

Commercial Contract

AGREEMENT FOR SUPPLY OF RAW MATERIAL



*Empowered lives.
Resilient nations.*



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

HEAD OFFICE

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road,
Lahore

Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7
helpdesk@smeda.org.pk

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3 rd Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 helpdesk.punjab@smeda.org.pk	5 TH Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 helpdesk-khi@smeda.org.pk	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 helpdesk-pew@smeda.org.pk	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 helpdesk-qta@smeda.org.pk

January 2013

Agreement for Supply of Raw Material

Pro-Gole (Right to do Business)

Legal Services, B&SDS

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 manufacturing. 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.

Agreement for Supply of Raw Material

Pro-Gole (Right to do Business)

Legal Services, B&SDS

B3. AGREEMENT FOR SUPPLY OF RAW MATERIAL

THIS AGREEMENT FOR THE SUPPLY OF RAW MATERIALS (hereinafter referred to as the "Agreement") is made and entered into at [insert place] on this _____ (insert date) day of _____ (insert month) 20__ (insert year),

BY AND BETWEEN:

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

OR

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];

(hereinafter referred to as the "Business", which expression shall, wherever the context so permits, mean and include its heirs, assigns, nominees, agents and successors-in-interest)

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];

Agreement for Supply of Raw Material

Pro-Gole (Right to do Business)

Legal Services, B&SDS

(hereinafter referred to as the "Supplier", which expression shall, wherever the context so permits, mean and include its heirs, assigns, nominees, agents and successors-in-interest)

(The Seller and the Purchaser shall individually be referred to as the "Party" and collectively as the "Parties")

WHEREAS the Business is engaged in manufacturing of [insert description of the Business' products] (hereinafter referred to as the "Products").

AND WHEREAS the Business, for the manufacturing of the Products, require certain raw materials.

AND WHEREAS the Supplier is the manufacturer of the raw materials as specified in the Schedule I of this Agreement (hereinafter referred to as the "Raw Material").

AND WHEREAS the Business wishes to enter into an Agreement with the Supplier for the supply of Raw Material to the Business under the terms and conditions of this Agreement.

NOW THEREFORE the Parties have entered into this Agreement on the following terms and conditions:

1. TERM OF AGREEMENT

The Agreement shall come into effect on the date of execution of this Agreement, and shall continue in force for a period of [insert number] years, unless terminated earlier by any of the Parties under the terms and conditions of this Agreement.

2. SUPPLY OF RAW MATERIAL

(1)The Supplier agrees provide the Raw Material specified in Schedule I of the Agreement, in the quantities mentioned in Schedule I of this Agreement, every month.

(2)The Parties agree that the Business may require more, or less quantities of the Raw Material than those mentioned in Schedule I in any given month, in accordance with the particular needs of the Business, provided that the Business shall communicate such changes in the required quantities to the Business at least [insert number] days prior to the date of the supply of the Raw Material for the respective month.

(3)The Raw Material shall be supplied to the Business by the Supplier on a monthly basis, and the supply shall reach the Business no later than [insert number] days from the date of the last supply.

3. DELIVERY

Agreement for Supply of Raw Material

Pro-Gole (Right to do Business)

Legal Services, B&SDS

(1)The Supplier shall responsible for the delivery of the Raw Material from the Supplier's place of business to the Business' place of business at [insert address] (hereinafter referred to as the "Destination"). However, the charges for the delivery, and any other charges or taxes applicable on the Business' purchase of the Raw Material shall be borne by the Business itself.

(2)The quantity of the Raw Material supplies by the Supplier shall be verified by the Business' staff at the time of delivery, and no claim for the discrepancies in the quantity of the Raw Material may be entertained by the Supplier after the Supplier's personnel has left the Destination following delivery.

4. PRICE AND PAYMENT

(1)The Supplier shall, at the time of delivery of the Raw Material to the Business, provide an invoice to the Business against the Raw Material supplied to the Business in the respective delivery, in accordance with the prices mentioned in Schedule II of the Agreement.

(2)The Business shall, within [insert number] days of the receipt of the supply and the invoice, inspect the supplied Raw Material, and if satisfied with the quality of the Raw Material, shall make the payment to the Supplier.

(3)The Prices mentioned in Schedule II of this Agreement are subject to revision after every [insert number] months, with the mutual consent of the Parties.

(4)The Prices mentioned in Schedule II are exclusive of the delivery charges, and any other charges which may be applicable on the Business' buying the Raw Material from the Supplier. Such charges shall be borne by the Business, exclusively.

5. INSPECTION

(1)The Business shall, within [insert number] days of delivery, inspect the Raw Material for its correspondence with the specifications.

(2)Subject to Clause 3 (2) of the Agreement, the Business shall communicate any discrepancy in the Raw Material with respect to the quality or specifications shall be notified to the Supplier within [insert number] days, following which the Supplier shall be obligated to replace the defected Raw Material within [insert number] days, and any extra charges incurred by the Supplier in such replacement of the defected Raw Materials shall be borne by the Supplier, exclusively.

(3)If no notice under Clause 5 (2) is received by the Supplier within [insert number] days of delivery, the Raw Material shall be deemed to have been accepted by the Business, and the price of the Raw Material shall

Agreement for Supply of Raw Material

Pro-Gole (Right to do Business)

Legal Services, B&SDS

immediately become payable in such case. Following [insert number] days after the delivery of the Raw Material, the Supplier shall not be responsible for any defects in the Raw Materials which have not yet been communicated by the Business to the Supplier.

6. CONFIDENTIALITY

All information, knowledge, and trade secrets (hereinafter collectively referred to as the "Confidential Information") of the Business, including but not limited to the information relating to the production, processing and testing of Products and the raw materials used in their production and their pricing shall be used by the Supplier only in the performance of its obligations under this Agreement. The Supplier shall establish and maintain procedures to ensure that all Confidential Information disclosed to its employees or any contractors is maintained in confidence, and not disclosed to third parties or the public. The Supplier shall not use such information for its own benefit, or for the benefit of any third party.

7. TERMINATION

The Parties may terminate this Agreement at any time before its expiry and without assigning any reason by giving a [insert number] days' prior written notice to the other Party.

8. ASSIGNMENT

The Parties cannot transfer or assign its rights or obligations under this Agreement to any third party, without the prior written consent of the other Party. Any assignment in violation of this Agreement shall be void and without legal effect.

9. WAIVER

- (1) Failure of either Party to insist upon the strict and punctual compliance with any provision herein shall not constitute a waiver of the right to require such performance, nor shall a waiver in one case constitute a waiver with respect to a later breach whether of similar nature or otherwise.
- (2) Nothing in this Agreement shall prevent a Party from enforcing its rights by such remedies as may be available in addition to termination.

10. GOVERNING LAW AND SOLE JURISDICTION

- (1) This Agreement shall be governed by the laws of Pakistan.
- (2) This Agreement is made at [insert place] and the courts at [insert place] shall have exclusive jurisdiction in respect of all matters arising under or pertaining to this Agreement.

11. DISPUTE RESOLUTION

Agreement for Supply of Raw Material

Pro-Gole (Right to do Business)

Legal Services, B&SDS

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 [place].

12. 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 [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 event.

13. RELATIONSHIP OF THE PARTIES

In the conduct and performance of this Agreement, the Supplier shall be regarded as an independent contractor and not as a partner, agent or employee of the Business. The Parties agree that their relationship under this Agreement shall not create an employment, agent or partnership relationship between the Supplier and the Business. It is expressly agreed and understood between the Parties that unless expressly authorized in writing, neither Party has the authority to bind the other Party to any third party.

14. AMENDMENT

No modification or amendment of any provision of this Agreement shall be binding unless the same is in writing and signed by the Parties.

15. SEVERABILITY

Agreement for Supply of Raw Material

Pro-Gole (Right to do Business)

Legal Services, B&SDS

In the event that any provision in this Agreement should under applicable law be held illegal or void, such provision shall be considered severable and the remaining clauses and provisions shall continue in full force and effect.

16. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Parties and supersedes and replaces any oral or written representations, negotiations, or other communications of every kind heretofore made between the Parties relating to the packaging Services envisaged in this Agreement.

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

**For and on behalf of
The Business**

**For and on behalf of
The Supplier**

WITNESS NO. 1

WITNESS NO. 2

Signature: _____

Signature: _____

Name: _____

Name: _____

Designation: _____

Designation: _____

Date: _____

Date: _____

SCHEDULE I DESCRIPTION AND QUANTITY OF THE RAW MATERIALS

1. [insert description and specification of the Raw Material] [insert quantity]
2. [insert description and specification of the Raw Material] [insert quantity]
3. [insert description and specification of the Raw Material] [insert quantity]

SCHEDULE II PRICES

Agreement for Supply of Raw Material

Pro-Gole (Right to do Business)

Legal Services, B&SDS

- | | | |
|-----------|---|-------------------|
| 1. | [insert description of the Raw Material]
unit] | [insert price per |
| 2. | [insert description of the Raw Material]
unit] | [insert price per |
| 3. | [insert description of the Raw Material]
unit] | [insert price per |