Sample Business Contract

1. **THE CONTRACT IS BETWEEN**

**Party A:**

Name: Azad Chaiwala

Address: Chaiwala House, Moteyan Di Gali, Sector A1, Mirpur, Azad Kashmir, Pakistan

Phone No: 03000 0000 0000

Email: Azad@XXXXX.XXX

Government ID No: 1234567890

**Party B:**

Name: Shahid Hussain

Address: 212 Shahid Towers, Ameer Town, Karachi, Pakistan.

Phone No: 03000 0000 0000

Email: Shahid@XXXXX.XXX

Government ID No: 1234567890

1. **THE BUSINESS**

**Name Of business:** Sarhadi Foods

**Business Model/Activity:** Wholesale Business, We will buy Soft drinks from Coke Company Pakistan & sell to shop keepers and cafes locally in Jhelum.

1. **LEGAL STATUS**

Will this be a sole trader or limited company?

1. **SHARE BREAKDOWN**

|  |  |  |
| --- | --- | --- |
|  | **Part A %** | **Party B %** |
| **Equity Ownership:**  | 80 | **20** |
| **Profit Share:**  | **20** | **80** |
| **Decision Making:** | **80** | **20** |

\*Decision Making Should NEVER EVER be 50/50.

1. **INPUT INTO BUSINESS**

**Party A:** 22 Lakh Rupees transferred into company account within 1 week of accounts opening.

**Party B:** Expertise in operating food distribution business.

1. **BANKING**

All banking shall be done via Habib Bank, Both shareholders will have equal access. Maximum withdrawal allowed will be set to 5 lakhs per 24 hours.

1. **ROLES & RESPONIBILITIES**

**Part A:** Act as an investor, set direction, targets and guidelines. Help increase distribution opportunities. Make major business decisions.

**Party B:** Will operate the business on a daily business, chase targets, increase efficiency, implement guidelines and maintain overall operations.

1. **CONFLICT RESOLUTION**

The following people will be allowed to mediate between both parties. They will hear both sides & their judgement will be accepted by both parties. List names in order of priority.

**First Choice Judge:** Ch. Imtiaz of Chaudhary Cloth House, Address + Phone.

**Second Choice Judge:** Dr. Ikram of District Hospital Kotli, Aaddress + phone.

**Third Choice Judge:** Haji Khayat Khan of Dream House Builders, Address + Phone.

**Fourth Choice:** Local Court System, each party will bear own costs.

1. **DATES**

**Contract Start Date:** 10th October 2020

**Contract End Date:** Indefinite.

1. **ASSETS**

**Assets Lent to Business:** Shehzore truck (provided for free by Party A, after 3 months, business must pay rent of 25,000 per month).

**Assets Owned by Business:** Fork lift truck, computers, 3 phones, 2 Honda 70 motor bikes, office furniture, Stock in hand.

1. **WHAT WILL BREAK THE CONTRACT?**
2. Party B abandons business/shop/factory
3. Business does not reach 5 lakhs sale a month 3th Month
4. Business does not reach 1 lakh in profit a month by 4rd Month
5. Business runs out of money to operate.
6. Mutual agreement of both parties to part ways.
7. Discrepancy in account keeping.
8. **AFTER BREAKUP**
9. Who will own rights to brand/name of business
10. How will business assets be divided?
11. **SALE OF BUSINESS/SHARE**
12. Can one person make the decision to sell the business?
13. Can one party sell their share?
14. Current share-holders have first right to any shares sold.
15. All new owners must adhere to existing contract terms.
16. **MISC. TERMS**
17. No family member or representative of either party is allowed to interfere with the business without written and attested permission of shareholder being represented.
18. No Hiring of family members or friends as staff, contractors or goods providers.
19. No selling of good in Gujarat City + 20km radius.
20. All business accounts, updated by 3rd party accountants on a weekly basis.
21. No payments in excess of 2 Lacks without consent of Part A.
22. All monies taken the previous day must be banked on a daily basis.
23. We are not allowed to give or take credit.
24. Shareholders are not allowed to withdraw wages.
25. Profit distribution every 3 months.

**15. SIGNATURES**

|  |  |
| --- | --- |
| **Party A:**Full Name: Azad ChaiwalaDate: XXXXXXXXXXX | **Party B:**Full Name: Shahid HussainDate: XXXXXXXXXXX |
| **Witness 1:**Full Name: Pehla GwahAddress: XXXXXXXXXXXPhone: XXXXXXXXXXX National ID No: XXXXXXXXXXXDate: XXXXXXXXXXX | **Witness 1:**Full Name: Doosra GwahAddress: XXXXXXXXXXXPhone: XXXXXXXXXXXNational ID No: XXXXXXXXXXX Date: XXXXXXXXXXX |