**Deed of Dissolution of Partnership Between Two Partners one of them Taking Over the Business**

THIS DEED OF DISSOLUTION made and entered into at \_\_\_\_\_\_\_\_ this \_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 200\_\_ BETWEEN ABC of \_\_\_\_\_\_\_, Indian Inhabitant, having address at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (which expression shall, unless it be repugnant to the context or meaning thereof include his heirs, executors and administrators), hereinafter called “**The Outgoing Party”** of the One Part; and DEF of \_\_\_\_\_\_\_\_, Indian Inhabitant, having his address at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(which expression shall unless it be repugnant to the context or meaning thereof, include his heir, executors and administrators) hereinafter called **“The Continuing Party”** of the Other Part;

 WHEREAS:—

(i) The Parties hereto were carrying on business in partnership in the firm name and style of MESSRS \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ upon the terms and conditions contained in the Deed of Partnership dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

(ii) The shares of the Partners in the said partnership were as follows:-

(1) ABC ... % Share

(2) DEF … % Share

(iii) It was mutually agreed between the parties hereto that the said Partnership shall be dissolved with the close of business on \_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ i.e. with effect from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and the Continuing Party shall continue the said business as sole proprietor thereof upon the terms and conditions agreed upon between parties.

(iv) The parties hereto are desirous of reducing into writing the said terms and conditions.

NOW THIS INDENTURE WITNESSETH AS FOLLOWS:—

1. It is hereby agreed and recorded that the partnership business carried on between the parties hereto in the firm name of
M/s. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ stands dissolved with effect from \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

2. In pursuance of the agreement between the parties hereto and in further consideration of the payment agreed to be made by the Continuing Party to the Outgoing Party as hereinafter stated, the parties agree that the Continuing Party shall hereafter be entitled to continue the said business with effect from \_\_\_\_\_\_\_\_\_\_ in the name of M/s. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as the sole proprietor thereof.

3. The accounts of the said partnership for the period upto the close of the business on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ i.e. till the date of dissolution have been mutually made up, adjusted, agreed to and settled between the parties hereto and a sum of
Rs. \_\_\_\_\_\_\_\_\_\_\_\_\_\_ is arrived at as payable by the Continuing Party to the Outgoing Party including his share in the goodwill, capital, profits and all other credits and assets of the partnership as on the date of dissolution.

4. The continuing party has on execution hereof paid to the Outgoing Party the aforesaid sum of Rs. \_\_\_\_\_\_\_\_\_\_\_/- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) in full and final settlement of all his claims share, right title and interest in the capital, profits, credits and assets of the partnership including his share in the goodwill thereof.

5. In consideration aforestated, the Outgoing Party doth hereby assign and release in favour of and unto the Continuing Party all his undivided share and interest in the said business carried on in the firm name of M/s. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ together with its goodwill and in all movable and immovable assets of the partnership including stock-in-trade, moneys, credits and effects belonging thereto TO HOLD the same unto the Continuing Party absolutely together with all the benefits of outstanding contracts and credits to the effect that the Outgoing Party shall from the date hereof have no right, title and interest of whatsoever nature in the said business and/or any of the assets thereof all of which said assets of the partnership shall vest in the Continuing Party alone as the sole owner thereof.

6. It is hereby agreed and declared that the Continuing Party has taken over all assets and liabilities of the said firm of
M/s. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ together with its goodwill and business and all other credits and effects whatever.

7. In consideration of the premises aforestated each of the Outgoing Party and the Continuing Party doth hereby release the other of and from all covenants and provisions contained in the said Deed of Partnership dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and all actions, claims and demands thereof and therefrom save as mentioned herein.

8. Each of the Outgoing Party and the Continuing Party doth hereby declare that neither of them have at any time borrowed any money or incurred any debts for and on account of or on behalf of the partnership save and except those that are entered in the books of account of the partnership and that each of them agree to keep indemnified the other against all actions and demands in respect of any liability not entered in the books of account of the partnership but created by the other and all proceedings and costs, charges and expenses thereof.

9. The respective parties shall duly pay and discharge income-tax liability on their respective shares in the partnership including on interest, remuneration and the profits earned by each of them upto \_\_\_\_\_\_\_\_\_\_\_\_\_\_. The Firm shall pay income tax on the income after deducting all permissible deductions as also after deducting interest paid to the partners and the salary paid to the working partner.

10. Each Party shall pay his personal debts and liabilities including liabilities for payment of tax as aforesaid and shall indemnify and keep indemnified the other against all claims, demands, actions, proceedings, costs, charges and expenses in connection therewith or relating thereto. The Continuing Party shall indemnify and keep indemnified the Outgoing Party against all debts and liabilities of the firm taken over by him.

11. The Parties hereto declare that as between them save as provided herein there are no outstanding claims or demands or anything due and owing by one to the other in respect of the said partnership or its outstanding, credits and effects.

12. The Outgoing Party doth hereby irrevocably appoint the Continuing Party as his Attorney but solely at the cost of the Continuing Party to collect all assets, property, credits, debts and effects of the partnership and to ask, demand, sue for, recover and receive and sign and give full and effectual receipts and discharges for all and singular the debts, estate and effects of or due or owing or in anywise belonging to the partnership and to settle all accounts, reckonings, matters and things whatsoever relating thereto and to compound or release all or any of the debts or claims belonging to the partnership and to institute any actions or other proceedings for compelling payment or delivery thereof and for any of the purposes aforesaid from time to time to appoint a substitute or substitutes and at any time to remove any of them and generally to do all such acts or things as may be necessary or expedient for the purpose of vesting the premises hereby released unto the Continuing Party.

13. The Outgoing Party doth hereby covenant with the continuing Party that he shall and will from time to time and at all times hereafter, at the request of the Continuing Party do and execute or cause to be done and executed all such further acts, deeds, things and assurances in law whatsoever for better and more perfectly assuring the said business and premises hereby released or any part thereof unto and to the use of the Continuing Party in manner aforesaid as shall be reasonably required by the Continuing Party.

14. The Continuing Party doth hereby covenant with the Outgoing Party to indemnify and keep indemnified the Outgoing Party against all claims and demands relating to the said business to be carried on and continued by the Continuing Party and all charges and expenses thereof.

15. The parties hereto shall give due intimation of the change to the Registrar of Firms as also by publication in the Government Gazette and news papers as required under the Indian Partnership Act and sign and execute necessary writings in respect thereof.

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

SIGNED AND DELIVERED by the )

Within named ABC, )

the Outgoing Party, )

in the presence of............... )

SIGNED AND DELIVERED by the )

Within named DEF, )

the Continuing Party )

in the presence of .............. )