

First Schedule — Default Mutual Rights and Duties

Applies where the LLP agreement does not otherwise provide; it governs equal sharing, indemnity, management participation, decision-making, information and competition/accounting consequences.

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Finin2min Summary — Chapter in 2 Minutes

- Applies where the LLP agreement does not otherwise provide; it governs equal sharing, indemnity, management participation, decision-making, information and competition/accounting consequences.
- Use every condition as a signed eligibility and evidence item.
- Map predecessor rights/liabilities and post-conversion updates.
- Do not assume tax or State stamp neutrality.
- Retain certificate, filing, vesting and stakeholder-notice evidence.

Section-by-section provision map

Provision	Subject	Legal effect / rule	Implementation	Evidence
Eligibility	Entity/ partner/ member continuity and statutory conditions	No route without complete eligibility	Signed legal and factual eligibility certificate	Constitutional records and declarations

Provision	Subject	Legal effect / rule	Implementation	Evidence
Application	Prescribed statements/forms/ attachments	Complete and professionally certified	Reconcile all values and dates	Filed package and SRN
Registration	Registrar satisfaction and certificate	Certificate is the statutory cut-over	Control date and public records	Certificate and master data
Effect	Vesting/continuity/disclosures	Map each asset, liability and proceeding	Issue stakeholder and authority notices	Vesting schedule and acknowledgements
Post-conversion	Predecessor cessation and ongoing filings	Close every old/new registration gap	Update contracts, bank, tax, GST, licences	Post-conversion completion binder

Finin2min clause-by-clause decode

Trigger

Identify the precise transaction/event and applicable central, State, tax and contractual rules.

Authority

Verify who may decide, execute, certify, file and receive notices.

Execution

Use the current instrument, stamp/registration treatment, delivery method and effective date.

Closure

Verify portal/public records, money/asset movement, stakeholder notices and retained evidence.

Finin2min implementation explanation

Use the Schedule as a condition-by-condition conversion/default-rights checklist. Create a signed eligibility certificate, exception log and post-event implementation tracker.

Practical examples and calculations

Example A: Practical control

A team proceeds from commercial approval without checking the agreement, prescribed form or State stamp. The correct sequence is legal classification, authority, instrument, filing, evidence and post-closing verification.

Calculation/control: Exposure and timing must be computed from the actual statutory trigger, days of delay, prescribed caps, consideration/contribution, tax base and State duty schedule; retain the calculation sheet and source date.

Practical transaction application

Build the Schedule into conditions precedent and deliverables; identify every predecessor asset, liability, licence, contract, employee, proceeding, tax position and public disclosure.

Authority, consent and execution controls

Obtain partner/member/board/creditor/lender and regulatory approvals relevant to the route. Confirm the authorised filer and professional certification.

Stamp duty and registration alerts

Conversion and vesting may still create State stamp, property-registration or record-update questions. Obtain State-specific treatment before assuming a central-law conversion is duty neutral.

Evidence and document-retention checklist

- Current statutory source and amendment log
- Stamped LLP agreement and every amendment
- Partner/designated-partner consent and KYC
- Authority/reserved-matters matrix
- Signed forms and attachments

- SRN, challan and acknowledgement
- Books, bank and tax/GST reconciliation
- Contracts, invoices, delivery and acceptance
- Notices and proof of service
- Valuation/title/security documents
- Legal opinions, orders and appeal records
- Exception, correction and mitigation log

Retain predecessor constitutional records, statements, approvals, asset/liability schedules, creditor/lender evidence, filings, certificate and post-conversion notices.

Performance, delivery and payment controls

Control the conversion cut-over date, bank/payment authority, invoicing, collections, payroll, tax registrations and contract notices.

Breach, loss, mitigation and remedy framework

Pause conversion if eligibility is lost or disclosures are incomplete; preserve creditor and asset value, correct filings and assess rescission/rectification routes.

Limitation and forum controls

Track statutory appeal/rectification, contract notice, creditor and tax time limits from the conversion events.

Arbitration and mediation interface

Private disputes may be arbitrated, but registration, statutory vesting, Tribunal and authority questions remain governed by statute.

Company, partnership, GST and tax overlays

Coordinate LLP Act, Companies/Partnership law, Income-tax conversion conditions, GST, stamp/registration, FEMA, IBC, employment and sector permissions.

Finin2min Q&A

Is the Schedule optional?

No. Where the relevant statutory route applies, the Schedule conditions form part of the legal conversion/default-rights framework.

What is the first control before acting?

Identify the exact current Act section, amended Rule/form, LLP agreement clause, authority and State-law instrument requirement.

Can additional fee cure the entire default?

No. It may permit delayed filing, but substantive contravention, false statement, civil penalty, criminal exposure or transaction defects require separate analysis.

Does MCA acceptance prove legal validity?

No. Acceptance is important evidence, but it does not automatically cure authority, stamping, registration, tax, fraud or inaccurate disclosure.

Can the LLP agreement override the Act?

It can structure inter se rights where the Act permits, but cannot override mandatory statutory duties, public filings or regulatory powers.

What should be retained?

Keep signed source documents, approvals, filings and receipts, accounting/tax trail, notices, delivery evidence and the legal source/version relied on.

Can every dispute be arbitrated?

No. Contractual partner/LLP disputes may be arbitrable, while Registrar, adjudication, criminal, Special Court and Tribunal powers remain statutory.

Chapter-specific decision flowchart

Decision flowchart for First Schedule — Default Mutual Rights and Duties

[← Chapter XIV — Miscellaneous, Enforcement and Adjudication](#)
[Second Schedule — Firm to LLP Conversion →](#)

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