

# Commercial Contract

## AGREEMENT BETWEEN PARTNERS TO CONVERT THE PARTNERSHIP BUSINESS INTO A PRIVATE LIMITED COMPANY



**Small and Medium Enterprises Development Authority**

**Ministry of Industries & Production**

**Government of Pakistan**

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**April 2010**

**Agreement between partners to convert the partnership business into a private limited company**

**This agreement** is made at (insert name of city) on the \_\_\_\_ (insert month name) day of 20\_\_\_\_.

**BETWEEN**

Mr.\_\_\_\_\_, s/o \_\_\_\_\_, r/o\_\_\_\_\_ (hereinafter referred to as “Mr.\_\_\_\_\_”), of the one part;

**And**

Mr. \_\_\_\_\_, s/o \_\_\_\_\_, r/o \_\_\_\_\_(hereinafter referred to as “Mr.\_\_\_\_\_”), of the second part;

**And**

Mr. \_\_\_\_\_, s/o \_\_\_\_\_, r/o \_\_\_\_\_ (hereinafter referred to as “Mr.\_\_\_\_\_”), of the third part;

**Whereas** Mr. \_\_\_\_\_, Mr.\_\_\_\_\_ and Mr.\_\_\_\_\_ have been running a business concern by virtue of a partnership firm by the name of \_\_\_\_\_ (insert name of the firm), with the business office situated at \_\_\_\_\_ (insert address);

**And whereas** Mr. \_\_\_\_\_, Mr.\_\_\_\_\_ and Mr.\_\_\_\_\_ are desirous of converting the said partnership business into a private limited company and for such purpose have decided to enter into this agreement;

**Now this agreement witnesseth as follows:**

1. That the partners were previously engaged in the business of (insert the type of business) under the name of \_\_\_\_\_(insert name of the firm).
2. That a private limited company (the company) shall be formed forthwith under the Companies Ordinance, 1984 under the name of (insert name of proposed company).
3. That the main object of the company shall be to acquire and continue the business of the erstwhile partnership firm.

4. The authorized capital of the company shall be fixed at Rs.\_\_\_\_\_ divided into \_\_\_\_\_ ordinary shares of Rs.\_\_\_\_\_ each. The paid up capital of the company at the time of incorporation thereof shall be Rs.\_\_\_\_\_ divided into \_\_\_\_\_ordinary shares of Rs.\_\_\_\_\_ each.
5. Mr.\_\_\_\_\_, Mr.\_\_\_\_\_ and Mr.\_\_\_\_\_ shall subscribe the memorandum of association of the company for \_\_\_\_\_ (insert number of shares i.e. 10000), \_\_\_\_\_ and \_\_\_\_\_ shares respectively.
6. The parties/persons subscribing to the memorandum of association shall be appointed by the articles of association of the company as permanent directors and Mr.\_\_\_\_\_ shall be appointed as the managing director/chief executive officer of the company.
7. The expense incurred or required for the purposes of or in relation to the formation of the company shall be borne by the parties to this agreement in proportion to the shares allotted to them respectively.
8. Following formation of the company the parties to this agreement shall enter into a “sale agreement” with the company, for the sale and transfer to the company of the aforementioned business of partnership.
9. The sale of the partnership business to the company shall include its goodwill and assets for a consideration of fully paid-up shares of the face value of Rs. \_\_\_\_\_ and allotment of the same in favor of the parties hereto; i.e. \_\_\_\_\_ shares to Mr.\_\_\_\_\_, \_\_\_\_\_ shares to Mr.\_\_\_\_\_ and \_\_\_\_\_ shares to Mr.\_\_\_\_\_ respectively.
10. All matters related to the formation and the administration of the private limited company shall be taken forward in the light of the provisions of the Companies Ordinance, 1984.

**In witness whereof** the parties to the agreement hereby sign and execute the same in token of acceptance of the terms therein contained.

Witness:

1. \_\_\_\_\_
2. \_\_\_\_\_

Signatures of the parties.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_