



## What is Law Chart Book

• Contents of Law Chart Book are notings done in class while teaching and covers entire ICAI Study Material with same language for best results in CA foundation Exams.

• This Chart Book will

 Make Law Simple

 Help Retaining Law on tips

HAPPY LEARNING..!!

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Minimum → 6 Marks

# Only theoretical Question  
will be asked.

Maximum → 10 Marks

“

Limited Liability

Partnership Act, 2008”

## Dates for Reference.

09/01/2007 → Ministry of Law and Justice

12/12/2008 → Passed by Lok Sabha and Rajya Sabha [Bill]

07/01/2009 → President Signature [Bill becomes law]

LLP has  
81 Sections  
4 Schedules

## 4 Schedules

### Schedule - 1

Mutual Rights and duties of Partners as well as LLP and Partners  
↳ in the absence of LLP Agreement

### Schedule - 2

Provisions for Conversion of firms into LLP.

### Schedule - 3

Provision for Conversion of Private Company into LLP

### Schedule - 4

Provision for Conversion of Unlisted Public Company into LLP

## Administration of LLP Act

- Ministry of Corporate Affairs (MCA) and Registrar of Companies (ROC) will Administer LLP Act 2008
- Central Government has power to make New Rules, and Amend old Rules  
↳ by notification in official Gazettee.

## Meaning of LLP

- LLP
- Is New form of legal Business entity with limited liability.
  - Alternate Corporate Business Vehicle
  - Allow the partners flexibility of Organising their Internal structure
  - LLP is liable to full extent of Assets
  - Liability of Partner is limited.

## What is business

- Business includes
- Trade
  - Profession
  - Service
  - Occupation
- Except Any Activity which Central Government by notification Exclude

## Financial Year

Financial Year in relation to LLP, means the period from 1<sup>st</sup> day of April to 31<sup>st</sup> day of March of following year

If LLP is Incorporated after 30<sup>th</sup> day of September the Financial Year may end on 31<sup>st</sup> day of March of Next following that year.

**DON'T FORGET**

## Foreign LLP

Foreign LLP means any LLP

- Formed
- Incorporated
- Registered

Outside India and having Place of business in India

## Body Corporate

- Body Corporate Means
  - a Company defined u/s 2(20) of Companies Act 2013
  - LLP Registered under this Act
  - LLP Incorporated outside India
  - Company Incorporated outside India.

Indian Company.

Body Corporate does not include

- Corporation Sole
- Co-operative Society Registered under any law for time being in force
- Any Body Corporate which Central Government may by notification in official Gazettee specify in this behalf

## Partner

- An Individual or Body Corporate may be Partner in LLP.
- An Individual shall not become partner in LLP if:-
  - he has found to be of unsound mind by a Court of Competent Jurisdiction and findings is in force.
  - he is Undischarged Insolvent
  - he has applied to be adjudicated as an Insolvent and application is pending.

## Minimum No. of Partner

- Every LLP shall have Minimum two Partners
  - If at any time Number of Partners is Reduced below two
    - And
    - LLP carries on business for more than Six Months while Number is so reduced
- the person who is the only Partner of LLP during the time that it so carries on after those six months he is liable personally for obligation of LLP

# LLP Agreement

It Means any **Written Agreement** between the Partners of LLP or between LLP and Partners

Mutual Rights and duties of Partners  
Rights and duties in relation to LLP.

## Designated Partner

Every LLP shall have atleast two designated Partners of LLP, who are Individuals and one of them shall be Resident in India

If all Partners are body Corporate  
in which one or more partners are Individual and body Corporate } atleast two Individuals who are Partners of LLP (or) nominee of such body Corporate shall be designated Partner.

### Resident in India

Resident in India Means a person who stayed in India for a period not less than 120 days during the financial year.

# Small LLP

Small LLP is LLP whose

Contribution of which does not exceed Twenty five Lakh Rupees  
(or)

Such higher amount not exceeding Five Crore Rupees as may be prescribed

Turnover of which does not exceed **and** Forty Lakh Rupees. as per Statement of Accounts and Solvency of Immediately Preceding FY.

Such higher amount not exceeding Fifty Crore Rupees as may be prescribed

Which Meet other Requirements as may be prescribed and fulfill terms and Condition prescribed.

Contribution = Total of all Partners Capital

Turnover = Total Sales

	Contribution	Turnover	Small LLP??
Case (a)	24,00,000	38,00,000	Yes
Case (b)	23,25,000	45,46,000	No
Case (c)	26,75,000	5000	No
Case (d)	25,00,000	40,00,000	Yes

# Characteristics of LLP



- ① LLP Agreement
- ② Artificial Legal Person
- ③ Common Seal
- ④ Management of Business



- ⑤ No. of Partner
- ⑥ Business for Profit only
- ⑦ LLP is body Corporate
- ⑧ Perpetual Succession



- ⑨ Separate Legal Entity
- ⑩ Mutual Agency
- ⑪ Limited Liability
- ⑫ Investigation



**HOME-  
WORK!**



- ⑬ Compromise (or) Arrangement
- ⑭ Conversion into LLP
- ⑮ E-filing of documents
- ⑯ Foreign LLP.

## ① LLP Agreement.

- Mutual Rights and duties of Partner
- Flexibility to make LLP Agreement
- In the Absence of LLP Agreement  
↳ Mutual Rights and duties as per LLP Act.

## ② Artificial Legal Person

- LLP is artificial legal person because

Created by legal process

Clothed with Rights of Individual

- LLP can do what a Natural person can do.

LLP cannot

- Sent to Jail
- Marry/Divorce.
- Take oath (शपथ)
- Practice Learned Profession

- LLP is 

Invisible	} but not fictitious
Intangible	
Immaterial	

 because it really Exist.

## ③ Common Seal

- Common seal is optional.
- In Custody of Responsible official/ Partner  
[Senior Employee]
- Affixed in presence of 2 Designated Partner.

## ④ Management of Business

- Partners will Manage Business
- Designated Partner will be responsible for Legal Compliances.

## ⑤ Minimum and Maximum Number of Partners.

Minimums [ Two Partners  
Two Designated Partner who shall be Individual and one of them is Resident in India.

Maximums - No Limit

## ⑥ Business for Profit only

- Essential Requirement for forming LLP is carrying on Lawful Business with view to Earn Profit

LLP cannot be formed for Charitable/Non-Economic Purpose.

## ⑦ LLP is Body Corporate.

- LLP is Body Corporate formed and Incorporated under this act and is legal entity separate from that of its partners and shall have Perpetual Succession.

- Any change in partner shall not affect

Existence	} of LLP
Rights	
Liabilities	

## ⑧ Mutual Agency.

- No Partner is liable on account of Independent (or) Unauthorised action of other partners.

Individual Partner are shielded [Protected] from Joint

Liability Created by another Partner

[ Wrongful Business decision (or) Misconduct.

- # All Partners will be agent of LLP
- # One Partner cannot bind other Partner by his Acts

## ⑨ Perpetual Succession

LLP can continue its Existence irrespective of change in Partners.

Death	} of Partner will not affect Existence of LLP
Insanity	
Retirement	
Insolvent	

- It is capable of entering into contract and hold Property in its own name

## ⑩ Separate Legal Entity.

- LLP is liable to full extent of assets
- Liability of Partner is limited to Agreed Contribution
- # Credits of LLP shall be Creditors of LLP Alone.

## 11 Limited Liability.

- Every partner of LLP for the purpose of business is agent of LLP but not agent of partners.
- Liability of Partner is limited to agreed Contribution.
- Such Contribution may be 

Tangible
Intangible
Both

## 12 Investigation

Central Government has power to Investigate affairs of LLP by appointment of Competent Authority

## 13 Compromise / Arrangement

Any Compromise (or) Agreements [including Mergers and Amalgamation] of LLP shall be in accordance with Provisions of LLP Act.

## 14 Conversion into LLP

- Firm
  - Private Company
  - Unlisted Public Company
- Can get converted into LLP in accordance with Provisions of LLP Act

## 15 E-filing of Documents

Every Form Application of document } as per Act and Rules shall be filed on [www.mca.gov.in](http://www.mca.gov.in) in Computer Readable Electronic Form

Authenticated by  
→ Partner  
→ Designated Partner

Authenticated through  
→ Electronic Signature  
OR  
→ Digital Signature.

## 16 Foreign LLP

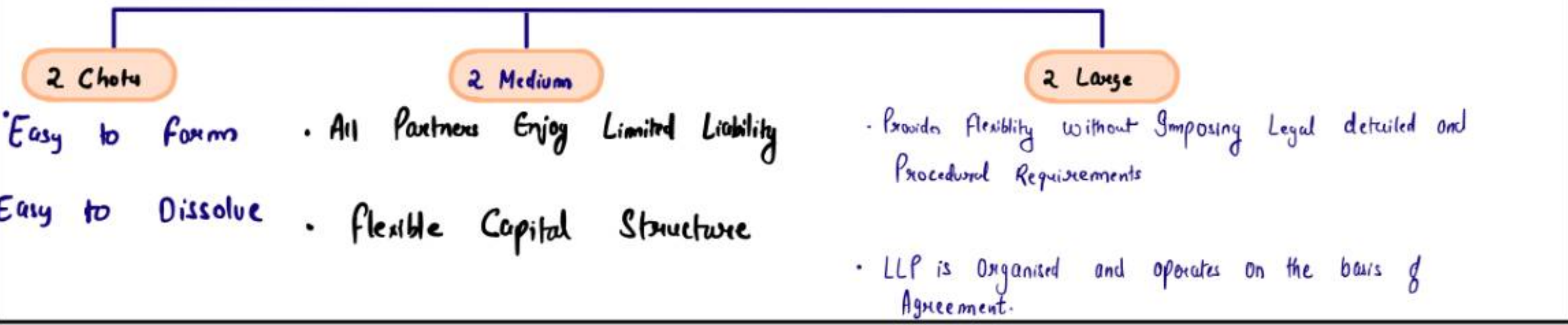
Limited Liability Partnership 

Formed
Incorporated
Resident

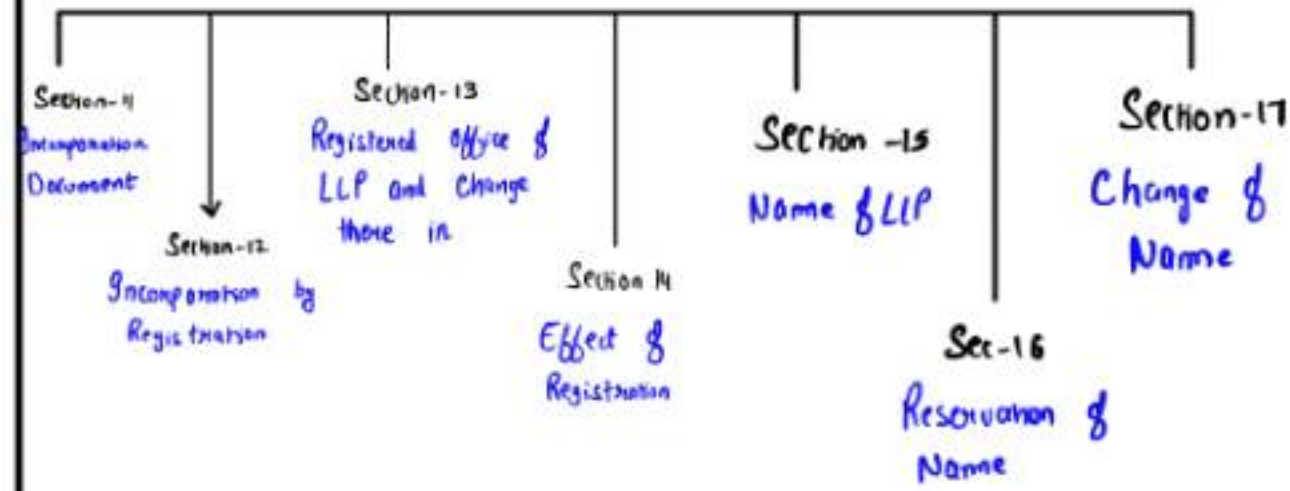
 } outside India which established Place of business in India.

# Foreign LLP Can be Partner in Indian LLP.

# Advantages of LLP



## Section 11 to Section 17



## Incorporation Document [Section -11]

For LLP to be Incorporated

Two or More Person associated for **Carrying Lawful Business** with view to earn Profit shall subscribe their names to Incorporation document

Incorporation document shall be filed in such Manner with such Fees as may be prescribed.

↳ With Registrar of state in which Registered office of LLP is to be situated.

### Statement in Prescribed Form.

Along with Incorporation document, **statement in prescribed form** shall be filed, made by

Advocate/CALCS/  
Cost Accountant

and

by anyone who subscribed their names to Incorporation document

that all the requirements of this act and rules made there under in respect of Incorporation and **Matters Precedent and Incidental** have been completed.

# Contents of Incorporation Document

- Be in form as may be prescribed.
- State Name of LLP
- State Proposed business of LLP
- State Address of Registered office of LLP
- State Name and Address of Persons who are to be Partners of LLP on incorporation
- State Name and Address of Persons who are to be Designated Partners of LLP on incorporation
- Contains such other information as may be prescribed

## Penalty Provisions

- If Person makes the statement in prescribed form which
  - he knows to be false
  - does not believe it to be true

Shall be punishable with

Imprisonment which may extend to two years and with fine which shall not be less than 10,000/- which may extend to Rs 5,00,000.

Section - 12

## Incorporation by Registration.

When the Requirements imposed Sec- 11(i)(b) and (c) have been complied with, Registrar shall retain Incorporation document

Requirements of Sec-11(i)(a) have been complied, then he shall within 14 days

- Register Incorporation document and
- Give Certificate that LLP is Incorporated by the name specified therein

Registrar shall accept the statement delivered under Section - 11(i)(c) as sufficient evidence that requirement of clause (a) have been complied.

Certificate under Section - 11(i)(b) shall be signed by Registrar and authenticated by Common seal.

## Registered office of LLP and change there in [Section 13]

Every LLP shall have Registered office to which all **Communication and notice** may be addressed and where they shall be received.

A document may be served on LLP Partner Designated Partner } by sending it Under Certificate of Posting (OR) Any Manner Prescribed.

Document may be served on at Registered office and other place specifically declared.

LLP may change **place of its Registered office** and file notice of such change with Registrar in **such form and manner** and subjected to **such condition** as may be prescribed and such change will take place upon filing

### Penalty Provisions

If LLP contravenes any of the provision of this section Penalty on Partner and firm ₹ 500 for each day during which default continue and subject to Max ₹ 50000

## Effect of Registration [Section - 14]

On Registration LLP shall by its name be Capable of

Swing and Can be sued Acquiring owning Holding Develop Dispose } of Property whether Movable Immovable Tangible Intangible

Having a Common Seal if it decides to have one **Doing and suffering** such other Acts and things as body Corporate may lawfully do and suffer

## Name of LLP [Sec-15]

Every LLP shall have either the words **Limited Liability Partnership** or word **LLP** as last words of its name

No LLP shall be Registered by name which in **opinion of Central Government** is

Undesirable

Identical (or) too nearly resemble to any other LLP/Company/Registered Trademark of any person Under TradeMark Act 1999

## Reservation of Name

[Sec - 16]

A Person may apply in such forms and Manner and accompanied by such fee as may be prescribed to Registrar for Reservation of Name set out in application

- Name of Proposed LLP
- Name to which LLP Propose to change in name

(2) Upon Receipt of application under subsection (1) and on Payment of Prescribed fee

↳ if Registrar is satisfied that name to Reserved is not one to Rejected on any ground referred u/s 15(2)

Registrar will Reserve the name for a period of 3 Months

↳ from date of Intimation by Registrar.  
[Inform दिनांक]

## Change of Name of LLP [Section 17]

↳ [हमने अभी नहीं पढ़ा]  
Notwithstanding anything contained in Section 15 and Section 16 if through Inadvertence (or) [दोषपूर्ण रूप से] } LLP is Registered by name otherwise } which is Identical (or) too nearly Resembles to any LLP/Company/Registered Trademark  
↳ CG May direct LLP to change name  
Within 3 Months from date of Issue of such direction

An application of Proprietor of Registered Trademark shall be Maintainable for a period of 3 Years from

- date of Registration of LLP ✓
- date of Incorporation of LLP ✓
- Change of name of LLP ✓

Where LLP Change its name or new name under sub section (1), it shall within period of 15 days from date of such change ↓

Give notice of such change to Registrar along with Order of Central Government ↓

Who shall carry out necessary changes in Certificate of incorporation ↓  
and within 30 days of such change in Certificate LLP change name in LLP Agreement.

If LLP is in default in complying with any direction under sub section (1) CG shall allot new name to LLP and Registrar shall enter new name in place of old name and issue fresh Certificate of Incorporation.

# Nothing in that sub-section shall prevent LLP from subsequently change name in accordance with section 16.

→ शीकना

