COMPREHENSIVE PARTNERSHIP PROFIT-SHARING, CONTRIBUTION, GOVERNANCE, AND OPERATING AGREEMENT

Effective Date: ____________________
Business/Partnership Name: ____________________

Equity Partners:

- **Akshat Vora**
- **Rushabh Makim**
- **Nishit Vegad**

This document establishes the complete operational, financial, and governance framework for all projects executed jointly by the partners. It is intended to function as a detailed internal partnership agreement covering revenue allocation, contribution measurement, accountability, dispute resolution, and long-term operational conduct. All partners agree that clarity at the beginning prevents conflict later, and therefore each clause is defined in detail.

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1. PURPOSE AND INTENT

The primary objective of this agreement is to ensure that all revenue generated through joint projects is distributed fairly, transparently, and consistently. The partners acknowledge that without a defined structure for contribution measurement and profit sharing, disagreements and financial imbalance may occur. This agreement is designed to eliminate ambiguity by establishing clear rules for reserves, contribution tracking, partner compensation, and accountability.

The partners further acknowledge that this agreement is intended to support long-term collaboration and sustainable business growth. It applies to all current and future projects undertaken jointly unless replaced or modified through a written amendment signed by all partners.

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2. DEFINITIONS AND INTERPRETATION

For the purpose of this agreement, the following terms shall have specific meanings:

Gross Project Revenue (GPR):
The total amount received from a client or contract before any allocations, reserves, or distributions.

Net Distributable Profit (NDP):
The amount remaining after mandatory reserve allocations have been deducted from Gross Project Revenue.

Business Growth Reserve (BGR):
A percentage of revenue retained within the business to fund growth, tools, infrastructure, hiring, marketing, or future operational needs.

Religious/Charitable Allocation (RCA):
A predetermined portion of revenue allocated for charitable or religious contributions as agreed by the partners.

Base Partner Pool (PBP):
The fixed portion of profit distributed equally among all equity partners to acknowledge partnership status and long-term responsibility.

Performance Pool (PP):
The variable portion of profit distributed based on each partner’s actual contribution to the project.

Contribution Percentage (CP):
The final agreed percentage representing each partner’s share of total project work, determined through the structured contribution measurement system.

All calculations and decisions in this agreement rely on these definitions.

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3. REVENUE ALLOCATION ORDER

All project revenue must be processed in a consistent order to maintain financial discipline and transparency. The sequence is mandatory and must be followed for every project:

1. Determine Gross Project Revenue.
2. Apply mandatory reserve allocations.
3. Calculate Net Distributable Profit.
4. Divide NDP into Base Partner Pool and Performance Pool.
5. Distribute final payouts to partners.

Partners acknowledge that payouts cannot be made before reserve allocations are completed. This ensures long-term financial sustainability and prevents over-distribution of funds.

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4. MANDATORY RESERVE ALLOCATIONS

From each project’s Gross Project Revenue:

- Ten percent (10%) shall be allocated to the Business Growth Reserve.
- Five percent (5%) shall be allocated to religious or charitable purposes.

These allocations are mandatory and apply to every project unless all partners unanimously agree in writing to modify them. Reserve funds are retained within the business and are not considered partner income.

Net Distributable Profit is calculated as:

NDP = GPR − (10% of GPR) − (5% of GPR)
NDP = 85% of GPR

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5. NET DISTRIBUTABLE PROFIT STRUCTURE

The Net Distributable Profit is divided into two separate components:

Base Partner Pool (20% of NDP):
This portion is distributed equally among all equity partners. It exists to recognize ongoing partnership responsibility, risk sharing, and involvement in the business.

Performance Pool (80% of NDP):
This portion is distributed strictly based on each partner's contribution percentage. The performance pool is variable and reflects the actual work performed on a project.

Total Partner Income for each project is calculated as:

Total Income = Base Share + Performance Share

This structure ensures both partnership stability and performance-based fairness.

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6. BASE SHARE DISTRIBUTION

The Base Partner Pool shall be divided equally among all equity partners regardless of individual project workload, provided they remain active partners under the inactivity rules defined later in this agreement. The base share is intended to compensate partners for ongoing responsibility, risk exposure, and long-term business commitment.

However, base share eligibility may be reduced or suspended if a partner remains inactive across multiple projects, as defined in Section 10.

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7. PERFORMANCE SHARE DISTRIBUTION

The Performance Pool shall be distributed strictly according to the Contribution Percentage assigned to each partner for a specific project. This percentage must be determined using the structured contribution measurement system defined in this agreement.

Performance share is not fixed and will vary depending on the actual work performed by each partner. Partners who contribute more to a project will receive a proportionally larger share of the performance pool. Partners who contribute nothing will receive no performance share for that project.

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8. CONTRIBUTION MEASUREMENT SYSTEM

To ensure fairness and eliminate subjective judgment, all projects must use a standardized contribution measurement framework. This framework assigns weighted categories to different types of work and calculates each partner's contribution based on actual involvement.

8.1 Weighted Category Model

Each project is divided into the following categories:

- Client acquisition and proposal
- Architecture and planning
- Execution and technical work

- Testing and validation
- Client communication
- Delivery and documentation

Each category is assigned a percentage weight. Standard weights are:

- Acquisition: 15%
- Planning: 15%
- Execution: 40%
- Testing: 10%
- Communication: 10%
- Delivery: 10%

Total must equal 100%.

Weights may be adjusted before a project begins if all partners agree.

8.2 Contribution Calculation

At project completion:

1. Each category is reviewed.
2. Partners identify who contributed and to what extent.
3. Category weights are divided proportionally.
4. Totals are added across categories.
5. Final contribution percentages must equal 100%.

These percentages determine the distribution of the performance pool.

8.3 Task Logging Requirement

All partners must log their work throughout the project in a shared tracking system such as a spreadsheet or project management tool. Each task must include:

- Description
- Category
- Assigned partner
- Effort level
- Completion status

Effort scale may include small, medium, large, and critical tasks. Logged tasks provide objective evidence when determining contributions.

8.4 Contribution Finalization

Within 24 hours of project completion, all partners must review task logs and agree on final contribution percentages. Once agreed, these percentages are locked and used for payout calculations. If disagreement occurs, a majority partner vote will determine final values.

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9. CLIENT ACQUISITION CREDIT

Client acquisition is considered a valid contribution category and is included in the weighted model. If one partner secures a client independently, they receive full credit for that category. If multiple partners are involved, credit is divided proportionally based on actual involvement.

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10. BASE SHARE DECAY RULE

To maintain fairness and prevent long-term imbalance, base share eligibility decreases if a partner repeatedly contributes nothing to projects.

If a partner records zero contribution across consecutive projects, their base share will be reduced progressively until it reaches zero. Once suspended, base share may be restored after the partner contributes meaningfully to future projects for at least two consecutive cycles.

Forfeited base share is redistributed among active partners in proportion to their contribution percentages.

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11. BUSINESS GROWTH RESERVE USAGE

Funds accumulated in the Business Growth Reserve may be used for tools, infrastructure, marketing, hiring, or operational improvements. Use of these funds requires approval from at least two partners. All reserve usage must be documented.

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12. FINANCIAL TRANSPARENCY

All partners must have full visibility into project revenue, calculations, reserve balances, and payout breakdowns. Financial records must be maintained and shared openly to prevent mistrust or miscalculation.

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13. DECISION-MAKING PROCESS

Operational decisions such as tool purchases, project acceptance, and minor expenses may be decided by majority vote. Structural decisions such as changing the profit model, adding partners, or altering reserve percentages require unanimous consent.

14. PARTNER RESPONSIBILITIES

Each partner agrees to act professionally, contribute fairly, maintain accurate records, protect client relationships, and avoid actions that harm the business or other partners. Partners must communicate clearly and complete assigned responsibilities within agreed timelines.

15. CLIENT OWNERSHIP

All clients obtained through joint efforts belong to the partnership. No partner may privately redirect partnership clients for personal gain without written approval from the other partners.

16. CONFIDENTIALITY

Partners must maintain confidentiality regarding client data, project details, financial records, tools, and internal discussions. This obligation continues even if a partner exits the partnership.

17. EXPENSE POLICY

At present, no fixed operating expenses are being deducted. If expenses arise in the future, they must be approved, logged, and deducted before profit distribution. Personal expenses cannot be charged to the business.

18. PARTNER EXIT OR REMOVAL

A partner may voluntarily exit by providing written notice. If a partner becomes inactive or fails to meet responsibilities, the remaining partners may review their status and adjust profit-sharing or ownership accordingly through majority decision.

19. ADDITION OF NEW PARTNERS

New partners may only be added with unanimous approval. Their roles, contribution expectations, and profit-sharing structure must be documented before inclusion.

20. LIABILITY AND ACCOUNTABILITY

Partners share responsibility for project delivery and client commitments. If negligence by a partner causes financial loss, the partners may review compensation adjustments through majority decision.

21. DISPUTE RESOLUTION

All disputes should first be resolved through discussion. If unresolved, a majority vote will determine the final decision. Legal action should be considered only as a last resort.

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22. MODIFICATION OF AGREEMENT

Any modification to this agreement must be documented in writing and signed by all partners. Verbal agreements or informal changes are not valid.

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23. GOOD-FAITH CLAUSE

All partners agree to act honestly, maintain transparency, and prioritize the best interests of the business. Manipulation of records, contribution data, or finances is considered a breach of this agreement.

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24. TERMINATION

This agreement remains in effect until replaced by a new written agreement, the partnership is dissolved, or all partners mutually agree to terminate it.

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25. ACCEPTANCE AND SIGNATURES

By signing below, all partners acknowledge that they have read, understood, and agreed to all terms of this agreement and commit to following the defined structure for all applicable projects.

Akshat Vora
Signature: ____________________________

Rushabh Makim
Signature: ____________________________

Nishit Vegad
Signature: ____________________________

Date: ________________________________