**Agreement of Hire-purhcase**

**THIS AGREEMENT OF** **HIRE-PURCHASE** executed at \_\_\_\_\_\_\_\_\_\_ this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_ 200\_\_ between M/S. ABC LTD., a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter referred to as **“THE OWNER”** (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its successors) of the **ONE PART**; AND XYZ LTD., a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter referred to as **“THE HIRER”** (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its successors and assigns) of the **OTHER PART;**

WHEREAS:

(a) The Owner is the owner of Machinery and equipment which are more particularly described in the **Schedule** hereunder written (hereinafter collectively referred as “**the said Machinery**”).

(b) The Hirer has requested the Owner to give said Machinery on hire to the Hirer with an option to purchase the same at a later date to which the Owner has agreed.

(c) The parties hereto are desirous of recording the terms and conditions of the said hire purchase agreed between them.

NOW THIS INDENTURE WITNESSETH and records as under:—

**1.** In pursuance of the said Agreement, the Owner hereby lets and the Hirer hereby takes on hire the said Machinery described in the Schedule hereunder written from \_\_\_\_\_\_\_\_\_\_\_\_ till \_\_\_\_\_\_\_\_ or until the hiring is determined as provided hereinafter and on the terms and conditions recorded herein.

**2. The Hirer covenants and confirms** with the Owner as under:—

(a) It has inspected the said Machinery and is fully satisfied with the condition of the said Machinery and has found the same in good order and working condition. It shall not look forward to the Owner for any warranty or guarantee for performance, quality or fitness of the said Machinery as the said Machinery is supplied with no conditions, warranties and guarantees.

(b) It shall on execution hereof pay one time installation charges of Rs.\_\_\_\_\_\_\_\_\_\_/(Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ only) to the Owner on non refundable/non reimbursable basis.

(c) It shall pay on execution hereof a sum of Rs.\_\_\_\_\_\_\_\_\_/- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) to the Owner by way of interest free refundable (or adjustable) security deposit for due performance of Hirer’s obligations under this agreement.

(d) It shall during the continuance of the hiring unconditionally and irrevocably pay to the owner, without previous demand, a sum of Rs.\_\_\_\_\_\_\_\_\_\_/- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) every month by way of hiring charges. The said amount shall be payable on or before \_\_\_\_\_\_\_ day of each and every month in advance. The hirer shall regularly pay to the Owner monthly hiring charges even if the said Machinery or part thereof has not been used or was incapable of being used for
any reason.

(e) It shall from time to time insure the said Machinery at its own cost and efforts. However, the insurance policy shall be in the name of the Owner and the hirer shall from time to time handover the original policies to the Owner. If the Hirer fails to do so in that event, although not bound, the Owner shall take the said insurance policies and the Hirer shall forthwith reimburse the entire cost of the same to the Owner without any objection.

(f) The Hirer shall neither create any kind of third party rights in respect of the said Machinery nor part with the possession of the same to any third party. The rights of the Hirer on the said Machinery are limited to the extent of personal usage only and the Hirer shall not claim any higher rights on the same. The ownership of the said Machinery shall continue to be of the Owner.

(g) The Hirer shall regularly pay all rent, rates, taxes and outgoings payable in respect of the premises where the said Machinery shall be installed at the first instance and protect the interest and all the rights on the said Machinery and indemnify the Owner against all losses, costs, charges, damages and expenses thereof. It shall not shift the said Machinery to any other place from where it is installed without the written consent of the Owner.

(h) The owner, its servants and representatives at all reasonable times shall have access to the said Machinery for the purposes of inspection or repair or otherwise also.

(i) The Owner shall be entitled to affix its nameplate or mark on the said Machinery to indicate its ownership on the same and the Hirer shall not directly or indirectly do any acts to cover and/or deface the said name plate/mark.

(j) The Hirer shall not interfere with the mechanism and/or working of the said Machinery and/or make any alterations in the same. Upon any fault arising, the Hirer shall forthwith intimate to the Owner and the Owner shall at the earliest and within reasonable time repair the same and the cost of repair shall be forthwith paid by
the Hirer.

(k) It shall not transfer the benefit of this agreement to any one without prior written consent of the Owner.

(l) In the event of delay in payment of any amounts, by the Hirer to the owner as recorded herein, without affecting the owner’s right to terminate this agreement, the Hirer shall pay interest @ \_\_\_\_% p.a. to the Owner for the delayed period and which interest shall be compounded every month.

3. **The Owner has represented** to the Hirer as under:—

(i) The Hirer shall, subject to the terms and conditions hereof, enjoy possession and use of the said Machinery during the validity of this agreement.

(ii) That the said Machinery is free from all encumbrances and reasonable doubts and the owner is fully entitled to enter into this transaction.

(iii) The said Machinery is new/used.

4. It is further agreed as under:—

(i) The Hirer shall have an option to buy the said Machinery.

(ii) The purchase price of the said Machinery is mutually agreed at Rs.\_\_\_\_\_\_\_\_/- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ only).

(iii) The Hirer shall exercise it’s above option to purchase the said machinery by making payment of the purchase price less the aggregate amount of installments of hirer charges paid less the security deposit of Rs.\_\_\_\_\_\_\_\_\_\_\_/- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) whichever is higher.

(iv) Upon the Hirer making payment in terms of sub-clause (iii) above, the hiring arrangement as recorded herein shall stand determined, the sale of the said Machinery by the Owner to the Hirer shall stand completed and the Hirer shall become the Owner of the said Machinery.

5. The Owner may determine the hiring at any time after giving two months previous notice in writing to the Hirer. The Hirer may determine the hiring at any time, but not before \_\_\_\_\_\_\_\_\_\_\_\_\_\_, after giving two months previous notice in writing to the Owner.

6. If the Hirer commits breach of any of the terms and conditions recorded herein or Hirer goes into liquidation or the occurrence of any circumstance on account of Hirer endangering the right of Owner on the said Machinery, in that event the owner shall be entitled to terminate this agreement after giving one month’s advance notice to the Hirer to rectify the breach and Hirer failing to rectify the breach.

7. On determination of this agreement by efflux of time:—

(i) The Hirer shall at its own cost and efforts re-deliver the said Machinery to the Owner in good and working condition within the city/place of \_\_\_\_\_\_\_\_\_\_\_ subject to reasonable wear and tear.

(ii) Upon re-delivery of the said Machinery, the Owner shall refund the said security deposit to the Hirer after adjusting all outstanding dues, if any.

8. Upon termination of the present agreement by the Owner as provided in clause 6 above:—

(a) The Owner shall be entitled to take possession of the said Machinery and to shift the same at its own desirable place. For this purpose, the Owner shall be entitled to enter upon the premises where the said Machineries are installed. The cost of shifting shall be on account of
the Hirer.

(b) The termination shall not affect the owner’s right to receive and recover from the Hirer various amounts as recorded herein and/or to recover damages from the Hirer on account of any breach of this agreement.

9. If the said Machinery or any part thereof is lost or destroyed or damaged beyond repair by fire, floods, earthquake or for any other reason, the Hirer shall compensate the owner the loss equivalent to the Hire purchase price as agreed herein and the insurance claim, if received, will be adjusted against such price.

10. Any time or other indulgence granted by the Owner to the Hirer shall not affect the enforcement of the strict rights of the Owner under this agreement.

11. In the event of any dispute arising between the parties hereto and which cannot be mutually resolved within a reasonable time, the same shall be referred to the Arbitration under the provisions of The Arbitration and Conciliation Act, 1996 or any other prevailing Arbitration law. The Arbitration shall be held in the City of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**THE SCHEDULE ABOVE REFERRED TO:**

(List of the said Machinery)

IN WITNESS WHEREOF the parties hereto have executed these presents the day and year first hereinabove written.

THE COMMON SEAL OF )

ABC LTD., the OWNER )

Above named is hereunto affixed )

pursuant to the Resolution of its )

Board of Directors passed in )

that behalf, on the \_\_\_\_\_\_ day of )

\_\_\_\_\_\_\_\_\_\_\_ 200\_\_ in the presence of )

(1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Managing )

Director and (2) \_\_\_\_\_\_\_\_\_\_\_\_\_\_, )

Director and in the presence of …. )

THE COMMON SEAL OF )

XYZ LTD., the HIRER )

Above named is hereunto affixed )

pursuant to the Resolution of its )

Board of Directors passed in )

that behalf, on the \_\_\_\_ day of )

\_\_\_\_\_\_\_\_\_\_\_ 200\_\_ in the presence of )

(1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Managing )

Director and (2) \_\_\_\_\_\_\_\_\_\_\_\_\_\_, )

Director and in the presence of …. )