

PROCEDURE FOR ADMISSION OF NEW DESIGNATED PARTNERS

**SERIES
537**

SECTION- 7 LLP Act- 2008

(06th February 2020)

As per Section 7 of LLP, 2008 every LLP shall have at least Two Designated Partners (DP) who are individual and at least one of them shall be resident in India. Only an Individual can be appointed as Designated Partner.



Note: As per LLP Act on Designated partner must be Resident of India.

**** In case an individual is a designated partner, then he can't become a designated partner unless he is a partner. Hence, designated partner will have to share in profit of the LLP.**

<u>S. No.</u>	<u>PARTICULAR</u>	
1.	Documents require from new Designated partner	✓ DIN of Designated Partner ✓ Name proof and address proof of the person to be appointed including PAN of the same. ✓ Consent to act as designated partner (Form-9). ✓ Details of other partnership, directorship, if any.
2.	File form-4 [With in 30 days of such change]	<u>ATTACHMENT</u> - Consent of new partners (Form 9) - Copy of Resolution of LLP.
3.		In case change in LLP agreement is due to change in partners/ designated partner, Form 4 has to be filed along with Form 3

		as Linked form.
4.	Execute supplementary agreement	Prepare the Addendum of Original LLP Agreement to give effect of admission of new partner.
5.	File form LLP-3	<u>ATTACHMENT</u> - Supplementary Agreement

Note: The individual should not be disqualified to become a designated partner in terms of Rule 9(1).

Any person eligible to become partner as per the provisions of LLP Act, 2008 can be admitted as partner in LLP as per the provisions of the LLP agreement of the LLP. Section 22 of LLP Act, 2008 provides the same.

The incoming partner has to see he is not disqualified to become a partner as per the provisions of section 22 of LLP Act, 2008. Also it is to be seen that he is eligible to become a partner as specified in the Limited Liability Partnership agreement of the LLP.

LLP Rules are silent about admission of partner in LLP. As per section 7 of First Schedule for introducing any new partner in LLP consent of all the existing partners of LLP is required to be obtained if nothing is provided in LLP Agreement. In the absence of provisions in LLP Act and LLP Agreement the provisions of First Schedule will become applicable but the applicability of provisions of First Schedule in LLP is not mandatory²

Is it mandatory to enter into fresh agreement every time whenever any new partner is being introduced in LLP?

It is customary in case of partnership to enter into deed of admission of partner at the time of admission of any partner. In case of companies, Articles of Association is considered as an agreement between members and company and admission of shareholder does not require amendment in Articles of Association, neither it is required to undergo execution every time at the time of admission of any shareholder. In case of LLP, it is a combination of partnership and company.

Unlike, partnership, LLP has no restriction on maximum number of partners. Accordingly, LLP Act does not mandatory require execution of LLP Agreement at the time of admission of partner.

Hence, it is legally possible to treat LLP Agreement as is the treatment for Articles of Association. In such cases, LLP Agreement would need appropriate drafting of clauses.

PROCEDURE FOR RESIGNATION OF DESIGNATED PARTNER

<u>S.N</u> <u>O.</u>	<u>PARTICULAR</u>	
1.	A Partner of Company may resign upon	Happening of any event/ circumstances as mentioned in the LLP Agreement. Due to any reason by giving a notice in writing of not less than thirty days to other partner of his intention to resign as partner. Resignation of partner or designated partner (Form-13).
2.	File form-4 [With in 30 days of such change]	<u>ATTACHMENT</u> - Resignation Letter.
3.		In case change in LLP agreement is due to change in partners/ designated partner, Form 4 has to be filed along with Form 3.
4.	Execute supplementary agreement	Prepare the Addendum of Original LLP Agreement to give effect of Resignation of partner.
5.	File form LLP-3	<u>ATTACHMENT</u> - Supplementary Agreement

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