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भारत गणराज्य

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25 MAY 1993



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THIS AGREEMENT made at Bombay on this 23<sup>rd</sup> day of March One Thousand Nine Hundred Ninety Four between (1) MR RAMESH B ASAWE of Bombay Indian Inhabitant, presently residing at 601-A, Asawe Mansion, Ambedkar Road, Matunga, Bombay-400 019, (2) MR MAHENDRA V MEHTA of Bombay Indian Inhabitant, presently residing at Plot No: 613, Ashok, Sion, Bombay-400 022, and (3) MR BIPIN V MEHTA of Bombay Indian Inhabitant, presently residing at Plot No: 613, Ashok, Sion, Bombay-400 022, herein after collective referred to as "the Representative Shareholders", (which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include their respective heirs, executors, administrators and assigns), of the One Part; and (1) MR D C SHAH of Bombay Indian Inhabitant, presently residing at 16, Prabhat, 76, Bhulabhai Dessai Road, Bombay-400 026 (2) MR PRANAY N PARIKH of Bombay Indian Inhabitant, presently residing at 18-A Manek, L D Ruparel Marg, Bombay-400 026, (3) MR GUL ASRANI of Bombay Indian Inhabitant, presently residing at 162, Mehaddad, 64 Cuff Parade, Colaba, Bombay-400 005,

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(4) MR D M SHAH of Bombay Indian Inhabitant, presently residing at West View, 1st Floor, JV PD Scheme Road 4, Vile Parle West, Bombay-400 056, and (5) MR S N PANIA of Bombay Indian Inhabitant presently residing at Land Mark Co-Op Housing Society Ltd, Flat No: 17/27, Navghar Road Vasai (East) Thane-401 202, hereinafter collectively referred to as "the Representative Tenants", (which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include their respective heirs, executors, administrators and assigns), of the Other Part,

WHEREAS:

- i) Shree Luxmi Woollen Mills Estate Private limited, a Company incorporated under the Companies Act, 1956 and having its registered office at Luxmi Mills Estate, Shakti Mills Lane, Off Dr E Moses Road, Mahalaxmi, Bombay - 400 011 (hereinafter referred to as "the Company"), is a Lessee of two pieces of land together with structures standing thereon (hereinafter referred to as "the said premises") and more particularly described in Part A and Part B of Schedule I hereto under Agreements for Lease dated 1st April 1936 from the Bombay Municipal Corporation and 31st December 1952 from the Collector of Bombay respectively;
- ii) The equity paid up share of the Company is Rs: 2,40,000/- divided into 2,40,000 equity shares of Rupee one each;

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- iii) For the purpose of this agreement, the Representative Shareholders of the said Company represent all the existing shareholders of the said Company, a list whereof together with the details of their shareholding and distinctive numbers are given in Schedule II hereto;
- iv) For the purpose of this Agreement, the Representative Tenants of the said premises represent that all the existing Tenants of the said premises, a list whereof together with their respective premises is given in Schedule II hereto;
- v) All the existing shareholders of the said Company are desirous of selling their respective equity shares to all the existing tenants on the terms and conditions hereinafter appearing.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

- 01. The representative Shareholders have jointly and severally represented to the Representative Tenants as follows:
  - a) The entire share capital of the said Company is held by the existing shareholders and the particulars of share holding is as per Schedule II hereto.

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- b) At present the Directors of the said Company are as per Schedule IV hereto.
- c) The last Annual general meeting of the said Company was held on 14th day of March 1994, when the accounts for the year ended on 31st March 1993 of the Company were considered and passed.

02 The Representative Shareholders hereby declare that they represent themselves and all the existing shareholders and have the necessary irrevocable and unconditional authority from all the existing shareholders to sell the said 2,40,000 equity shares of Rupee one each more particularly described in Schedule II hereto to the existing tenants at price of Rs.43.00 (Rupees Forty three only) per share.

03 The representative tenants hereby declare that they represent all the existing tenants and have the necessary irrevocable and unconditional authority from all the existing tenants to purchase 2,40,000 equity shares of Rupee one each, more particularly described in Schedule III hereto at price of Rs.43.00 per share.

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04 The Representative Shareholders hereby declare that:

- a) The Balance Sheet of the said Company which has been disclosed to the Representative Tenants as on 31st March, 1993, to the best of their knowledge, information and belief give a true and fair view of the financial position of the said Company as at 31st March, 1993, and that since that date there has been no material reduction in the aggregate respective net assets position of the said Company as represented by the said Balance Sheet or the respective share capital and free reserves as shown in the said Balance Sheet.
- b) The said Company has not since that date issued or agreed to issue any shares or given or agreed to give any option in respect of any shares.
- c) The fixed or loose plant machinery, furniture, fixtures, fittings, equipment and vehicles shown in the books and used in connection with the business of the said Company are the property of and held by the said Company free from any hire or hire purchase agreement for payment on deferred payment basis.

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- d) The said Company has not entered into any long term or abnormal contract nor undertaken any obligation whatsoever except such as are usual and necessary in the ordinary and proper course of its business or as are referred to in the said Balance Sheet and in particular but without limiting the generality of the foregoing there are no contracts for the purchase of stocks at prices substantially in excess of market prices ruling at the dates such contracts were made or for the sale of stocks at prices substantially lower than market prices ruling at the dates such contracts were made.
- e) There are no existing service agreements or contracts between the said Company and any directors or executives or employees thereof which cannot be terminated in one month's notice or less.
- f) That the said Company has no outstanding debts, liabilities, contracts or engagements otherwise than in the ordinary and proper course of its business.
- g) The aggregate value of the stock-in-trade as shown in the said Balance Sheet has been arrived at on the basis of cost or market value whichever is lower, full provision having been made for old and slow moving stock and no part of such aggregate value is attributable to stock which is known to be unusable or unsaleable in the normal course of business.

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- h) The basis of valuation adopted by the said Company in its accounts has remained substantially the same in respect of commencement and end of each of the last six accounting periods thereof respectively since the date of incorporation.
- i) No part of the amounts included in the said Balance Sheet or in the books of the said Company as due from the debtors has been released on terms that any debtor pays less than the book value of this debt as at the date or has been written off or has proved to any extent irrecoverable or is now regarded as irrecoverable.
- j) All returns, particulars, resolutions and other documents required to be delivered by the said Company to the Registrar of Companies, Maharashtra have been duly delivered to and filed with the Registrar upto date.
- k) The said Company has not since the date of the Balance Sheet as aforesaid, paid or made any dividend or other distribution or any such loan or advance except as has been disclosed to the Purchasers in writing in the course of the negotiations leading to this Memorandum.

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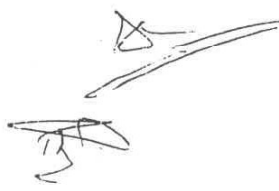

l) All licences, patents, trade marks and registered design used by the said Company in connection with its business are registered in the name of the Company and that no licence or other rights have been granted or agreed to be granted to any third party in respect of any such licences, patents, trade marks and registered designs.

m) The Representative shareholders have represented the status of lease hold land referred to in Schedule I as follows:

1) Under Deed of Lease dated 31st December 1952, entered into between the Company and Collector of Bombay, the Company has obtained a lease of land bearing C S No: 66 of Lower Parel Division admeasuring 11,658 sq. mtrs. or thereabout,

Said lease expired on 31-12-1985. Vide its application dated 04-07-1985, the Company requested the Collector to renew the said Lease. The Company also addressed a letter dated 24-02-1988, again requested the Collector to renew said lease interalia, agreeing to pay enhanced lease rent that the Collector may decide. The Office of the Collector vide their letter 01-12-1988 informed the Company that the matter is under consideration. Meanwhile, the Company continues to occupy and continues to pay lease rent as provided under the old Lease Agreement.

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ii) Under Deed of Lease dated 01-04-1936, entered into between the Company and the Bombay Municipal Corporation, the Company has obtained a lease of land bearing new Survey No: 2/2725 C S No: 69 of Lower Parel Division admeasuring 2,500 sq. mtrs. or thereabout.

Said lease expired on 02-03-1982. In exercise its option the Company made an application for renewal of lease on 16-11-1981.

The Bombay Municipal Corporation vide its letter dated 15-06-1985 informed the Company that necessary sanction has been granted for renewal of lease on revised terms for a period of 30 years with further stipulation for revision of lease rent every 10 years.

On renewal of lease the Bombay Municipal Corporation revised lease rent at Rs. 3,36,830/- p.a. with effect from 02-03-1982 to 02-03-1992 and further re-chanced this rent to Rs. 5,13,296/- p.a. with effect from 03-03-1992.

The Bombay Municipal Corporation vide its letter no. Estate/19362/LB-1 dated 03-08-1993 gave a preliminary notice to re-enter the plot on failure of the Company to pay the demand of arrears of lease rent along with a penalty of 20% on arrears of lease rent and 12 1/5% recovery charges.

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Being aggrieved, the Company filed a writ petition No. 873 of 1993 dated 15th April, 1993, before the Hon. High Court of judicature at Bombay, inter alia, challenging the arbitrary enhancement in lease rent and the threatened coercive action proposed by the Bombay Municipal Corporation.

The said petition was heard by the Hon. High Court and vide its interim order dated 12-01-1993 fixed the annual lease rent at Rs.36,000/- p.a. for a period from 03-03-1982 onwards. The Hon. High Court also directed the Bombay Municipal Corporation not to enforce the notice of demand as well as take any coercive action. The said petition is pending before the Hon. High Court for final hearing.

- n) The details of pending litigation against the said Company is given in Schedule V hereto and no notice for winding up has been received or pending against the said Company.
- o) The said Company has not any mortgaged, charged, created a lien or other encumbrance secured over any of its assets.
- p) The Representative Shareholders have made full disclosure of all remuneration payable to each executive officer and employee of the said Company to the representative tenants at the time of negotiations.

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- q) The Representative Shareholders agree and undertake to indemnify and do hereby indemnify the Representative Tenants against any claim, demand made by any executive, officer, employee/agent against the said Company in respect of any monies due to him/them for the period upto 31st March, 1994.
- r) The said Company has effected and maintained all insurance necessary and proper to be effected and maintained by reason of the nature of the business carried on and that such insurances are now in force and that there is no fact or matter which could lead to any such insurances being vitiated or repudiated.
- s) The tax returns of the said Company have at all times have been correct and on a proper basis and are not the subject of any back duty claim or other dispute with the revenue authorities except as enumerated in Schedule V hereto.
- t) The said Company has paid all their contribution upto date towards Employees State Insurance Scheme and made all other statutory contributions which the said Company is liable to make and the said Company do hereby agree and undertake to indemnify and does hereby indemnify the Purchaser against all actions, costs, claims and demands made by the Government whether Central or State, any statutory body or any other Authority.

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05. It is agreed that this Memorandum of Understanding consisting of the proposed sale of the shares as aforesaid by the Representative Shareholders and the Representative Tenants is one and single indivisible agreement and none of the parties herein shall be entitled to enforce separately any part or portion of the agreement devoid any portions of the agreement.

06. The representative tenants shall collect the cheques from the tenants for the shares to be obtained by him from the existing shareholders and shall deliver the same to the representative shareholders.

On realisation of the cheque the representative shareholders shall deliver to the representative Tenants the respective share certificates alongwith transfer form duly filled in and signed.

07. Simultaneously, with the sale and transfer of the shares the following directors of the said company viz. (1) Mr Bipin V Mehta, (2) Mr Ramesh B Asawe, (3) Mr Narayan N Asawe and (4) Mr Pandharinath M Asawe shall resign and Mr D C Shah, Mr Pranav N Parikh, Mr Gul Asrani, and Mr Dhirubhai Shah representing the representative tenants shall be appointed as Directors. It is further agreed that out of the four new directors to be appointed by the Representative Tenants, one of such directors shall be the Chairman of the Board of Directors and shall have the necessary casting vote and the Articles of Association be so amended, if necessary.

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08. The Representative Shareholders hereby agree and undertake to indemnify and do hereby indemnify the Representative Tenants from and against all liabilities arising out of the working of the said Company upto 31st March, 1994, including liabilities such as Excise Duty, Sales Tax, Income Tax, claims or damages, if any, in respect of the performance of guarantees' warrantees issued to the representative tenants of the said Company's products or against their other contingent liability which appears or does not appear in the books of the said Company.

09. The Representative Shareholders hereby agree and undertake to indemnify and do hereby indemnify the Representative Tenants from and against any claim, demand, damages, loss, costs, charges and expenses arising out of or by virtue of anything done or omitted to be done by the said Company prior to the execution of these presents.

10. The Representative Shareholders hereby jointly and severally agree to do execute and perform all such further acts, deeds, documents and things as the Representative Tenants or their nominee or nominees may require, effectively to vest the beneficial ownership of the said shares in the Representative Tenants, their nominee or nominees, free from all charges, liens and other adverse interests.

11. It is hereby agreed by and between the parties hereto that for the purposes of this Memorandum, the date for sale and transfer of the said shares will be not later than 30th April, 1994.

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12. All out of pocket costs, charges and expenses shall be borne and paid in the following manner:

The Representative Shareholders : 50%

The Representative Tenants : 50%

However, each party will bear and pay their own solicitors/ advocates all costs.

13. If any disputes arises between the parties hereto as a result of or in relation to this Memorandum, then the same shall be referred to a Sole Arbitrator appointed by all the parties hereto. However, upon the Parties failing to concur in such appointment of the arbitrator/umpire, such appointment shall be governed by the provisions of the Indian Arbitration Act, 1940, or any statutory modification or re-enactment thereof for the time being in force. The venue of the arbitration shall be Bombay.

IN WITNESS WHEREOF the parties hereto have hereunto set their respective hands to this Memorandum of Understanding on the day and year first hereinabove written.

SIGNED AND DELIVERED by the )  
withinnamed representative )  
shareholders )

(1) MAHENDRA V MEHTA )

(2) BIPIN V MEHTA )

(3) RAMESH P ASAWE )

in the presence of )


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*B.V. Mehta*

Ramesh Asaw

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SIGNED AND DELIVERED by the )  
withinnamed representative )  
Tenants )

(1) PRANAV N PARIKH )



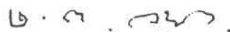
(2) D C SHAH )



(3) GUL ASRANI )

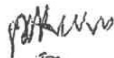


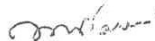
(4) D M SHAH and )



(5) S M PANIA )

in the presence of )





SCHEDULE I

PART A

That peice and parcel of land lying and being within the municipal limits of Greater Bombay, admeasuring 11,658 sq. mtrs. or thereabout bearing CS No: 66 of Lower Parel Division, owned by the Collector of Bombay and leased to the Company under the Deed of Lease dated 31st Decembar 1952.

PART B

That peice and parcel of land lying and being within the municipal limits of Greater Bombay, admeasuring 2,500 sq. mtrs. or thereabout bearing new Survey No: 2/2725 and CS No: 69 of Lower Parel Division, owned by the Bombay Municipal Corporation and leased to the Company under the Deed of Lease dated 1st April 1936.

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SCHEDULE II  
LIST OF SHAREHOLDERS

NAME OF SHAREHOLDERS	SHARES HELD	DISTINCTIVE FROM	NUMBERS TO
Mr R P Asave	7,000		
Mr R R Asave	11,500		
Mr B V Mehta	19,000		
Mr M V Mehta	20,000		
Mrs S B Mehta	10,600		
Mrs I M Mehta	21,700		
Mr R B Asave	7,000		
Mr N M Asave	16,000		
Mrs T N Asave	17,000		
Mr P M Asave	2,200		
Mrs S P Asave	3,000		
Mrs C P Lathi	2,000		
R B Asave HUF	7,000		
Mr R B Asave	7,000		
M V Mehta HUF	10,000		
B V Mehta HUF	10,000		
Mr N R Lodha	1,200		

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NAME OF SHAREHOLDERS	SHARES HELD	DISTINCTIVE FROM	NUMBERS TO
Miss Sheetal M Mehta	7,500		
Miss Sejal M Mehta	7,500		
Master P B Mehta	25,000		
Mr K P Asave	13,800		
Mr S P Asave	14,000		
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	240,000		
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SCHEDULE III

LIST OF TENANTS OF LAXMI MILLS ESTATE

<u>NAME OF THE TENANT</u>	<u>UNIT NO.</u>	<u>AREA</u>
Ridham Silk Mills	1	5,302
Ridham Silk Mills	13A	400
Kemen Springs P.Ltd.	2	3,498
Bombay Switchgears	3	2,623
n R Limited	4	3,498
Parikh Enterprises	5	3,498
Best Electrical And Backelite Products	7	400
Simla Aircool	6A	400
Anand Engg. Corpn.	7	800
Metro Steel Industries	8	379
Jamshar Engg.Works	9	254
Machinewell Inds.	10	254
Pace Engg. India	11	739
R G Kate	12	830
Kalaben S Shukla	13	200
Mrs Rama K Mehra	14	818
Lumala Inds.P.Ltd	15	752
H K Hinduja	16	818

Page 2

NAME OF THE TENANT	UNIT NO.	AREA
Central Enterprises	16A	818
Comet Indl. Corpn.	17	805
Sona Merchants P.Ltd.	18	781
Art Effects	19	224
Ishwarlal J Pancholi	20	533
Jyotsna Engg.	22	85
Mr & Mrs Oliver Gomes	23	540
Starlite Engg. Inds.	25	788
Bharat Industries	26	418
Creena Mfg.Co.	27	343
B B Nanjapa	28	990
Glasso Pack-Inds.	29	718
Patel Plastics	30	527
Jagdeep Trading Co.	30A	433
Bharat Electroplating	31	1,290
Pratap G Shah	32	120
Kantilal V Shah	33	1,081
Karia Industries	34	529
Mrs Cecila P Dias	35	1,197
Mr Pranav N Parikh	36	368

Page 3

NAME OF THE TENANT	UNIT NO.	AREA
Mr Arvind N Parikh	36A	368
Dr Jagdish N Parikh	37	373
Natverlal G Parikh HUF	37A	373
V V Thakkar & Others	39	150
S B Shetty	40	200
Polar Indl. Corpn.	G-1	1,456
New India Cable Corpn.	G-2	1,735
Paradise Products Co.	G-3	3,740
Bombay Switchgear	G-4	1,402
Flowery Finance	G-5	2,000
Rohit Bijlee Products	G-6	1,803
S R N Engg. Corpn.	G-6A	1,922
Lumala Industries	G-7	3,325
Parikh Enterprises	G-8	3,356
Premier Comm. Co. P. Ltd	G-9	3,272
Premier Comm. Co. P. Ltd	G-10A	3,000
Polo Tradex P. Ltd.	G-10B	498
Nitin S Vora	G-10C	498

Page 4

NAME OF THE TENANT	UNIT NO.	AREA
Nitin S Vora	G-10D	498
Sunil R Agarwal	G-10E	498
Anil R Agarwal	G-10F	498
Premier Comm. Corpn.	G-11	3,391
R R Silk	G-12	2,691
R R Textiles	G-13	5,392
Parwati Engg.	G-14	150
Jakas Brashware	G-15	373
Venus Trading Co.	G-16	2,037
Sona Plastics	G-17	1,372
S O Industries Ltd	G-18	404
Polar Manufacturers	G-19	364
Parmanand J Kalani	C 21	240
Vitta Pvt. Ltd.	F-1	10,250
TechNova	F-2	1,169
Mrs Hansa V Shah	F-3	1,169
TechNova	F-4	1,740
Parikh Enterprises	F-5	1,628

Page 5

NAME OF THE TENANT	UNIT NO.	AREA
Parikh Enterprises	F-6	3,315
Karia Brothers	F-7	2,009
Asha Engineers	F-8	2,203
B B Najapa	F-9	2,200
Mrs Virbala R Mehta	F-9A	1,100
Mrs Kusum B Shah	F-9B	1,160
Mr Ramesh K Bajaj	F-10	939
Texport Garment P.Ltd.	F-11	4,488
Oriental Embrod.Mills	F-12	1,914
Appu Printers	F-13	414
R N Sanghavi	S-1	1,360
Gurno A Johar	S-1A	1,350
Dattatraya L Mandir	S-2	246
Steel Fab Corpn.	S-3	730
Vivek Enterprises	S-4	524
Mr Gool Asrani	S-5	2,624
Kaymo Industries	S-6	1,454

Page 6

NAME OF THE TENANT	UNIT NO.	AREA
Maharaja Hosiery	S-7	870
Somnath Pyarelal	S-8	1,150
Amber Pharmaceutical	S-9	2,200
TechNova	S-10	4,540
R R Hosiery	S-11	11,448
Texport Syndicate	S-12	5,480
Relief Packaging	S-13	418
Ridham Silk Mills (Boiler)	G-22	924
Asawe Mehta Group		
Estate Office	38	500
Estate Godown	G-20	144
Staff Quarters	G-23	350
Open Space	24	1,350



SCHEDULE IV

LIST OF DIRECTORS

NAME	ADDRESS
Mr Mahendra V Mehta	Plot No: 163, Ashok Sion (West) Bombay - 100 022
Mr Bipin V Mehta	Plot No: 163, Ashok Sion (West) Bombay - 100 022
Mr Ramesh B Asawe	601-A, Asawe Mantion Ambedkar Road, Matunga Bombay - 400019
Mr Narayandas M Asawe	New Paradise Co Op Soc 137, S V Road, Andheri (W), Bombay - 400058
Mr Pandharinath M Asawe	Gurukrupa, 3rd Floor, 6th Road, J V P D Scheme Vile Parle, Bombay - 400 056.

SCHEDULE V

DETAILS OF CONTINGENT LIABILITIES.

PART A

1. Lease Rent of land of Collector of Bombay:

This Lease has expired on 31-12-1985 and the Company has made an application for renewal of lease, inter alia, agreeing to pay enhanced lease rent as may be determined by the Collector.

The Office of the Collector of Bombay has vide their letter dated 1st December 1988, informed the Company that the matter is under consideration. In view of this fact liability in respect enhanced lease rent, if any, is not ascertainable.

The Company continues to occupy the said land and has paid lease rent upto 31-03-1993 as per original Lease Deed.

It is agreed between the Representatives of the shareholders and representatives of the Tenants that the liability of any increased lease rent by the collector of Bombay shall be borne by the Representatives of the Tenants.

Representatives of the Tenants hereby undertake to indemnify and keep indemnified the Representatives of the shareholders against any cost, losses or damages which they may suffer as a result of enhancement in lease rent by the Collector of Bombay.

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