Lease Agreement for Plant and Machinery

LESSOR; (insert name and address)

LESSEE; (insert name and address)

DATE:

1. LEASE: The lessor hereby agrees to lease to Lessee and the Lessee hereby agrees to take on Lease from Lessor, subject to the terms of this Lease Agreement (hereinafter referred to as the "AGREEMENT")…… (write brief title of the asset) (hereinafter referred to as the "EQUIPMENT") described in the Schedule annexed hereto.

2. PERIOD: The Lessee shall take the equipment for its use on lease for the term to commence from the date of payment by the Lessor to the supplier and to terminate at the end of…… months from the date of such commencement. The period of lease may be extended for such period and on such terms and conditions as may be agreed upon by and between the parties hereto. (Subject to the concurrence of Lessor's Bankers).

3. RENTAL: In consideration of the above, the Lessee shall pay to the lessor, Lease rent at the rate specified in the Schedule hereunder written for the entire period of the Lease. Such rent shall be payable by the Lessee to the Lessor's [designated Bankers…… (insert the name of bankers) for and on behalf of the Lessor] within seven days of the same becoming due and payable. The lease rent shall be due and payable on the first day of each calendar month, commencing from the calendar month in which the period of lease commences, provided that the lease rent for the calendar month in which the period of lease commences shall become payable on the commencement of the lease period. Lessee will pay on demand as late charges, an amount equal to two per cent (2%) per month of each instalment of lease rent or part thereof that remains unpaid for a period of more than seven (7) days. It is expressly understood by the parties hereto that time shall be the essence of this Agreement, in so far as it relates to the obligations or commitments of the lessee.

4. WARRANTIES: The Lessee has made the selection of the Equipment based upon its own judgement prior to the purchase thereof by the Lessor and expressly declares that it has not relied upon any statements or representations made by Lessor, makes no express or implied warranties including those of merchantability or fitness for particular use of the Equipment and hereby disclaims the same. The Lessor shall not be responsible for any repairs, service or defects in the Equipment or the operation thereof. However, the Lessor agrees that Lessee shall be entitled to the benefits of the manufacturer's warranties in respect of the Equipment.

5. TITLE, IDENTIFICATION, OWNERSHIP OF EQUIPMENT: No right, title or interest in the Equipment shall pass to Lessee by virtue of these presents. Conditioned upon Lessee's compliance with and fulfilment of the term of conditions of this Agreement, the Lessee shall have the right to have and retain possession and use of the Equipment for the full term of lease including the extended term if agreed to. Lessor may require plates or makings to be affixed to or placed on the Equipment, indicating Lessor's interests therein (and the interests of its Bankers). Lessor and Lessee hereby confirm that their intent is that the Equipment shall at all times remain the property of the Lessor. Lessee also agrees and undertakes not to sell, assign, sublet, pledge, hypothecate or otherwise encumber or suffer a lien upon or against any interest in this Agreement or the Equipment, or to remove except for the purposes of repairs with prior intimation to the Lessor the Equipment from the factory or office site where originally put to use or allow any third person to use the equipment without the prior consent of the Lessor in writing.

6. The equipment hereunder leased, will be delivered by the manufacturers/ suppliers to the location specified by Lessee. Lessor shall not be responsible for any damage incurred to the Equipment during delivery. Lessor will request the manufacturers/suppliers to effect delivery on or before the date of commencement of the rentable, but if for whatever reasons, delivery is not affected by the manufacturers/suppliers by the date, lessor shall not be liable for any loss suffered by the Lessee thereby. Lease rentals shall be deemed to commence from the date of disbursement for the actual

purchase made with the consent of the lessee.

7. INDEMNITY: Lessee agrees to comply with all laws, regulations and orders relating to the possession, operation, and use of the Equipment and assumes all risks and liabilities arising from or pertaining to the possession, operation or use of the Equipment. Lessee does hereby agree to indemnify and keep indemnified and hold safe and harmless the Lessor from and covenants and undertakes to defend Lessor against any and all claims, costs, expenses, damages and liabilities whether civil or criminal, of any nature whatsoever, arising from or pertaining to the use, possession, operation or transportation of the Equipment. Any fees, taxes or other lawful charges paid by Lessor upon failure of Lessee to make such payments, shall become immediately due from Lessee to make such payments, shall become immediately due from Lessee to Lessor. Lessee further covenants and undertakes to indemnify and keep indemnified the Lessor against loss of Equipment by seizure by any person other than the Lessor for any reason whatsoever, or resulting from any form of legal process initiated by any person other than the Lessor, provided that such indemnity shall not cover such loss as arises out of any neglect or default on the part of the Lessor. Lessee further agrees to indemnify and keep indemnified the lessor against all risks and liabilities whether civil or criminal, arising from the possession, use, operation or storage of the Equipment and for injuries or deaths of persons or damage to property arising from the above.

8. USE, INSPECTION: Lessee will cause the Equipment to be operated in accordance with manufacturers' manuals or instructions, if any, and in so far as applicable by competent and duly qualified personnel only and in accordance with applicable Government regulations, if any, and for business purposes only. Lessor shall have the right from time to time during the normal business hours on any working day to enter upon Lessee's premises or elsewhere after prior notice for the purpose of confirming the existence, condition and proper maintenance of the Equipment.

9. REPAIRS, LOSS AND DAMAGE: During the term of the Lease and any renewal thereof, Lessee, at its own cost and expenses will keep all Equipments in good repair, condition and working order and shall furnish all parts, mechanisms, devices and servicing required thereof. All such parts, mechanisms and devices shall immediately be deemed part of the Equipment for all purposes hereof and shall become the property of the Lessor. In the event, any item of Equipment is lost, stolen or destroyed or damaged beyond repair for any reason, Lessee shall promptly pay the Lessor the instalments of lease rentals then remaining unpaid less insurance claims received by Lessor, in respect of insurance effected in pursuance of this Agreement, whereupon Lessor will transfer to Lessee, without recourse of warranty, all of Lessor's right, title and interest, if any, in such items. If, however, the insurance claim received by the Lessor exceeds the amount of unpaid rentals, the Lessor shall forthwith pay the difference to the Lessee.

10. INSURANCE: Lessee shall obtain and maintain for the entire term of this Agreement at its own expense, comprehensive insurance against loss or destruction or damage to the Equipment including without limitations destruction or loss by fire, theft and such other risks or loss as are customarily insured against on the type of Equipment leased hereunder and by businesses in which Lessee is engaged and in such amounts as shall be satisfactory to lessor, provided however that the amount of insurance against loss or destruction or damage to the Equipment shall not be less than the greater of the full replacement value of the Equipment or the instalments of lease rentals then remaining unpaid hereunder plus any renewal options entered into pursuant to this Agreement. Each insurance policy will name Lessee as insured and note Lessor's (and its Bankers') interests as loss payee. Lessee shall furnish to Lessor a certificate of insurance or other satisfactory evidence that such insurance coverage is in effect.

11. FURTHER ASSURANCE:

(a) During the term of this Agreement, Lessee shall provide if so asked for by Lessor annual audited accounts of the Lessee.

(b) Lessor hereby covenants that the Equipment is the absolute property of the Lessor and undertakes not to sell or transfer the same to any party except as to hypothecate, mortgage or create a charge in favour of a Bank or Financial Institution. The Lessor shall inform the Lessee of any such mortgage or hypothecation.

(c) Lessee irrevocably agrees that the lease rentals will be increased by any incremental taxes, if any, whether Sales Tax or Excise Duties or any other related and consequential charges, if any,

levied on this transaction now or hereafter as also by any increase in purchase price of the asset in the intervening period between placement of the order and its acceptance and the eventual delivery of the Equipment. The lease rentals have been stipulated in the assumption that the lessor shall be entitled to claim in his income tax assessment investment allowance @25% of the cost of Equipment and depreciation @…… in the first year, and ……% every year subsequently on reducing balances. The lessee agrees that the lease rentals shall be suitably increased if such investment allowance or depreciation is not allowed at all or at rates given above or due to any changes in the tax laws in respect thereof.

(d) Lessee further irrevocably stipulates that at no time during the period of this lease agreement will the Lessee attempt to capitalise the leased asset on Lessee's balance sheet and Lessee and Lessor irrevocably agree that ownership of the Equipment during the tenure of the lease as specified herein and inclusive of any renewal options that the parties hereto may concur to indisputably vests with the Lessor.

(e) The Lessor does hereby agree to indemnify and keep indemnified and hold safe and harmless the Lessee from and against any loss or damage caused to or suffered by the Lessee on account of any action taken by the Bank or Financial Institution for non-satisfaction or breach of the conditions of the loan granted by the Bankers to the Lessor. In case of Lessor's failure to make payment of principal and/or interest of the loan and on being called upon by the Bank or Financial Institution to pay to them all or any instalments of rental and the Lessee making such payment the Lessor agrees that such payment to the Bankers or Financial Institution made by the Lessee of the sums due under this Agreement, shall be considered as having been paid to the Lessor, towards the Lessor's dues hereunder. In that event, the Bank shall have no right of recourse to possession of Equipment so long as the Lessee meets with lease rental payments falling due under this Agreement.

(f) The Lessor hereby agrees to inform its Bankers about this arrangement and obtain their confirmation to the same.

12. SURRENDER: Upon expiration or earlier termination of the lease, Lessee shall deliver to the Lessor the said Equipment at such a place as Lessor may specify in good repairable condition and working order, normal wear and tear resulting from the proper use of the Equipment and damage by fire not caused by the negligence of the Lessee shall be excepted.

13. EVENTS OF DEFAULT: An event of default shall occur hereunder if Lessee:

(a) fails to pay any instalment of lease rentals or part thereof or other payment required hereunder when due and such failure continues for a period of 10 days after written notice is sent from Lessor; or

(b) fails to perform or observe any other covenant condition or agreement to be performed or observed by it hereunder or breaches any representation or provision contained herein or in any other document furnished to the Lessor in connection herewith and such failure or breach continues unremedied for a period of ten days (if such breach is capable of being remedied within ten days) after written notice is sent from the Lessor; or

(c) without Lessor's consent, attempts to remove (except for repairs), sell, transfer, encumber, part with possession or sublet any item of Equipment; or

(d) shall commit an act of bankruptcy or become insolvent or bankrupt or make an assignment for the benefit of creditors, or consent to the appointment of a Trustee or Receiver or either shall be appointed for Lessee or for substantial part of its property without its consent, or bankruptcy, reorganisation or insolvency proceedings shall be instituted by or against Lessee; or

(e) shall suffer an adverse material change in the financial condition from the date hereof, and as a result thereof Lessor deems itself or any of its equipment to be insecure; or

(f) shall be in default under any other agreement at any time executed with Lessor.

14. REMEDIES: Upon the occurrence of any default and at any time thereafter the Lessor would declare all future rentals due and to become due hereunder for the full term of the lease immediately due

and payable and on such declaration being made by Lessor, Lessee shall forthwith provide to the Lessor the present value of the said sums due discounted at the rate of 12% per annum and upon Lessee failing to make the said payment within 30 days thereof Lessor may in its discretion do any one of the following:

(a) Take action for recovery as liquidated damages for loss of bargain and not as penalty, of any amount equal to all unpaid lease rental payment which in the absence of a default would have been payable by Lessee hereunder for the full term thereof plus interest thereon at the rate of 2% p.m. for the period until receipt of the said amount;

(b) Upon notice to Lessee terminate this Agreement and all Schedules executed pursuant hereto and forfeit the amounts paid by Lessee by way of rentals and demand the Lessee to return all equipment to Lessor at Lessor's own risk and expenses in the same condition as delivered, ordinary wear and tear and damage by fire not caused by the negligence of Lessor excepted, at such location as the Lessor may designate and upon failure of Lessee to do so within 14 days from the date of demand, enter upon premises where such Equipment is located and take immediate possession of and remove the same, all without liability to Lessor or its Agent for such entry or for damage to property or otherwise. Lessor may detach and dismantle the Equipment from any part of the freehold or process machinery to which it may be affixed without the written permission of Lessee;

(c) Sell all the Equipments at public or private sale or lease to others with 7 days' Notice on account and at the risk of Lessee and appropriate the net sale proceeds or realisation of rental towards the present value of all the future rentals declared to be immediately due and payable at the rate of 12% per annum as aforesaid and to recover from the Lessee the shortfall or deficit together with interest thereon at the rate of 2% p.m. but the Lessor shall not in any such action or for duty to account to Lessee for such action or for any surplus realised by the Lessor by sale or lease.

The remedy referred to hereinabove is intended to be in addition to any other remedy available to Lessor at law provided however that on the Lessee making payment to the Lessor at any time before action under Clauses (a) or (b) above taken by Lessor of the present value of all future lease rentals as provided herein before, the Lessee shall retain all the equipment leased hereunder for its own use and the Lessor further undertakes to transfer all its title and interest on the said Equipment to the Lessee on receipt of payment as referred to hereinabove.

15. WAIVER: Any expressed or implied waiver by the Lessor of any default shall not constitute a waiver of any other default by Lessee or a waiver of any of Lessor's right. All original rights and powers of the Lessor under this Agreement will remain in full force, notwithstanding any neglect, forbearance or delay in the enforcement thereof, by the Lessee of this Agreement shall not be deemed as waiver of any continuing or recurring breach by the Lessee of this Agreement.

16. NOTICES: Any notices or demands required to be given herein shall be given to the parties hereto in writing and by post or by hand delivery at the address herein set forth or to such other addresses as the parties hereto may hereafter substitute by written notice given in the manner prescribed herein above.

17. This Agreement and other contracts executed between the parties hereto pursuant to this Agreement cannot be cancelled or terminated except as expressly provided herein. Lessee hereby agrees that Lessee's obligations to pay all lease rentals and any other amounts owing hereunder shall be absolute and unconditional. This Agreement cannot be amended except in writing and shall be binding upon and to the benefit of the parties hereto their permitted successors and assigns.

18. The captions in this Agreement are for convenience only and shall not define or limit any of the terms hereof.

19. ARBITRATION: All disputes, differences, claims and questions, whatsoever, which shall arise either during the subsistence of this Agreement or afterwards between the parties and/or their respective representatives touching these presents or any clause or thing herein, contained or otherwise in any way

relating to or arising from these presents shall be referred to the arbitration of two Arbitrators, one to be appointed by each party to the dispute and such arbitration shall be in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or reenactment thereof for the time being in force.

20. By execution hereof, the signor hereby certifies that he has read this Agreement, including the Schedule hereto and that he is duly authorised to execute this Agreement on behalf of the Lessee.

IN WITNESS WHEREOF each of the parties hereto has caused this agreement to be executed in duplicate on this…… (date) by its duly authorised officers.

Signed for and on behalf of:

For…….

In the presence of:

Witness No. 1
Witness No. 2

Signed for and on behalf of:

For…….

In the presence of:

Witness No. 1

Witness No. 2

The Schedules above referred to