>

6. ADJUSTMENT TO PROFIT SHARING

- 6.1. The profit-sharing arrangement mentioned in Clause 5 is subject to adjustment in the following situations;
 - 6.1.1. Admission of a new partner in the LLP as per clause
 - 6.1.2. Increase or reduction in the capital contribution by the current and new partners in the LLP
 - 6.1.3. In the event of retirement, death, and insolvency of any partner.

- 6.2. When admitting a new Partner, the profit-sharing ratio mentioned in clause 5 shall increase or reduce in proportion to the contribution of the incoming partner. correct

7. RESTRICTION ON THE PARTNERS' AUTHORITY

- 7.1. The Partners of this LLP shall not do the following acts without prior written consent or mutual agreement of other Partners;
 - 7.1.1. Transfer, assign or mortgage their individual shares of interest in the LLP.
 - 7.1.2. Draw or sign any cheque or instrument that is in excess of Rs. 15,00,000 on behalf of the LLP.
 - 7.1.3. Charge, pledge or mortgage whole or in part any properties of the LLP.
 - 7.1.4. Purchase or sell any immovable property on behalf of the LLP.
 - 7.1.5. Act unilaterally in matters relating to any case filed against the LLP.
 - 7.1.6. Disclose trade secrets of the LLP
 - 7.1.7. Engage, or have dealings with businesses that are direct or indirect competitors of the LLP
 - 7.1.8. Open a banking account on behalf of the LLP in its name.

- 7.2. The partners are exempted from incurring any liability in the following instances if it acts;

- 7.2.1. To prevent irreparable harm to the business of LLP or its Goodwill in extraordinary circumstances.
- 7.2.2. If it acts in good faith and such action enhances the business of the LLP. correct

8. MANAGEMENT & MEETINGS OF THE LLP

- 8.1. The management of the LLP shall be conducted by the Designated Partners who shall carry out the activities mentioned in Schedule-II annexed to this LLP Agreement.
- 8.2. Any decision or issue relating to the LLP shall be decided by the Partners in the annual meeting conducted in the third quarter of the financial year ("Meeting") and the procedure for conducting such Meeting is explained in clause 8.3.

8.3. Meetings of the LLP;

- 8.3.1. The Meeting shall be conducted in the presence of all Partners of the LLP.
 - 8.3.2. The Designated Partner (in absence of it, any person so appointed) shall send a notice in writing at their residential address or by e-mail; registered with the ROC or at the email id provided by them in this LLP Agreement.
 - 8.3.3. Such notice shall be sent 7 (seven) days in advance before the date of the Meeting and shall provide the date, place, time, mode (physical or virtual) and agenda for the meeting. By default, the Meeting shall be held at the Registered Office of the LLP or at any place as mutually agreed.
 - 8.3.4. All partners shall be required to be present at the Meeting.
 - 8.3.5. The decisions in the meetings shall be taken by passing a Resolution where; every Partner shall have one vote.
 - 8.3.6. The Resolution shall be deemed to have been passed when it receives a 2/3rd majority.
- 8.4. The Designated Partner shall record the minutes of the Meeting and maintain them at the Registered Office. correct

9. ADMISSION OF NEW PARTNER

- 9.1. No new Partner shall be admitted to the LLP without the consent of all existing partners.
- 9.2. The new Partner shall give its prior consent to act as the Partner of the LLP.
- 9.3. The new Partner shall bring in a minimum contribution of Rs. 5,00,000 to the capital of the LLP and is free to bring in any tangible, intangible, movable or immovable property at the time of admission.
- 9.4. The profit/loss-sharing ratio of the new Partner shall be in proportion to the amount it contributes to the capital of the LLP.
- 9.5. The new Partner shall not have any conflict of interest with the business of LLP; shall sign a Non-Disclosure Agreement before being admitted to the LLP and duly comply with the provisions of Section 25(1) of the Act and Rule 22(1) framed hereunder. correct

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

SIGNED AND DELIVERED BY

[Name of the Party-1]

[Address]

[Email Address]

[Signature]

[Name of the Party-2]

[Address]

[Email Address]

[Signature]

[Name of the Party-3]

[Address]

[Email Address]

[Signature]

For and on behalf of

CLEANUP LLP

Witness:

a) Name of Designated Partner-1:

Address:

Signature:

b) Name of Designated Partner-2:

Address:

Signature:

TABLE-A

TABLE-B

SCHEDULE-I

EXERCISE-3

Legally Confidential and Privileged

Letterhead of the Advocate

Date: 9th July 2021

Subject: Legal opinion on Partnership Agreement and Limited Liability Partnership as a form of business

Dear Miss Brown,

Though our zoom meeting dated 1st July 2021 we have understood that you run a sole proprietorship that manufactures ceilings and fixtures and have been approached by Miss Kylie to join your business with the assurance of handling marketing and advertising on behalf of the Partnership. This is not possible with your current business organisation and you want to incorporate a new organisation that can accommodate her.

In India, individuals who are desirous of jointly operating a business, commonly opt for a Partnership or incorporate a Limited Liability Partnership (“LLP”).

Given below is our legal advisory, keeping in mind the requirements of your business and the nature of your industry.

Overview of Partnership as choice for business organization

Partnership is form of business organisation where two or more persons agreed to join together to carry out the business for the purpose of earning the profits. It is governed under the provisions of the Partnership Act, 1932

Essential Requirements

Minimum of two individuals is required to start a Partnership by executing a Partnership Deed. There is no maximum number of partners under the Act but it must not exceed over 100 as per Companies Act, 2013

Registration

Registration of a Partnership is not mandated under the Act and no penalty imposed for non-registration but a non-registered firm suffers from disabilities mentioned under Section 69 of the Act.

Some of them are as follows such as:

- No suit can be initiated in civil court by the firm or other co-partners against the third party
- In case of breach of contract by the third party; the suit cannot be brought in any civil suit. The suit must be filed by the one whose name is registered as a partner in a register of the firm.
- No partners can claim a relief of set-off.
- Any action which is brought out by the third party against the firm having a value of Rs 100 cannot be set off by the firm or any of its partners.
- An aggrieved person cannot sue against firms or other partners correct

How to Register a Partnership Firm

Procedure to registration of a Partnership Firm is explained under Section 58.

Make an application to Registrar:

Any of its partners can send an application along with the prescribed fee and copy of partnership deed to the registrar of the area in which any place of business is proposed to be situated or is situated.

Such a statement shall be signed by all of its partners and should contain:

- Name of the firm
- Principal place of business
- Any other place where the business is carried on
- Duration of partnership firm
- Name and address of all partners of a firm
- The date on which each partner joined the firm

Verification:

Each partner who has signed the statements needs to be verified.

When the Registrar is satisfied that the conditions mentioned above are complied with then he shall record an entry of the statement in a register called the Register of Firms, and shall file the statement.

Liability of the Partners

Partnership Firm is not separate legal entity therefore every Partner is liable, jointly for the acts of other partners alone or for all the acts of the firm in course of partnership.
correct

Overview of Limited Liability Partnership

An LLP is a result of an agreement between the partners, and the mutual rights and duties of partners of an LLP are determined by the said agreement subject to the provisions of LLP Act, 2008.

Essential Requirements

For an LLP is important that the partners must enter into a written LLP agreement which must include the essential information regarding such LLP agreement with respect to the partners, capital contribution, profit sharing ratio, board meetings, mechanism for dispute resolution, winding up of the firm, etc.

Registration

The Registration of LLP is compulsory with the Registrar of Companies (ROC). correct

Procedure for Registration

The process for registration is given below:

Step 1: Obtain Digital Signature Certificate (DSC)

Step 2: Apply for Director Identification Number (DIN)

Step 3: Name Approval

Step 4: Incorporation of LLP

Step 5: File LLP Agreement

For Incorporation of LLP following documents shall be annexed:

- Subscription Sheet
- PAN and Aadhaar Card of Partners and Designated Partners
- Proof of Registered Office
- NOC
- Details of LLP

Liability of the Partners

LLP being a separate legal entity, the liability of partners are limited as per their share of contribution. correct

ANALYSIS OF THE PRESENT CASE

Analysing the given case, in our opinion incorporating a **Limited Liability Partnership** with Kylie, suit the needs of your business and would be beneficial to you for the following reasons;

1. No limit on the number of partners.

Unlike general partnership which limits the number of partners to 100, there is no such ceiling on the number of partners in an LLP. This allows you to admit partners, belonging to different areas or are experts in different fields to aid and expand your business. Kylie being an expert in marketing and advertising, you can bring in people like her, who can increase and optimise the capacity of your business. correct

2. Limited Liability

The best feature of an LLP is that the liabilities of the partners are limited i.e., they are not liable to pay debts of the LLP from their personal assets. This protection is not available to sole proprietorships and general partnerships.

It also means that cases are filed in the name of LLP and not the partners. This is important because the industry you operate in is highly prone to litigations.

Another benefit of an LLP is that the partners are agents of the LLP and not of other partners, this means that you are not bound by and liable for the acts of other partners, and extends to unauthorised acts, fraud, negligence of other partners. In case Kylie engages in any of these activities, you shall not be liable for her acts. correct

3. Flexibility in deciding the profit sharing.

A feature that is borrowed from the general partnership is that the Partners are free to choose how they want to share the profits out of the business. Therefore, while drafting the LLP agreement you can negotiate the profit-sharing model with Kylie and secure a higher profit share on mutually agreed terms. Correct

You could also include details with respect to Taxation, filing of returns, Registration, Perpetual succession.

For the reasons stated above, we advise you to incorporate an LLP with Kylie.

For any clarification you may contact us at _____

Regards,
Shishank Shaw

DISCLAIMER

- This opinion is prepared based on the information provided to us, we assume responsibility for updating this opinion on a change in any order or law relating to it. For the purpose of this opinion, we have concentrated primarily on the

query raised. We have not examined any other related issue nor any other documents.

- The interpretation of law, in any, in this note is based on the specific facts of the case and relevant documents placed before us. These principles may not apply in every case and therefore should not be applied in every case and therefore should not be applied to any other case without proper professional advice.
- While we believe that our comments reflect a reasonable interpretation of the documents, however, the court may not agree with our analysis and conclusions.
- Further, we assume no responsibility to defend this opinion before any court of law, authority or other third parties. In no event shall we be liable to any party for damages or expenses.

MARKS:

Exercise #1: 9.25/10

Exercise #2: 10/10

Exercise #3: 8.75/10

COMMENTS:

Good job Shishank, rest suggestions and changes are made in the assignment, kindly refer to those. If you have any doubts feel free to reach out to me.

Regards,

Patricia Gonsalves

7878565175

FEEDBACK

Improvement is a never-ending cyclic process and for the same, we would encourage you all to provide us with feedback through the forms we share.

Rate your Evaluations!

We have introduced the feedback process in the portal where you can rate the evaluation. Your feedback would help us to get inputs for addressing your issues and expectations related to evaluations. This link would help you to understand the process for how you can rate evaluations.

LINK:

<https://drive.google.com/file/d/1wThFYvQf54HvovFvVo3s6cBDBRQwbBJs/view?usp=sharing>