

# Commercial Contract

## CONTRACT FOR SALE OF GOODS



*Empowered lives.  
Resilient nations.*



### Small and Medium Enterprises Development Authority

### Ministry of Industries & Production

### Government of Pakistan

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**January 2013**

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Pro-Gole (Right to do Business)

Legal Services, B&SDS

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### **LEGAL SERVICES, SMEDA**

The Legal Services (LS) department is a part of Business & Sector Development Services Division of the Small Medium Enterprises Development Authority and plays a key role in providing an overall facilitation and support to the small businesses. The LS believes that information dissemination among the small businesses on the existing legal & regulatory environment and business to business and business to client contracting is of paramount importance and plays a pivotal role in their sustainable development.

In order to facilitate small businesses, the LS, under the Pro-GOLE (Right to do business) project, a joint SMEDA-UNDP initiative for supporting the small businesses, has developed user-friendly contract templates.

### **Pro-GOLE, (Right to do Business)**

The UNDP has partnered with the Small and Medium Enterprises Development Authority to initiate and execute the Pillar 4 (Right to do business) component of the UNDP PRO-GOLE project which seeks to enhance the legal awareness and mobility of marginalized/ informal businesses. Under the project legal services outreach shall be extended to small businesses including home based enterprises, small shopkeepers, growers, women entrepreneurs, hawking vendors etc. In addition, small business shall be mobilized to access legal services.

### **The Need for Commercial Contracts Templates**

In an increasingly complex and competitive industry, it is vital that suppliers and purchasers are fully protected against legal and commercial risks. To counter such risks, a viable solution; available as- of the shelf commercial contract templates- will provide the users with first class ready to use support. With obligations properly set out and liabilities accurately defined, the users will be in a far better position to look after their rights and interests and move forward from their marginalized positions to being active players of the economy. The Legal Service Providers can equally take benefit of these templates for their professional and business development.

### **Disclaimer**

The information contained in this template is meant to facilitate the businesses in documenting transactions with reference to sales. However, SMEDA, UNDP or any of their employees or representatives accept no responsibility and expressly disclaim any and all liabilities for any and all losses/shortfalls caused by or motivated by recommendations from the information contained within this document. Although SMEDA's ambition is to provide accurate and reliable information; yet, the document is not an alternative to expert legal advice and should ideally be used in conjunction with the same. Any person using this document and or benefiting from the information contained herein shall do so at his/her own risk and costs and be deemed to have accepted this disclaimer.

All information contained in this document may be freely used provided that relevant acknowledgement is accurately quoted with each usage.

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### CONTRACT FOR SALE OF GOODS

**THIS CONTRACT FOR SALE OF GOODS** (hereinafter referred to as the "Agreement") is made at [insert place] on this \_\_\_\_ (insert date) day of \_\_\_\_\_ (insert month), 20\_\_ (insert year)

#### BY AND BETWEEN:

M/s [insert Name], a public/private company incorporated under the Companies Ordinance, 1984, having its registered office at [insert Address] through its [insert Designation], Mr/Mrs/Ms [insert Name];

**OR**

M/s [insert Name], a partnership concern of Mr/Mrs/Ms [insert Name] and Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through its Partner, Mr/Mrs/Ms [insert Name];

**OR**

M/s [insert Name], a sole proprietorship concern of Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through Mr/Mrs/Ms [insert Name];

**OR**

Mr/Mrs/Ms [insert Name], son/wife/daughter of [insert Name], r/o [insert Address] CNIC # [insert Number]

(hereinafter referred to as the "Seller", which expression shall, wherever the context so provides, include its successors, assigns, nominees and agents)

**AND**

M/s [insert Name], a public/private company incorporated under the Companies Ordinance, 1984, having its registered office at [insert Address] through its [insert Designation], Mr/Mrs/Ms [insert Name];

**OR**

M/s [insert Name], a partnership concern of Mr/Mrs/Ms [insert Name] and Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through its Partner, Mr/Mrs/Ms [insert Name];

**OR**

M/s [insert Name], a sole proprietorship concern of Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through Mr/Mrs/Ms [insert Name];

**OR**

Mr/Mrs/Ms [insert Name], son/wife/daughter of [insert Name], r/o [insert Address] CNIC # [insert Number]

(hereinafter referred to as the "Buyer", which expression shall, wherever the context so provides, include its successors, assigns, nominees and agents).

(The Buyer and the Seller are hereinafter collectively referred to as the "Parties", and individually as the "Party".)

**WHEREAS** the Seller is the producer/owner in possession of the [insert description of goods] (hereinafter referred to as the "Goods", and more particularly described in the Schedule hereto).

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**AND WHEREAS** the Seller intends to sell, and the Buyer intends to purchase from the Seller the Goods against consideration.

**NOW THEREFORE** the Parties have entered into this Agreement for the Sale/Purchase of the Goods on the following terms and conditions:

### **1. SALE OF GOODS**

Seller shall sell, transfer and deliver, to the Buyer, the Goods specified in the Schedule to this Agreement, in the quantities mentioned thereto, on or before [insert date].

### **2. CONSIDERATION**

(1) The Buyer shall pay to the Seller Rs. \_\_\_\_\_/- (Rupees \_\_\_\_\_) (insert amount) (hereinafter referred to as the "Consideration Amount") in consideration of the sale of the Goods by the Seller to the Buyer. (Details of the Consideration Amount are entailed in the Schedule to this Agreement.)

(2) Of the Consideration Amount, the Buyer shall pay to the Seller Rs. \_\_\_\_\_/- (Rupees \_\_\_\_\_) (insert amount) as advance (hereinafter referred to as the "Advance") at the time of signing of this Agreement.

(3) The remaining of the Consideration Amount shall be paid by the Buyer to the Seller upon the delivery of the Goods in accordance with the terms and conditions of this Agreement.

### **3. DELIVERY OF THE GOODS**

The Seller shall deliver the Goods to the Buyer at [insert address], on or before [insert date]. However, the expense incurred in such delivery shall be borne by the Buyer, to be paid along with the payment of the remaining Consideration amount under Clause \_\_\_\_ of this Agreement.

### **4. RECEIPT CONSTRUED AS DELIVERY**

The Goods shall be deemed to have been received by the Buyer upon delivery of the Goods to the Buyer at [insert address]. The remaining Consideration Amount under Clause \_\_\_\_ shall become payable immediately upon delivery.

### **5. RISK OF LOSS**

The risk of loss or damage to the Goods, arising out of any casualty to the Goods, regardless of the cause, shall be on the Seller until the time that the Goods have been accepted by the Buyer.

### **6. WARRANTY OF NO ENCUMBRANCES**

The Seller warrants that the Seller is free to sell, transfer and deliver the Goods to the Buyer at the time of signing of this Agreement, and that the Goods shall be free from any and all sorts of security interest, lien or encumbrance.

### **7. WARRANTY OF TITLE**

The Seller warrants that at the time of signing of this Agreement, the Seller is neither aware, nor has any reason to be aware, of the existence of any outstanding

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title or claim of title hostile to the Seller's rights in the Goods.

### **8. RIGHT OF INSPECTION**

- (1) The Buyer shall have the right to inspect the Goods on arrival and, within [insert number] business days after delivery of the Goods, the Buyer must give notice to the Seller of any claim for damages on account of condition, quality or grade of the Goods, specifying the claim in detail. The failure of the Buyer to comply with these conditions shall constitute irrevocable acceptance of the Goods by the Buyer.
- (2) In case of the Buyer giving the notice of any claim to the Seller, the Seller shall, within [insert number] days of the receipt of the notice replace the damaged Goods, or else, shall refund the price of the damaged Goods, along with proportionate delivery costs within [insert number] days of the receipt of the notice.

### **9. GOVERNING LAW AND RULES OF CONSTRUCTION**

- (1) The validity, interpretation, and the performance of this Agreement shall be governed by the laws of [insert place].
- (2) If any term or provision of this Agreement is determined to be invalid, it shall not affect the validity and enforcement of the remaining terms and provisions of the Agreement.
- (3) This Agreement shall be binding upon, and inure to the benefit of, the respective successors, assigns, representatives, and heirs of the Parties herein.

### **10. SETTLEMENT OF DISPUTE**

- (1) Any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the Pakistan Arbitration Act, 1940, subject to the exclusive jurisdiction of the Courts of [insert place].

### **11. FORCE MAJEURE**

- (1) Force Majeure shall mean any event that is beyond the reasonable control of a Party, or the effects of which adversely affect the performance by such Party of its obligations under this Agreement, including, but not limited to, acts of God, sabotage, insurrection, terrorism, riots, hostilities or war (whether declared or not), acts of the public enemy, civil disturbances, any kind of fire, explosion, flood or accidental damage, epidemics, landslides, washouts, lightening, storms, earthquakes, lockouts, blockades, shortage of labor or material, major equipment failure, or other causes beyond the control of the Party affected.
- (2) Notwithstanding anything contained hereinabove, neither Party shall be liable to the other if it is unable to perform any of its obligations under this Agreement due to the occurrence of Force Majeure.
- (3) The Party affected by the Force Majeure event shall be entitled to suspend performance of its obligations under the Agreement to the extent that such performance is impeded or made impossible by the events of Force Majeure.
- (4) Each Party shall give a notice within [insert number] days of the occurrence of the event of Force Majeure and shall promptly thereafter consult the other Party for the purpose of finding a mutually acceptable solution to the Force Majeure

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event.

### 12. AMENDMENTS

This Agreement may be modified, extended, enlarged or amended from time to time by mutual agreement and consent of the Parties.

### 13. NONWAIVER

The failure of either Party to exercise any right provided in this Agreement shall not be construed as a waiver its right to subsequently enforce such provision or any other provision of this Agreement.

**IN WITNESS WHEREOF**, the Parties hereto have set their hands and seals the day, month and year mentioned hereinabove.

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**For and on behalf of  
The Buyer**

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**For and on behalf of  
The Seller**

#### WITNESS NO. 1

#### WITNESS NO. 2

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Designation: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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### **SCHEDULE A**

<b>Description of Goods</b>	<b>Quantity</b>	<b>Total Price (PKR)</b>
<b>1.</b>		
<b>2.</b>		
<b>3.</b>		