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**REPLY TO DEMAND NOTICE UNDER THE INSOLVENCY AND
BANKRUPTCY CODE, 2016**

To,

Date: 07.09.2019

Duvva Pavan Kumar,
Advocate,
R/o. The Law Chambers,
Suit No.16, Cyberhub, 3rd Floor,
Gachibowli, Hyderabad-500032.

Ref: Demand Notice dated 27th August, 2019 in FORM 3 (Clause(b) of Sub-rule(1) of rule 5) under the insolvency and bankruptcy Code, 2016 issued on behalf of Modi Properties and Investments Private Ltd., to M/s. Onora Hospitality Private Limited.

Sub: REPLY TO DEMAND NOTICE DT: 27.08.2019.

Dear Sir,

Under the instructions from my client, M/s Onora Hospitality Private Limited (Justa Hotels), having its registered office at 786, 12th Main, First Cross, Indira Nagar, Bangalore-560 005. Rep. by its Founder & CEO Mr. Ashish Vohra, I am issuing you the following reply to the Demand Notice dated 27th August, 2019 in FORM 3 (Clause(b) of Sub-rule(1) of rule 5) under the insolvency and bankruptcy Code, 2016 issued on behalf of M/s. Modi Properties and Investments Private Ltd.,

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1. At the very outset, the allegations and averments made in the demand notice dt: 27.08.2019 under reply, unless otherwise specifically traversed and admitted herein, are strictly denied and refuted. It is stated that your aforementioned demand notice is without any basis, unfounded and does not merit any consideration and the liability raised therein is hereby disputed.
2. Further at the outset, my clients hereby deny any liability or debt as traversed in the demand notice dt: 27.08.2019. In this connection Our Client wishes to draw your attention to the following facts:
3. It is submitted that my client i.e M/s. Onora Hospitality Private Limited(Justa Hotels), are into the business of running, managing and operating Hotels/Restaurants/Banquet Halls across the country. Initially, my client has entered into a Lease Deed bearing Document no.175/2015 dated 29.11.2014 along with General and Amenities bearing Document no. 176 of 2015 dated 29.11.2014 with your clients, Further, the Lease Deed and Amenities Agreements have been amended from time to

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time by way of Supplementary Agreements dated 21.04.2015, 02.02.2015 and Supplementary Lease Deed dated 06.11.2018. In furtherance of the said agreement my clients have been in peaceful possession and enjoyment of property S.M. Modi Commercial Complex(Building) bearing municipal Nos-5-4-187/5/11, 15, 16,17, 18,19 situated at Karbala Maidan, Necklace road, Secundrabad admeasuring an extent of 19,737 Sq.ft. Further as per the initial lease deed dated 29.11.2014, my clients have paid initial Security Deposit Rs.50,00,000/- and further my clients have invested a huge sum of money approximately amounting to Rs.1.25 Crores till date on various renovations, value additions, maintenance and upkeep of the said property. Further in the year 2016 , the access/ main road leading to the property was dug open by the municipal authorities for laying sewage pipes, water and electrical lines for more than an year and in view of the same the ingress and egress to the property was restricted, thereby making the property inaccessible for conducting and doing normal course of business and your clients being owners of the property were well aware of the same and further vide letter of confirmation

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dated 09.07.2016 addressed by your client to my client clearly enunciates the same and further your clients have categorically accepted and acknowledged the same by categorically stating that "*the said municipal works may take several more months to be complete and will continue to be effected*" and due to the said circumstances your clients have agreed to reduce the total Rent and Amenities charges for a limited period of nine months from 01.07.2016 to 31.03.2017 from Rs.7 lakhs per month to 5 Lakhs per month. Further, the said municipal work went beyond March 2017 till end of 2017.

4. My client submits that the unanticipated municipal works went beyond stipulated reasonable time and this has effected the operations, business and goodwill developed by my client. It is pertinent to mention herein due to the said municipal works, several long standing corporate clients have discontinued their arrangements/agreements with us. Further, the entire building is in a dilapidated state from 2016. The entire outer walls leaked and water seepage in most of the rooms at the window side ceilings and in the washrooms. The outer side of north and south drainage was blocked frequently and building

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entrance elevation area was full of cracks on the north and south side. Further leakages used happen frequently in the both the banquet halls and in the landing areas. In-fact one of the Rooms (Room no.2008) has been taken out of inventory for the past three years due to water leakages from the banquet hall washroom in the third floor and further wide multiple emails and oral conversations right from January,2017 onwards, we have been requesting your clients/ owners of the property to rectify the same.

5. My client further submits that in view of the above mentioned circumstances after several rounds of negotiations the parties therein have agreed to and entered into a Supplementary lease deed dated 6th November 2018, wherein certain clauses were amended and vide the said supplementary lease deed dated 06.11.2018, the Lessor i.e your clients have agreed to give discount in rent and amenities charges and as per said agreement, for the period from 01.08.2017 to 31.07.2020 my clients have to pay net rent and amenities charges @ Rs. 5,50,000 per month and further vide clause 2 of the said agreement the discount is deemed to haven been given from

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01.08.2017 and further the balance dues from April 2017 shall be cleared at the rate of Rs.1,50,000 lakhs per month by way of (Post Dated Cheques)PDC starting from the month of September, 2018 and in furtherance of the same my clients have issued PDC and my client has cleared the entire sum as stipulated.

6. My client submits that clause 7 of the said Agreement stipulates that the Lessor i.e your clients shall help Lessee to arrest the Leakage in the building through its own contractor and maximum amount was capped at Rs. 10 Lakhs, which shall be borne by the Lessor and same shall be debited by the Rent payable. It is pertinent to mention herein that in spite multiple requests reminders both orally and in writing your have not come forward to rectify the same and that only repair work in 6 Toilets were carried out in the entire building and rest of the works are pending as on date. It is pertinent to mention herein that thereafter vide multiple emails, my client has intimated your clients that the damage to the building is much more than anticipated and further requested to fix the said deficiencies in the building at the earliest. Till date the

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said repairs were not carried out. It is pertinent to mention herein that the plot adjacent to the building was also dug open and in view of same several water logging, mosquito menace etc., are there and further the service gate is *locked* due to which, my clients are unable to get the supplies in & out.

7. My client further submits that setting aside the above mentioned amount for repairs, my clients have deposited the entire rent due amount from time to time. In-fact, there is no liability or balance of rent due as claimed by your clients. It is further submitted that the calculation attached along with your notice is vague and not as per terms stipulated in the supplementary Lease Deed dated 07.11.2018 and my clients failed to comprehend how the said due amounts were arrived and derived.
8. My client further submits that believing in the guarantees and warranties made by your clients my clients are still operating the property and in fact in view of your clients deviation and breach of promise and non compliance of the terms and conditions, the hotel is in a very dilapidated state and in fact several guests with confirmed bookings have cancelled their

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bookings after looking at the state of the property and further their very many occasions where refunds, exorbitant discounts and cancellations of banquet halls were to be carried due to the above mentioned Leakages during the happening of the events and functions from time to time and same was intimated to your clients time and again to rectify the same. It is pertinent to mention herein in view of the non compliance of the warranties by your client, Justa Hotels is not in a position to operate the property anymore.

9. My client further submits that there are no dues as on the date as claimed by your client. In fact, your client holds 7 post dated cheques of my client as well and your clients hold a refundable Security Deposit of Rs.50,00,000/- Lakhs and my clients have invested more than Rs.1,25,00,000/- which is redeemable by my clients.
10. My client further submits that as per Clause 2(i), if at all my client i.e. the lessee fails to pay the rent for a continuous period of 2(two) consecutive months, the lessors shall be entitled to issue a 6 (six) months notice thereof to the lessee

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calling upon the lessee to rectify the said breach/payment and in the event of failure, the lessors are entitled to terminate the agreement. As on date no such notice was issued to my client, which itself clinchingly establish that my client has no dues as on date.

11. My clients further submits that the claim demanded by your client is hereby disputed in toto and as per our records there is no amount due and further your client is breach of representation and warranties as stated supra and in fact no self attested bills or balance statement is annexed to the notice issued by you. It is submitted that you have raised a tax claim but no material was annexed to the notice issued in regard to payment of service tax/GST by your client. It is further submitted that my clients are in the process of complying all the relevant materials, letters, payment receipts etc., and the same shall be served on you at the earliest for your perusal along with any additional reply if necessary.

Therefore, vide this reply notice, we hereby demand you to withdraw your notice dated 27.08.2019 forthwith and

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further direct your clients to comply with the agreed upon terms and conditions, failing which, please be advised that my clients shall be constrained to initiate appropriate legal remedies available under law and your clients shall be solely responsible for all the costs and consequences thereof. Further my client shall also be forced to vacate the premises by terminating the lease due the above mentioned conditions which fall under *force majeure* & non compliance of terms and conditions by your client.

A Copy of this reply has been retained in our office for future action and references.

Date: 07.09.2019
HYDERABAD


KEERTHI KIRAN KOTA
ADVOCATE