

## **LEASE/IJARA AGREEMENT**

**THIS LEASE AGREEMENT** is made at \_\_\_\_\_ on \_\_\_\_\_ day of \_\_\_\_\_  
20\_\_

### **BETWEEN**

\_\_\_\_\_ (Name) S/O \_\_\_\_\_ R/O....., (hereinafter referred to as the “**Lessee**” which expression shall wherever the context so permits mean and include its heirs, successors in interest and permitted assigns) party of the FIRST PART

### **AND**

\_\_\_\_\_ Society, a duly registered Cooperative credit Society (registered under \_\_\_\_\_ Act, \_\_\_\_\_) having its registered office at \_\_\_\_\_ (hereinafter referred to as “**Lessor**” which expression shall wherever the context so permits mean and include its successors in interest and assigns) party of the SECOND PART.

### **AND**

1. ....(Name)....S/O.....R/O.....  
.....
2. ....(Name)....S/O.....R/O.....  
.....

herein after jointly referred to as “**Guarantors**” (which expression shall wherever the context so requires or permits mean and include heirs and assigns) party of the THIRD PART

**IT IS AGREED BY THE PARTIES** as follows:

### **1. PURPOSE AND DEFINITIONS**

**1.01** This Agreement sets out the terms and conditions upon and subject to which the Lessor has, acting on the Written Request of the Lessee which is attached as Annexure 1 of this Agreement, acquired/beneficially acquired the requested Assets and have agreed to Lease the same to the Lessee;

**1.02** In this Agreement, unless the context otherwise requires:

“**Due Date(s)**” means the respective dates for the payment of the Lease rentals as stated in the Annexure 2;

“**Indebtedness**” means any obligation of the Lessee for the payment or any sum of money due

or, payable under this Agreement;

**“Leased Assets”** means Assets that are subject to Lease under this Agreement, more particularly described in Annexure 1;

**“Lien”** shall mean any mortgage, charge, pledge, hypothecation, security interest, lien, right of set-off, contractual restriction (such as negative covenants) and any other encumbrance;

**“Principal Documents”** means this Agreement and the Security Documents;

**“Taxes”** includes all present and future taxes, Goods and Services Tax (GST), levies, imposts, duties, stamp duties, penalties, fees or charges of whatever nature together with delayed payment charges thereon and penalties in respect thereof and "Taxation" shall be construed accordingly;

**“Total Loss”** shall have the same meaning assigned to it in the policy of insurance where under the Leased Assets are insured and shall include such other terms in such policy that have a meaning analogous to the term Total Loss as generally understood;

**“Value Date”** means the date on which the Lease commences under this Agreement and shall be the date on which the asset is delivered to the lessee in a condition such that the asset can provide the lessee the required benefit from its use.

**1.03** The recitals herein above and Annexures to this Agreement shall form an integral part of this Agreement.

## **2. LEASE**

**2.01** The Lessor hereby Leases to the Lessee and the Lessee hereby agrees to take on Lease from the Lessor, the Leased Assets for the period stated herein upon the terms and conditions herein set forth.

The Lessee agrees that Lessor has acquired the Leased asset on the request of and as per written request of Lessee. The Lessor has not made and does not hereby make any representation as to merchantability, condition or suitability of the Leased Assets for the purpose of the Lessee or any other representation, with respect thereto. The Lessee agrees that its obligation hereunder to pay rentals herein provided for shall not in any way be affected by any such defect or failure of performance of the Leased Assets once lessee has accepted the delivery of the same;

**2.02** The Lessee covenants and agrees to pay the amount of Rs. [-----] to the Lessor before the execution of this Agreement as a security deposit which may be applied in the absolute discretion of the Lessor during the tenor of the lease. The Lessee shall have no right of set off against such security money except at a stage on which such set off of security deposit in part or full as the case may be results in closure of the lease, and the lessee shall be entitled to the return of the said security deposit after deduction of any costs, charges or expenses that the Society has

incurred after the purchase order has been issued to the supplier and the Lessee wants to cancel the lease agreement.

### **3. TERMS AND PERIOD OF LEASE**

**3.01** The term of the Lease and the charges payable hereunder (hereinafter referred to as Lease Rental) with respect to the Leased Assets shall be as set-forth in Schedule attached hereto in Annexure 2. The Lease Rental shall be payable during the term of the lease monthly/quarterly/semi-annually in advance/arrears on the day mentioned in schedule attached hereto in annexure 2. .

**3.02** This Agreement or the Lease hereunder in respect of the Leased Assets can be terminated only with the mutual consent of the parties hereto. Such termination shall take effect after ----- days from the date of parties' consent. This Agreement and all its terms and conditions shall, notwithstanding the termination of Lease, continue in full force and effect subject to provision of **clause 14** until all obligations of the Lessee under this Agreement are discharged (including the obligation to return the Leased Assets to the Lessor in good operating condition in accordance with the provisions of this Agreement) and the payment of all sums due hereunder to the satisfaction of the Lessor.

**3.03** All costs of ownership of the Leased assets shall be borne by the Lessor whereas all costs associated with use/application of asset such as, license fees etc will be borne by the Lessee.

### **4. INSURANCE**

**4.01** Leased assets shall be comprehensively insured by the Society against all insurable risks, which may include fire, arson, theft, accidents, collision, vandalism, riots and acts of terrorism, and all the policies regarding the same shall name the Society as the beneficiary.

**4.02** Lessee will pay the periodic insurance premium on behalf of the Lessor and recover it from the Lessor or set off against the Lease rental

**4.03** If there is an occurrence of an event of loss involving the Leased assets, it shall be the responsibility of the Lessee to immediately inform the Lessor and also file claim on account of the event of loss on behalf of the Lessor with the insurance company. The Lessee shall be responsible to make good any loss incurred by the Lessor for rejection of any insurance claim on account of delayed or incomplete filing of claim.

### **5. SECURITY**

**5.01** As security for the liability of the Member under this Agreement, the Member shall:-

(a) Furnish to the Society collateral(s)/security(s), substantially in the form and substance attached hereto as **Annexure..** (to be included in an annexure by the respective societies)

(b) Execute such further deeds and documents as may from time to time be required by the Society and if necessary appropriately register charge and for the purpose of more fully securing and or perfecting the security created in favour of the Society and to create such other securities as deemed necessary by the society (The above are hereinafter collectively referred to as the "**Security**").

**5.02** In addition to above, the Member shall execute a demand promissory note in favour of the Society for the amount of the total rentals for the period of the Lease (the "**Promissory Note**");

(The **Security** and the Promissory Note are hereinafter collectively referred to as the "**Security Documents**").

## **6. GUARANTORS**

**6.01** In consideration of the liabilities of the Member's to the Society under this agreement at the request of the Member, the Guarantor(s) hereby guarantee(s) repayment of the said liability as it falls due under this Agreement.

**6.02** Guarantor(s) agree(s) that their obligation under this Agreement shall be absolute, unconditional and irrevocable and shall be concurrent with those of the Member in all respects.

**6.03** Obligations and Acknowledgements of the Guarantor(s): Guarantor(s) shall:

**6.03.1** Ensure regular and punctual payment of all sums due under this Agreement and the due performance of the terms and conditions of this Agreement by the Member;

**6.03.2** The Society shall be at liberty to sue the Member and the Guarantor(s) jointly and/or severally or shall be entitled to proceed against the Guarantor(s) as if the guarantor(s) is/are the principal debtor.

**6.04 Security Interest:** The Society may call upon the Member and/or Guarantor to create security interest in favor of the Society while entering into the Agreement. The Member and/or Guarantor may create security of moveable or immoveable property ("Secured Property") for securing the Lease Installments and all other sums due under this Agreement. Member and/or Guarantor covenants that on the date hereof, the Member and/or Guarantor is the absolute owner, in physical possession of the Secured Property and that the Secured Property has a good and marketable title and that save the charges created in favor of the Society, the Secured Property is free from all encumbrances.

## **7. FEES AND EXPENSES**

The Lessee shall pay to the Lessor on demand within 15 days of such demand being made, legal and other ancillary expenses incurred by the Lessor in connection with the negotiation, preparation and execution of the Principal Documents and of amendment or extension of or the granting of any waiver or consent under the Principal Documents.

## **8. PAYMENT AND ACCOUNTS**

All payments to be made by the Lessee under this Agreement shall be made in full, without any set-off or counter claim whatsoever, on the due date except to the extent of any periodical insurance premium on account of the Leased asset already paid by the Lessee on behalf of the Lessor.

## **9. DELIVERY**

**9.01** The Leased Assets as set out in the annexure 1 attached hereto shall be delivered by the Lessor to the place stated in the annexure 2 All costs incurred in connection with requisition and delivery of the Leased Assets up to the point of delivery including all amount stated in the annexure 2 inclusive of all charges of taxes, \_\_ shall be borne by the Lessor. Further, the Lessee shall notify the Lessor in writing of the place at which such Leased Assets are to be installed, located, used or operated and thereafter the Lessee shall not remove or shift the Leased Assets to any other place without the prior written consent of the Lessor.

**9.02** Upon delivery of the Leased Assets to the Lessee, the Lessee shall execute and deliver to the Lessor areceipt or acceptance thereof in the form annexed hereto as Annexure 3. By such acceptance, the Lessee agrees and covenants that such Leased Assets are in good working order, condition and appearance and in all respects satisfactory to the Lessee and complete in all respects.

## **10. USE OF LEASED ASSETS**

**10.01** The Lessee hereby agrees and undertakes that:

- a) Lessee shall at all times store, house, use and operate the Leased Assets carefully and strictly in conformity with the instructions and directions of the manufacturers and/or Suppliers;
- b) The Leased Assets shall be handled, used and operated by authorized and suitably trained persons;
- c) The Lessee shall not do or omit to do any act or thing by which the warranties and performance guarantees given by the Suppliers and/or manufacturers of the Leased Assets would or could become invalidated or unenforceable, whether wholly or in part;

**d)** Each item of Leased Assets shall be used for the normal and usual purpose of the business of the Lessee for the time being, and, except with the prior permissions of the Lessor and for no other purpose whatsoever;

**e)** The Lessee shall store, house, install, use and operate the Leased Assets in compliance with all relevant laws, rules, regulations, orders and direction, of all government authorities and in compliance with Shariah stipulations;

**f)** The Lessee shall not sell, transfer, assign or otherwise dispose off, loan, give on license, or part with the possession of, or in any way mortgage, hypothecate, pledge, charge or otherwise encumber, the Leased Assets and except with the permission of the Lessor in writing, sublease or let for hire.

**10.02** The Lessee shall not, without the prior written consent of the Lessor, make any alteration, addition, or improvement to the Leased Assets or change the condition thereof. In the event of any component or accessory being affixed or added to the Leased Asset in the process of alteration or improvement of any kind, such component or accessory shall in the normal course be deemed to be the property of the Lessor. However, the Lessee shall have the right upon termination of the Lease (or earlier) and with the prior intimation to the Lessor to retrieve by detachment or removal such accessories or component as had been affixed/added to the Leased assets by the Lessee provided that such detachment or removal shall neither tend to damage the appearance nor impair the working of Leased Assets.

**10.03** Nothing contained in this clause shall release the Lessee from its liability for any storage, handling, use or operation of the Leased Assets or any of them in breach of any of the terms and conditions contained herein or in a manner contrary to any provisions or requirements of the insurance policy or policies intended to cover the Lessor's liability as owner of the Leased Assets or in contravention of any law or Shariah stipulation.

**10.04** The Lessee hereby agrees to indemnify and save harmless the Lessor from and against all claims and demands made and all fines or penalties levied or imposed in respect of or arising out of the storage, handling, use or operation of the Leased Assets or any of them;

**10.05** The Lessee will immediately notify Lessor of any change of place of permanent location of the Leased Assets;

**10.06** In the event of damage to the Leased assets on account of force majeure events and for circumstances for which Lessee is not responsible in any way and as a result of which use of the Leased assets is not available to the Lessee for a period exceeding \_\_ days, the Lessee shall be exempted from paying Lease rentals to the Lessor for the period for which the Leased Assets remain unavailable for use by the Lessee.

## **11. MAINTENANCE OF LEASED ASSETS**

The Lessee agrees to be solely responsible for all routine maintenance and operating costs including preventive maintenance and any costs and expenses arising out of failure on the part of Lessee to adhere to any aspect or schedule as part of preventive maintenance, repair costs, incurred in connection with or in any way referable to storage, handling, use and operation of each item of the Leased Assets;

## **12. REGISTRATION AND TITLE**

**12.01** The Leased Assets shall, where applicable, be registered in the name of Lessor under the Indian laws pertaining to and applicable to registration of such assets. Title, ownership and right of property in and to the Leased Assets Leased hereunder shall at all times remain vested in Lessor and the Lessee covenants and agrees not to do or perform any act prejudicial thereto;

**12.02** Payment of all taxes incidental to usage if applicable shall be the sole responsibility of the Lessee, and it is understood this payment has been factored in the Lease Rentals;

**12.03** The Lessee shall affix a plate or label or other mark on the Leased Assets indicating that it has been Leased from the Lessor and the Lessee shall ensure that such plates, labels or marks are not covered up, obliterated, defaced or removed. The detailed specifications and wordings of such plates, labels and marks shall be provided by the Lessor to the Lessee and the Lessee shall affix the plates, labels and marks on the Leased Assets in conformity with said specifications and wordings;

**12.04** As between the Lessor and the Lessee, the Leased Assets shall continue in the ownership of the Lessor notwithstanding that the same may have been affixed to any land or building. The Lessee shall be responsible for any damage caused to any such land or building by the affixing to or removal there from of the Leased Assets, whether affixed or removed by the Lessee or the Lessor, and the Lessee shall indemnify and save harmless the Lessor from and against any and all claims made in respect of such damage.

## **13. RETURN OF LEASED ASSETS**

**13.01** Return of the Leased Assets shall be at the Lessor's place of business;

**13.02** The Lessee agrees to return the Leased Assets at the end of the term of the Lease hereby granted or any extension thereof or earlier upon termination of the Lease, in good operating condition and working order, free from any physical damage. In general, normal wear and tear proportionate to the usage is to be expected.

## **14. LIMITATION OF LIABILITY**

**14.01** If the Leased Asset should suffer major damage without any fault on the part of the Lessee, but be capable of being repaired and if not withstanding the applicable insurance proceeds being insufficient to pay the full cost of repairing the same, the Lessee may arrange repair and the actual cost of repairs shall be payable by the Lessor to the Lessee whereas the amount of insurance claim received from the insurance company shall be payable to the Lessor. However, if the Leased Asset is completely lost or incapable of repair the proceeds of insurance due shall be payable to the Lessor and Lessor shall provide a new asset to the Lessee or for the balance period of lease or compensate him for the same as mutually agreed. In the context of this clause it shall be responsibility of the Lessee to prove that the said major damage caused to the Leased asset was not occasioned due to any acts of commission and omission of the Lessee;

**14.02** All repairs, replacements or substitution of the parts or component of the Leased Assets necessitated due to normal usage or due to any acts of omission and commission either on the part of Lessee or any person for whom and for whose actions the Lessee is responsible shall be at the Lessee's expense.

## **15. DEFAULT**

There shall be an Event of Default if in the opinion of the Lessor:

- a) Any representation or warranty made or deemed to be made or repeated by the Lessee in or pursuant to the Principal Documents or in any document delivered under this Agreement is found to be incorrect;
- b) The Lease rentals payable under this Agreement remain outstanding for a period of more than [Insert period];
- c) Any liability, including Lease rentals outstanding under this Agreement, of the Lessee in excess of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) if not paid when due, or becomes due or capable of being declared due prior to its stated maturity;
- d) The total interruption or cessation of the business activities of the Lessee;
- e) As applicable if the Leased Assets are used unreasonably or in an abusive manner.

## **16. TERMINATION**

**16.01** This agreement of Lease may be terminated by;

- a) Mutual consent of the Lessor and Lessee;
- b) In the event of default by Lessee;
- c) Premature termination of Lease by Lessee;



d) The Lessee may seek to terminate the Lease prematurely by paying the early termination charges and enter into a secondary Lease for the Leased assets on such terms and conditions as the parties may decide.

**16.02** In the event of the breach by Lessee of any of the terms of this Agreement of Lease the Lessor shall terminate this agreement and become entitled to the return of the Leased Assets, then notwithstanding any terms or conditions herein contained, Lessor at its sole discretion in addition to any other remedy open to it and without obtaining a judgment, decree or other order from a court, may at any time without notice take possession of the said Leased Assets, and the Lessee hereby authorizes and empowers Lessor to enter on any of the Lessee's lands or premises, or any other place or places where the said Leased Assets may be found and take possession thereof and execute relevant documents as may be necessary and levy early termination charges by the Lessor from the Lessee as specified in **Annexure 4**.

## **17. INSPECTION**

The Lessee shall permit, during the currency of the Lease Agreement, persons authorized by the Lessor to inspect and examine the condition of the Leased Assets and, for the said purpose, shall permit such persons to enter upon the premises where the Leased Assets are situated, even where, in default of custody, control and use, the Leased Assets are not situated at the specified location.

## **18. REPRESENTATIONS AND WARRANTIES**

The Lessee hereby represents and confirms that:

- a) The Member warrants and represents to the Society that in the execution, delivery and performance of the Principal Documents by the Member, he will not contravene any existing law, regulations or authorization or constitutive document or resolutions to which the Member is subject;
- b) No material litigation, arbitration or administrative proceedings is pending or threatened against the Member or any of its assets.

## **19. PENALTY**

Where any amount is required to be paid by the Lessee under the Principal Documents on specified date and is not paid by that date, or an extension thereof, permitted by the Society without any increase in the Lease Rentals, the Lessee hereby undertakes to pay directly to the charity fund, constituted by the Society, a sum calculated @ -----% per annum for the entire period of default, calculated on the total amount of the obligations remaining un-discharged. The charity fund shall be used at the absolute discretion of the Society, exclusively for the purposes

of approved charity, not in any way connected with the beneficial interest of the Society.

## **19. INDEMNITIES**

The Member shall indemnify the Society against any expense which the Society shall prove as rightly incurred by it as a consequence of;

(a) The occurrence of any event of default and any misrepresentation on the part of the member.

## **20. ASSIGNMENT**

This Agreement shall be binding upon and inure to the benefit of and be enforceable by the Lessor, the Lessee and respective successors' permitted assigns and transferees of the parties hereto, provided that the Lessee shall not assign or transfer any of its rights or obligations under this Agreement without the written consent of the Lessor. The Lessor may assign all or any part of its rights or transfer all or any part of its obligations and/or commitments under this Agreement to any Lessor, or other person.

## **21. FORCE MAJEURE**

Any delays in or failure by a Party hereto in the performance hereunder if and to the extent it is caused by the occurrences or circumstances beyond such Party's reasonable control, including but not limited to, acts of God, fire, strikes or other labor disturbances, riots, civil commotion, war (declared or not) sabotage, any other causes, similar to those herein specified which cannot be controlled by such Party, the Party affected by such events shall promptly inform the other Party of the occurrence of such events and shall furnish proof of details of the occurrence and reasons for its non-performance of whole or part of this Agreement. The Parties shall consult each other to decide whether to terminate this Agreement or to discharge part of the obligations of the affected Party or extend its obligations on the basis of capabilities of each of the Party.

## **22. GENERAL**

**22.01** No failure or delay on the part of the Lessor to exercise any power, right or remedy under this Agreement shall operate as a waiver thereof nor shall a partial exercise by the Lessor of any power right or remedy preclude any other or further exercise thereof or the exercise of any other power right or remedy. The remedies provided in this Agreement are cumulative and are not exclusive of any remedies provided by law;

**22.02** This Agreement represents the entire agreement and understanding between the Parties in relation to the subject matter and no amendment or modification to this Agreement will be effective or binding unless it is in writing, signed by both Parties and refers to this Agreement;

**22.03** Nothing contained herein shall prejudice or otherwise affect the rights and remedies that may otherwise be available under law to the Parties;

**22.04** Any reconstruction, division, re-organization or change in the constitution of the Society or its absorption in or amalgamation with any other person or the acquisition of all or part of its undertaking by any other person shall not in any way prejudice or affect its rights hereunder.

## **23. NOTICE**

**23.01** The two Parties agree that any notice or communication required or permitted by this Agreement shall be deemed to have been given to the other Party seven days after the same has been posted by registered mail or the next Business Day if given by a facsimile message or telex or by any other electronic means, or the next Business Day as counted from the date of delivery if delivered by courier mail;

**23.02** All notices and other communications required to be served on the other party including for violation of the terms of this Agreement shall be considered to be duly served if the same shall have been delivered by hand or posted by registered mail to;

**(i) Incase of Society:**

*(Name, designation and complete address including PIN code of the Chief Executive of the Society to be given here)*

**(ii) Incase of Member:**

*(Name and complete address including PIN code of the member to be given here).*

## **24. ARBITRATION**

In the event of any dispute or difference between the Parties hereto upon or in relation to or in connection with this Agreement, such dispute or difference shall be resolved amicably by mutual consultation or through the good offices of the arbitrators appointed by the cooperative in this regard under the Arbitration and Conciliation Act, 1996. The venue of arbitration shall be the registered office of the Society

## **25. JURISDICTION**

Subject to the other provisions of this agreement, the court at \_\_\_\_ shall have exclusive jurisdiction in all matters concerning this agreement including any matter arising out of the arbitration proceedings or any award made therein.

**IN WITNESS WHEREOF** the Member and the Society have executed this Agreement on the day, month and year hereinabove mentioned.

Signature

Signature and seal

Party of First Part

Party of the Second Part

And Guarantors  
Party of the Third Part

Signature (1)

Signature(2)

## Annexure 1

### **WRITTEN REQUEST**

[Date]\_\_\_\_\_

To: \_\_\_\_\_

[Insert name and address of the Lessor/Society]

\_\_\_\_\_

Dear Sir,

### **WRITTEN REQUEST FOR PURCHASE OF ASSETS**

(1) I request you to kindly procure the Assets described below to be leased to the undersigned;

Sr. No.	Specification of Assets	Amount

(2) I further request you to deliver the Assets as follows:-

(a) Assets:

(b) Terms of delivery:

(c) Place of delivery:

Yours faithfully,

For and on behalf of [Insert name of the Lessee]

\_\_\_\_\_

## Annexure 2

### **SCHEDULE OF LEASE RENTALS**

This Schedule shall be attached to and form an integral part of the Lease Agreement Between (Lessor)\_\_\_\_\_ and (Lessee)

\_\_\_\_\_.

The Lessee confirms that it shall pay the Lessor for lease of the assets, lease rental as herein below specified.

#### **Schedule of lease Rentals**

Due Date	Lease Rental Amounts	Due Date	Lease Rental Amounts	Due Date	Lease Rental Amounts

The Lessor shall maintain comprehensive insurance during entire period of Lease.

Registration charges and GST on the rentals shall be paid by Lessee.

Place of delivery and return of the Leased Assets shall be at the Head Office of Lessor or as agreed between the Parties.

Commencement date of Lease: \_\_\_\_\_

Duly authorized by the Lessees: \_\_\_\_\_

**Annexure 3**

**RECEIPT OF LEASED ASSETS**

**AGREEMENT NO.[-----] DATED [-----]**

Description of the Assets: -----  
-----  
-----

The Assets described above are received complete in all respect and in perfect working order and condition.

Delivery dated \_\_\_\_\_

**1. Signature** \_\_\_\_\_

Full Name \_\_\_\_\_

S/o.D/o.W/o. \_\_\_\_\_

Res.Address \_\_\_\_\_

\_\_\_\_\_

**SIGNED for and on behalf of the Lessor by:**

-----

Dated: \_\_\_\_\_

## **Annexure 4**

### **Schedule of Early Termination Charges**

S. No	Period from start of Lease	Early Termination charges as % of total cost of LeasedAssets
1	0 – 12 Months	Early Termination not Permitted
2	13 – 18 Months	
3	19 – 24 Months	
4	25 – 30 Months	
5	31 – 36 Months	

Note: The termination charges may be recovered by the cooperatives as per the formula shared in SOP Document