

Law Department, Andhra Pradesh

Template regarding Commercial Contracts

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(2) Agreement for Hire-Purchase of Machinery

This Agreement made at..... this..... day of, 2016, between A..... having its registered office at (hereinafter called "the Owner") B..... and having its place of business at..... (hereinafter called "the Hirer") of the Second Part and C..... resident of..... (hereinafter called "the Surety").

Whereas, the hirer has vide his letter datedrequested the owner to provide finance for the purchase of machine.

And Whereas, the owner has by its reply datedagreed to provide finance for the purchase of machine on the terms and conditions laid down in the said letter and the documents to be executed for the said purpose.

And Whereas the hirer has placed an order with M/s for the purchase of machine.

And Whereas, the owner has provided the finance by making payment of an amount of Rs.....vide cheque No.....dateddrawn on to the supplier

Now in consideration of the above, it is agreed between the parties as follows:

1. The owner, being the owner of the machine with fittings, tools, and accessories, more particularly described in the Schedule hereto shall let and the hirer shall take on hire from theday of.....

2. On execution of these presents, the hirer shall pay a sum of Rs. to the owner as initial payment by way of hire and shall during the continuance of this agreement pay to the owner at his address for the time and without previous demand by way of rent for the hire of the said machine the monthly sum of Rs.....the first payment to be made on theday ofnext and each subsequent payment on theday of each succeeding month during the said term.

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3. During the continuance of the agreement, the hirer shall

- a. not sell or offer for sale, assign, mortgage, pledge, sub-let, let or otherwise deal with the said machine or any part or parts thereof or with any interest therein;
- b. keep the said machine in his own possession and will not remove the same or any part or parts thereof without the previous consent in writing of the owner;
- c. use the machine in a skilful and proper manner and shall at his own expense keep the said weighing machine in good and substantial repair and condition (reasonable wear and tear excepted);
- d. keep insured themachine during the period of hiring against any loss or damage by hire or otherwise in the sum of Rs with an insurance company in the name of the owner and deliver the policy of such insurance to the owner and duly and punctually pay all premiums necessary for keeping the said insurance effective throughout the period of this agreement:

Provided that in case the hirer shall at any time fail to effect or keep effect the said policy by making default in any payment of premium, the owner shall be entitled to effect such insurance and pay the premium to the said insurance company and the hirer shall forthwith pay to the owner all the premiums and other sums paid by the owner;

- e. not do or omit to do any act which may result in seizure and/or the confiscation of the machine by the Central or State Government or local authority or any public officer or authority under any law for the time being in force.

4. If the said machine shall be destroyed or damaged by fire or otherwise, all moneys received or receivable in respect of such insurance as aforesaid shall forthwith be received by the owner who shall as the case may require, apply such money either in making good the damage done or in replacing the said machine by other articles of similar description and value and such substituted articles shall become subject to the provisions of this agreement in the same manner as the articles for which they shall have been substituted.

5. The hirer may determine the hiring at any time by giving 15 days notice in writing to the owner at his address for the time being and by returning the said machine at the hirer's own risk and expense and shall thereupon forthwith pay to the owner all hire charges upto the date of such determination and other sums due under the agreement.

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6. If the agreement is determined before the property in the said machine passes to the hirer, the hirer shall forthwith return to the owner, policies and other documents relating to the said machine.

7. The hirer acknowledges and agrees with the owner that he has inspected the weighing machine and he is satisfied that the machine is suitable for his purpose and the owner shall not be liable to the hirer for any liability, claim, loss, damage or expenses caused directly or indirectly by the said machine or any inadequacy thereof for any purpose or any defect therein or by the use thereof or in relation to any repairs, servicing, maintenance of the said machine.

8. The hirer shall be liable to bear and incur the installation cost, cost of detachment of the machine taken on hire and to pay any tax, levy, rates or assessments levied at any time by the Central Government, State Government or any local authority on the total of or any installments payable under this agreement.

9. If the hirer shall duly perform and observe all the terms and conditions in this agreement and the covenants on his part to be performed and observed and shall punctually pay to the owner the sums as agreed

10. No neglect, delay, indulgence, forbearance or waiver on the part of the owner in enforcing any terms or conditions of this agreement shall prejudice the rights of the owner hereunder.

11. In consideration of the owner letting the said machine to the hirer at the rent and under the agreements and conditions hereinbefore expressed, the surety hereby guarantees the due payment of the said rents and all other sums of money which may become payable under this agreement and the performance and observance of the said agreements and conditions by the hirer and this guarantee shall not be prejudiced by the owner neglecting or forbearing to enforce this agreement against the hirer or giving time for the payment of the said rents when due or delaying to take any steps to enforce the performance or observance of the said agreements or conditions or granting any indulgence to the hirer.

12. The parties to this agreement hereby declare that they have fully understood the meaning of all the clauses, terms and conditions of this agreement and they have accepted and executed this agreement with full knowledge and understanding of the obligations herein.

IN WITNESS WHEREOF, the parties have executed this agreement on the day and the year first hereinabove written.

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Signatures

A.....

(the owner)

B.....

(the hirer)

C..... (the surety)

WITNESSES;

1.

2.

TEMPLATE