V. PADMANABHAN
ADVOCATE

Leg 3.

6-1-339/7/1/A, First Floor
Padmarao Nagar,
Secunderabad - 500 025.
Phone: 7 60 83 37

September 1 , 1997

The Commissioner of Industries,
Govt. Of Andhra Pradesh
Hyderabad.

LEGAL NOTICE

Under instructions from my client M/s. VST Industries Limited, having their registered office at Azamabad, Hyderabad, I address you as under.

1. I am instructed to state that my client has taken on lease 5 plots of land in the Azamabad Industrial Area from the Government in terms of 99 year leases, the details of which are as under:

Sl. No.	Plot No.	Registered Lease Deed No.	Area (sq.mtrs)	Period of Lease	Date of commence-ment
1	8	001563 of 1950 dated 6.10.1950	20,230	99 years	15.5.1941
2	9	001562 of 1950 dated 6.10.1950	20,230	99 years	7.3.1932
3	16/2	00145 of 1954 dated 10.7.1954	7,810	99 years	10.5.1950
4	17/3 17/4	2161 of 1967 dated 17.7.1967	4,694 4,694	99 years	27.10.1951

2. I am instructed to state that the plots have been taken on lease by my client on the terms and conditions mentioned in the deeds of lease including the payment of one time premiums at the time of the commencement of the leases and the payment of quit rent for the remainder of the lease period.

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3. I am instructed to state that the said premium paid at that time was equivalent to the market value of the land, existing at that point of time, to enable the Government to develop the infrastructure required for the fledgling Azamabad Industrial Estate. I am further instructed to state that 99 year leases were granted by the Government to attract investment in the said industrial area and provide entrepreneurs with a secure tenure to enable them make substantial investments for development of the industry in the State. I am also instructed to state that it was for the same reason that the quit rent was fixed at a nominal rate for the entire period of the lease and that the leases executed in 1950 & 1954 did not contain any provision for enhancement of either the one time premium or the quit rents for the entire 99 years' period of lease, making the intention of the Government clear.

4. I am instructed to state that you have, by Memo No. 1022/ IF-Cell/ 84-1 dated 19-12-1984 and Memo No. 1046/ IF-Cell/ 79-21 dated 15-10-1985, sought to increase the Quit Rent payable by my client of the plots which are under lease and the terms of which lease, contemplate reasonable increase in the Quit Rent. I am instructed to state that aggrieved against the exorbitant increase in the Quit Rent my client had, along with certain other lessees in the Azamabad Industrial Estate, approached the Hon'ble High Court of Andhra Pradesh for quashing of the Memo on various grounds. I am further instructed to state that a Single Judge of the Hon'ble High Court in the first instance dismissed the Writ Petition but on appeal a Division Bench of the Hon'ble High Court disposed off the Writ Appeal by directing my client to approach the Civil Court by way of a Suit after giving you a notice as contemplated under Section 80 of the Code of Civil Procedure. Hence this notice to you.

5. I am instructed to state that the said Memos increasing the Quit Rent are bad in law for the following among other reasons:

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A. The Memos have been issued without putting my client on notice about the proposed increase in the quantum of Quit Rent and is therefore violative of all principles and known canons of law.

B The Memos have been issued increasing the quantum of Quit Rent without giving my client an opportunity of being heard on the quantum of increase and raise objections, if any, to such increase and is, in the circumstances, arbitrary.

C. The Memos under question do not reflect the reasons as to why the Quit Rent is being enhanced and also do not indicate the basis on which such an arbitrary increase was made and no cogent reasons are given for such an exorbitant increase and is to that extent bad in law.

D. The Memos have been issued without considering the fact that the leases were executed after collecting a one-time premium on the same, which premium was equivalent to the sale consideration of the said plots and the Quit Rent was fixed at a nominal price for the entire period considering the fact that the Government had collected the entire amount of the price of the lands as the premium.

E. It is very pertinent to note that my client has been in occupation of the said plots of lands since the year 1941 and the leases executed in 1950 & 1954 were retrospective in nature and did not contemplate any increase in the Quit Rent payable for the

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entire period of the lease indicating, in the circumstances, the reasons for collecting a one-time premium. It is further pertinent to note that the leases executed in 1967, although in sum and substance being identical to the earlier lease deeds, incorporated a clause for a reasonable enhancement of the Quit Rent payable, thereby negating the intention of the Government in collecting the One-time premium on the said plots of land. I am instructed to state that in the circumstances the said clause providing for an enhancement in the lease deed is itself bad in law in as much as the same does not reflect the tone and original intention of the Government nor the true understanding and agreement with the lessees and the same is not in tune with the earlier deeds of lease.

6. Without prejudice and in addition to the above I am instructed to state that the said increase in the quantum of Quit Rent is not "reasonable" as contemplated in the lease deeds and is therefore liable to be set aside as such.

I am, in the above stated circumstances, called upon to address this notice to you calling upon you to show cause why my client should not approach the Civil Court by way of an appropriate suit seeking to quash the Memo No. 1022/ IF-Cell/ 84-1 dated 19-12-1984 and Memo No. 1046/ IF-Cell/ 79-21 dated 15-10-1985. as being arbitrary, illegal, against the principles of natural justice, and or seek to quash the clause in the lease deeds providing for enhancement in the Quit Rents payable as being arbitrary and unilateral and also for such other or further relief's as my client would be entitled in law.

V. Padmanabhan
Advocate.

AZAMABAD INDUSTRIES ASSOCIATION

1-8-582, Industrial Area,
Azamabad, Hyderabad - 500020

040-2680
040-1087
040-2772

Most urgent

DATE: Date: 11.12.96

To All the Members,

ALL the members are requested to furinsh the following details immediately before 16th of December, positively.

Name of the Firm	Plot No.	Registered Deed No / Date	Area	Period of Leasing	Date of Occupying	Special clause regarding Quit Rent Enhancement or any other Clause

YOU are requested to kindly send it immediately. Since the matter is comming for final hearing on 18th December.

YOU are also requested to send your contribution to pay the fee of the Senior Advocates.

THANKING you,

YOURS Faithfully,

(T.R. GOEL)
CONVENOR