**Mudarabah Agreement**

**This Mudarabah Agreement (the "Agreement") is made and entered into on [Date] by and between:**

* **Party A:**
	+ **Name:** [Full Name of Party A]
	+ **Address:** [Address of Party A]
	+ **Role:** Capital Provider
* **Party B:**
	+ **Name:** [Full Name of Party B]
	+ **Address:** [Address of Party B]
	+ **Role:** Managing Partner

**Collectively referred to as the "Parties."**

**WHEREAS, Party A agrees to provide capital and Party B agrees to manage the business in accordance with Islamic principles of Mudarabah;**

**NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:**

**1. Purpose of the Partnership:**

* The purpose of this partnership is to engage in [describe the business activity] (the "Business").

**2. Contributions of the Parties:**

* **Party A (Capital Provider):** Agrees to invest [amount in numbers and words] as capital for the business.
* **Party B (Managing Partner):** Agrees to manage the business operations and activities.

**3. Business Activities:**

* Party A may choose to limit the business activities to specific areas or leave the decisions to Party B.
* Party B is authorized to perform all regular business activities necessary for the business.
* Any extraordinary activities or decisions require the prior approval of Party A.

**4. Profit Distribution:**

* Profits will be distributed as follows:
	+ Party A: [Percentage]% of the net profits.
	+ Party B: [Percentage]% of the net profits.
* The profit-sharing ratio is agreed upon and determined at the time of contract execution.
* Profit shares are based on the actual profit accrued and are not tied to the capital invested or fixed as a specific amount.

**5. Loss Distribution:**

* Party A's liability is limited to the invested capital.
* Party B's liability is limited to the effort and work contributed to the business.

**6. Managing Partner's Expenses:**

* Party B is not entitled to a fixed monthly salary.
* If mutually agreed, Party B is entitled to claim basic subsistence expenses (such as food and accommodation).
* If mutually agreed, Party B can also claim abnormal expenses necessary for business operations, such as inter-city travel, subject to Party A's approval.

**7. Termination of the Agreement:**

* Either party may terminate this Agreement by providing [Number] days' written notice to the other party.
* If the contract is terminated, and the assets are in cash, the profits will be distributed based on the agreed ratio.
* If assets are not in cash, Party B will be given an opportunity to liquidate the assets to determine the actual profit.
* The Parties may agree to a minimum time period during which the contract cannot be terminated, except under unusual circumstances.

**8. Governing Law:**

* This Agreement shall be governed by and construed in accordance with the principles of Islamic Sharia and the laws of [Jurisdiction].

**9. Dispute Resolution:**

* Any disputes arising out of or in connection with this Agreement shall be resolved amicably through mutual consultation.
* If the Parties are unable to resolve the dispute amicably, the matter shall be referred to [an agreed-upon Islamic arbitration body or mechanism].

**10. Entire Agreement:**

* This Agreement constitutes the entire understanding between the Parties and supersedes all prior agreements, discussions, and negotiations.

**11. Amendments:**

* No amendment or modification of this Agreement shall be valid unless it is in writing and signed by both Parties.

**IN WITNESS WHEREOF, the Parties hereto have executed this Mudarabah Agreement as of the date first above written.**

**Party A (Capital Provider):**
Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Full Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Party B (Managing Partner):**
Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Full Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Witness 1:**
Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Full Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Witness 2:**
Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Full Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Witness 3:**
Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Full Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_