**DRAFT OF HIRE AND PURCHASE AGREEMENT**

This Agreement is made at ... this ... day of ... between M/s. AB & Co. Ltd., a Company having registered office at ... hereinafter referred to as 'the Company' of the One Part and Mr.... of... hereinafter referred to as 'the Hirer' of the Other Part.  
  
WHEREAS, the Company is the owner of certain machinery and equipment Intended for manufacturing ... and which is more particularly described In the Schedule hereunder written.  
  
AND WHEREAS, the Hirer has requested the Company to give the said machinery and equipment on hire to enable the Hirer to carry on the business of manufacturing ... with an option to the Hirer to purchase the same.  
  
AND WHEREAS, the Company has agreed to do so on the following terms and conditions agreed upon between the parties.  
  
NOW, It Is Agreed by And Between The Parties As Follows:  
  
1.     The Company agrees to give and deliver over to the Hirer the said machinery and equipment described in the Schedule hereunder written on hire on the terms and conditions hereinafter mentioned and pursuant to the said Agreement the Company has delivered possession of the said machinery and equipment to the Hirer.  
  
2.     The Hirer confirms that he has inspected the said machinery and equipment before taking possession and is satisfied that it is In good and working condition and acknowledges delivery of the same to him by the Company and agrees to hold it on the terms and conditions hereinafter mentioned.  
  
3.     The hire-purchase price of the said machinery and equipment fixed at Rs. ... exclusive of the deposit amount mentioned in the next clause and the cost price fixed at Rs. ... is accepted by both the parties hereto.  
  
4.     The Hirer has paid to the Company on the execution of this agreement a sum of Rs. ... as deposit or earnest which will be adjusted against the hire purchase price of the said machinery and equipment If the Hirer exercises the option to purchase the same as hereinafter mentioned. If the Hirer does not exercise the said option or the agreement is terminated before the exercise of such option then the said amount of deposit will be returned to the Hirer by the Company on the expiration or sooner determination of this agreement, subject to deduction of any claim which the Company may have against the Hirer under or by virtue of this agreement or in law, including the cost price of the said machinery and equipment.  
  
5.     During the pendency of this agreement the Hirer shall pay to the Company by equal monthly instalments a sum of Rs. ... as hire charges, in advance, the first of such payments to be made on the execution of this agreement and each subsequent monthly payment will be made on or before the ... day of such each succeeding month hereafter. The payment will be made at the registered office of the Company by cash only or by cheque in the name of the Company.  
  
6.     If the Hirer fails to pay any monthly instalment of hire charges on the due date thereof then the Hirer shall be liable to pay interest thereon at the rate of ....... per cent per annum from the date of default till payment thereof. This is however, without prejudice to the right of the Company to terminate this agreement for default in payment of the monthly Instalments as hereinafter provided.  
  
7.     During the pendency of this agreement the Hirer shall keep the said machinery and equipment in good working condition and shall maintain It properly as a man of prudence would do and shall replace any of the parts thereof lost or disused or out-of-use or broken.  
  
8.     The Hirer agrees to indemnify and keep Indemnified the Company against any loss the Company may suffer due to any damage done to the said machinery and equipment by any reason whatsoever.  
  
9.     The Company through its authorised representative shall be entitled to inspect the said machinery and equipment during working hours at any time and for that purpose to enter Into the premises where the said machinery and equipment will be installed or kept and the Hirer shall allow the Company and its representative to do so.  
  
10.  The Company does not give any warranty as to the quality or fitness of the mechanism of the said machinery and equipment and will not be responsible or liable for any defect found therein.  
  
11.  The Hirer proposes to install the said machinery and equipment at ....... and agrees and undertakes not to remove the same to any other place without the prior written consent of the Company. The Hirer shall not remove the nameplates fixed to the machinery for the purpose of identification of the property of the Company during the pendency of this agreement.  
  
12.  The Hirer shall keep the said machinery and equipment insured in the name of the Company with any recognised Insurance Company and shall pay the premium as and when due and payable regularly. The Policy of Insurance will be handed over to the Company and the Hirer shall produce the premium receipt or furnish true or Xerox copy thereof to the Company from time to time. If the Hirer fails to insure the said machinery and equipment or fails to pay the premium at any time the Company will be entitled to insure (without prejudice to Its other rights under this agreement) the same or to pay the premium as the case may be and the costs incurred by the Company will be paid by the Hirer to the Company as and when demanded.  
  
13.  The Hirer shall use the said machinery and equipment for the manufacture of and not for any other purpose without the prior consent of the Company.  
  
14.  The Hirer shall not give the said machinery and equipment on hire or on any other basis or to allow it to be used by any other person without the prior written consent of the Company and shall not hypothecate or pledge the same with any person to secure payment of any moneys.  
  
29.  The Hirer shall not assign the benefits and rights under this Agreement to any other person without the prior written consent of the Company which consent shall not be unreasonably withheld or refused.  
  
30.  If on the determination of this agreement by efflux of time or otherwise, the Hirer fails to deliver the said machinery and equipment to the Company, without there being any dispute the Company will be entitled to file a suit or take other proceedings to recover possession thereof and the Hirer will be liable to pay all the costs, charges and expenses incurred by the Company, in that behalf subject to any order of the Court.  
  
31.  If any dispute arises between the parties out of or in connection with the agreement whether in the nature of interpretation or meaning of any term hereof or as to any claim by one against the other, or otherwise the same shall be referred to arbitration of a common arbitrator if agreed upon. otherwise to two arbitrators one to be appointed by each party hereto and the arbitration shall be governed by the Arbitration Act, 1940.

THE SCHEDULE ABOVE REFERRED TO  
  
(List /Description of machinery & equipment)  
  
Signed and delivered for and  
  
on behalf of M/s. A B & Co. Ltd., by Mr. ... a Director of the  
  
Company duly authorised by a Resolution of the Board of Directors dated ...  
  
in the presence of ...  
  
Signed and delivered by the within named Hirer Mr. in the presence of ...