

# Commercial Contract

## AGREEMENT FOR SALE/PURCHASE OF READYMADE GARMENTS



**Small and Medium Enterprises Development Authority**

**Ministry of Industries & Production**

**Government of Pakistan**

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**January 2013**

## **19. AGREEMENT FOR SALE/PURCHASE OF READYMADE GARMENTS**

**THIS AGREEMENT FOR SALE /PURCHASE OF READYMADE GARMENTS** (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 a manufacturer of the readymade garments.

**AND WHEREAS** the Buyer is the owner of a retail store under the name and style of "[insert name of the retail store]" wherein readymade garments are sold.

**AND WHEREAS** the Buyer intends to enter into an agreement with the Seller for the ongoing purchase of readymade garments (hereinafter referred to as the "Garments").

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

## **1. TERM AND SCOPE OF CONTRACT**

This Agreement shall come into effect on the date of execution of the Agreement, and shall continue for a period of [insert number] months unless terminated by either Party under the terms and conditions of this Agreement.

## **2. PURCHASE ORDER**

- (1) The Buyer shall, from time to time, place an order with the Seller on the prescribed purchase order form of the Seller, wherein the specifications of the requisite Garments, as well as the quantities required shall be mentioned, along with any special conditions of the purchase order.
- (2) Upon a purchase of Garments worth more than Rs. \_\_\_\_\_/- (Rupees \_\_\_\_\_) (insert amount), the Buyer shall be entitled to a [insert percentage]% discount.

## **3. PAYMENT**

- (1) The Price against each purchase order shall be determined at the time of placing of the order.
- (2) Of the total price of the Purchase Order, the Buyer shall pay to the Seller [insert percentage]% as advance (hereinafter referred to as the "Advance") at the time of placing the order with the Seller.
- (3) The remaining of the Total Price shall be paid by the Buyer to the Seller upon the delivery of the Garments in accordance with the terms and conditions of this Agreement.
- (4) The Price shall be inclusive of the charges relating to the delivery of the Garments from the Seller to the Buyer.
- (5) The Prices against each purchase order placed with the Seller shall be inclusive of the delivery charges and all other charges pertaining to the Garments.

## **4. SAMPLE/SPECIFICATIONS/DESCRIPTION**

- (1) Where an order is placed against a sample, the Seller shall ensure that:
  - i. the Garments sold to the Buyer shall correspond with the sample in quality;
  - ii. the Garments shall be free from any defect which would not be apparent on reasonable examination of the sample.
- (2) Where the purchase order is placed with the Seller against description, the Seller shall ensure that the Garments corresponds with the respective description.
- (3) The failure of the Seller to ensure the correspondence of the Garments with the sample/specification/description shall give the right to the Buyer to return the Garments which does not correspond with the sample/specification/description provided by the Buyer to the Seller at the time of placing of the Purchase Order.

## **5. DELIVERY OF GARMENTS**

- (1) The Seller shall deliver the Garments to the Buyer at [insert address], on or before the date of delivery mentioned in the respective purchase order against which the delivery is being made (hereinafter referred to as the "Date of Delivery"). The expense incurred in such delivery shall be borne exclusively by the Seller.
- (2) The Seller agrees that upon the failure of the Seller to deliver the Garments to the Buyer within the time stipulated in the respective purchase order, the Seller shall pay to the buyer an amount equal to [insert percentage]% of the Total Price of the purchase order per day as liquidated damages. The Buyer

shall be at liberty to adjust the liquidated damages against the remaining Price to be paid by the Buyer to the Seller upon delivery of the Garments.

## **6. RECEIPT CONSTRUED AS DELIVERY**

The Garments shall be deemed to have been received by the Buyer upon delivery of the Garments to the Buyer at [insert address]. Subject to Clause 5 (2), the remaining Price of the Purchase Order shall become payable immediately upon delivery.

## **7. RISK OF LOSS**

The risk of loss or damage to the Garments, arising out of any casualty, regardless of the cause, shall be on the Seller until the time that the Garments have been delivered to the Buyer, after which the risk shall transfer to the Buyer.

## **8. RIGHT OF INSPECTION**

- (1) The Garments shall be inspected by the Buyer at the time of delivery by the Seller and any shortfall or damages shall be settled with or reported to the driver delivering such Garments. The Seller shall not be liable for any shortfall or damages in the Garments delivered, which is not settled or reported at the time of delivery.
- (2) Notwithstanding Clause 8 (1) above, the Seller agrees to replace any Garments with genuine manufacturing defects provided that such manufacturing defects are reported to the Seller within [insert number] days of the delivery of the Garments. Garments with defects resulting from normal wear and tear and/or misuse shall, under no circumstance, be accepted back or replaced by the Seller.

## **9. TERMINATION**

The Agreement may be terminated by either Party, with or without cause, after serving the other Party with a [insert number] days' prior written notice to this effect.

## **10. 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.

## **11. SETTLEMENT OF DISPUTE**

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].

## **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, lightning, 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 event.

### **13.AMENDMENTS**

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

### **14.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: \_\_\_\_\_