

Chapter 15

Limited Liability Partnership Act, 2008

Introduction:

- LLP Act, 2008 received President's assent on 7th Jan 2009 and was enacted on Jan 9, 2009.
- It comprises 81 sections and 4 schedules.

Schedules:

First	Rights of partner and LLP in the absence of formal agreement
Second	Converting a firm into LLP
Third	Converting a private company into LLP
Fourth	Converting an unlisted company into LLP

Need and benefits:

- This act was introduced as an alternative corporate structure to meet evolving economic needs.
- It fills void between traditional unlimited liability partnerships & structured limited liability cos.
- It offers limited liability benefits while allowing flexible, partnership-like internal structuring based on mutual agreements.
- While the LLP itself will be liable to the full extent of its assets, the liability of the partners will be limited to the extent of their capital contribution.

Characteristics of an LLP

Body Corporate	Perpetual Succession	Separate Legal Entity	Mutual Agency
LLP Agreement	Common Seal	Limited Liability	Business for profit only
Compromise or Arrangement	Conversion into LLP	E-Filing of documents	Foreign LLPs

Special characteristics worth understanding in detail:

Mutual Agency	All partners are agents of LLP alone. No one partner can bind other partner by his act
Limited Liability	The liability of partners will be limited to their agreed contribution in LLP. Such contribution may be of tangible or intangible nature or both

Definitions:

- Address [(Sec 2(1)(a)]: "Address" in relation to a partner of LLP, means:
 - If he is an individual, his usual residential address; and
 - If it is a body corporate, the address of its registered office.

2. Body Corporate [(Section 2(1)(d))]:

Means:	Includes:	Excludes:
A company	<ul style="list-style-type: none"> • LLP registered under this Act • LLP incorporated outside India and • Company incorporated outside India. 	<ul style="list-style-type: none"> • Corporation Sole. • Co-operative Society • Any other body corporate notified by CG

3. Business [Sec 2(1)(e)] **includes** every trade, profession, service and occupation except any activity which CG may, by notification, exclude.

4. Financial Year [Sec 2(1)(l)]: means period from **1st April** of a year to **31st March** of following year. However, in the case of a LLP incorporated **after 30th September** of a year, FY may end on **31st March** of **next following year**.

Example: LLP incorporated on 15/10/24 - FY will be 15/10/24 - 31/04/26

5. Foreign LLP [section 2(1)(m)]: It means an LLP formed, incorporated or registered **outside India** which establishes a **place of business within India**.

6. LLP Agreement [Section 2(1)(o)]: means any **written agreement** between the **partners** of the **LLP** or between the **LLP** and its partners which determines the **mutual rights** and **duties** of the partners and their rights and duties in relation to that LLP.

7. Small LLP [Sec 2(1)(ta)]: means an LLP

(i) Having **contribution** **<= 25 lakhs** or higher amt. as may be prescribed **not > Rs. 5 crores** and

(ii) **Turnover** as per "Statement of Accounts and solvency" **<= 40 lakhs** or such higher amt. as may be prescribed **not > Rs. 50 crores** or

(iii) meets such other terms and conditions as may be **prescribed**.



Section 4: Non-Applicability of Indian Partnership Act, 1932

Save as otherwise provided, Indian Partnership Act, 1932 **shall not apply** to LLP's.



Section 5: Partners:

Individual or **body corporate** may become partners in LLP but **exclude** an individual if:

(i) He has been declared of having **unsound mind** by competent court.

(ii) He is an **undischarged insolvent**.

(iii) He has applied to be **adjudicated as an insolvent** and his application is pending.

Concept clarity check :

1. **HUF is not a BC** and hence **cannot** become partner in LLP.

2. **Can one LLP become partner in another LLP?** - Yes. Because LLPs are BC and BC can become partner. Similarly, foreign LLPs, foreign companies, etc. can also become partner in LLP.



Section 6: Minimum number of Partners:

Minimum- 2 Partners; Maximum- No Limit.

Provided that- If no. of partners is reduced **below 2** and LLP carries on business for **> 6 months**, such partner shall be **personally liable** for obligations incurred by LLP **after 6 months**.



Section 7: Designated Partner (DP):

- (1) At least **2 individuals or BC** as DP and at least **1 DP** shall be **resident** of India.
Resident in India means a person who has stayed in India for **>= 120 days** during the FY.

What if all partners are BC?

If all partners are BC or if one or more partners are individual and BC - **2 individual** partners or **nominees of BC** shall act as DP.

Failure to appoint 2 DP: Rs. 10,000 + Rs.100/day max. up to Rs. 1 lakh for LLP and Rs. 50,000 for every partner.

- (2) If incorporation document:
- **specifies** who are to be **DP** - **such person** shall be DP on incorporation, or
 - state that each of the partner from time to time will be DP - **Every partner** shall be DP.
- A person may **become** or **cease** to be DP in accordance with **LLP Agreement**.
- (3) Every partner **appointed as DP** shall give **prior consent** to LLP. Thereafter, LLP shall file particulars of such DP with ROC within **30 days** of his appointment in prescribed manner.

Failure to file with ROC: Liable for **Rs. 5,000 + Rs.100/day** max. up to Rs. 50,000 (LLP) & Rs.25,000 (DP).

- (4) Every DP of LLP shall obtain Designated Partner Identification Number (**DPIN**) from CG.
Note - Director Identification Number (DIN) and DPIN can be used interchangeably.



Section 8: Liabilities of a DP:

Unless otherwise provided, **DP** shall be

- responsible for doing **all acts of LLP** including filing of documents, returns, statements etc.
- liable to **all penalties** imposed on LLP.



Section 9: Changes in DP in case of vacancy

- LLP may appoint **DP within 30 days** of vacancy due to any reason.
- If at any time there is **no DP** or **only 1 DP**, **each partner** shall be **deemed as DP**.

Contravention: Rs. 10,000 + Rs.100/day max. up to Rs. 1 lakh for LLP and Rs. 50,000 for every partner.

INCORPORATION OF LLP**Section 11: Incorporation document**

- (1) Incorporation document shall
- (a) have **2 or more** persons as **subscribers** to carry on lawful **business** with a view to earn **profit**
 - (b) include a **statement** that all requirements of this Act and rules have been complied with:
 - made by **advocate, CA, CS, Cost Accountant** engaged in formation of LLP, **AND**
 - by any one of the **subscribers**,
 - (c) be **filed with ROC** of State in which registered office of the LLP is proposed to be situated.

- (2) Incorporation Document to include the following:

Name of
LLPProposed
BusinessAddress of
ROName & Address of
each **Partner** and **DP**

Other info.

- (3) If a person makes a statement
- knowing it to be **false**, or
 - does **not** believe it to be true.
- shall be punishable for **imprisonment** up to **2 year** **AND** **fine** of **Rs. 10k - Rs. 5 lakhs**.

Note: An LLP can be incorporated with profit motive. It cannot be an NPO.

**Section-12: Incorporation by Registration**

- (1) On receipt of incorporation documents and statements u/s 11, Registrar shall retain such documents and **within 14 days**:
- **Register** the incorporation document, and
 - Give the **LLP** a **certificate** of incorporation.
- Such certificate shall be **signed** by **RoC** and **authenticated** by official **seal**. It shall be **conclusive evidence** of incorporation of LLP with name specified therein.
- (2) **Statement** delivered u/s 11 - **Sufficient evidence** of compliance with clause (a) of Sec 11.

**Section 13: Registered Office of LLP and Change therein**

- (1) Every LLP shall have a **RO** to which all **notices** and **communication** may be addressed and received.
- (2) A document may be **served** at RO on an LLP or its Partner or DP by

Sending it by post

Registered post

Any other manner prescribed.

- (3) Change in RO- File **notice to RO** in prescribed manner.

Penalty- **Rs. 500/day** up to **Rs.50,000** for LLP and its ~~Designated~~ Partners.



Section 14: Effect of Registration

On registration LLP shall be capable of

Suing or being sued

Doing and suffering all other acts BC may do and suffer

Acquiring, owning, holding or disposal of Property.

Having a common seal.



Section 15: Name

(1) Every LLP shall add suffix - LLP or Limited Liability Partnership to its name.

Example: ABC LLP or ABC Limited Liability Partnership.

(2) No LLP shall be registered with a name, which in opinion of CG is:

- Undesirable
- Identical or closely resemble to name of existing LLP or company or registered trademark.

Author's Note - Sec 15 of LLP prohibits from using a name identical to that of existing company. However, sec 4 of companies act, did not prohibit using name of existing LLP. This is merely a lacunae in law and may be rectified in future by amendment.



Section 16: Reservation of name

(i) A person may apply to RO in prescribed manner + fees for reservation of:

- Name of proposed LLP
- Name to which LLP proposes to change its name

(ii) ROC on satisfaction that the name is not identical or undesirable as per CG, reserves the name for 3 months from date of intimation.

Note - In Companies Act, as per Sec 4, name of company could only be reserved for 20/60 days.



Section 17: Rectification of name of LLP

(1) Notwithstanding anything contained in sec 15 & 16, during its first registration or upon registration with new name, if LLP is inadvertently registered with name identical or too similar to:

- Any other LLP, OR
- A registered trademark under Trade Marks Act, 1999

CG, upon application by affected LLP, trademark proprietor, or company, may direct LLP to change its name within 3 months from date of such direction.

Note: Application by proprietor is to be made within 3y of incorporation or change of name.

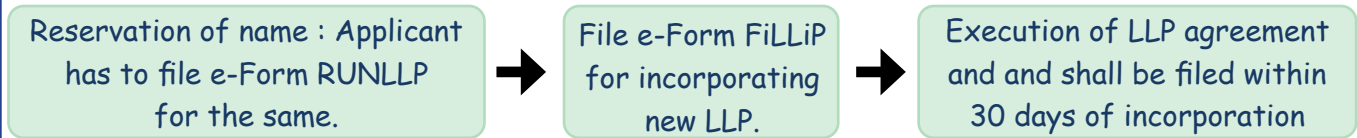
(2) On such change of name - notify ROC within 15 days. RoC to make changes in CoI within 30 days.

(3) If LLP is in default in complying with any direction, CG shall allot a new name to the LLP and the RoC shall enter the new name in register in place of the old name and issue a fresh certificate of incorporation with new name.

Provided that **nothing** shall **prevent** a LLP from subsequently **changing its name**.

Note - Unlike **sec 16** of Companies Act, here CG cannot **suo-motu** order for rectification of name.

STEPS TO INCORPORATE LLP



PARTNERS AND THEIR RELATIONS



Section 22: Eligibility to be partners

On **incorporation** of a LLP, the persons who **subscribed** names to incorporation document shall be its **partners** and any other person may become partner of LLP in accordance with the **LLP agreement**.



Section 23: Relationship of partners

- (1) Save as otherwise provided, the **mutual rights** and **duties** of:
 - **Partners** of a LLP, and
 - LLP and its partners
 shall be **governed** by the **LLP agreement**.
- (2) **LLP agreement** & any **changes** made therein shall be filed with the **RoC** in prescribed manner + Fees.
- (3) Any agreement in writing between LLP and subscribers **before incorporation** shall be **valid** only if **ratified** by **ALL partners** upon incorporation.
- (4) In **absence** of agreement, the **mutual rights** and **duties** shall be determined by the **First Schedule**.



Section 24: Cessation of Partnership Interest

- (1) A person may **cease** to be a partner:
 - in accordance with **LLP agreement** with other partners or,
 - in **absence of agreement**, by giving **notice** in writing **> 30 days** to other partners of his intention
- (2) A person shall **cease** to be a partner of LLP in case of

Death of partner or Dissolution of LLP	Declared to be of unsound mind by competent court	applied to be adjudged as an insolvent or declared as an insolvent .
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- (3) Where a person has **ceased** to be a partner of a LLP, the **former partner is to be regarded as still being a partner** of the LLP **unless**-
 - the person has **notice** that former partner has **ceased** to be a partner, or
 - **Notice** that former partner has ceased to be a partner is **delivered to RoC**.

- (4) Cessation of partner **does not discharge** a partner of **obligation** incurred while being a partner.
- (5) Where a partner of a LLP ceases to be a partner, the **former partner** or a **person entitled to his share** in case of the death or insolvency, shall be **entitled** to receive from the LLP-
- **Actual partner contribution** made by such former partner,
 - **Right to share** in accumulated profit after deduction of accumulated losses.
- (6) Former partner or entitled person (death/insolvency) shall **not** have any **right to interfere** in **management of LLP**.



Section 25: Registration of changes in partners

- (1) Partner shall inform LLP of any **change** in name or address within **15 days** of such change.
- (2) A LLP shall file a **notice** with RoC within **30 days** in case where-
- a person **becomes** or **ceases** to be a partner, file a notice with the Registrar
 - there is any change in the **name** or **address** of a partner
- (3) Such notice filed with RoC shall be-
- In **prescribed manner** + Fees
 - **Signed** by DP
 - If relates to **incoming partner**, shall contain a **statement** that he **consents** to becoming a partner, **signed** & authenticated in prescribed manner.
- (4) **Penalty: Rs. 10,000** for LLP & ~~Designated~~ Partners
- (5) **Former partner** may file the above notice with RoC if he has **reasonable cause** to believe that **LLP** may **not** file such notice. **RoC** shall thereafter obtain **confirmation** from LLP w.r.t. such cessation.
If **no** confirmation is given by LLP in **15 days**, RoC shall register such notice.



Section 26: Partner as agent

Partners are **agent** of the **LLP** but **not** of other partners.



Section 27: Extent of liability of LLP

- (1) LLP is **not bound** by an act of a partner if-
- Such partner has **no authority** of doing such act.
 - The person **knows** that he has no authority or **does not know** or **believe** him to be partner.
- (2) LLP is **liable** to any person for **wrongful act** or **omission** by partner in **course of business**.
- (3) The **obligation** of LLP shall be **solely** obligation of LLP.
- (4) The **liability** of LLP shall be **met** out of **property of LLP**.



Section 28: Extent of liability of partner

- (1) He is **not** personally liable, directly or indirectly for obligation solely by **reason** of **being partner**.
- (2) A partner shall be **personally liable** for his **own wrongful act** or **omission** but **not** for wrongful act or omission of **other partner**.



Section 29: Holding out

- (1) Where any person
 - who by **words spoken** or **written** or by **conduct**,
 - **represents** himself or **knowingly represents** himself as partner of LLP,
 - such person is **liable** to any person who has on the **faith** such representation
 - given credit to LLP (whether or not the person representing himself to be a partner know that such representation led to the person giving LLP the credit)

However, the LLP **receiving** such credit shall also be **liable** to **extent** of **credit received**.

- (2) Where after a **partner's death** the **business** is **continued** in the **same LLP** name shall **not** by itself make his **LR** or his **estate liable** for any act of the LLP done after his death.



Section 30: Unlimited liability in case of fraud

- (1) Unlimited liability in case of fraud:
 - where act is carried out by **LLP** or any of its **partner**
 - with an **intent** to **defraud** any creditor or any other person
 - the **liability** of LLP & **responsible partners** shall be **unlimited** for all debts & other liabilities.

However, where such act is done by partner, **Liability of LLP = Liability of partner**, **unless** partner has acted **without authority**.

- (2) Every person who was knowingly involved shall be punishable with
 - **Imprisonment** up to **5 years** **and**
 - **Fine** of Rs.5,000 to Rs.5 Lakhs.
- (3) Where an LLP or partners or employee has **conducted business** in fraudulent manner- **Liable to compensate** to **any person** who suffered **losses** or **damages**.
However, LLP shall **not** be liable if the above person acted **without knowledge** of LLP.



Section 31: Whistle blowing

- (1) Court/Tribunal may **reduce** or **waive penalty** against any partner or employee if it is **satisfied** that
 - he has provided **useful information during investigation** of such LLP; **or**
 - when information given by him **leads** to LLP or any partner or employee being **convicted**.
- (2) No partner or employee may be

Discharged

Suspended

Demoted

Threatened

Harrassed

merely because he provided **information** to court or tribunal.

CONTRIBUTIONS**Section 32: Form of contribution**

- (1) Partner **contribution** may consist of **tangible** (movable/immovable) or **intangible property** or other benefits including money, promissory notes, and agreements to contribute cash or property, etc.
- (2) The **monetary value** of partner's contribution shall be **accounted** and **disclosed** in the accounts.

**Section 33: Obligation to contribute**

- (1) The obligation to contribute shall be as per **LLP agreement**.
- (2) A **creditor** may **enforce** partners to contribute as per **original obligation** if he extends credit by **relying** on such original obligation as per the LLP agreement.

FINANCIAL DISCLOSURES**Section 34: Maintenance of books of account, other records and audit, etc.**

- (1) Proper Books of account (BOA) shall be maintained on **cash** or **accrual** basis as per **double entry system** at **RO** for **prescribed period** of time.
- (2) Statement of Account and Solvency (SAS): Every LLP shall **prepare** such statement **within 6 months** from end of FY **signed** by **all DP's** and **filed** with RoC in prescribed manner.
- (3) **Accounts** of LLP shall be **audited** as may be prescribed. **CG** may **exempt** certain **LLP** from audit.
- (4) Penalty for contravention:

Nature of contravention	Penalty
Non-compliance of filing with RoC	LLP: Rs. 100/day up to 1 Lakh Every DP: Rs. 100/day up to 50,000
Non-compliance of <ul style="list-style-type: none"> Maintenance of BOA Maintenance of SAS Audit of BOA 	LLP- 25,000 to 5 Lakhs Every DP- Rs. 10,000 to Rs. 1 Lakh

**Section 34(A): Accounting and auditing standards**

CG in consultation with **NFRA** to prescribe **accounting & auditing standards** (as recommended by ICAI)

**Section 35: Annual Return**

- (1) Every LLP shall file an annual return duly authenticated with RoC within **60d** of **closure** of **FY**.
Example: Closure of FY- 31st March, then due date of filing - 31st 30th May.
- (2) Penalty: **Rs.100/day** max. up to **Rs. 1 lakh** for **LLP** and **Rs. 50,000** for every **DP**.



Section 36: Inspection of document by registrar

Incorporation doc.

Name of partner & changes

SAS

Annual Return

shall be available for **inspection** to **any person** as per prescribed rules.



Section 37: Penalty for false statement

If in any **return**, **statement** or other document any person makes a statement

- which is **false** in any **material particular**, knowing it to be false; or
- which **omits** any material fact knowing it to be material

will be punishable with imprisonment up to **2 years** **AND** fine **1 lakh** to **5 lakhs**.



Section 38: Power of registrar to obtain information

- (1) RoC may require **any person** (including any present or **former partner** or DP or employee) of LLP to answer **any question** or **supply any details** or particulars in **writing** within a **reasonable period**.
- (2) **Failure** to provide above info. - RoC shall have **power** to **summon** that person to **appear in person**.
- (3) **Contravention: Fine** Rs. 2,000 to 25,000.



Section 39: Compounding of offences

For this section, **RD** means Regional Director or officer not below rank of RD authorised by **CG**

- (1) RD may **compound** any offence which is **punishable with fine only** by collecting a sum which may **extend** up to **max. fine** for such offence but **not less than min. fine** for such offence.
- (2) Compounding shall **not apply** to offence committed within **3 years** from the date on which **similar** offence was compounded.
Note: Second or subsequent offence after **3 years** shall be **deemed** to be first offence.
- (3) Procedure for compounding:
 - Application to be made to **RoC** who shall **forward** it, together with his comments thereon, to **RD**.
 - Where any offence is **compounded** (whether before or after institution of prosecution), intimate **RoC within 7 days** from date on which offence is so compounded.
- (4) Consequences of compounding:
 - Where compounded **before institution** of prosecution - **No** prosecution shall be **instituted**
 - Where compounding is made **after institution** of prosecution - RoC to **intimate** such compounding to court where prosecution is pending & thereafter offender shall be **discharged**.
- (5) While dealing with proposal of compounding, **RD may direct DP**, partner or employees to **file such return**, account or other doc. as may be specified in the order.

Failure to comply with above **order** - **Max amount** of fine - **Twice** the amount provided in corresponding section in which punishment for such offence is provided.

ASSIGNMENT AND TRANSFER OF PARTNERSHIP RIGHT**Section 42: Partners transferable interest**

- (1) **Rights** of a partner to:
- a **share** of profits & losses and
 - receive distributions as per LLP agreement
- are **transferable** either **wholly** or **in part**.
- (2) **Transfer** of any such rights does **not** by itself:
- **cause disassociation** of partner or **dissolution or winding up** of LLP.
 - **entitle** transferee to **participate** in management or **access information** w.r.t. LLP transactions

CONVERSION INTO LLP

Sec	Conversion	As per provision of:
55	Firm to LLP	Second Schedule
56	Private company to LLP	Third Schedule
57	Unlisted public co. to LLP	Fourth Schedule

**Section 58: Registration and effect of conversion**

- (1) Registration:
- On satisfying that **firm**, private co. or **unlisted public co.** has complied with schedules,
 - RoC shall **register documents & issue certificate of registration**.
 - LLP shall be **effectively incorporated** from the date mention in the certificate of registration.
- (2) LLP shall, within **15 days** of **date of registration**, **inform Registrar of Firms** or **RoC** about such **conversion & particulars of LLP** in prescribed manner.
- (3) Upon such **conversion**, LLP and partners of such LLP shall be bound as per respective schedule.

Effect of Registration:

Notwithstanding anything contained in **any other law**, from **date of registration**:

- There shall be **LLP** by **name** specified in certificate of registration registered under this Act;
- All **tangible** (movable/immovable) & **intangible** property, all **assets, interests, rights, privileges, liabilities & whole undertaking** of firm/co. shall be **transferred** to and shall vest in the **LLP**; and
- **firm** or **co.**, shall be **deemed** to be **dissolved & removed** from **records** of Registrar.

**Section 59: Foreign LLPs**

CG may **prescribe** rules in this behalf (similar to Companies Act 2013).



Section 60: Compromise or arrangement (C/A) of LLP

(1) Where a C/A is proposed between

LLP and its creditors; or

LLP and its partners

- On application of LLP or of any creditor or partner or liquidator (in case of winding up),
- Tribunal may order meeting of creditors/partners to be called, held & conducted as prescribed.

(2) Sanction of C/A:

- If majority representing 3/4th in value of creditors/partners agree to any C/A, and
- Such C/A is sanctioned by the Tribunal by order
- Such C/A shall be binding on all creditors /partners / LLP / liquidator and contributories.

No order sanctioning any C/A shall be made by Tribunal unless it is satisfied that LLP has disclosed

- All material facts including latest financial position; and
- pendency of any investigation proceedings.

(3) File with RoC:

Tribunal's order shall be filed by LLP with RoC within 30 days after making such order and shall have effect only after it is filed.

Penalty for non-filing: Rs. 10,000 + Rs.100/day max. up to Rs. 1 lakh (for LLP) & Rs. 50,000 (for DP).

(4) The Tribunal may, at any time after an application has been made, stay the commencement or continuation of any suit or proceeding against LLP on such terms as the Tribunal thinks fit, until the application is finally disposed of.



Section 61: Power of Tribunal to enforce compromise or arrangement

(1) Where the Tribunal makes an order sanctioning a C/A in respect of a LLP, it:

- shall have power to supervise the carrying out of C/A, and
- may, give directions in regard to any matter or make such modifications in the C/A as it may consider necessary for the proper working of C/A.

(2) If the Tribunal is satisfied that a C/A sanctioned cannot be worked satisfactorily, it may,

- either on its own motion or
 - on the application of any person interested in the affairs of LLP,
- make an order for winding up the LLP.



Section 62: Provisions for facilitating reconstruction or amalgamation of limited liability partnerships

(1) Where an application is made to the Tribunal u/s 60 and it is shown that:

- C/A has been proposed for a scheme for reconstruction or amalgamation of 2 or more LLP;
- and

- Under the scheme, whole or any part of **undertaking, property or liabilities** (UPL) of any LLP concerned is **transferred** to another LLP

Tribunal may, either by **order sanctioning** the C/A or by a subsequent order, make provisions for all or any of the following matters, namely:

- transfer** to the transferee LLP of whole or any part of the **UPL** of any transferor LLP;
- continuation** by/against transferee LLP of any **legal proceedings** pending by/against transferor;
- dissolution, without winding up**, of any transferor LLP;
- provision for person **dissenting** from C/A;
- such incidental, consequential and supplemental matters as are necessary.

No such C/A proposed amalgamation shall be **sanctioned** by Tribunal **unless** the Tribunal has received a **report** from **RoC and Official Liquidator** that **affairs** of LLP have **not** been **conducted** in a manner **prejudicial** to interests of its **partners** or to **public interest**.

(2) Where an **order** provides for **transfer** of any **property** or **liabilities**, then, by virtue of the order, it shall be **freed from any charge** (only if the order so directs)

(3) File certified copy of NCLT order with ROC - Within **30 days**

(4) **Penalty**: Rs. 10,000 + Rs.100/day max. up to Rs. 1 lakh (LLP) and Rs. 50,000 (DP)

Note: Compliance of Sec 62 is **in addition to** compliance with provision of section 60.



Section 63: Winding up and dissolution

The **winding up** of LLP may be either **voluntary** or by **Tribunal** and LLP, so wound up may be dissolved.



Section 64: Circumstances in which LLP may be wound up by Tribunal

LLP may be **wound up** by Tribunal where:

- LLP **decides** that LLP be **wound up** by **Tribunal**;
- For **> 6 months**, number of partners of LLP is reduced **below two**;
- LLP has **acted against interests of** sovereignty and integrity of India, security of the State or public order;
- LLP has made **default** in **filing** with the RoC, the SAS **AND** AR for any **5** consecutive FY or
- Tribunal** is of the **opinion** that it is **just and equitable** that the LLP be wound up.



Section 66: Business Transactions of Partner with LLP

Partner may **lend money & transact business** with LLP & has **same rights and obligation** as **non-partner**.



Section 67: Application of the Provisions of the Companies Act

(1) CG may, by notification direct that provisions of Companies Act shall **apply** to **LLP** with such **exception, modification & adaptation** as may be specified.

(2) A copy of every notification proposed - Lay before **Parliament** and get it approved.



Section 69: Payment of Additional Fee

Any document or return to be registered or filed with RoC is not filed within prescribed time, it may be registered or filed after that time, on payment of such additional fee as may be prescribed.



Section 70: Enhanced Punishment

The LLP or any partner or DP shall, for second or subsequent offence, be punishable with

- imprisonment as provided, but
- with a fine which shall be twice the amount of fine for such offence.

DIFFERENCES WITH OTHER FORMS OF ORGANISATIONS

LLP vs Partnership Firm

Basis	LLP	Partnership Firm
Regulating Act	LLP Act, 2008.	Indian Partnership Act, 1932.
Body corporate	Yes	Not a body corporate
Separate legal entity	Yes	No
Registration	Mandatory	Voluntary
Perpetual succession	Members may join or leave but its existence continues forever.	It has no perpetual succession.
Suffix	Limited liability Partnership (LLP)	No guidelines
Liability	Limited to agreed contribution	Liability of partner - Unlimited.
Mutual agency	Partner can bind the LLP by his own acts but no other partners.	Each partner can bind firm as well as other partners by his own acts.
Designated partners	≥ 2 DP & ≥ 1 resident in India.	No such provision
Common seal	It may have its common seal	no such concept in partnership
Legal compliances	DPs are responsible for all the compliances and penalties	All partners are responsible for all the compliances and penalties
Annual filing	File SAS and Annual Return.	No such requirement
Foreign partnership	Foreign nationals can be partner	Cannot be a partner.
Minor as partner	Not allowed (even for benefit)	Yes. Can be admitted to benefits.

LLP and Limited Liability company

Basis	LLP	Limited Company
Regulating Act	The LLP Act, 2008	The Companies Act, 2013.
Contributors are called	Partners	Members
Internal governance	Governed by LLP agreement	Regulated by statute i.e. Co. Act
Suffix	Limited Liab partnership or LLP	Private Limited or Limited
Numbers of partners/ members	Min. 2; Max - No limit	Pvt co.: Min. 2; Max. 200 Public co: Min. 7; Max. No limit
Liability	To extent of agreed contribution	Limited to unpaid amount of shares
Management	Managed by DPs	Managed by BoD
Min. no. of directors/DP	Minimum 2 DP	Pvt. Co.- 2 ; Public co. 3 directors

—→... The End ...←—