

Commercial Rent Agreement Format

This Rent Agreement is made and executed at [City/Town Name] on this [Day] day of [Month], 20[Year]

BETWEEN

1. THE LESSOR (LANDLORD):

Mr./Ms./Mrs./M/s. [Full Name of the Owner/Company],
Son/Daughter/Wife of [Father's/Husband's Name] / (if a company) a
company incorporated under the Companies Act, having its registered
office at [Address], (hereinafter referred to as the "LESSOR," which
expression shall mean and include his/her/its heirs, successors, legal
representatives, and assigns) of the FIRST PART.

AND

2. THE LESSEE (TENANT/BUSINESS):

Mr./Ms./M/s. [Full Name of the Tenant/Company Name],
Son/Daughter/Wife of [Father's/Husband's Name] / (if a company) a
company incorporated under the Companies Act, having its registered
office at [Address], through its Authorized Representative Mr./Ms. [Name
of the Representative], (hereinafter referred to as the "LESSEE," which
expression shall mean and include his/her/its heirs, successors, legal
representatives, and assigns) of the SECOND PART.

WHEREAS:

The Lessor is the absolute owner and in possession of the commercial
property situated at [Full Address of the Property, including City, State, and
Pin Code] (hereinafter referred to as the "Demised Premises").

The Lessee, for the purpose of carrying on its business, has approached the
Lessor to take the Demised Premises on rent for commercial purposes. The
Lessor has agreed to let out the Demised Premises to the Lessee on the
following terms and conditions.

NOW, THIS RENT AGREEMENT WITNESSES AS UNDER:

1. TERM OF TENANCY

The tenancy is granted for a fixed period of [Number] years/months,
commencing from [Start Date] and ending on [End Date]. Commercial
leases are often for longer terms, typically three to nine years, with renewal
options .

2. MONTHLY RENT

The Lessee agrees to pay a monthly rent of Rs. [Amount in Numbers] (Rupees [Amount in Words] only).

- **Payment:** The rent shall be paid in advance on or before the [Day, e.g., 7th] day of every English calendar month.
- **Late Fee:** If the rent is late, the Lessee shall be liable to pay a late fee of Rs. [Amount] per day/week as agreed.
- **Rent Escalation:** The rent shall be subject to an annual escalation of [Percentage, e.g., 10%] . The revised rent shall become applicable on each anniversary of the commencement date.
- **GST:** The Lessee shall also pay the applicable Goods and Services Tax (GST) on the rent, currently 18%, in addition to the monthly rent, provided the Lessor is registered under GST .

3. SECURITY DEPOSIT

The Lessee has paid to the Lessor an interest-free refundable security deposit of Rs. [Amount in Numbers] (Rupees [Amount in Words] only) .

This deposit shall not exceed six months' rent for a non-residential (commercial) property as per the Model Tenancy Act, 2021 .

The deposit will be refunded to the Lessee at the time of handing over the vacant possession of the Demised Premises, after deducting:

- Any outstanding rent, utility bills, or maintenance charges payable by the Lessee.
- The cost of repairing any damage to the property or its fittings caused by the Lessee, beyond normal wear and tear.

The refund and handing over of vacant possession shall occur simultaneously .

4. USE OF PREMISES

- The Lessee shall use the Demised Premises strictly and solely for commercial purposes, i.e., for the business of [mention the specific nature of the business, e.g., retail store, office, restaurant] , and not for any residential or unlawful purposes .
- The Lessee shall not cause any nuisance or disturbance to the neighbors or other occupants in the building.
- The Lessee shall not store any flammable, explosive, or hazardous materials in the Demised Premises.

5. MAINTENANCE AND TAXES

- **Utilities:** The Lessee shall bear all electricity, water, and other utility consumption charges during the tenancy period.
- **Maintenance/CAM Charges:** The Lessee shall be responsible for paying any Common Area Maintenance (CAM) or society charges applicable to the Demised Premises.
- **Repairs:**
 - The Lessor shall be responsible for all major structural repairs, including the roof, external walls, and replacement of major plumbing and electrical lines.
 - The Lessee shall be responsible for all interior and day-to-day repairs, including maintaining the premises in good condition (fair wear and tear excepted) .
- **Property Taxes:** The Lessor shall be liable to pay all property taxes and other municipal dues related to the Demised Premises .

6. ALTERATIONS & FIT-OUTS

- The Lessee shall not make any structural changes or alterations to the Demised Premises without the prior written consent of the Lessor .
- The Lessee shall have the right, with the Lessor's consent, to carry out interior fit-outs, partitions, and other non-structural improvements required for its business operations.
- **Restoration:** Upon termination of this agreement, the Lessee shall, at its own cost, remove all its fittings and fixtures and restore the Demised Premises to its original condition, subject to fair wear and tear .

7. SUBLETTING & ASSIGNMENT

The Lessee shall not sublet, assign, or part with the possession of the Demised Premises or any part thereof to any third party without the prior written consent of the Lessor. In commercial leases, landlords sometimes permit assignment or subletting to affiliates or group companies .

8. LOCK-IN PERIOD

Both parties agree to a lock-in period of [Number] months from the start of the tenancy. During this period, this Agreement is not terminable by either party. If the Lessee vacates the premises before the end of the lock-in period, the Lessee shall be liable to pay the Lessor a penalty equivalent to

[Number] months' rent. This clause provides stability for the landlord's investment .

9. TERMINATION & NOTICE PERIOD

- **Termination:** Either party may terminate this agreement before the expiry of the term by giving a written notice of [Number, e.g., 3 or 6] months in advance to the other party.
- **Overstay:** If the Lessee continues to occupy the Demised Premises after the expiry of this agreement or after the termination of the tenancy without the Lessor's consent, the Lessee shall be liable to pay an overstay charge. As per the Model Tenancy Act, the compensation is double the monthly rent for the first two months and four times the monthly rent thereafter .
- **Possession Recovery:** On expiry or earlier termination, the Lessee shall hand over peaceful and vacant possession of the Demised Premises to the Lessor .

10. RENEWAL

Upon expiry of this Agreement, if both parties mutually agree to renew the tenancy, the rent may be revised by a percentage mutually agreed upon or as per the prevailing market rate at that time .

11. RIGHT OF INSPECTION

The Lessor or the Lessor's authorized representative shall have the right to enter the Demised Premises at a reasonable time for inspection or to carry out necessary repairs, provided prior notice of at least [e.g., 24 hours] is given to the Lessee, except in cases of emergency.

12. COMPLIANCE WITH LAWS

- The Lessee shall abide by all the rules, regulations, and bye-laws of the local municipal authority, the Resident Welfare Association (RWA), and any other applicable laws, including obtaining any required trade licenses or registrations for its business.
- The Lessor shall ensure that the property is compliant with all applicable zoning and development regulations for commercial use .

13. FORCE MAJEURE

Neither party shall be liable for failure to perform its obligations under this Agreement due to causes beyond its reasonable control, including acts of God, war, pandemic, government orders, or natural disasters .

14. DISPUTE RESOLUTION

In the event of any dispute arising out of or in connection with this Agreement, the parties shall first attempt to resolve it amicably. If not resolved, the dispute shall be referred to a sole arbitrator appointed by mutual consent under the Arbitration and Conciliation Act, 1996. The seat and venue of arbitration shall be at [City Name] . The courts at [City Name] shall have exclusive jurisdiction .

15. JURISDICTION

The courts at [City Name] shall have exclusive jurisdiction over any legal proceedings arising out of this Agreement.

16. REGISTRATION AND STAMP DUTY

- This Agreement is for a period exceeding 12 months and is therefore mandatorily registrable under the Registration Act, 1908 .
- The stamp duty on this Agreement shall be borne by the Lessee/parties as mutually agreed, in accordance with the applicable State Stamp Act .
- The Agreement shall be registered with the Sub-Registrar of Assurances within four months of its execution .

IN WITNESS WHEREOF, the parties hereto have signed this Rent Agreement on the day, month, and year first above written.

SIGNATURES

**LESSOR (FIRST
PARTY)**

Signature:

Name:

Date:

**LESSEE (SECOND
PARTY)**

Signature:

Name:

Date:

Designation (if applicable):

WITNESSES

Name:

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Address:

Signature:

Name:

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Address:

Signature:
