5881/94

T. GYANESHWAR RAO
SUB-REGISTRAR
EX-OFFICIO STAMP VENDOR
MARREDPALLY, SEC'BAD.

26 AUG 1994

26 AUG 1994

26 AUG 1994

26 AUG 1994

DEED OF SALE

THIS DEED OF SALE made at Hyderabad, this the.......................day of.................. 1994.....by the Andhra Pradesh Industrial Infrastructure Corporation Limited, a Government Company registered under the Companies Act, 1956 having its registered office at 5-9-58/B, 6th Floor, Parisrama Bhavan, Basheerbagh, Hyderabad, 500 029, represented by its............ ZONAL MANAGER...(hereinafter called the PARTY OF FIRST PART) which expression shall unless the context otherwise requires include its successors and assigns.

ZONAL MANAGER
ZONAL OFFICE, A.P.I.I.C. LTD,
I. D. A. JEEDIMETLA, HYD-500 855

1వ పుస్తకము 199 వ సం॥ వు 5881
దస్తావేజు యొక్క పుస్తకము కాగితముల
సంఖ్య ...... ఈ కాగితము వరుస సంఖ్య ......

సబ్ రిజిష్ట్రారు.

199 వ సంవత్సరము ఆగస్టు నెల ...... వ తేది/
191 శా.శ. ...... మాసము 5 వ తేది.
పగలు 3 మరియు 4 గంటల మధ్య
మేడ్చల్ సబ్ రిజిష్ట్రారు ఆఫీసులో దాఖలు చేసిన
రుసుము రూ॥ 1321-00 చెల్లించినది.

Assl. ZONAL MANAGER (D)
ZONAL OFFICE A.P.I.I.C. LTD.
I.D.A, JEEDIMETLA, HYD-500 855

అమ్మినట్లు ఒప్పుకున్న
ఎడమ బొటన వ్రేలు

GOVIND TARALKAR, ...
H.No. 9-1-2/1, Flat No. 004, ... Pander Bhavan
Hyderabad ...
As G.P.A. Holder ... G.P.A. No. 130 of 1995 dated
16-6-1995 of the ... Hyderabad.

(N.B.S. Rama Rao / S/o. N.V. Raghavan R/o. Srinagar Colony Hyd.
retd. pvt service.

... S/o Narayana R/o Medchal ... Age

I have satisfied my self as to the execution of the instrument by: T.L. Ramachandran Z.M. APIIC Ltd. Jdm.
Who is exempted from personal appearance under Sub-section (1) of Section 88 of the Indian Registration Act.

2 వ ఆగస్టు నెల 199
...సమ్ 191 శా.శ. సబ్ రిజిష్ట్రారు.

IN FAVOUR OF

M/s. Kiran Biscuits And Foods Limited, a Company Registered under the Companies Act, 1956 having its Registered Office at 140, Prendarghast Road Secunderabad - 500 003 in the State of Andhra Pradesh represented by its Managing Director Sri. H.Ghevarchand Jain.

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(here in after called "THE PARTY OF THE SECOND PART" which expression shall unless the context otherwise requires shall mean and includes.

ZONAL MANAGER
ZONAL OFFICE, A. P. I. I. C. LTD,
I. D. A. JEEDIMETLA, HYD-500 855

1వ పుస్తకము 199 వ సం॥ వు 5881
దస్తావేజు యొక్క మొత్తము కాగితముల
సంఖ్య 5 ఈ కాగితము వరుస సంఖ్య 2

సబ్-రిజిస్ట్రారు.

1వ పుస్తకము 2100 వ వాల్యూం 169 నుండి 178
పుటలలో 1994 సం॥ 1916 శా.శ. 5881
నెంబరుగా రిజిస్టరు చేయబడినది.
1994 వ సం॥ అగస్టు నెల 31 వ తేది
1916 శా.శ. భాద్రపద మాసము 9 వ తేది

సబ్-రిజిస్ట్రారు.

3. WHEREAS upon the application of the PARTY OF THE SECOND PART, THE
PARTY OF THE FIRST PART / the Govt. of A.P. have allotted to the PARTY OF THE SECOND
PART PLOT No.38, 39/Shed No.50 & 51 on IE/IDA/AN/...Phase-IV...*......more particularly *Jeedimetla
described in the schedule hereunder and for greater clearness delineated in the plan hereto
annexed, herein-after referred to as the said land/shed for setting up of an industry for the
manufacture of ....'BISCUITS'...

4. The Government have transferred all the Industrial Estates and Industrial Development
Areas in the State of Andhra Pradesh to the PARTY OF THE FIRST PART Vide G.O.Ms.No.
1152, Industries and Commerce (I.D.) Department, Dated 4-12-1973 and hence the PARTY
OF THE FIRST PART has become successor to the said land/shed and is thus competent to
sell the said property to the PARTY OF THE SECOND PART.

5. And whereas an agreement of Sale was entered into on 31-7-79 & between the
PARTY OF SECOND PART and the PARTY OF THE FIRST PART specifying the terms and
conditions governing the allotment of the land/shed to the PARTY OF SECOND PART.

6. AND WHEREAS the vacant possession of the land/shed was delivered to the
PARTY OF THE SECOND PART ON 31-7-79..and the PARTY OF THE SECOND PART has
constructed the factory buildings and gone into production of............'BISCUITS'..............

7. AND WHEREAS THE PART OF THE FIRST PART has agreed to sell and THE
PARTY OF THE SECOND PARTY has agreed to purchase the said land and buildings free
from all encumbrances for a total consideration of Rs..2,09,233-20..../-(Rs..Two.Lakhs
......Nine..Thousand..Two..Hundred..Thirty..Three....And..Paise..Twenty.only)
towards the cost of the land and building including the development charges having been
paid to the PARTY OF THE FIRST PART by the PARTY OF THE SECONED PART the
receipt where of the PARTY OF THE FIRST PART hereby admits and acknowledges,
the Party of the First Part doth hereby sell, grant, convey, transfer and assign unto
THE PARTY OF THE SECOND PART all that place and parcel of land being plots in
Industrial Estate/Industrial Development Area/Auto Nagar particularly described in the Schedule
hereunder and for greater clearness delineated in the plan annexed hereto together with all
rights, title, easements and all other rights in any wise appurtaining thereto TO HOLD the
said land unto and to the use of the PARTY OF THE SECOND PART absolutely and for-
ever. The PARTY OF THE SECOND PART shall use the said land and buildings for the
aforesaid purpose of putting up a factory or factories duly permitted by the Competent Autho-
rity and for no other puropose. The PARTY OF THE SECOND PART agree that it shall
not put any structure or buildings other than a factory building or buildings, and should
use only for Industrial Purpose.

8. The PARTY OF THE FIRST PART assures the PARTY OF THE SECOND PART
that the said land and buildings is free from all encumbrances or charge or obligations of any
kind whatsoever and nobody else has any right, title or interest in the said land and build-
ings.

9. The PARTY OF THE FIRST PART covenants with the PARTY OF THE SECOND
PART that the said land and buildings shall quietly be entered into upon and held and enjo-
yed and the rents and profits received there from by the PARTY OF THE SECOND PART
without any interruption, disturbance, claim or demands whatsoever from the "PARTY OF
THE FIRST PART".

10. The PARTY OF THE FIRST PART shall at the cost of the PARTY OF THE SECOND
PART take all necessary steps and sign all applications, papers and of further documents
for more perfectly assuring the said land and Building to the PARTY OF THE SECOND PART
and for getting the name of the PARTY OF THE SECOND PART mutated in the Municipal
and or Revenue records as the owner of the said land and buildings.

ZONAL MANAGER
ZONAL OFFICE, A. P. I. I. C. LTD.
I. D. A. JEEDIMETLA, HYD-500 854

5881

1వ పుస్తకము 1995వ సం॥ పు ....

దస్తావేజు ముఖ్య/ సంపుటము కాగితముల

నంబ్రు ......5 ఈ కాగితము యొక్క సంఖ్య 3

ఉప రిజిస్ట్రారు.

11. The PARTY OF THE FIRST PART covenants with the PARTY OF THE SECOND PART that if for any defect in the title of PARTY OF THE FIRST PART, the PARTY OF THE SECOND PART is deprieved of the whole or any part of the said land and buildings, the PARTY OF THE FIRST PART hereby undertakes to indemnify and/or compensate the PARTY OF THE SECOND PART in full.

12. The PARTY OF THE FIRST PART is exempted from the provisions of the Urban Land (Ceiling and Regulations) Act, 1976 under Section 19 (I) to the vacant lands held by it as it is a Government Company as defined in Section 617 of the Conpanies Act, 1956 (Act I of 1956)

Schedule of Property

District : Ranga Reddy. Taluk / Mandal: Qutubullahpur.

Village : Gajularamavaram. Municipal/Panchayat limits Qutubullahpur.

Survery No. 79 of Gajularamavaram.

The land measuring an extent of 27,897.76 Sq. Yds/ 23,325.886 Sq. Mts./5.764 Acres. together with the shed measuring.......—.......(Size) having a plinth area of..........................Sq. Ft. and

bounded by :

North : Road No. 57. South : Plots No. 40 & 42.

East : Road No. 51. West : Road No. 52.

IN WITNESSES WHERE OF the ZONAL MANAGER. for and on behalf of Andhra Pradesh Industrial Infrastructure Corporation Limited, Hyderabad has put his hand and seal for and on behalf of and by the order and direction of the PARTY OF THE FIRTS PART on the day and year first herein above written in the presence of the following witnesses:

Witnesses :-

1. [signature] P. NARSIMHA REDDY
SENIOR ASSISTANT
A.P.I.I.C LTD JEEDIMETLA

2. T. Krishna [signature]
T. KRISHNA KUMAR
SR. ASST. APIIC
JEEDIMETLA-HYD.

ZONAL MANAGER
ZONAL OFFICE, A. P. I. I. C. LTD,
I. D. A. JEEDIMETLA, HYD-500 855
For and on behalf of the Andhra Pradesh Industrial Infrastructure Corporation Limited.

1వ పుస్తకము 199(6) వ సం॥ పు ...5882

దస్తావేజు యొక్క మొత్తపు కాగితముల

సంఖ్య...5....ఈ కాగితము వరుస సంఖ్య.....7

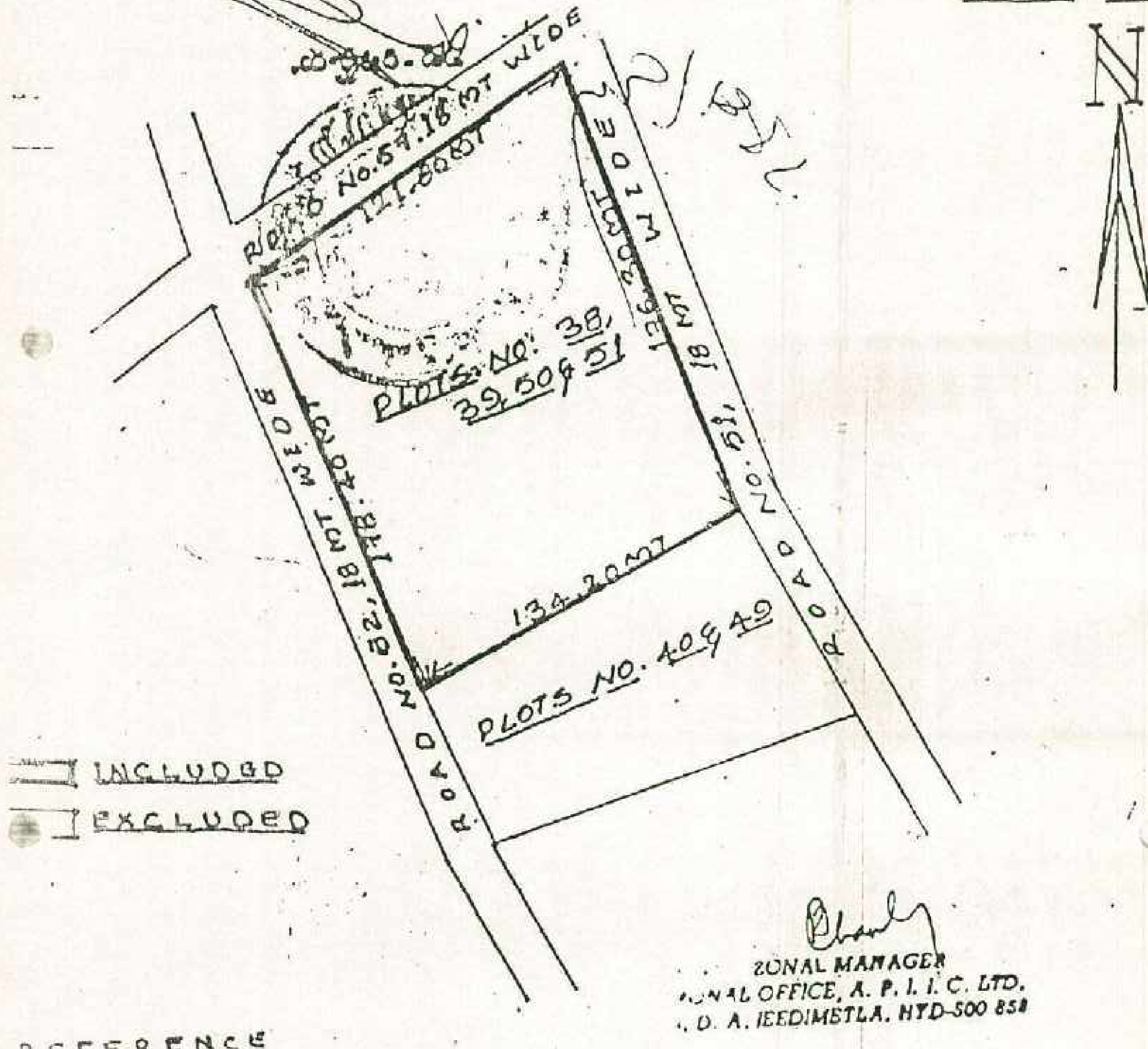
సబ్-రిజిస్ట్రారు.

SITE PLAN OF PLOTS NO. 38, 39, 50 & 51 AT I.D.A. PHASE-IV
JEEDIMETLA

VENDOR: A.P. INDUSTRIAL INFRASTRUCTURE CORPORATION LT

VENDEE: M/S. KARAN BISCUITS AND FOODS LIMITED.

SCALE: 1:2400



ZONAL MANAGER
ZONAL OFFICE, A. P. I. I. C. LTD.
I. D. A. JEEDIMETLA, HYD-500 858

REFERENCE

NORTH: ROAD NO. 57

SOUTH: PLOTS NO. 40 & 42.

EAST: ROAD NO. 51

WEST: ROAD NO. 52.

SY. NO: 79

AREA: 5.764 ACRES
OR
27,897.76 SQ.YDS
OR
23,325.886 SQ.MTS

WITNESSES

1. P. NARSIMHA REDDY
SENIOR ASSISTANT
A.P.I.I.C., JEEDIMETLA

2. T. KRISHNA KUMAR
SR. ASST. APIIC
JEEDIMETLA-HYD.

P W O No 1832—10-9-37—100.

H. E. H. the Nizam's State Railway.

No. C. G. 105/21/36.

Chief Commercial Manager's Office,

Secunderabad, D/.. 193

To,

....

....

....

Dear Sir,

Re: Industrial Development in Hyderabad State.
Your letter dated...........................

Several plots of 5 acres and 1·2 acre are available for sale in the Industrial Area, Mushirabad, situated between the cities of Hyderabad and Secunderabad, at varying prices between O. S. Rs. 1,500 and O. S. Rs. 3,000 per acre; the cost of the main road frontage plots being Rs. 3,000 per acre; as will be seen from the plan of plots reproduced on the reverse. A rental proposition at 5 to 6% of the capital cost would probably also receive favourable consideration. The development of this area is being energetically pursued by H. E. H. the Nizam's Government. The advantages of sites in this area are manifold; efficient and economic facilities exist for the transport and delivery of raw materials and the expeditious despatch of manufactured products through the out-agency opened in the area by H. E. H. the Nizam's State Railway; electric power is supplied to the factories in this area at a specially cheap rate of O. S. anna 1 and pies 4 per unit (9 pies for night shifts) and special rates will be quoted to consumers who merit individual consideration on specific grounds; water supply is abundant, necessary sanitary and drainage arrangements exist; in most cases access to coal, cotton, oil seeds and other raw materials is easy and inexpensive while the proximity of 2 large cities of Hyderabad and Secunderabad ensures an adequate supply of labour both male and female as well as convenient markets for the disposal of manufactured commodities with minimum transport costs.

2. There is no income-tax. Customs duties are nominal and you may, if necessary, obtain particulars in regard thereto from the Commissioner of Customs, Hyderabad.

3. The cordial co-operation of various departments of H. E. H.'s Government (Commerce & Industry, Agriculture etc.) is assured in any investigation you may wish to undertake prior to coming to any decision in the matter of erection of factories etc. in this area. If you are interested in starting any industries in the State, please apply for advice and assistance to:—

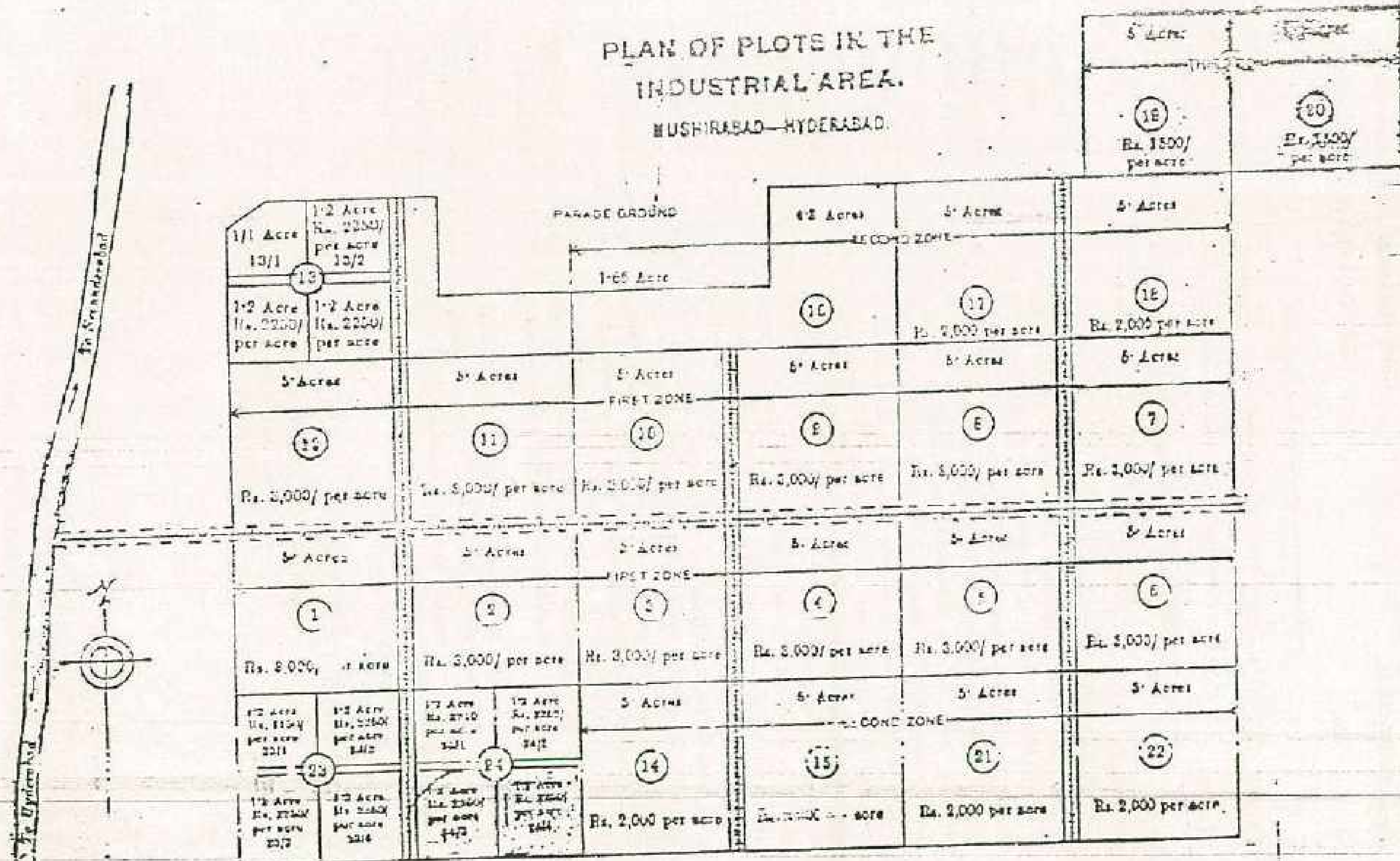
The Secretary,
Department of Commerce & Industry,
H. E. H. the Nizam's Government,
HYDERABAD (Deccan).

Yours faithfully,

Chief Commercial Manager.

PLAN OF PLOTS IN THE INDUSTRIAL AREA.

MUSHIRABAD—HYDERABAD.



N. B.—Plots Nos. 4, 9, 23/2, 24/1 and 24/3 have already been occupied.

Industries and Commerce (IF.Cell) Department
Memo No.242/IF.Cell/79-1 Dated 27-2-1979

Sub:- Industrial Area, Azamabad, Hyderabad - Transfer of Leasehold rights of Plot No.24/3 from Sri Bankatlal Agarwal, Prop: M/s Laxmi Oil Mills to M/s Agarwal Industries - Permitted.

Ref:-1) From Sri Bankatlal Agarwal, Prop: M/s Laxmi Oil Mills, Hyderabad Lr.No.Nil, dt. 2-2-1979.

2) From M/s Agarwal Industries, Hyderabad Letter No.Nil, dt. 2-2-1979.

-:o0o:-

In the circumstances stated in the references cited, Government accord permission to Sri Bankatlal Agarwal, Prop: M/s Laxmi Oil Mills, to transfer the leaseholdrights of his Plot No.24/3 measuring 1.163 acres in the Industrial Area, Azamabad, Hyderabad, to M/s Agarwal Industries, Hyderabad subject to the following conditions:-

(1) M/s Agarwal Industries should pay the lease money of Rs.8,760/- for the entire said Plot at the rate of Rs.7500/- per acre and the quit rent at 170/- p.m. at the rate of 3 paise per sq. yard per month and to pay advance of six months rent with the stipulation that they should pay the enhanced rates whenever Government revise the same.

(2) The Director of Industries is requested to take necessary action immediately for the execution of a fresh lease deed with M/s Agarwal Industries for the said Plot.

(3) The amounts towards lease money and quit rent as indicated at (1) above should be credited by M/s Agarwal Industries to the Government account in the State Bank of Hyderabad under the following head of account and furnish the challans to the Director of Industries."829-Development and Welfare Funds- MH-35 Industrial Research and Development Fund-SH(02) Main Account".

M.Gopalakrishna,
Joint Secretary to Government.

To
The Director of Industries, Hyderabad. (w.e)
Copy to Sri Bankatlal Agarwal Prop: M/s Laxmi Oil Mills, Plot No.24/3, Industrial Area, Azamabad, Hyderabad.
Copy to M/s Agarwal Industries, No.1-8-576, Indl. Area, Azamabad, Hyderabad. / Copy to SF/SC.

// forwarded by order //

SECTION OFFICER
2/3/79.

39

GOVERNMENT OF ANDHRA PRADESH

FROM:
The Director of Industries,
Government of Andhra Pradesh,
Hyderabad.

To
Sri Sureshchander,
Prop.M/s. Hyderabad Silk Mills
Plot No.24/1,
Industrial Area Azamabad,
Hyderabad - 500020.

Lr.No.1422/IAA/80, dated.14.3.1980.

Sir,

Sub:-INDUSTRIAL AREA AZAMABAD - HYDERABAD - Plot No.24/1, leased to Sri Sureshchander of Hyderabad Silk Mills - Transfer of lease hold rights in favour of M/s Agarwal Industries, IAA - Hyderabad - permission accorded.

Ref:- Application dt.29-1-1980 from Sri Sureshchander, Prop. M/s. Hyderabad Silk Mills, I.A.A.,Hyderabad.
2. Application dt.29-1-1980, from M/s Agarwal Industries, I.A.A., Hyderabad.

...

In the application 1st cited Sri Sureshchander prop.M/s Hyderabad Silk Mills lessees of Plot No. 24/1, Industrial Area Azamabad, Hyderabad has requested to grant him permission for the transfer of lease hold rights for the said leased plot in favour of M/s Agarwal Industries for which M/s Agarwal Industries have also consented for the said transfer in their favour.

The above request of the lessee has been examined by this office in consultation with the legal Advisor.

In the circumstances explained in the letter cited and in the light of the considered legel opinion of the Legal Advisor, the Director of Industries is pleased to accord permission to Sri Suresh chander lessee for the transfer of lease hold rights of Plot No.24/1, Industrial Area Azamabad, Hyderabad, admeasurin 1.168 acre in favour of M/s Agarwal Industries, Industrial Area Azamabad, Hyderabad subject to the following conditions.

1. M/s Agarwal Industries should pay the lease money at the present rate of Rs. 7,500/- per acre and quit rent at rate of 3 paise per sq.yard per month with the stipulation that they should pay the enhanced rate of lease money and quit rent when ever Government revises the same. They should also pay the advance quit rent for six months

2. M/s Agarwal Industries should execute fresh lease deed direct with the Director of Industries after completing the required formalities.

3. M/s Agarwal Industries are allowed three months time for taking all necessary steps by them for reviving and moderanising the Silk Mills and starting the sodium silicate Industry in the said plot as agreed upon.

These orders are issued with the approval of the Director of Industries.

Yours faithfully,

14.3.80

for DIRECTOR OF INDUSTRIES.

Copy to:
M/s Agarwal Industries, Industrial Area, Azamabad, Hyderabad for information and necessary action.

14/3/80

GOVERNMENT OF ANDHRA PRADESH
DEPARTMENT OF INDUSTRIES

From:
The Dy. Director of Industries,
Twin Cities,
Musheerabad,
HYDERABAD - 500 020

To
Smt. Geeta Bai
Prop. M/s. Geeta Industries,
Plot No. 23/4, Industrial Area
Azamabad, HYDERABAD

Lr.No. 7902/IAA/79 Dated: 19/2/1981

Madam,

Sub:- I.A.A - Transfer of lease hold rights of plot No. 23/4, from Smt. Geeta Bai, Prop. M/s. Geeta Industries to M/s. Agarwal Industries - Permitted.

Ref:- 1. Application Dt. 17-2-1981 from Smt. Geeta Bai Prop. M/s. Geeta Industries, I.A.A. Hyderabad.
2. Application Dt. 11-2-1981 and 17-2-81 from M/s. Agarwal Industries, I.A.A. Hyderabad.

In the application Ist cited, Smt. Geeta Bai Proprietor M/s. Geeta Industries, lessees of Plot No. 23/4, Industrial Area Azamabad, Hyderabad, has requested to grant her permission for the transfer of lease hold rights for the said leased plot in favour of M/s. Agarwal Industries, for which M/s. Agarwal Industries have also consented for the said transfer of their favour.

The above request of the lessee has been examined by this office.

In the circumstances explained in the letter cited the Director of Industries is pleased to accord permission for transfer of lease hold rights of plot No. 23/4, Industrial Area Azamabad, Hyderabad, admeasuring 3187 Sq. Yards in favour of M/s. Agarwal Industries, Industrial Area Azamabad, Hyderabad from Smt. Geeta Bai Proprietor of M/s. Geeta Industries subject to the following conditions.

1. M/s. Agarwal Industries should pay the lease money at the present rate of Rs. 7,500/- per acre and quit rent at the rate of 0.3 Paise Per Sq. Yard Per month with the stipulation that they should pay the enhanced rate of lease money of quit rent when ever Government revises the same. They should also pay the advance quit rent for six months.

2. M/s. Agarwal Industries, shall vacate the Deepak Transport Co., under the plot, within one month from the date of receipt of this letter, as this is highly illegal, objectionable and not permissible.

3. M/s. Agarwal Industries should execute the lease deed direct with the Director of Industries after completing the required formalities.

4. M/s. Agarwal Industries are allowed (6) months time for taking all necessary steps for setting up their industry as suggested in the application cited.

~~They are also permitted to approach Director of Indus~~

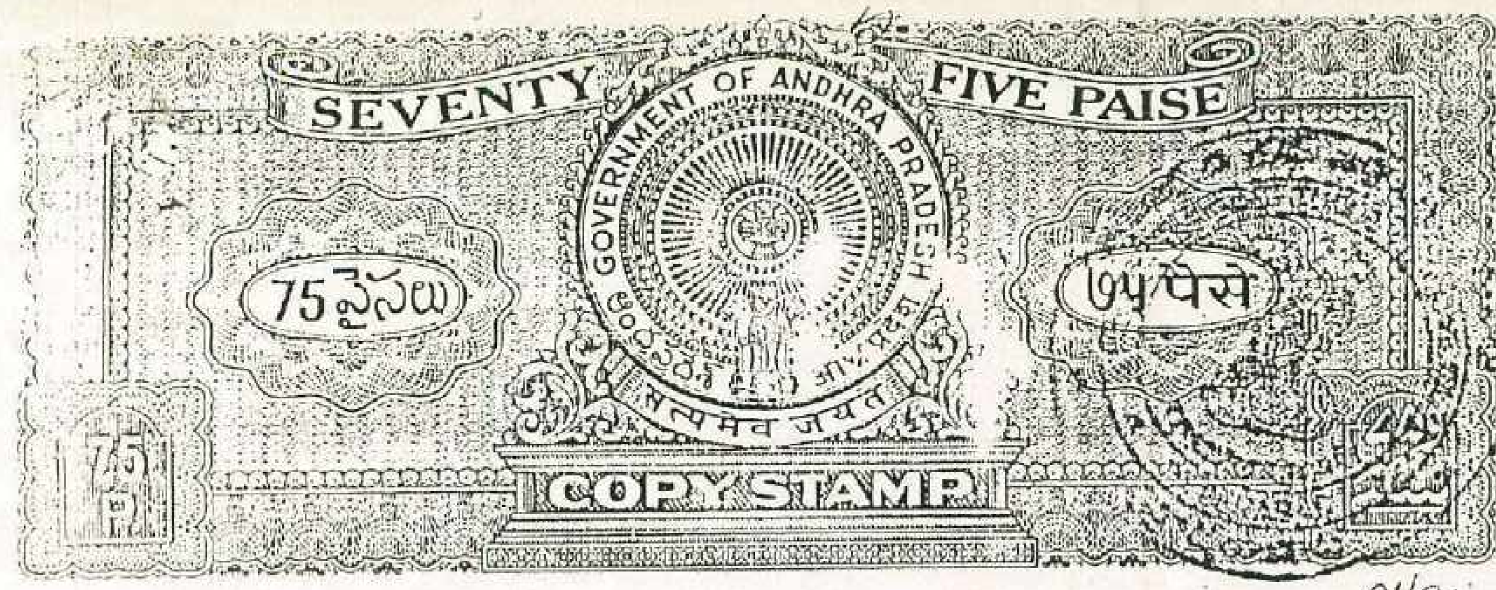
p. t. o

These are issued as per orders of Director of Industries.

Yours faithfully,

for DIRECTOR OF INDUSTRIES.

Copy to M/s. Agarwal Industries,
Industrial Area Azamabad,
Hyderabad for information and necessary action.



016

DECREE IN ORIGINAL SUIT

IN THE COURT OF THE SECOND ADDITIONAL JUDGE: CITY CIVIL COURT:

HYDERABAD

Tuesday the 15th day of M April, 1986.

Present: Sri M. Ramanarasimhulu, B.A. B.L.

Second Additional Judge.

Original Suit No.209 of 1985.

Between:

1. Mohd. Yousuf s/o. Haji Kareem Bakshi, Business, residing at 4-1-578, Troop Bazar, Hyderabad.
2. Mohd. Bashir s/o. Mohd. Yousuf, Business, residing at 4-1-578, Troop Bazar, Hyderabad.
3. Mohd. Mahmood s/o. Mohd. Yousuf Business, residing at 4-1-578, Troop Bazar, Hyderabad.
4. Mohd. Khursheed s/o. Mohd. Yousuf, represented by power of attorney holders (1) Mohd. Yousuf s/o. Haji Kareem Baksh and 2) Mohd. Masood s/o. Mohd. Masood.

.. Plaintiffs.

And

1. State of Andhra Pradesh represented by its principal secretary, Industries, Commerce and power (I.F. Cell) Department Secretariat, Hyderabad.

Words: 175 corrs. contd..2.

97

2. The commissioner, of Industries, Government of Andhra Pradesh Musheerabad, Hyderabad.

3. The Regional Development Officer (Industries) ~~x~~ Government of Andhra Pradesh, Industries and Commerce Department Hyderabad. .. Defendants.

CLAIM: 1. Suit for declaration, declaring that the G.O.Ms.No.89, dated 18.2.1985, Government of Andhra Pradesh, Industries, Commerce and Power (I.F.Cell) Department is void abinitio, without jurisdiction, illegal, arbitrary, and not binding on the plaintiffs.

2. Suit for permanent injunction restraining the defendants their agents, servants, representatives or any other persons or person acting on their behalf from interfering, dispossessing, disturbing or any way ~~xxxxx~~ causing interference with the enjoyment of the property bearing plots Nos. 14/1 and 24/2 comprising of an area of 2.366 acres known as R.B. Mill compound in Azamabad Industrial Estate, Musheerabad, Hyderabad city, fully described in the schedule given below during the substence of the lease for a period of 99 years as contemplated in the lease deed.

Words: 175 cors. contd..3.

098

Valuation and court fee:

Suit is valued at Rs.2,00,000-00 and half of it comes to Rs.1,00,000-00 for both the reliefs and a court fee of Rs.3,426-00 is paid thereon under section 24(b) of A.P.C.F. and S.V. Act.

Plaint presented on: 23.2.1985.
Plaint filed on : 23.2.1985.

- - -

This suit coming on this day for final disposal before me in the presence of Shri V. Venkataramanaiah, Advocate for the plaintiffs and of Sri V.L. Narsaiah, Assistant Govt. Pleader for the defendants, this court doth order and decree that the suit of the plaintiffs be and is hereby decreed as follows:-

1. It is be and hereby decreed that the G.O.Ms. No.89, dated 18.2.1985 Government of Andhra Pradesh, Industries & Commerce and Power (I.F. Cell) Department as illegal arbitrary and not binding on the plaintiffs.

2. That the defendants be and are ~~maxax~~ hereby permanently restrained from dispossessing or disturbing or in any way ~~xxx~~ causing interference with the enjoyment of the property by the plaintiffs.

Words: 175 corrs. contd..p/ 4.

SEVENTY GOVERNMENT OF ANDHRA PRADESH FIVE PAISE

75 పైసలు

COPY STAMP

99

3. That the plaintiffs be and are hereby restrained from using the said premises for any purpose other than the business of dying and printing and manufacuting or processing of other articles or things connected therewith and setting up an ancillary units connected with the aforesaid business until and subject to approval of the defendants.

4. That the parties do bear their respective costs.

Given under my hand and the seal of the court, this the 15th day of April, 1986.

Sd/- Second Additional Judge,
City Civil Court, Hyderabad.

MEMO OF COSTS

	FOR PLAINTIFFS	FOR DEFENDANTS
1. Stamp on plaint	3426-00	-
2. Stamp for power	2-00	-
3. Pleader's fee	Not certified	3300-00
4. Service of process	-	-
5. Miscellaneous charges	- (FC and MC not filed)	- (MC not filed)
Total	Rs.3428-00	3300-00

Sd/- Second Additional Judge,
City Civil Court, Hyderabad.

Words: 175 corrs. contd..5.

SEVENTY FIVE PAISE

GOVERNMENT OF ANDHRA PRADESH

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SCHEDULE OF PROPERTY

Property bearing plot Nos. 14/1 and 24/2 known as R.B. Mills compound, covering an extent of 2.366 acres in Azamabad Industrial Estate, Musheerabad, Hyderabad bounded by:-

North : Plot No. 2/2 and plot No.3.

South : 32 feet wide.

East : Plot No.14/2.

West : Plot No.24/1.

Sd/-Second Additional Judge,
City Civil Court, Hyderabad.

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C. Supdt.

IN THE COURT OF THE II ADDITIONAL JUDGE : CITY CIVIL COURT:

AT HYDERABAD.

TUESDAY, the 15th day of APRIL, 1986.

PRESENT: Sri M.Ramanarasimhulu, B.A., B.L.,

II Additional Judge.

O.S.No. 209 of 1985.

Between:

1. Mohd. Yousuf
2. Mohd Bashir,
3. Mohd. Mahmood
4. Mohd. Khursheed. .. Plaintiffs.

and

1. State of Andhra Pradesh
   represented by its Principal Secretary,
   Industries, Commerce & Power Dept. (I.F.Cell, Secretariat
   Hyderabad.
2. The Commissioner of Industries, Govt. of
   Andhra Pradesh, Mushirabad, Hyderabad.
3. The Regional Development Officer, (Industries,
   Government of Andhra Pradesh, I dustries &
   Commerce Department, Hyderabad. .. Defendants.

This suit coming on this day for disposal before me in the presence of Sri Y.Venkata Ramanaiah, Advocate for the plaintiffs and of Sri VL Narsaiah, Asst.Govt. Pleader for the defendants and the matter having stood over comstueration the Court delivered the following:-

JUDGMENT

Suit for declaration and permanent Injunction.

2. The plaintiffs are businessman carrying their business at Hyder bad. The Government is the owner of an extent of 2.366 acres of land in Plot Nos. 14/1 and 24/2

in the Industrial area of Azamabad. In pursuance of the policy of the Government of leasing government lands for setting up industries, this extent of land was leased out for 99 years to the plaintiffs in 1943. At that time plaintiffs had paid a premium of Rs.4722(OS) which was more or less the market value of the land and agreed to also pay a a sum of Rs.50/- towards annual rent. It was practically a sale. The possession of the land was given to the plaintiffs being the lessee by the Govt. on 1.6.1352 Fasli corresponding to 1.6.1943. Plaintiffs were utilising this land for industrial purposes. In 1957 plaintiffs entered into a partnership with one Sri Navaneethlal for setting up a unit to manufacture paints and oils. The department of industries entertained a doubt as to whether this was permissible under the terms of the lease. The government took legal advice. They were advised in 1961 that entering into a partnership would not amount to a sub lease or assignment and would not entertain any contravention of the terms of the lease. The Government decided that there was no objection to the leasees entering into partnership with others for industrial purposes and utilising the leased land therefor. Thereafter a formal lease deed was also executed on 1.9.65 and registered. This contained no prohibition against sub leasing. Later on the plaintiffs entered into two other partnerships for setting up two other Industries. Once again the department took legal advice in 1970 and were satisfied that this procedure did not violate the terms of the lease. The advice given in 1970 was reiterated in 1975. Finally the Director of Industries by his communication in April, 1975 informed the plaintiffs that they are dropping further action. The Govt. on 14.7.76 vide a letter informed the plaintiffs that no action is called for against

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the plaintiffs for entering int partnerships. Thus a quietus was given to this controversy and it was recognised by the Govt. that plaintiffs could enter into partnerships for setting up other industries and utilise the lease land for the purpose. This was consistent with Government policy. In the leased land different industries had been set up and were carrying on for more than a decade. The plaintiffs after they were put in possessi n of the property made large investments for the purpose of developing the land leased out to them by levelling the same erected buildings and sheds, compound wall and provided other conveniences and amenities. Huge machinery was also installed for the purpose of running a dyeing and printing industry. In 1984 the plaintiffs negotiated with some others and entered into a parnership on 6.7.84 for carrying on various industries including 'Dyeing and printing industry' which was the purpose specifically mentioned in the lease deed, on 13.7.84 a communication was sent b the Regional Development Officer (3rd defendant) stating that during an inspection of the premises on 12.7.84, no industrial activity connected with dyeing and printing and asbestos cement industries was being carried out and that cleaning operations were going on which were being supervised by strangers. The Ist plaintiff gave a reply setting ut the relevant facts about the new p rtn rship. By letter dated 27.7.84, the R gion l Development Officer wrote asserting that enter ng into partnership without prior permission was a violation of the lease terms and requested to maintain status-quo ante. Ist plaintiff gave a reply on 2.8.84 denying the allegations. The plaintiffs learnt that some persons ere int rested in securing these lands for themselves had been making clandestine represent tions th t they had transferred their lease hold rights with m ch ery.

These persons with whom tho plaintiffs were at logger heads and against whom legal proceedings have been instituted b them were comprising to harm them. On 18.10.84 and 17.11.84 the plaintiffs made a representation to the principal Secretary to Government. The partners of the plaintiffs A.P.Agro Industries also made a representation to the Commissioner of Industries. The commissioner replied on 20.12.1984 that there was no privity of contract between A.P.Agro Industries and the Govt. and that they had no locus standi. On 21.12.1984 a show cause notice dated 17.12.1984 was received by M/s. Yousuf And Co. issued by — Secretary to the Govt. alleging breach of the covenants of the lease aged and a 15 days show cause notice from the date of notice as to why the lease of the plots bearing No.14/1 and 24/2 admeasuring 2,366 acres situated at Azamabad should not be determined. Curiously on 20.12.1984 itself caveats were verified in different courts including the High Court even before the show cause notice had reached plaintiffs. This conduct really established that the Government has already made up its mind and this show cause notice is an empty formality. The plaintiffs sent a reply dated 2.1.1985. Meanwhile M/s.A.P.Agro Industries filed a suit O.S.No.1545/84 on the file of the V Addl.Judge City Civil Court, Hyderabad and sought for an injunction. The injunction petition was dismissed. Plaintiffs filed W.P.No.412 of 1985 and interim injunction for one month was granted. The plaintiff in O.S.No.1545/84 filed CMA No.17/85. Arguments were heard in the CMA on 18.2.1985 and matter was posted to 26.2.1985 for orders at 5 p.m. on 19.2.1985 the defendants served an order dated 18. .1985 at about 10.30 a.m. on the Ist Plaintiff purporting to terminate the lease. A platoon of more than 20 policemen arrived at the leased premises along with third defendant

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and other officials and after pasting a copy of the order on the premises proclaimed that they were re-entering the premises in exrcise of their rights under the lease deed. The Plaintiffs' representatives at the place protected x against this high handed conduct. The Govt. officials however did not take possession of the premises. The plaintiffs were orally directed to vacate the premises by 5 pm. that day and threats were held that the buildings and other structures would be demolished if the premises were not vacated. The Plaintiff's counsel represented these matters before the high Court and the High Court passed an order on 19.2.1984 that the position should continue as it stood that day. After the institution of the suit OS 1545/84 by the partnership firm and the writ petition by the plaintiffs, the Govt. have passed an order dated 18.2.1985 in G.P.Ms.No.89 Industries, Commerce and Power Department terminating the lease. Hence this suit.

3. Ist defendant has filed a written statement. Defendants 2 and 3 have filed a memo adopting the written statement filed on behalf of the first defendant. The contentions in the written statement of the Ist defendant are briefly thus

Suit is bad for want of notice U/s.80CPC. It is true that the Government is the owner of an extent of 2.306 acres of land in Plot Nos. 14/1 and 24/2 in the Industrial area of Azamabad, Hyderabad. It is also true that the above land was leased to the plaintiff by the then Government of Nizam for a period of 99 years from 10.3.1943 on an yearly rent of Rs.50,70Ps for the purpose of setting up dyeing and printing industry. That the premium of Rs.4732/- (OS) paid by the plaintiffs was more or less the market value of the land the transaction as practically a sale is false and incorrect. The possession of the land was given to the plaintiffs pursuant to the lease deed. That the plaintiffs were utilising the demised land for industrial purposes is not correct. The lease deed provided that whenever there shall be a breach of any of the covenants by the lessees within contained, the lessor may reenter upon the said premises or any part thereof and immediately thereupon this demise and all rights of the said lessees hereunder shall absolutely be determined. That in 1960 the plaintiffs subletted a portion of the leased premises to M/s.Navneeth Oil Industries without the permission and consent of the Government. The Government immediately after coming to know of this sub letting directed the plaintiffs to explain the circumstances under which the portion of the leased premises was sublotted. Plaintiffs were not at all partners in the said partnership firm M/s.Navneeth Oil Industries and plaintiffs infact subletted a portion of the demised premises to the said firm without the permission of the Govt. In the year 1957 the plaintiffs entered into partnership with one Sri Navneethalal for setting up a unit to manufacture paints and oils is false and useless. M/s.Navneeth Oil Industries independently procured its own machinery and provided their own working capital and firm had to pay itself the electricity and water charges. Plaintiffs have no share or liabilities or responsibilities in the said firm. Govt. decided that there was no objection to the lessees entering into partnership with others for industrial purposes and utilising the leased land therefor is denied. A formal lease deed was executed on 1.9.65 and

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registered is denied. The plaintiffs entered into two other partnerships for setting up two other industries and that the defendants were satisfied that this procedure did not violate the terms of the lease is false and incorrect. In the year 1969 plaintiffs accommodated and assigned a portion of the demised premises to M/s.National Engineering Service. Under letter dated 11.11.1968 the plaintiffs were directed to obtain permission from the Government. The plaintiffs under letter dated 27.11.68 informed the Govt. that M/s.National Engg.Service were accommodated on partnership basis with effect from 10.10.1968. It is not correct that a quietus was given to the controversy and it was recognised by the Government that the plaintiffs could enter into partnerships for setting up other industries and utilise the leased land for that purpose. That indeed it was consistent with Government policy is false. The plaintiffs accommodated other industries M/s.Vaneskaran Industries in the year 1974, M/s.Sujatha Industries in the year 1979 and M/s.Modern Alluminimum Industries in the year 1979 without the permission of the Government. The plaintiffs contrary to the terms of lease subletted various portions of the demised premises by assigning to various parties without the permission and consent of the Government. The plaintiffs by accommodating other industries in the leased premises have actually violated the terms of the lease and committed breach. Plaintiffs are entitled to enter into partnership and utilise the land for different industries is not correct. Plaintiffs cannot take advantage of some legal opinions obtained ~~ex~~ by the Government which are privileged and vehmently contended

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that their actions are justified. Plaintiffs never developed the land leased out to them and huge machinery was also not installed for the purpose of running dyeing and printing industry. The plaintiffs while saying good bye to the business mentioned in the lease deed started bringing new firms into the leased premises and accommodating hem contrary to the terms oflease. The plaintiffs negotiated with some others and entered into partnership on 6.8.84 for carrying on various industries including 'dyeing and printing industry which was the purpose specifically mentioned in the lease is not correct. The procedure of entering into partnership had been approved by the Government and was consistent with the lease deed is false. The 3rd defendant along with other officers inspected the premises of the plaintiffs and found there was no industrial activity on the part of the plaintiffs having closed the dyeing and printing industry and shifted the asbestos industry to other place. It was also found during inspection that the trees were being felled down and the ground was cleaned under the supervision of personnel of M/s.A.P.Agro Industries. As these activities were without the permission of the lessor i.e. the Government a show cause notice was issued by to the plaintiffs dated 12.7.84 indicating as to why action should not be initiated against the plaintiffs for the said activity without permission and for violation and breach of the conditions of lease deed is not utilising the plot for the purpose for which it was leased out to them and for felling the trees etc. in the premises under the supervision of Government. xxxxxxxxxxxx Plaintiffs are also directed to stop immediately all activities which are not in confirmity with the lease. The plaintiffs in their reply dated 16.7.84 to the show cause notice dated 1 .7.84 stated that they have stopped their

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industrial activity temporarily to carry out repairs to their structures which have become old and are in bad shape. The plaintiffs further stated that they entered into partnership with Sri A.P.Agarwal and others under the name and style of M/s.A.P.Agro Industries to promote other industries by way of diversification and that they would approach the department of industries for approval of their future scheme as soon as they are finalised since a major portion of the leased premises is remaining without proper utilisation by them. In view of the formation of new partnership deal plaintiffs reported that they started surveying the premises for setting up new industries for which cleaning operations were started and hence felling down of trees. As the plaintiffs did not obtain prior permission of the Govt. for the activities undertaken by them and thus violated the terms of lease they were requested by the Commissioner of Industries in his letter dated 27.7.84 not to proceed with their proposed activity and maintain status quo ante. But the plaintiffs in their further reply dated 2.8.84 reiterated the contents of their earlier reply dated 16.7.84 and contended that all the activities which they are at present carrying on are only of a preliminary nature in pursuance of their new partnership deal with M/s.A.P.Agro Industries. It is also noticed that under the garb of partnerships the plaintiffs have been for many years deriving huge recurring income by way of so called profits (rents) against a very nominal annual rent of Rs.50.70ps. paid to the Government. The Government was fully satisfied from the facts collected by them that the plaintiffs are not at all interested in setting up and running their own industry in plot Nos.14/1 and

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24/2 for the purpose forthwith the plots were based ie. for dyeing and printing industry. Thus the plaintiffs committed wilful breach f terms of the lease is not running the original line of activity for which the lots were leased to them. The plaintiffs had already parted with substantial portions of the leased plots in favour of four existing SSI units un er the garb of partnership and are collecting huge monthly rents from these units under the guise of good will and fixed business profits. The plaintiffs want to utilise the partnership deeds agreements as subterfuge to escape from the express provisions of the lease deed and to assign the land lease-hold rights without prior written permission consent of the Government. Assignment includes subletting also when in favour of the sub tenants. That they very purpose of grant of lease plot Nos. 14/1 and 24/2 on favourable terms has been wont only and deliberately defeated by the plaintiffs since they failed to run the original line of activity i.e. dyeing and printing industry for which purpose the land was originally leased to them. Hence the Govt. decided to determine the lease of the Plaintiffs in respect of the above land. The Commissioner of Industries on the representation dated 18.10.84 and 17.10.84 made to the Govt. and also on 11.12.1984 by the alleged partners of the Agro Industries replied to letter dated 20.12.1981 that there was no privity of contract between A.P. Agro Industries and the Govt. and that had no locus standi. It is true that the Government by a show cause notice dated 17.12.84 issued to the plaintiffs complaining breach of covenants of the lease deed and defeating its objects and that the Govt. had decided to determine the lease and accordingly notice was given. There is nothing wrong in filing caveats as the defendants contemplated filing of suits by the plaintiffs. The Government carefully considered various aspects set out in the representation of the plaintiffs and rightly rejected all the contentions raised by the plaintiffs and properly terminated the lease. The lease deed categorically provides to reenter the premises immediately upon the determination of the lease. Merely because the Govt. determined the lease and directed re-entry into the possession of the land leased to the plaintiffs do not themselves show absence of bonafides on the part of the defendants, particularly when the plaintiffs deliberately violated terms of lease. That there is prohibition against sub leasing in the contract is not correct. That re-entering the land leased out to the plaintiff upon the determination of the lease is provided in the lease deed itself. That there is no force or violence used while taking delivery of possession. That there is no forcible dispossession of the plaintiffs from the leased premises under the guise of a breach of a covenant. That the determination of the lease by the Govt. is neither illegal nor improper and is in accordance with the law and the lease deed. That O.S. 1545/84 filed by M/s.A.P.Agro Industries on the file of the V Addl.Judge is not maintainable in law as the said industries had no locus standi or right to file the suit as there was no privity of contract between M/s.A.P.Agro Industries and the Govt. The said court rightly ejected the injunction petition. The dismissal of the writ petition by the High Court at the admission stage itself holding that the

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writ petition is no been able in law, debars the plaintiffs from filing the present suit and this suit is not maintainable, on 19.2.1985 an order was served on the plaintiffs terminating the lease. With a view to maintain law and order at the spot and also to avoid any untoward incident, police picket was posted. A copy of the order was pasted on the premises and the panchanama was drawn up declaring that the Govt. obtained the possession after reentering the land. There was no protects either by the plaintiffs or any of their alleged representatives at the time of taking delivery of possession were present. There is valuable machinery at thesite is false. That the alleged industries situated in the demised premises do not belong to the plaintiffs at all. That the Govt. officials did not take possession of the premises is false. The plaintiffs were orally directed to vacate the premises by 5 pm. that day and threats were held that the buildings and other structures would be dismentled if the premises were not vacated is false. The other partnership firms situated in that premises and operating in the premises were specifically informed that they could continue is false. The present suit is not maintainable in law in view of the judgment in the writ petition and also the earlior suit instituted by M/s. A.P. Agro Industries. That the G.O.Ms. No.89 dated 13.2.1985 is neighther illegal nor void or without jurisdiction. That the Secretary, Industries, Commerce and Power Department is the proper authority on behalf of the Govt. of A.P. to do all the acts including grant, termination and termination and determine the lease. There is no violation of principles of natural justice as the Govt.

considered all the objections raised by the plaintiffs and rightly determined the lease. The G.O. does not suffer from any infirmities r lack of any finding that any particular covenant of the lease has been violated. That the G.O. is not speak order is pur imagination by the plaintiffs themselves. The a legation that a mere interruption and installation of machinery does not constitute non utilisation is equally false and invented. There was no activity at all. The question of ~~machinery~~ negative act not attracting the forfeiture of the lease does not arise. The Government ne er approved accommodation of partnerships in the land or the Govt. never satisfied that no infringment of lease deed involved. The plaintiffs cannot take shelter of privileged documents and go on bringing third parties in the Government land and make illegal against or profits under the colour of partnerships. Plaintiffs cannot justify their wrong by taking all frivilous untenable please. The action of this defendant in determining the lease vide proceedings in G.O.Ms.No.89 dated 18.2.1985 of the Ist deft. are valid, proper and legal. There is no cause of action. The defendants have already taken possession of the land from the plaintiffs upon determination of the lease. Hence the question of granting injunction does not arise. The suit is liable to be dismissed with costs.

4. The following issues were framed for trial.

1. Whether the suit is bad for want of notice U/s.80C.P.C.?

2. Whether the plaintiffs have committed breach of the terms of the lease as contended by the defendants ?

3. Whether the suit is not maintainable in view of the judgment in the writ petition ?

4. Whether the plaintiff is entitled to declaration that G.O.Ms.No.89 Industries Commerce and Power Department dated 18.2.1985 is illegal, void and without jurisdiction ?

5. Whether the plaintiffs are entitled to the grant of permanent injunction as prayed for ?

6. To what relief ?

5. On behalf of the plaintiffs, P.Ws. 1 and 2 are examined and Ex.A.1 to A.20 are marked. On behalf of the defendants D.Ws. 1 and 2 are examined and Ex.B.1 to B.20 are marked. Ex.C.1 is also marked in the evidence of D.W.1

6. Issues Nos. 2 & 4 :

O.S.No.209 of 1985 is a suit filed by the plaintiffs for declaration that G.O.Ms.No.89 dated 18.2.1985 made by the Government under Ex.A.18 terminating the lease of the suit land is void, abinitio, arbitrary, illegal and without jurisdiction and not binding on the plaintiffs and for permanent injunction.

7. The admitted facts of the case as disclosed from the pleadings and the evidence of P.W.1 are this:

Government is the owner of the land 2.365 acres in Plot Nos.1/1 and 2/2 in the Industrial Area, Azamabad, Hyderabad. This extent of land was leased out to the plaintiffs for 99 years in the year 1943

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plaintiffs paid a premium of 4,732/- and agreed to pay annual rent of Rs.50/-. Formal lease deed was executed on 1.9.65. Ex.A.1 is the certified copy of the lease deed. Between the date of possession and the execution of the lease deed under Ex.A.1, 1957 plaintiffs entered into partnership with one M/s.Navneethlal. It was considered to be not objectionable. Subsequent to the lease deed, the plaintiffs entered into two other partnership deeds. The matter was examined by the defendants and it was found that it did not warrant any action. A memo to this effect was issued. While so, in 1984 the plaintiffs entered into a partnership on 6.7.81 with A.P.Agro Industries under Ex.A.9. On 13.7.1984 the third defendant under Ex.A.10 wrote to the plaintiffs stating that the plaintiffs had in violation of the terms of the lease had alienated the leased land and that the leased land was not being utilised for the purpose of or which it was leased out and that the plaintiffs had allowed strangers in the premises who were supervising the felling of the trees. Plaintiff was called upon to stop further activities which were not in confirmity with the terms of the lease and approach the office of the 3rd defendant with the necessary proposals if any for consideration. On receipt of Ex.A.10 the plaintiffs sent a reply Ex.A.11 dated 16.7.1984. Under Ex.A.11 the plaintiffs contended that they had not violated the terms of the lease in any manner and that the plaintiffs would be approaching the 3rd defendant for necessary approval after examining and completing the technical and financial aspects of ~~the~~ their deal viz. entering into partnership with M/s.A.P.

Agarwal others under Ex.A.9. On receipt of Ex.A.11 the 3rd defendant by his letter dated 27.7.1984 under Ex.A.12 wrote to the plaintiffs saying that the plaintiffs had not taken prior written permission of the lessor to enter into a partnership to carry on the proposed ~~staying~~ diversified manufacturing activity and thus violated the terms of the lease. The plaintiffs were called upon not to proceed with the proposed activity. Plaintiffs were also threatened with the termination of the lease. Under Ex.A.13 dated 2.3.81 the plaintiffs wrote back to the 3rd defendant reiterating the position as set out in Ex.A.11 and informed that the plaintiffs would be approaching the defendants for necessary approval in due course. Under Ex.A.14 dated 17.12.1984, the principal Secretary to Government issued a memo to the plaintiffs setting out various facts which according to him amounted to breach of the terms of the lease and the plaintiffs were called upon to show cause within 15 days from the date of the notice as to why the lease should not be determined. This notice under Ex.A.14 is purported to have been given by the Governor of Andhra Pradesh the lessor under Ex.A.1 on receipt of Ex.A.14 the plaintiffs sent a reply through their advocate Sri Babul Reddy under Ex.A.15 dated 2.9.1985. The plaintiffs also filed a writ petition W.P.No.412/85 (Copy of writ petition is Ex.A.16). On 19.2.1985 His Lordship Sri Justice Jeevan Reddy made an order as in Ex.A.17 in the said Writ petition. His Lordship held that the matter between the plaintiff and the defendants arising under the lease is a contractual matter and not a matter for writ petition. Ex.A.18 is G.O.Ms.No.89 dated 18.2.1985, the impugned order.

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Ex.A.19 is the original of Ex.A.1? Ex.A.20 is the same as Ex.A.12. Ex.A.21 is the letter dated 20.12.1984 from the Commissioner of Industries to M/s. A.P.Agro Industries asking them not to make any constructions in theplots leased to M/s.Mohd.Yousuf & Co. - the plaintiffs. Ex.A.22 is the same as Ex.A.14. Ex.A.23 is the same as Ex.A.11. Ex.A.24 is the same as Ex.A.13. Ex.A.25 is a letter from the plaintiff to the Addl.Director of Industries da ed 25.8.1984. Ex.A.26 is a letter of the plaintiffs dated 18.10.1984 addressed to the Secretary to the Govt.Industries Department. Ex.A.27 is the letter from the A.P.Agro Industries addressed to the Secretary to the Government dated 17.11.1984 si ned by P.W.1 for a d on behalf of A.P.Agro Industries. Ex.A.2 is another letter of A.P.Agro Industries addressed to the Commissioner of Industries dated 11.1..1984. Ex.A.29 is the letter said to have been received by A.P.Agro Industies which PW.2 refers to in his evidence.

The plaintiffs have filed this suit challengigg that the order made by the Government in G.O.Ms.No.89 under Ex.A.18 is arbitrary, abinitio void and therefore not binding on the plaintiffs. In support of their case, plaintiffs have examined P.Ws.1 and 2. P.W. 1 is the 3rd plaintiff in this suit. He refers to the facts f the case s disclosed in the plaint and besides filing Ex.A 9 to A.29, he has also filed Ex.A.2 to A.8 in support of their case that on earli r occasions the Government had an opportunity f considering such situations as this nd had accepted them to be within the scheme of terms of the lease. Ex.A.2 is challan for payment of money by the plaintiffs towards ont. That is not of

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much consequence. Ex.A.3 is letter dated 17.7.78 from the Joint Secretary to Government, Industries and Commerce Department, wherein the Government directed the Asst. Director of Industries to register the unit of Veneshkeran Industries under Small Scal industry as a district unit under the name and style as M/s. Veneshkeran Industries in a portion of premises of M/s.H.M. Yousuf and others lessees of plot Nos.14/1 and 24/2 Ex.A.4 in a letter from Deputy Director of Industries to the plaintiffs dated 16. .1979 informing that the issue of partnership of M/s.Raj Dharma has been examined in the office of Dy.Director of Industries in consultation with the legal advisor and that the legal advisor had opined that there could be no objection for running the unit by M/s.Raj Pharma in partnership of M/s.Yousuf & Co. in the portion of the premises, permanent registration certificate was also issued in favour of M/s. Pharma and M/s. Veneshkeran after completion of required formalities under S.S.I. to them. Ex.A.5 is letter from the Plaintiffs addressed to the Secretary, Industries and Commerce Department. It is dated 12.7.1978. It is in response to Ex.A.5, A.4 letter was issued by the Dy.Director of Industries. Ex.A.6 is a letter from the Director of Industries addressed to the plaintiff, wherein the Director of Industries informed the plaintiffs that furher action is regard to issue ofpartnership was dropped. Ex.A.7 is letter from the Industries and commerce Department to the Director of Industries, copy maked to the plaintiffs wherein it was noted that in view of the position explained in the letter of the Director of Industries, no action is called for against the plaintiffs. Therefore, the case was closed. Ex.A.8 is a letter from the Dy.Director of Industries addressed to the Secretary to Govt. dated 13.7.76 wherein the Dy.Director informed that M/s. Vaneshkeran Industry, M/s.Raj Phama Surgical Dressing company and M/s.Navneeth Oil industries had entered in a partnership agreement with the plaintiffs and that the units are run a partnership firms. The legal adviser to the Industrial Fund who was previously consulted in this case had stated that predecessor late Sri Vidya had also offered his opinion on 2.2.1961. On the same point on 1?.1.1970 he had opined in the note filed agreeing with the then legal adviser Sri Vidya. It was also mentioned that the Addl.Director of Industries had registered the unit and with power and other requirement had been extended and that in view of the earlier opinion partnership could not be treated as sub lessee and in breach of the terms of the lease deed and therefore, there was no necessity to recast the lease deed and in view of the said opinion of the advisor no action could be taken against the plaintiffs. These are the important documents relied upon by the plaintiffs in support of their case that it is not for the first time that a situation of the type emerging under Ex.A.9 had come into existence or consideration by the Govt. and that on earlier occasions ~~hexhad~~ the ~~opportunityxs~~ Government had opportunity considering such partnerships and reaching a finding that the plaintiffs entering into partnerships did not constitute breech of the terms of the lease deed under Ex.A.1.

9. Having noticed the documents in brief filed on behalf of the plaintiffs, it is necessary to refer to the oral evidence. P.W.1. the third plaintiff in thesuit is the son of the first plaintiff. Plaintiffs 2 and 4 are the brothers of P.W.1. He has asserted in his evidence that the plaintiffs have not sub let of assigned the property to any one and that they have not violated the terms of the lease. P.W.2 is the Managing Partner of A.P.Agro Industries. He has said that pursuant to the partnership deed, the partnership had already placed orders for dyeing and printing machinery under Ex.A.29 the confirmation order with regard to the placing of the order for machinery and plant.

10. As against the said oral and documentary evidence the defendants have examined D.Ws. 1 and 2 and filed Ex.B.1 to B.20. The evidence of D.W.1 and 2 in brief in this. D.W.1 is the Deputy Director of Industries attached to the Dist.Industries Centre, Mushoorabad. He has referred to the facts mentioned in the written statement and stated that the plaintiffs are not carrying printing and dyeing industries in the demised premises for the last 24 years. As to why the Department did not take any action at that time regarding the plaintiffs entering into partnerships. D.W.1 has said that taking further action was dropped for the time being. In the cross-examination, he has stated that there is no mention in thelease deed that the sub-lease is prohibited. He has also admitted that no action was taken for determination of the lease on the grund that there was no dyeing and printing industries for the last 24 years. D.W.2 Asst.Director of Industries has been examined

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to speak that the Govt. or the Department took possession of the premises on 19.2.1955 in pursuance of Ex.A.18 Government order. He refers to the punchanama Ex.B.10 and B.11. The documents filed on behalf of the defendants in brief are this. Ex.B.1 is the letter from the plaintiffs addressed to the Regional Development Officer, Industries department in response to letter of the Regional Development officer dated 9.6.82. Under Ex.B.1 plaintiff furnished the particulars of the several industries and the area occupied by each of them in the demised premises. Ex.B. is is a letter f the plaintiffs addressed to the Director of Industries. It is dated 3.3.64. Under Ex.B.2 the plaintiffs asked the Director of Industries to register the plot of land gi en to them on lease Ex,B,3 is a plea showing the utilisation of plan. Ex.B.4 is a letter from the plaintiffs addressed to the Director of Industries on 15.2.1979 wherein the plaintiff requested the Director of Industries to examine the partnership agreements and accept them. Ex.B.5 is letter from the plaintiffs addressed to the Secretary to Govt. whereunder the plaintiffs requested the Government to withdraw the action against the plaintiffs for having ente ed into partnership with National Engineering Service, M/s. Paramount Enterprises. Ex.B.6 is office copy of letter dated 1.11.1968 whereunder the department asked the plaintiff to obtain prior permission from the Government before proceeding with the venture M/s.National Engg. Service. Ex.B.7 is a letter from the plaintiff addressed to the Asst.Director of Industries dated 27.11.1963 whereunder the plaintiff informed the Government that it had entered into partnership with

M/s. National Engg. Service on 10.10.1968 and therefore, information was being furnished. Ex.B.8 is a typed copy of lease deed entered into between the plaintiffs and one G.N.P.Reddy representing M/s.National Engg. Service. Ex.B.9 is the impugned order which is marked as Ex.A.18. Ex.B.10 and B.11 are panchanamas. Ex.B.12 is office copy of letter addressed to the plaintiffs asking the plaintiff to inform as to with whose permission the plaintiffs had induced into the premises certain new concerns. Ex.B13 is a letter from the office of Director of Industries addressed to the plaintiffs.

It is dated 5.3.81. Ex.B.13 was in response to an application of the plaintiffs dated 30.11.1979. Under Ex.B.13, the plaintiffs were asked to evict the sub-lessees for the purpose of getting exemption of the land of the Urban Land Ceiling and Regulation Act. Ex.B.14 is the office copy of the letter addressed to the plaintiffs and other industries. This in response to this obviously plaintiffs furnished information under Ex.B.1. Ex.B.15 is a letter from the plaintiffs dated 20.5.60 whereunder plaintiffs informed the Director of Industries that a portion of the building was lying idle and Navneeth Oil Industries wanted to run some industry and that the plaintiffs had accommodated them temporarily and this should be overlooked by the department. Ex.B.16 is another letter dated 17.11.1960 from the plaintiffs informing that no portion has been sub-let to Navneeth Oil Industries and that they were accommodated only in a portion of the mill temporarily under the partnership agreement. Ex.B.17 is copy of partnership deed said to have been entered into between the plaintiff and Navneethlal. Ex.B.18 is a copy of partnership deed said to have been entered into between the plaintiffs and the National Engg. ervice. Ex.B.19 is a letter from the plaintiff addressed to the Dy.Director of Industries requesting issue of registration certificate under SSI to M/s. Modern Aluminium Industries and M/s.Sujatha Industries which are partnership concerns of the plaintiffs. Ex.B.20 is the office copy of letter addressed to the plaintiffs dated 5.4.60. These are the documents filed on behalf of the defendants.

11. During the course of the trial, the defendants applied for appointment of a commissioner and a commissioner was appointed. Commissioner who inspected the suit premises filed a report and plan marked as Ex.C.1. That is the evidence available in this case.

12. Having noticed the evidence adduced in brief and the respective contentions, it is necessary to briefly indicate the decision cited by the learned counsel for the plaintiffs on one side and the learned Asst.Govt. Pleader for the defendants on the other side.

13. The learned Asst.Govt. Pleader appearing for the defendants relied upon the following decisions.

1) Jagdish Singh Vs. Yashwant Singh AIR 1957 Madhya Bharath page 79. This is for the proposition that on on extinguishment of tenancy Landlord is under no obligation to approach the Court and obtain an order for possession.

"the true position is that, that where a right to re-enter has arisen to a owner of the land, he may enter upon t by force, if necessary, if the person in occupation refused to quit the land after his right to remain thereon has terminated."

It was a case arising under Kanoon Ryotwari Gwalior Samvat 1974. For coming to this finding, the Court was influenced by the fact that the Ryotwari Act contain no provision making it obligatory for the landlord to approach the competent court and obtain an order for possession of the lands from the tenants and it was held that the said act was self contained. This decision therefore is not of any assistance.

2) "West Bengal State Vs. Birendranath" AIR 1955 Calcutta page 601. In the aforesaid decision it was observed that the effect of section 3 of the Crown Grants Act was to exclude the operations of not merely the transfer of Property Act but of all laws and as such on the termination of the case State is entitled to resume the land and where a tenant refuses to deliver possession the lessees cannot be granted an order against the Government restraining them from taking possession. It was a case where the land leased was sought to be resumed in terms of clause-15 of the lease deed which empowers or authorised the State to resume the land if it was required for public purpose. That is not the case here. Further Crown Grants Act which was held to be applicable by Section 2 provided for exclusion of the Transfer of Property Act. In the present case the defendants are not exercising their

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rights under any such lawana-logous to Crown Grants Act nor is it pointed out by any authority that the Crown Grants Act is applicable to the facts of the case. Further the observations of his Lordship Sri Justice Jeevan Reddy in W.P. No.412/85 makes it clear beyond doubt that parties are bound to contractual obligations arising under the lease as one determinable by a Civil Court. This decision is relied upon for the fact that the defendants need not obtain an order from the Court for taking possession. That point arises only when the order terminating the lease is sustained.

3) "Namdev Lokman Vs. Narmada Bai' AIR 19 3 Supreme Court page 228 wherein it is held that in case of successive forfeitures it is open to a landlord to rest his claim for recovery of possession on the foot of forfeiture.

4. 'Varlaxmamma Vs. Veera Raghavamma' AIR 1960 Andhra Pradesh page 166 wherein it is held that to incur a forfeiture of a lease the denial of the landlord s title, must be direct, unequivocal and must be made to the knowledge of the landlord.

5) 'Bhagath Rajendra Kumar Vs. State of Jammu & Kashmir' AIR 1970 Jammu & Kashmir page 50. In that case writ jurisdiction of the High Court was invoked in respect of resumption of land and taking possession. It was held that a lessor while enforcing his right of forfeiture has every right to take back possession provided it was done peacably and without actual resistence. In this case the decision in West Bengal State Vs. Birendranath' AIR 1955 Calcutta page 601 cited supra was followed. It was a case where the land le sed

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was sought to be resumed pursuant to a Cabinet order.

6. In 'Narayanappa Vs. Bhaskara Krishnappa' AIR 1966 Supreme Court page 1300, Partnership and implications arising under partnership deed are discussed.

7) 'Muralidhar Haspuria Vs. Bansidhar Halwal' AIR 1973 Calcutta page 193. It was held in that case, where one of the parties to the agreement was put in exclusive charge of the business for a limited period, who alone was to provide funds for the business liable for loss and entitled to profits subject to a certain monthly payment to the other party, the agreement was not infact a partnership agreement. That was a case where an agreement which is not a partnership deed was sought to be interpreted as a partnership in the light of certain conditions in the agreement as the Court repel the argument that it was a partnership deed and lastly.

8). 'Board of Revenue Vs. Auto Sales' AIR 1979 Allahabad page 312. It was a case wherein a partnership firm a deed of release was executed. Doubt arose whether this document could be styled as a release deed. Matter was referred to the High Court. In that connection, the Court considered the liability on the nature of the rights of a partner qua partnership property. These are the several decisions cited by the learned Asst.Govt. Pleader.

14. The learned counsel for the plaintiffs relied upon.

1). 'M. Annapurnaiah Vs. M.Narsimha Rao' AIR 198 Andhra Pradesh page 253. In that case a tenant continued to be in possession after the termination of lease. It was held that he is entitled to injunction restraining the landlord from interfering with his possession for as a tenant by sufferance he was entitled to be remain in possession of the demised premises till he is evicted in the course of law. In that decision reference was made to 'Brig. K.K.Varma Vs. Union of India' IR 1951 Bombay page 358, a case arising under the Government Premises Eviction Act 27 of 1950. The words 'that any person is in unauthorised occupation of any Government premises' were explained with reference to the tenancy by sufferance and it was held that our law makes a clear and sharp distinction between a trespasser and an erstwhile tenant and the possession of a tenant by sufferance was judicial possession and is protected by law". This position has been repeated in times out of number by the Supreme Court.

2) 'Dasari Apparao Vs. M.Hanumayamma' 1961 Andhra Law times page 394. It was a case where a tenant was doing business in a premises. Subsequently a partner was taken by him. Both were doing business in the premises. It was held that it did not amount to sub-letting and the Court found that there was nothing to show that the partner was given exclusive possession.

3) 'Indralok Studio Vs. Shantidevi' AIR 1960 Calcutta page 609 wherein it was held that in the absence of a specific provision to the contrary, a part transfer or part assignment of lease does not amount to a breach of condition or convenant against alienation or assignment and does not entail a forfeitures on the ground to entail a forfeiture transfer of the whole would be necessary

and such proceeding of the whole again without lessor's concern.

4. AIR 1967 Madras page 3: 'Petroleum Workers Union Vs. Mohd. and Co.' wherein it was held, the permission to others to use the premises does not amount to sub-letting. It was further held that as long as the tenant continue to be in possession, he may permit others to use it. Principle laid down in Peebles Vs. Crosthwaite was followed. In that case, the plaintiff took a lease of the building. The lease contained a controversy for re-entry by the lessors in case of a breach of the lessee's covenants and one of those covenants was that the plaintiff should not assign, underlet or part with the possession of the demised premises without the previous licence in writing of the lessors. After the original plaintiffs death, his executors sold the premises and business to a limited company, the property was not assigned and a licence to assign or part with the possession was obtained from the lessors. When it was contended that there was a breach of the word covenant, it was observed,

> "No doubt theexecutors of the lessee let the company into possession but they did not part with the possession themselves and so long as it was true infact, that the lessees hand not parted with the possession they had committed no breach of the covenant. This case is frequently a cited in almost all text books whenever a question arises when the lessee in possession of the premises allows another person to be in possession".

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15. Reference is also made to observations made in Jaxon Vs. Simons wherein it is observed. a 'covenant against the assigining demised premises, a covenant against the underletting demised premises a covenant against parting with the possession of the demised premises are therefore three distinct covenants, though all belonging to the same clause and if there be any other method of disposing of the demised premises, that would not amount to an assignment, under-letting or parting with possession".

5. 'N.Sivandan Vs. Tribhuvandas' 1969(1) M.L.J. page 6 4 wherein it was observed that a tenant carrying on business in the premises formed a partnership to continue the business. The question where a tenant of the premises creates partnership resulting in the admission of another to the possession of a premises, will amount to sub-letting or not will depend upon the intention of the parties and has to be decided on the force nd circumstances of each case.

6. 'K.Devarajulu Naidu Vs. Yethirajavelli Thayaramma' 1949 (2) M.L.J. page 423. It was a case of original tenancy which was in favour of three persons who were partners in a firm. The firm was dessolved. One partner was allowed to wind up affairs and subsequently use premises for his sole business and it was ~~allowed to~~ ~~wind up~~ held that it did not amount to transfer or sub-letting of premises.

16. The learned counsel for the plaintiffs also placed reliance on two decisions of privy council.

8. 'Hansraj Vs. Behoylal' AIR 1930 court

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is not an assignment. An absolute demise by sub lease for the unexpired residue of the terms operates not as an assignment of the term but only as sub lease and is not a breach of covenant against assignments.

'Ramkinkar Vs. Sathyachara' AIR 1939 Privy council page 14 wherein it was held that where a grant of lease transfers whole of his term to the sub grantee on terms similar to the original lease such transfer operates by way of sub-demise and not of assignment.

17. Having noticed the decisions relied upon by the learned counsel appearing on both sides and having noticed the facts emerging from the oral and documentary evidence in this case it is necessary to indicate what follows from the aforesaid facts and circumstances of the case.

18. The Government land bearing lots No.1?/1 and 24/2 admeasuring 2.366 aces, Azamabad, Hyderabad was given on lease to the plaintiffs for a period of 99 years. Possession of the land was given to the lessees on 1.6.43 corresponding to 5.4.1352 Fasli. The land was given on lease for the purpose of erecting thereon the factory for dyeing and printing and other articles or things connected therewith and other building required in connection with the said factory and for the purpose of carrying on the business of the said factory. Ex.A.1 is copy of the lease deed. The lessees paid O.S.47/32 i.e. L.C. Rs.40.56ps on 1.6.1352 Fasli as premium. Lease was agreed to be for a period of 99 years from 6.6.1352 Fasl corresponding to 10.3.1943

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andyearly rent was fixed at Rs.50.70ps. Registered lease deed incorporating the t rms and conditions of the lease was executed on 1.9.65. Among other terms and conditions under the lease, it was agreed by the plaintiffs that they will not add to or altor efforts so constructed and the conviencos either external or internal without the consent in writing of the lossor which consent either may withhold or may be given by the lessor on such terms including the payment of enhanced rent or of a fine or premium by the by the ~~payment of enhanced~~: the lessee the plaintiffs will not without the previous consent in writing of the lessor use or permit the said premises or part thereof to be used for any purpose whatsoever other than for use as dyeing and printing works and matters ancillary thereto an that the plaintiffs shall not during the demise shall assign the demised premises without the consent in writing of the lessor first to obtain suchassignment and that every such assignment shall within one calender month after the date of registration thereof by the City Registrar of Hyderabad be left at the office of the lessor or in order that the same may be registered in his books and in case the lessor shall deem it necessary or advisable to take legal advice as to whether such an assignment is in order and should be registered, then lessee shall forthwith on demand paying the lessor all costs which he may incur in and about the obtaining such advice as aforesaid and further agreed. That the lessor and the other lessees tenants and employees if duly authorised by him to do so, shall be at liberty at all times and from time to time here after to may construction of.......

While in the year 1976 a situation arose when the defendants hereinafter called 'the Govt.' had to seek legal advice in the matter relating t the working of the terms of the lease and the Dy.Director, Industries Twin Cities, Musheerabad, Hyd., addressed a letter to the Secretary to the Govt. Industries Dept. A.P. Hyderabad (Ex.A.8) the Dy.Director mentioned in that lettr that three firms were working in the premises 1) M/s. Veneshkoran Industries Manufacturing of Synthetic resins and adhesives, N.C. and special thinners, industrial solvets 2) M/s. Raj Pharma Surgical Dressing Company, manufacturing of obserbor and cotton I.P. Bandage and Gauge etc. and 3) M/s.Navneeth Oil Industries manufacturing of paints and varnish etc. It was also mentioned in that letter that the above said firms had ent red into pa tnership agreement with the lessees and that units are being run as partnership firms. The legal adviser of the Industrial Funds was previously c nsulted by the office and the legal adviser had stated:

> "My predecessor late Sri Vidya had already offered his opinion n 2.2.1961 on the same point on 18.1.1970, I have opined in the note file agreeing with the then Legal Adviser Sri Vidya. It is evident that the Addl. Director of Industries registered the unit by the Department, and they have extended thepower and other req ir ment. In view of the earlier opinion the partnership cannot be treated as sub lessee and in breach in t rms of lease deeds, hence itis not necessary to recast the lease deed.".

19. Then followed letter dated 14.7.1976 from the Department of Industries and Commerce, Govt. of Andhra Pradesh (Ex.A.7). Under Ex.A.7, the Director of Industries was informed that in view of the position explained in Ex.A.8, it was considered that no action was called for against M/s.Yousuf & Co. the lessees of Plots 14/1 and 24/2, Industrial Area, Azamabad, Hyderabad and the case could be closed. Though not exactly similar, a situation of the type of to the earlier one came under Ex.A.9 partnership deed dated 6.7.85, whereunder the plaintiffs entered into partnership with four others A.P.Agarwal S.K. Agarwal, M.Agarwal and M/s.Agarwal Vanaspathi Pvt. Limited which is the immediate cause of irritant for the present situation, determination of the lease and this suit. The officers of the defendants inspected the premises on 12.7.84 and during inspection found that there was no industrial activity on the part of the lessees having closed the dyeing and printing industry and shifted the asbestos industry to other place and it was also found that the trees being ~~being~~ felled down and the ground cleaned under the supervision of the personnel of M/s.A.P.Agarwal Industries. These activities were found to be without the permission of the Government. Therefore, a show cause notice was issued under Ex.A.14 calling upon the plaintiffs to show cause within (3) days from the date of the receipt of the notice as to why action should not be initiated against them as per the lease terms for having committed irregularities of not utilising the plot for the purpose of which it was leased out to them and for having allowed the strangers in the premises to supervise and of the

trees. The plaintiffs were further directed to stop immediately further activities not inconfirmity with the lease terms and approach the office of the Regional Development Officer, Hyderabad with necessary proposals if any for consideration. It was also mentioned that if no reply was received action would be initiated as per the lease deed. The plaintiffs immediately sent a reply dated 16.7.1984. After receipt of the reply dated 16.7.84, the Regional Development officer issued a letter dated 27.7.84 calling upon the plaintiffs not to proceed with the proposed activity as no prior written permission had been obtained in that regard and that in failure to comply with the direction would result in the termination of the lease. The plaintiffs on receipt of that letter sent a reply dated 2.8.84, wherein they stated that the activities were only of preliminary nature in pursuance of Ex.A.9 and that the plaintiffs would be approaching the Regional Development Officer for his approval after completing the technical and financial aspects of Ex.A.9 Partnership. Thereafter, the Govt. of Andhra Pradesh issued a memo dated 17.12.1984 giving notices to the plaintiffs to show cause withing (15) days from the date of the notice as to why the lease of the plots should not be determined for having committed breach of convenants and contravened the terms of the lease deed executed on 1.9.65. In the show cause notice reference was made to earlier representations dated 10.10.198., 23.10.1984 and 17.11.1984. On receipt of the show cause notice the plaintiffs sent a reply dated 2.1.1985 through their advocate Sri Babul Reddy. In the said reply the plaintiffs clearly mentioned about what had happened in 1961 when a similar situation had arisen and also in 1975-76. Reference is also made to the advice of the legal adviser Sri V.K.Vidya, later became the Judge of the High Court of Andhra Pradesh. In the reply notice dated 2.1.1985 the plaintiffs reiterated the position that they had not committed any violation or the breach of the conditions of the lease and that the show cause notice was not competent. The plaintiffs approached the High Court of Andhra Pradesh in W.P.No.412 of 1985, The writ petition ultimately resulted in the orders rejecting the writ with certain observations. His Lordship Sri Justice Jeevan Reddy observed that the termination of the lease was purely a matter in the relm of contract and was not covered by any statutory provision and that for that reason the writ petition could not be admitted. The order was made on 19.2.1985. Thereafter the plaintiffs filed this suit on 23.2.1985 challenging the vires of proceedings issued under Ex.A.18 terminating the lease. It is also relevant to note at this stage that some of the partners other than the plaintiffs shown under Ex.A.9 filed a suit before the V Addl.Judge and sought for an injunction. The petition for grant of injunction was dismissed. The matter was carried in appeal and the appeal was also dismissed. The ground on which the petition and appeal were dismissed was that there was no privity of contract between the persons who had filed the suit and the Government.

20. The plaintiffs contend that they have not violated any terms of the lease and that the termination of the tenancy, is arbitrary and has unwarranted. They contend that Ex.A.9 is similar the partnerships that the plaintiffs had entered into in 1961 and 1975 and that the Government on competent legal advice found that such partnerships could not be construed as breach or contravention of the terms of the lease warranting termination of the tenancy. It is contended that since Ex.A.9 is on the same lines as the earlier one, there was no room for taking different view. The defendants are contending that the plaintiffs have committed breach of the terms of the lease that the termination is justified and that in as much as the defendants having taken possession pursuant to Ex.".13 as evidence by Ex.".10, and Ex.".11, the suit is not maintainable. It is also contended that in view of the orders made by the High Court in W.P.No.412/85, the suit is not maintainable. In tis suit, two questions have been raised.

1) Breach of the terms of the lease.

2. The rights of the lessor to re-enter the possession of the property without recourse to proceedings in a Court of law. If the first question is answered in favour of the plaintiffs, the answer to the second question will be only academic. If it is held that the determination of the lease is not void, then the second question will crop up for consideration viz. whether the lessor in these circumstances would re-enter the property without recourse to procedure for of tenants in a Court of law.

21. In the circumstances stated above, the question whether the plaintiffs have committed breach of the

terms of the lease needs to be answered in the first instance. For this lease needs to be answered in thefirst instance. For this reference to Section 111 of the Transf r of property Act is very much necessary. Section 111 of the transfer of property Act deals with the various postions in which a lease of immovbble property is determined. Section 111 applied only to leases by act of parties. It does not apply to lease created by devise, agricultural leases, loases executed before coming into force of this act, or leases executed in provinces where this act has no application. It is not in doubt that the dispute arising between the plaintiffs and the defendants is one relating to contractual obligations arising under a lease deed executed by and between them under Ex.A.1. His Lordship Sri Justice Jeevan Reddy in W.P.No.412 of 1985 has clearly said that a writ could not be issued as the matter between the parties is one within the relm of civil court and not the High Court exercising its jurisdiction under Article 226 of Constitution of India. His Llordship observed.

"The writ petition was filed for issuance of writ of sertiorari to quash the show cause notice dated 17.12.1984 issued by the Government, the petitioners are the lessens of a land owned by the Government.

The Government proposed to terminate their lease on the ground that the petitioners-lessees have violated certain conditions since the matter purely lay in the relm of contract and was not governed by any statutory provisions,

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I refuse to admit the writ petition.

"ut make the following order . . . .".

Having regard to these observations, I find that reference to crown Grants Act made in AIR 1955 Calcutta page 601 "West Bengal State Vs. Hirendranath' is of little assistance to the defendants' case. Turning to Sectional of the Transfer of Property act which is applicable to the facts of the case, what can be noticed is this. All tenancies generally may be determined in one of other of the ways including the eight methods indicated in the section. A lease of immovable property determines by efflux of the time limited thereby where such time is limited conditionally on the happening of some event by the happening of such event where interests of the lessor in the property terminates on or his power to dispose of the same extends only to the happening of any event by the happening of such even; in case the interest of lessee and the lessor in the whole of the property become vested at the same time any one person in the same right; by express surrender; by implied surrender; by a forfeiture; on the expiration of a notice to determining the lease or to quit or of on intention to quit the property leased duly given by one party to theother. The present case comes under clause (g) of Section 111 viz. clause relating to forfeiture. This is explained further saying that in case the lessee braks an expressed condition which provides that on breach thereof, the lessor may re-enter of or

2) in case lessee renounces his character as such by setting up title in third person or by claiming title in himself; or the lessee is adjudicated an insolvent and the lease provides that the lessor may re-enter on the happening of such even and in any of these cases, the lessor or his transferee gives notice in writing to the lessee of his intention to determine the leas; on the expiration of notice to determining the lease or to quit or of intention to quit the property released duly given by the party to the other. The present case comes under section 111 (g). Under this Section it is required that there must be an express condition and that on the breach of that condition the lessor may re-enter. It should be noted that there can be no forfeiture unless the lease provides that on breach of the condition the lessor may re-enter. In construction of forfeiture clauses in leases, it is said that courts lean against forfeiture. The lessor who pleads determination of lease by forfeiture of lease must prove his case strictly 'Shiambehari Vs. Madan Singh' AIR 1945, Allahabad page 293. Covenants the breach of which entails forfeiture are strictly construed against the lessor. It is also further said that a condition of forfeiture is not extended beyond the words in which it is expressed and it has been said that the clauses should not be extended to cases not strictly covered by it. Further it has to be found in the first instance whether a forfeiture involved under the particular circumstances of a case has in it the element of a penalty or it has not those elements. If the condition of forfeiture is in the

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nature of a penalty the tenant is entitled to be relieved against it. The condition of forfeiture is in the nature of a penalty, if the penalty provided is wholly disproportionate to the injury suffered by the landlord and it may be said that such a covenant in these circumstances is one in terrorem if the forfeiture clause is in its nature penal the Court can always grant such relief as may be just and proper under the circumstances of each particular.

23. With the aforesaid legal position serving as background it has to be seen whether the plaintiffs have committed any breach of terms of the lease in having entered into partnership under Ex.A.9. As to the earlier partnership there can be no doubt that it it is not open to the defendants to reopen the earlier deals. Even assuming that the earlier deals viz. of entering into partnership with various units was in violation of the terms of the lease, the defendants are estopped from reagitating those issues. There is a clear and unambiguous waiver covered under those transactions. In Upendranath Vs. Dhubeswar AIR 1931 Patna page 240 the effect of waiver of forfeiture was considered and it was held once a forfeiture is waived, the lessor cannot be allowed to retract from it. Cases of forfeiture are not favoured in law. Once the forfeiture is waived, the court will not assist the lessor. In the present case the correspondence between the plaintiffs and the defendants in respect of earlier transactions ended with the defendants closing the matter relating the the plaintiffs entering into partnership with Navneeth Oil Industry; Sujatha Company,

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National Engineering Company etc. Section 112 of the Transfer of property Act lays down that a forfeiture Under Section 111(g) is waived by acceptance of rent which has become due since the forfeiture or by distress for such rent or by any other act on the part of thelessor showing an intention to treat the lease as subsisting provided that the lessor is aware that the forfeiture has been incurred. In the present case, the defendants were quite aware when they entertained a doubt on earlier occasion regarding the plaintiffs right to enter into partnerships with the others for running various other industries not covered under Ex.A.1. Therefore, it cannot be said that lessor was not aware of the forfeiture. The conduct of the defendants in granting licences to various SSI units and closing the matter at their end is conclusive of the fact that the forfeiture if any incurred by the plaintiffs in respect of the earlier transactions was waived by the defendants by their conduct. In this view of the matter, find that it is not open to the defendants to reopen the earlier transactions. The only question that survives for consideration is whether the act of the plaintiffs in entering into partnership with M/s.A.P.Agarwal and others under Ex.A.9 amounts to forfeiture or amounts to assignment which is prohibited under Ex.A.1. The learned Asst. Govt. Pleader invited the attention of the Court to examine the implications of the partnership under Ex.A.9 to find out whether the plaintiffs have not diversed themselves of the control over the demised premises. We are not here working out the rights and liabilities of the partners under Ex.A.9

For the purpose of this case, what is to be noted is whether the terms of Ex.A.9 read as a whole among to assignment. Assignment is of various kinds. Assignment essentially involves the transfer of entirity of the rights in the property. That is not so here. Infact terms of the lease do not in so many words prohibit assignment altogether. For this it is necessary to read Ex.A.1. The relevant portion reads.

> "That the lessee shall not during its demise shall assign the hereby demised premises without the consent in writing of the lessor first obtain to such assignment and that every such assignment shall within one calendar month after the date of registration thereof by the City Registrar of Hyderabad be left at the office of the lessor of in order that the same may be registered in his books and in case, the lessor shall deem it necessary or advisable to take legal advice as the whether such an assignmentis in order and should be registered then the lessee shall forthwith on demand pay the lessor all cost which he may incur in and about obtaining such an advice as aforesaid."

24. It is clearly shows that it is open to the defendants to obtain legal advice in the matter to find out whether the alleged assignment is in order and then act upon it. In the present case, there is no evidence to show that after the plaintiffs entered

into partnership with A.P.Agarwal and others and this fact was intimated to the defendants, they sought any legal advice. Therefore, a right is reserved with the lessor either to approve the assignment or not on the basis of any legal advice. That is exactly what was done on an earlier occasion. In this connection, it will be pertinent to note what Lord Denning has said in respect of construction of contracts.

> "Over the years there has been much controversy on the extent to which the Court can go beyond the letter of contract so as to ascertain the meaning. The common lawyers hold that no evidence could be adduced to add to, varry or contradict a written document. So they looked at the words used by the parties and interpreted them in their grammatical meaning without recourse to outside aids at all.....
>
> But once it is realised that words are imperfect instructions to express themeaning or the intent of the parties there is a strong case for bringing in extrinsic aids-s as to clear up uncertainities or ambiguous in the written word. Two aids have come much under a discussion. One is correspondence and negotiations leading up a contract. The other is the subsequent conduct of the parties after they have made contract.

25. In the present case even before the execution of the

formal document of lease under Ex.A.1, plaintiffs had entered into a partnership with Navneethlal and company for the purpose of starting oil and paint industry. The lessor had approved the same and infact recognised and registered the said partnership. After the contract also there were instance where the lessor accepted such partnerships entered into by the plaintiffs with others and on entertaining a doubt, whether the partnership amounted to breach of the terms of the lease, obtained legal advice and was satisfied that it did not amount any breach. Lord Denning has pointed out in such circumstances.

> "So for as subsequent conduct is concerned, the Court always looks at the happenings; after the contract leading up to the breach that is alleged it is difficult for any judge to put this evidence out of his mind when construing the Contracts".

26. In this view it is difficult to accept the content of the defendants that assignment even if it is to be taken that Ex.A.9 amounts to assignment, is altogether prohibited. Mere entering into partnership is not prohibited. Breach occurs when it amounts to assignment which is not acceptable to the lessor. In fact the plaintiffs entering into partnerships on earlier occasions was not for the purpose of industries for which the land was leased, the industries covered under those partnerships are one beyond the purview of the terms of the lease. Yet, the defendants accepted those partnerships. Ex.A. 9 when compared to the earlier partner-ships is a shade better, in that the purpose for which partnership was entered into under Ex.A.9 was to carry on the business

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of dyeing and printing and manufacturing or processing other articles of things connected therewith; setting up of ancillary units connected with the aforesaid business; setting up of Cold storage plant; setting up of chemical and pharmaceutical industry, soap detergent industry; to carry on any other business or businesses which by mutual consent the partners decide to carry on from time to time. That being so, on comparative reading of Ex.A.9 with the earlier partnerships entered into, it leaves nodoubt about the fact that it was for the purpose of the business of dyeing and printing etc. which is enjoined under Ex.A.1. The learned Asst. Government pleader contended that some of the objects such as setting up of cold storage plant, setting up of chemical and pharmaceutical industry, sopa detergent industry etc. cannot by any stretch of imaginationbe brought within the perview of Ex.A.1. If that is so, the lessor viz. the defendants are always at liberty to withhold their approval or recognise those objects. The learned Asst.Govt. pleader further contenued that the terms of Ex.A.9 will show that the plaintiffs was making huge profits when infact, he had paid only nominal sum to the lessor. That is no legal argument. Obviously it is for this reason the lessors wanted to determine the lease. The contend that the plaintiffs having obtained the pr.perty for a long lease of 99 years for a song is making good money without any effort. In this connection it is necessary to read Ex.A.1. once again. Under Ex.A.1. the lessor is not left without any option. It is open to the lessor before granting any approval to enhance the premium or impose any penalty. Therefore, forfeiture is not the one and only way of exercising their right under Ex.A.1. The defendants on whom the burden lies to establish that there was a

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contravention of the terms of the lease warranting determination of the lease have failed to establish that Ex.A.9 amounts to assignment or that Ex.A.9 is not in line with the earlier partnerships. As already observed, Courts lean against forfeiture and if there is a clause which amounts to a penalty, Courts will always relieve the lessee by granting such relief as may be just and proper under the circumstances of each particular case.

27. The learned Asst.Govt. Pleader contended that the legal advice obtained and accepted on the earlier occasions is not binding in as such as it was given on false data. This is not pleaded in the written statement nor any evidence has been adduced to show that the earlier legal opinion was based of false data. Therefore, it is not open to the defendants to contend that their earlier decisionin closing the file and dropping further action can be once again revived so as to afford a cause for issuance of show cause notice and that terminating the lease on the aforesaid grounds.

28. From the aforesaid circumstances emerges is this:

The nature of the transaction under Ex.A.9 does not amount to assignment nor can it be taken as a subterfuge of either assignment or sub-lease. Plaintiffs have not assigned the entirity of the lease hold rights interest divering themselves of their right in respect of the demised property. Entering into a partnership is not prohibited in the covenants of the lease under Ex.A.1. The determination of the lease which is an extreme penalty under the guise of forfeiture cannot be sustained. Whether in terms of Ex.A.9, the plaintiffs can give a go bye to the earlier partnerships is not a

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matter for determination inthis case. That is a matter for consideration between those SSI units which came into existence earlier to Ex.A.9 and the plaintiffs. Whether those units can be checked out by the plaintiffs by entering into a partnership of the nature of Ex.A.9, is not subject matter of lis in the case. In this suit the one and the only question is whether the plaintiffs have committed breach of the terms of the lessee under Ex.A.1. to warrant a determination of the lease. The defendts contend that there has been no dyeing and printing activity for the last 20 years in the demised premises. D.W.1. has admitted in the cross-examination that for the last 20 years the defendants have not taken any action in this connection. The conduct of the defendants in having permitted the plaintiffs in entering into partnerships with others for running other industries amounts to a tacit approval as to what could be permitted under Ex.A.1. the defendants are estopped by their conduct from contending that there has been no dyeing and printing works activity in the demised premises for the last 20 years. If Ex.A.9 is read uninfluenced by the fact that the plaintiffs are trying to make money without any effort, it is evident that the plaintiffs weremaking an effort to carry on the business of dyeing and printing in the demised premises atleast now if they had not done earlier. In this view of the matter, I find that the determination of the lease under Ex.A.18 cannot be sustained.

29. The next question that needs to be considered is whether the lessors have got a right to re-enter without recourse to proceedings in a court. This is answer ed byhis Lordship Sri Justice Jeevan Reddy in AIR 1982

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Andhra Pradesh page 253. M. Annapurnaiah Vs. M. Narasimha R.o. In any event in view of the fact that it has been found that Ex.A.9 cannot be sustained the question whether the lessors can re-enter without recourse to proceedings in a Court becomes only academic. For all the aforesaid reasons, I find issues 2 and 4 in favour of the plaintiffs.

30. ISSUE NO.s 1&3:

Having regard to the urgency, notice under section 80 C.P.C. could not be issued. It was also dispensed with. The lessors i.e, the Government in this suit were making efforts to take possession in implementation of Ex.A.18. Therefore, plaintiff were justified in filling the suit without issue of notice U/s. 80 C.P.C. I, therefore find that the suit is not bad for want of notice U/s. 80 C.P.C.

31. The second contention is that the suit is maintainable in view of the Judgement in W.P.No.412/85. This is not correct. As already noticed his Lordship Sri Justice Jeevan Reddy observed that a writ could not be issued because the matter between the plaintiffs and the defendants was one within the jursidiction of the Civil Court as it entirely dependent upon the consideration of the contractual obligations and not under any statutory provisions. In this view of the observations, it cannot be said that the suit is not maintainable in view of W.P. No.412/85. Issues 1 and 3 found accordingly.

32. ISSUE NO.5:

It has been found that the order issued under Ex.A.18 cannot be sustained. That finding was reached

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on the ground that the mere entering into partnership is not prohibited under the terms of Ex.A.1. and it was also found that Ex.A. does not amount to an assignment for the reason that even if it amounted to assignment, it was always subject to approval by the lessors. The lessors have still option either to grant the approval or withhold the approval. But granting or withholding the approval can be only in the light of the earlier conduct of the defendants in recognising the partnerships of the plaintiffs with the SSI units and with the objects of lease unders Ex.A.1. Plaintiffs no doubt are entitled to the grant of permanent injunction restraining the defendants from enforcing the G.O.Ms. No. 89 dated 18.2.1985, but grant of such injunction should not be understood as a licence to the plaintiffs to carry out any activities in pursuance of Ex.A.9 without previous approval of the defendants. Therefore, th proper courses is while relieving the plaintiffs from the penal clause of forfeiture found in Ex.A.1, the Court should grant a relief in favour of the defendants restraining the plaintiffs from carrying on any activity other than dyeing and printing. It is open to the defendants to grant approval of the entire objects found in Ex.A.9 or only limiting to the business of the dyeing and printing. In this view, plaintiffs are to be restrained by means of injunction from carrying on any activity other than dyeing and printing pursuant to Ex.A. 9 a partnership dated 6-7-1984 until and subject to approval of the defendants. Issue found accordingly.

33. ISSUE NO.6:

In view of the the aforesaid findings in respect

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of issues 1 to 5, plaintiffs suit has to be decreed in terms of the prayer in the plaint subject to an injuncion to be made against the plaintiffs as indicated above. Having regard to the circumstances, parties have to be directed to bear their respective costs.

34. In the result, the suit is decreed in the following terms:

G.O.Ms.No. 89 dated 18.2.1985, Government of Andhra Pradesh, Industries Commerce and Power I.F. Cell Department is declared as illegal arbitrary and not binding on the plaintiffs. Defendants are restrained by means of permanent injunction from dispossessing or disturbing or in any way causing interference withthe enjoyment of the property by the plaintiffs. Plaintiffs are restrained from using the said premises for any purpose other than the business of dyeing and printing and manufacturing or processing of other articles or things connected therewith and setting up of ancillary units connected with the aforesaid business until and subject to approval of the defendants. Parties are directed to bear their respective costs.

DICTATED to shorthand writer, transcribed & typed by him, corrected and pronounced by me in the open Court, this the 15th day of April, 1986.

Sd/-II Additional Judge.

Appendix of evidence.

Witnesses examined.

For Plaintiffs	For Defendants.
1. PW 1 Mohd. Mahmood	1. D.W.1 G.Anantha Reddy
2. PW 2 Anirudh Prasad Agarwal	2. DW 2 KG.Sathyanarayana.

Exhibits marked.

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For Plaintiffs:

1. Ex.A.1: Certified copy of the lease deed.
2. Ex.A.2 : Xerox copy of the receipt.
3. Ex.A.3: Communication dated 17-7-73.
4. Ex.A.4 : Communication dated 16-4-79.
5. Ex.A.5 : Office copy of representation.
6. Ex.A.6 : Letter dated April, 1975.
7. Ex.A.7 : Communication.
8. Ex.A.8 : Xerox copy of Communication
9. Ex.A.9: Original partnership deed.
10. Ex.A.10: Xerox copy of the communication.
11. Ex.A.11: Xerox copy of the reply.
12. Ex.A.12 : Xrox copy of communication.
13. Ex.A.13 : Xerox copy of reply dated 2.8.84.
14. Ex.A.14: Xerox copy of notice.
15. Ex.A.15: Reply dated 2.1.1985.
16. Ex.A.16: Copy of O.P.No. 412/85.
17. Ex.A.17 Carbon bopy of orders in O.P.No.412/85.
18. Ex.A.18: Notice terminating the lease.
19. Ex.A.19 : Leter dated 12.7.84.
20. Ex.A.20 : Letter dated 27.7.84.
21. Ex.A.21: Letter dt.20.12.1984.
22. Ex.A.22 : Govt. Memo dated 17.12.1984.
23. Ex.A.23 Office copyof the letter dated 16.7.84.
24. Ex.A.24 : Office copy of letter dated 2.8.84.
25. Ex.A.25 : Office copy of letter dated 23.8.84.
26. Ex.A.26: Office copy of letter dated 18.10.1984.
27. Ex.A.27 : Office copy of the letter dated 17.11.1984.
28. Ex.A.28 : Office copy of the letter dated 17.11.9984.
29. Ex.A.29 : Letter.

For Defendants:

1. Ex.B.1 : Letter dated 8.7.82.
2. Ex.B.2 : Letter dated 3.3.64.
3. Ex. B.3 : Plan & B3(L) portion where the dyeing industry is.
4. Ex.P.4 letter dated 15.2.1975.
5. Ex.B.5. : Letter dated 12.8.1975.
6. Ex.B.6 : Notice.
7. Ex.B.7 : Reply
8. Ex.B.8 : Copy of Partnership.
9. Ex.B.9 G.O.Ms.No.89 dt.18.2.1985.
10. Ex.B.10 declaration of resumption of possession and recently.
11. Ex.B.11: Panchanama.
12. Ex.B.12 Notice.
13. Ex.B.13: Notice.
14. Ex.14: B : Notice.
15. Ex.B.15: Letter
16. Ex.B .16 : Letter.
17. Ex.B.17: Enclosure with Ex.B.16
18. Ex.B.18: Copy of partnership deed.
19. Ex.B.19: Lr.Dt.25-4-1980.
20. Ex.B.20 : Letter.

'C' Series Marked.

1. Ex.C.1. : Commissioner's report.

Sd/-II Additional Judge

// Certified to be true copy //

C. Supdt.

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INDIA

FIFTEEN RUPEES

: 1 :

This Indenture made this [illegible] day of [illegible] One Thousand Nine Hundred and sixty five BETWEEN the Governor of the State of Andhra Pradesh represented by the Deputy Secretary to Government, Industries Department, Hyderabad as per G.O.Ms.No.1524 General Administration(Services-C) Department dated 3-11-1962 (hereinafter called the "Lessor" which expression shall unless excluded by or repugnant to the context be deemed to include the 'Lessor' or his successor in office) of the one part and (i) Mohammed Yousuf s/o Haji Kareem Bakash (ii) Mohammed Basheer (iii) Mohammed Mohimood and (iv) Mohammed Khurshid all sons of Mohammed Yousuf carrying on business as M/s Yousuf and Company at Nizam Shahi Road, Hyderabad (hereinafter called the "LESSEE" which expression shall unless excluded by or repugnant to the context be deemed to include 'the Lessee' or their successors assigns and other legal representatives) of the other part WHEREAS the Government of Hyderabad was the sole owner of the piece of land bearing Plot Nos. 14/1 and 21/2 of Industrial Area at Azamabad Hyderabad and hereafter more

Section Officer,
Industries & Commerce (OP) Department,
Hyderabad-A.P.

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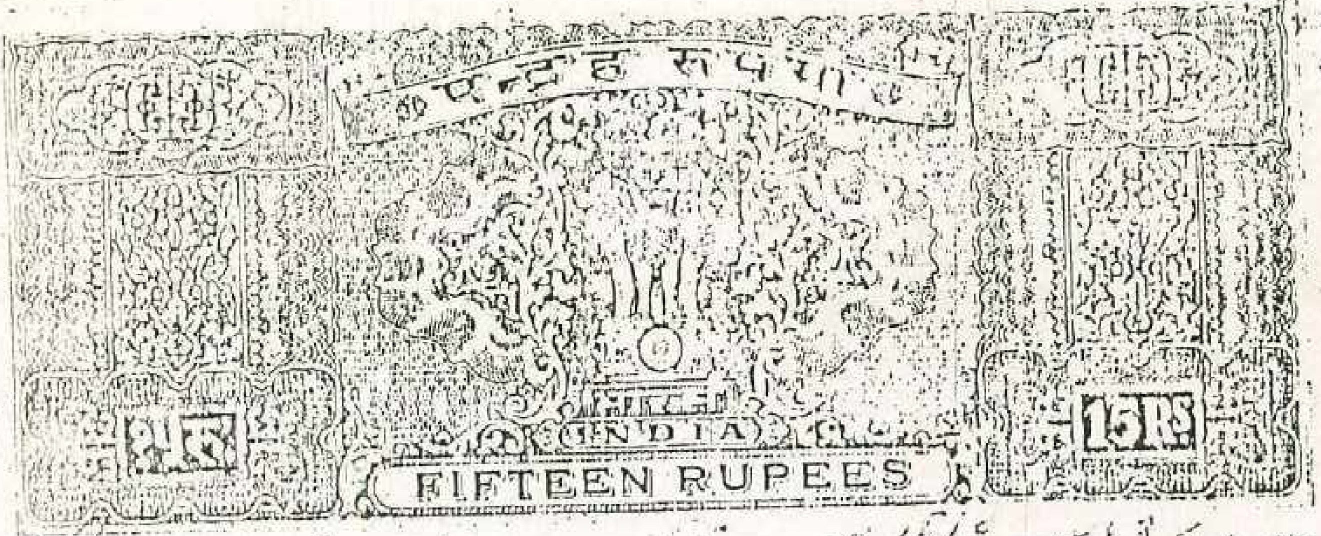

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fully described AND WHEREAS the said piece of land is free from all incumbrances and the Lessor is entitled to grant a lease thereof for the term hereinafter mentioned AND WHEREAS the lessor has agreed with Lessee to grant a lease to the Lessee for the period of NINETY NINE years of the said piece of land for the purposes of erecting thereon a factory for dyeing and printing and for other articles or things connected therewith and other buildings required in connection with the said factory and for the purpose of carrying on the business of the said factory. AND WHEREAS possession of the said piece of Land was given by the Lessor to the Lessee through Divisional Engineer No.11 Division City Improvement Board on 6-6-1352 F and the Lessee has been in possession and occupation thereof since that date and WHEREAS the lessee has agreed to erect the aforesaid factory buildings and other buildings on the said piece of land in accordance with the plans which have been submitted to and approved by Superintending Engineer of the Hyderabad Government

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Section Officer,
Industries & Commerce (OP) Department,
Hyderabad-A. P.

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Kudhar
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Identified By

[illegible] S/o Tayaba Ali, private Servant
R/o Moazam Jahi Market, Hyderabad

[illegible] S/o Noor Mohamed, Business
R/o Nallakunta, Hyderabad

I have satisfied myself as to the execution of the instrument by Mr. Ram K Vepa I.A.S. Dy. Secretary to Govt. of A.P. Industries department Hyderabad who is exempted ~~under Sub-section~~ from personal appearance under Sub-Section (i) of Section 88 of Indian Registration Act

14th September 1965

Kudhar
Addl. Sub-Registrar

Note:- Two copies ~~the registered~~ have been registered along with Original.

Kudhar

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FIFTEEN RUPEES

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and by the Secretary to Government, Industrial Fund. NOW THIS INDENTURE WITNESSETH that in persuance of the said agreement and in consideration of a sum of O.S. Rs.4,752/- I.C. Rs.4056/- paid by the Lessee to the Lessor on 1-6-1352 F as a premium (the receipt whereof is hereby acknowledged) and in consideration of the rents and covenants hereafter reserved and of the covenants and agreements on the part of the Lessee hereinafter contained the Lessor doth hereby demise unto the Lessee - All that piece or parcel of Land situated at Azamabad bearing Plot Nos 14/1 and 24/2 of the Industrial area at Azamabad, Hyderabad more particularly described in the schedule hereunder written TOGETHER with the buildings and erections now erected and built thereon AND all rights easements and appurtenances belonging to the said premises to HOLD the said premises unto the Lessee for the term of 99 years commencing from 5-6-1352 F corresponding to 10-7-1943 the Lessee hereafter yielding and paying for the said land plots No 14/1 and 24/2 during the said term the yearly rent of Rs.50-70 NP clear of all

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Section Officer,
Industries & Commerce (OP) Department,
Hyderabad-A. P.

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Volume 137 pages 80 to 85 Filed 22nd September [illegible]

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Addl Sub-Registrar

SUB-REGISTRAR OF HYDERABAD

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INDIA

FIFTEEN RUPEES

deductions on the first day of every year AND ALSO yielding and paying unto the Lessor in the event of and immediately upon the said term being determined by re-entry under the proviso hereinafter contained a proportionate part of the said rent for the fraction of the current year upto the the day of such re-entry AND THE Lessee Doth HEREBY COVENANT with the Lessor that the Lessee will during the said term pay at the Office of the Lessor the yearly rent here before reserved upon the days and in manner aforesaid AND will also pay all rates, taxes, charges, assessments and outgoings now payable or hereafter to become payable in respect of the said Plot Nos 14/1 and 24/2, Industrial Area, and any buildings for the time being standing on the said piece of land or any part thereof AND the lessee hereby agrees that he will construct the Factory and other buildings within a period of six months from the date of execution in accordance with the plans and specifications approved or to be approved by the Lessor and the Municipal Authorities concerned and the lessee hereby agrees that he will not

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Section Officer,
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Hyderabad-A. P.

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add to or alter the buildings so constructed and the conveniences either externally or internally without the consent in writing of the Lessor which consent may either be withheld or may be given by the Lessor on such terms (including the payment of enhanced rent or of a fine or premium by the Lessee) as the Lessor shall in his discretion think fit provided that Plans, sections, elevations and specifications (and if or steel or reinforced concrete construction calculations) for the construction of the factory and buildings and for any additional buildings and conveniences or for any intended alterations thereto which shall indicate in figures the lengths, breadths and thickness of walls floors and scantlings of timber and state the description of the materials to be used shall have been submitted to and be approved by the Lessor before any such construction addition or alteration be commenced that a copy of every such plan and specification shall if required be signed by the Lessee and delivered to the Lessor and that every such plan and specification shall be strictly adhered to except so far as sanction in writing to any deviation therefrom shall be

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Section Officer,
Industries & Commerce (OP) Department,
Hyderabad-A P.

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given by the Lessor and PROVIDED THAT in making any such construction addition or alteration as aforesaid all such directions as may be given by the Lessor or his Engineer (Hereinafter referred to as "the said Engineer" which expression shall where the context so admits be deemed to include the Superintending Engineer and his deputy or Deputies Assistant or Assistants or any person from time to time deputed by the Lessor to act for the Superintending Engineer) shall be promptly complied with AND PROVIDED FURTHER THAT upon receiving notice that any constructions or additions or alterations to the said buildings and conveniences or any portion thereof are not being constructed to the satisfaction of the Lessor or the said Engineer, the Lessee will thereupon rectify the works or such portion thereof as may be necessary in accordance with such notice PROVIDED ALSO that all notices, consents and approvals to be given under this lease shall be in writing and (save as to such

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Section Officer,
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Hyderabad-A. P.

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notices as are herein otherwise provided for) shall be signed by the Joint Director of Industries and Commerce, Government of Andhra Pradesh for the time being or his Assistant as the case may be and all such notices shall either be delivered to the Lessee or any one of them or be sent at their usual or last known place of residence or business in Hyderabad Deccan or shall be left on the premises hereby demised AND the Lessee DOTH HEREBY FURTHER COVENANT with said Lessor that the Lessee will both in the completion of the said buildings and conveniences and at all times during the continuance of this demise observe and conform to all such rules and regulations of the Lessor or the Municipal Corporation of Hyderabad (hereinafter referred to as "the said Municipality" as may be in force for the time being relating to building AND WILL MAKE all drains on the said premises to the satisfaction of the Lessor and the said Municipality and the Chief Inspector

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Section Officer,
Industries & Commerce (OP) Department,
Hyderabad-A P,

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of Factories of the Andhra Pradesh Government and Lead all such drains into any drains or sewer which may be hereafter constructed in any street adjoining the said premises according as they may be directed by the Lessor or the said Municipality and shall to the satisfaction of the Lessor and the said Municipality and the said Chief Inspector of Factories arrange at his own cost to dispose of such of the factory refuse as may not be allowed to be drained into the public drains and the Lessee DOTH HEREBY FURTHER COVENANT with the Lessor that the Lessee will at his own expense maintain and keep in repair the drains sewers and gutters leading from the said buildings and premises in accordance with the Law relating to Factories x in force in the State of Andhra Pradesh and the law relating to Municipal Corporation in force in the Hyderabad City and any legislative amendment or reenactment thereof and the Bye-laws thereunder for the time being in force without requiring any notice in that behalf from the Lessor or

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Section Officer,
Industries & Commerce (OP) Department,
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any other person or persons whomsoever AND ALSO will THROUGHOUT THE SAID TERM HEREBY GRANTED at his own expense when need shall require and whether called upon by the Lessor so to do or not well and substantially repair support pave cleanse and keep in good and substantial repair (including all usual and necessary internal and external painting colour and white-washing) to the satisfaction of the Lessor or the said Engineer the said premises and buildings and the walls pavements drains and fences thereunto PROVIDED ALWAYS that if the Lessee shall not within 15 days after called upon so to do by the Lessor commence and proceed diligently with the execution of the repairs and works mentioned in such notice it shall be lawful for the Lessor to enter upon the demised premises and execute such repairs and works and the costs thereof shall be a debt due from the Lessee to the Lessor and forthwith recoverable under I.F. Rules for debt recovery or under Government claim regulations by action and the Lessee DOTH HEREBY FURTHER COVENANT with the

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Section Officer,
Industries & Commerce (OP) Department,
Hyderabad-A P.

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Lessor that the Lessee will leave and at all times during the continuance of this demise keep open and unbuilt upon the land and ground indicated by the colour (RED) on the Plan hereto annexed and also will at all times keep such open land and ground in a clean and tidy condition AND also will permit the Lessor or his officers and all workmen or others employed by him or them at any time when occasion shall require during the term hereby granted in the day after twenty four hours previous notice to enter into and upon the said demised premises and the buildings thereon to view the conditions thereof and of all defects and wants of repair there found to give or leave notice in writing on or at the said premises for the said Lessee to repair the same within three Calendar Months next after such notice within which said time the said lessee will repair and make good all such defects and wants of repair as aforesaid to the satisfaction in all respects of the Lessor or the said Engineer AND ALSO will not cut or maim any of the Principal walls of the buildings for the time being on any part of the

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Section Officer,
Industries & Commerce (OP) Department,
Hyderabad-A. P.

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piece of ground hereby demised or make or permit to be made any alterations in or additions to the said buildings either externally or internally or in the architectural design or decoration thereof without the previous consent in writing of the Lessor for that purpose first had and previously contained in writing and ALSO will not without the previous consent in writing of the Lessor use or permit the said premises or any part thereof to be used for any purpose whatsoever other than for use as dyeing and printing works and matters ancillary thereto AND ALSO THE Lessee will not do or cause suffer to be done upon the said premises any act which shall in the judgement of the Lessor be or grow to be a nuisance or a disparagement annoyance or in evenience to the Lessor or to the Lessees or tenants of any neighbouring premises AND the said Lessee DOTH HEREBY FURTHER COVENANT with the Lessor that the Lessee will not at any time during the continuance of this demise affix or display or permit to be affixed or displayed on the said demised premises or on any part thereof or on the roof or external walls of any building or

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Section Officer,
Industries & Commerce (QP) Department,
Hyderabad-A. P.

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erection for the time being thereon any signboards, skysigns or advertisements painted or otherwise or any permanent or temporary attachment to any such roof or external wall of the like character unless the consent in writing of the Lessor shall have previously been obtained and unless any such signboard, skysign or advertisement or permanent or temporary attachment shall have been previously approved by the Lessor or the said Engineer AND the said Lessee DOTH HEREBY FURTHER CONVENANT WITH the Lessor that the Lessee will throughout the said term keep all and every building or buildings which may be erected on the said land excluding foundations and plinth insured in the Joint names of the Lessor and of the Lessee to the full insurable value thereof against loss or damage by fire in some respect the insurance office to be approved of by the Lessor for the time being and when thereunto required will produce the current year's receipt for the premium of such insurance to them or him AND ALSO will as often as the buildings which are or shall be erected upon the said land or any part

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Section Officer,
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THE SEAL OF THE REGISTRAR OF HYDERABAD

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FIVE RUPEES FIVE RUPEES

thereof shall be destroyed or damaged by fire lay out under the direction of the said Engineer all the moneys which shall be received by virtue of any such insurance in re-building or repairing the premises destroyed or damaged AND if such moneys shall not be sufficient for re-building and reinstating the same the Lessee will at his own costs rebuild or reinstate the said buildings under the direction and to the satisfaction of the Lessor or AND whenever during the said term the said buildings or any part thereof, respectively shall be destroyed or damaged whether by fire or hurricane or otherwise the Lessee will re-instate the same under the direction and to the approval of the Lessor and will continue to pay the rent hereby reserved as if no such destruction or damage by fire, hurricane or otherwise has happened AND also will at the expiration or sooner determination of the said term(subject to the proviso hereinafter contained entitling the Lessee to remove the buildings standing on the demised land in the event hereinafter mentioned) quietly deliver upto the Lessor the said demised

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Section Officer,
Industries & Commerce (OP) Department,
Hyderabad-A. P.

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premises together with all buildings and erections which shall have been built thereon during the said term in such good and substantial repair and condition and so maintained, paved and cleanesed as aforesaid and in all respects in such state and conditions shall be consistent with the due performance of the several covenants hereinbefore contained AND that the Lessee shall not during this demise shall assign the hereby demised premises without the consent in writing of the Lessor first obtained to such assignment and that every such assignment shall within one calendar month after the date of registration thereof by the City Registrar of Hyderabad be left at the office of the Lessor or in order that the same may be registered in his books AND in case the Lessor shall deem it necessary or advisable to take legal advice as to whether such assignment is in order and should be registered then the Lessee shall forthwith on demand pay the Lessor all costs which he may incur in and about the obtaining such advice as aforesaid PROVIDED ALWAYS AND IT IS HEREBY AGREED that if [illegible] whenever any part of the rent hereby reserved

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Section Officer,
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Hyderabad-A. P.

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Sd/- ... Kandhar

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shall be in arrear for the space of 90 days whether the same shall have been legally or formally demanded or not and also if and whenever there shall be a breach of any of the covenants by Lessee within contained the Lessor may re-enter upon the said premises or any part thereof and immediately thereupon this demise and all rights of the said Lessee hereunder shall obsolutely determine AND the Lessor DOTH HEREBY COVENANT with the Lessee that the Lessee performing and observing all the covenants hereinbefore contained may hold and enjoy the said premises during the said term without any interruption by the Lessor/ or any person said to be claiming under him IT IS HEREBY AGREED AND DECLARED by and between the said parties to these presents that the said Lessee shall be at liberty during the last three months of the term hereby granted provided he shall have observed and performed all the covenants and conditions herein contained and on the part of the Lessee to be observed and performed to remove at his own expense in all respects the buildings erected by him upon the demised premises on the express condition which is hereby

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Section Officer,
Industries & Commerce (OP) Department,
Hyderabad-A. P.

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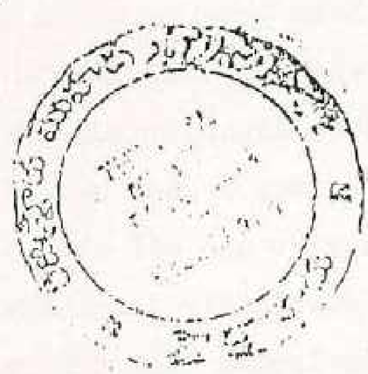

agreed to on the part of the said Lessee that such removal is completed and the ground cleared, levelled and restored to a good state and condition to the satisfaction of the Lessor before the expiration of the term hereby granted PROVIDED LASTLY AND IT IS HEREBY AGREED AND DECLARED THAT the Lessor and other Lessees tenants and employees if duly authorised by him to do so shall be at liberty at all times and from time to time hereafter to make construction and use Railway Sidings and Tramways and to construct any building of every description whether warehouses, factories, foundries or otherwise on the surrounding lands and either in such buildings or otherwise to manufacture store handlegin garble and deal with goods and produce of every description whether mineral, vegetable or otherwise and to carry on any business connected with or incidental to the trade of the City of Hyderabad or manufactures or commerce thereof and shall also be at the liberty to alter or raise the height of any buildings on the said surrounding lands notwithstanding that by reason of any of the matters above referred to or any nuisance or annoyance arising therefrom the light and air of the view or prospect or the convenience or comfort now or hereafter to be enjoyed by the Lessee in respect of the premises hereby demised or the buildings now or hereafter erected thereon may be affected AND NO claim whatever by way of compensation shall be made in respect of any such matters IN WITNESS WHEREOF the Lessor and the Lessee have hereunto set their hands and seals, the day and year first above written.

Section Officer,
Industries & Commerce (OP) Department,
Hyderabad-A. P.

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Addl. ... Kundkar

THE SEAL
OF THE
...
OF
HYDERABAD

The schedule Above Referred to

All that piece of land containing by admeasurement 2.366 acres or thereabouts bearing plots Nos. 14/1 and 24/2 in the Industrial Area of Azamabad and bounded on the North by plot No. 2/2 and plot No. 3. West by Plot No. 24/1. South by 32 feet wide and East by Plot No. 14/2.

Signed and delivered by the Lessor represented by the Deputy Secretary to Government, Industries Department, in the presence of,

1)

2)

DEPUTY SECRETARY TO GOVERNMENT
Industries Department

Signed and delivered by the Lessee in the presence of

1)

2)

1) (H.M.Yousuf)

2) (Mohammed Basheer)

3) (Mohammed Mohiuddin)

4) (Mohammed Kurshid)

5)

Section Officer,
Industries & Commerce (OP) Department,
Hyderabad-A.P.

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Kuchkar

Sub-Registrar

THE SEAL OF THE REGISTRAR OF HYDERABAD

Govt. Lease

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