

FORMATION OF LIMITED LIABILITY PARTNERSHIP IN INDIA

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Steps for Formation of LLP in India

Incorporation Procedure

Step I : Partners and Designated Partners

A LLP can be incorporated with a minimum of atleast two partners who can be Individuals or Body Corporate through their nominees. Further for incorporating an LLP, of the total number no. of partners, at least two shall be Designated Partners, of which atleast one must be an Indian Resident.

In short, A LLP requires:

1. Atleast Two Partners; Individuals or Body Corporate through individual nominees.
2. Minimum of Two Individuals as Designated Partners, of total no. of Partners.
3. Atleast One Designated Partner to be Resident Indian.

A person '**Resident in India**' means a person who has stayed in India for a period of not less than one hundred and eighty two days during the immediately preceding one year.

'Designated Partner' means a partner who is designated as such in the incorporation documents or who become a designated partner by and in accordance with the Limited Liability Partnership Agreement.

Step II : Obtaining DPIN No. & Digital Signature

Designated Partner Identification Number (DPIN): provides that every Designated Partner to obtain a DPIN from the Central Government.

DPIN is an eight digit numeric number allotted by the Central Government in order to identify a particular partner and can be obtained by making an online application to Central Government and submitting the physical application along with necessary identity and Address proof of the person applying with prescribed fees.

Digital Signature Certificate: As all the documents and forms required for incorporating an LLP in India to be filed electronically and under the

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signatures of Designated Partners, thus atleast one Designated Partner to obtain the digital signature certificates. The signatures shall also be required for signing and filing of all relevant forms and documents to be filed, annually or event based after incorporation of the LLP, asking for approvals or as intimation.

Step III : Name Availability

The next step is to decide the name for the proposed LLP to be incorporated, The name of the limited liability partnership shall not be similar or identical with Company or LLP already registered in India and it should not contains words prohibited under the '**Emblems and Names (Prevention of improper use) Act, 1950**' or which are also not '**Undesirable**' in the opinion of Central Government or which satisfies the conditions prescribed under rule 18(2). For more information check Name Availability Guidelines.

In case any Body Corporate is partner, copy of Board resolution authorizing the incorporation of LLP shall be attached

Step IV : Contents of LLP Agreement

The next pertinent step is drafting of Limited Liability Partnership Agreement governing the mutual rights and duties among the partners and among the LLP and its partners.

The basic contents of Agreement are:

- Name of LLP
- Name of Partners & Designated Partners
- Form of contribution
- Profit Sharing ratio
- Rights & Duties of Partners
- Proposed Business
- Rules for governing the LLP

In case no agreement is entered into, the rights & duties as

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prescribed under Schedule I to the LLP Act shall be applicable

In case the Agreement is executed outside India, than it must be notarized and consularized,

Step V : Filing of Incorporation Documents

Next is the filing of Incorporation documents, consent of Partners and declaration electronically through the medium of e-forms prescribed with the Registrar of LLP for incorporation of the LLP on payment of prescribed fees based on the total monetary value of contribution of partners in the proposed LLP.

Important to Note:

- All the Designated Partners need to be register as Business User.
- Digital Signature is required only for the Designated Partner who would be signing all the e Forms.

Step VI Certificate of Incorporation

After the Registrar is satisfied that all the formalities with respect to the incorporation has been complied, he will issue a Certificate of Incorporation as to formation of the LLP within maximum of 14 days from date of filing of documents . The Certificate of Incorporation issued shall be the conclusive evidence of formation of the LLP.

Documents Required:

- eForm 1-Name Availability Application
- eForm 2-Incorporation Document
- eForm 3- Details of LLP Agreement
- eForm 4-Consent of Partners
- eForm 7-Application for Designated Partners Identification Number
- Subscription Sheet

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- LLP Agreement duly stamped as per relevant Stamp Act of the State.
- Proof of Address of Registered Office
- Consent of Partners and Designated Partners

Process Flowchart to Start LLP

