No. MADC/MIHA/033-C1/011 Date:- 02/04/2013

To,
M/s Reatox Builders & Developers Pvt. Ltd.,
3/341, 1A, Rajiv CHSL
Madhusudan Kalelkar Marg, Next to FDA
Bandra-Kurla Complex, Bandra (E)
Mumbai-400 051
(Tel:2659 2613 Fax: 2659 2607)

Now known as:

M/s Chaurangi Builders & Developers Pvt. Ltd.
16/815 M.H.B. Colony, Kher Nagar, Bandra (East)
Mumbai-400 051

Attn: Shri Atul D. Shirodkar, Chairman & Managing Director

TERMINATION OF:-

Sub: Construction of Houses and Social Infrastructure for the rural PAP's in Rehab. Area at Khapari in the MIHAN notified area, Nagpur.

Ref: i) Development Agreement / Lease Agreement dated 18/02/2009

ii) Notice for termination vide MADC's letter no. MADC/MIHA/ 033/C1/1545 / dated 23/11/2012

iii) Your letter no. RBD/PAP/MADC/12-13/04 dated 05/12/2012

Sir,

1. Please refer to development/Lease agreement dated 18/02/2009, MADC's notice for termination dated 23/11/2012 and your reply dated 05/12/2012 on the subject noted above.
2. Development Agreement was executed between MADC and M/s Reatox Builders & Developers Pvt. Ltd. (M/s. Reatox) on 18/02/2009 for construction of PAPs houses and social infrastructures. The project completion period was 12 months with effect from 23/02/2009.
3. The scope of the project as per Article 2 of the agreement dated 18/02/2009 was inter alia as under:
   a) Construction of (680 nos. of) PAP houses of about 300 sq.ft. built up area on each plot.
   b) Development of Social Infrastructures such as School, Industrial

Training Institute, Veterinary Hospital, Primary Health Centre, Talathi Office, Panchayat office, Samaj Mandir, Crematorium etc. and its furnishing as per the specifications and as mentioned in the detailed scope of work given in Schedule 2 and handover the entire developed Infrastructures along with the facilities to MADC.

c) Monitoring and shifting of Project Affected People as detailed in Schedule 2.

d) Construct the retail outlets or shops on the land portion marked as commercial area in Schedule 1.

e) On the 5 plots earmarked for shops, the Contractor shall construct shops of about 20 sq. mtr. built up area to be allotted to the appropriate PAP People who was having Shops/Restaurants/other commercial establishments.

4. M/s. Reatox, vide its letter dated 04/01/2011, had represented and requested MADC to permit M/s Reatox to create security interest in the compensatory land and to reimburse various alleged losses etc. Though the contention raised in your letter was not tenable but considering your difficulty, the Board of Directors of MADC, on sympathetic ground and in the interest of the project accorded approval to allow you to lease upto 50% of the quoted compensatory land of 45 acres subject to returning of 50% loan with interest to MADC. It was also stated that the balance 50% land will be allowed to be leased when the entire loan along with interest is repaid and the rehabilitation project is completed as per the agreement. It was stated in the said letter dated 12/05/2011 of MADC that with this proposition, all the issues raised by M/s Reatox are treated to be settled. You had thereafter committed various dates for completion of various works.

5. Since there was no progress on site as per your committed schedule, the PMC had issued a Show Cause Notice dated 11/05/2012 to you for non performance. You had given your reply vide your letter dated 21/05/2012. PMC observed that as on 31/12/2010, you had completed 71.59% of the work of dwelling units and 56.23% of the work of social infrastructure, thus the average progress of the PAP project being only 63.91%. The PMC also pointed out that the average progress of the PAP project was 83.52% as on 10/05/2012 and that there was no progress of work at site since January 2012. As per the PMC report dated 06/11/2012, the average progress of work as on 31/10/2012 was still 83.52% only and no work was done since January 2012.

6. By your letter dated 21/05/2012 addressed to PMC, you had admitted the delay but pointed out that the delay was due to certain issues which were not sorted out. You had also attempted to take shelter of a status quo order passed by the Hon'ble Bombay High Court in another case in MIHAN

area.

7. The PMC vide their letter dated 08/06/2012 had refuted the points raised in your letter dated 21/05/2012 and your attention was drawn to the Article 18 of the agreement dated 18/02/2009. MADC also, by its letter dated 13/07/2012 addressed to you pointed out that the timely completion of the project was an essence of the contract and as per the report of PMC, the work had come to a stand-still and there were no signs of reviving the project. As regards the status quo order of the Hon'ble High Court, it was pointed out that the said order was relating to the First City Housing Project in MIHAN area and had no connection or relevance to this Development Agreement dated 18/02/2009.

8. MADC had also received representation dated 10/07/2012 from your sub-contractors wherein, they informed that you have taken services of about 8 sub-contractors and have not paid for their services. They had claimed that an amount of about 76 Lakh was due for payment from M/s. Reatox and same was brought to your notice vide MADCs' letter dated 12/07/2012. As per clause no. 18.1(k) read with clause no 5.1.5(c) & 5.1.5(o), the non-payment of dues by M/s. Reatox to its sub-contractors amounts to breach of Terms & Conditions of the concluded agreement. This act of nonpayment is also breach of Article no. 20 i.e. Liability and Indemnity, especially clause no. 20.3(c) of the agreement dated 18/02/2009.

9. In the aforesaid circumstances and on account of deliberate neglect and defaults on the part of M/s Reatox Builders & Developers Pvt. Ltd., now known as M/s Chaurangi Builders & Developers Pvt. Ltd. to fulfill the terms and condition of concluded agreement, notice under Clause 18.2 was issued by MADC vide letter dated 23/11/2012 as to why the agreement dated 18/02/2009 should not be terminated and you were called upon to make representation within 15 days from the date of said notice.

10. You have, by your letter dated 05/12/2012 replied to the said notice for termination. You have inter alia pointed out issues like, not taking over part constructed houses, non-finalization of PAP's list, unclear & non-marketable title of part commendatory land etc. You have also proposed to complete the PAP's project by requesting Kampala Holdings to invest in the PAP project etc. You have also admitted that project could not be completed due to aggravated cash flow problems.

11. After examining the contents of your letter dated 05/12/2012, it is observed that same are not correct and also contrary to the terms & conditions of the concluded agreement. Unless and until full project as per scope of work given in the agreement is completed, there was no question of MADC taking over the partly completed houses. The finalization of list of PAPs has also nothing to do with your schedule of completing the project. The PAPs list is relevant only when project is fully completed. The part compensatory land in Pocket A, D and E was given to you as

explained in para no. 4, although contractually you were not entitled for the same and these were free from all encumbrances. Further, your proposal for completing the PAPs project through investment by third party like one M/s Kampala Holdings is completely out of context and contrary to the concluded agreement. You have also not renewed the Bank Guarantees though the same have expired on 28/02/2013. There is therefore, no substance in the contentions raised by you in your reply letter dated 05/12/2013.

12. As pointed out in the notice for termination, you have failed to complete the project. As per Article 18.1 of the agreement, you have committed following defaults and breaches of the terms and condition of the concluded agreement amongst others : -

a) The Performance Security was valid till 28/02/2013. You have failed to replenish or provide fresh Performance Security within time as provided in clause 9.1 of the agreement.- Refer clause 18.1(a) of the agreement.

b) You have not achieved the Project Milestone due in accordance with the provisions of concluded agreement and continued to be in default for more than 180 days.- Refer clause 18.1(b) of the agreement.

c) You have not completed the project as per the schedule date of completion mentioned in the agreement and further extended period and continued to be in default for more than 180 days. Refer clause 18.1(c) of the agreement.

d) Due to non completion of the project within the time schedule, the very object of the project has failed. Refer clause 18.1(d) of the agreement.

e) The non-progress of the work on site since January 2012 indicates your intention to abandon or manifests intention to abandon the Construction without prior written consent of MADC.- Refer clause 18.1(e) of the agreement.

f) You have failed to pay interest on the advance amount taken from MADC and remains in default for a period exceeding 7 days. - Refer clause 18.1(f) of the agreement.

g) You have failed to return the advance taken from MADC, as per the provisions of this agreement.- Refer clause 18.1(g) of the agreement.

h) You have taken the services of sub-contractors but failed to make payment to them or settle the issue despite MADC's letter as stated in para 8 above. - Refer clause 18.1(k) of the agreement.

13. As consequence of the above breaches, material defaults and your failure to fulfil obligations as specified in the agreement, MADC, hereby terminates with immediate effect the development/lease agreement executed between MADC and M/s. Reatox Builders and Developers Pvt. Ltd. on

18/02/2009 at your risk, cost & consequences.

14. Please note that as per clause 18.4 of the agreement, upon termination for any reason whatsoever, the MADC shall:

    a) be deemed to have taken possession and control of the Project site and the land granted as per Article 3 and any construction made on such site till the date of termination;

    b) take possession and control of all materials, stores, implements and construction on or about the Site;

    c) be entitled to restrain the Contractor and any person claiming through or under the Contractor from entering upon the Site or any part of the Project; and

    d) encash the Performance Security as Damages.

15. In view of the termination, your Performance Security amounting to Rs. 3 crore stands forfeited to MADC. You are also called upon to vacate the project site & the land granted as per Article 3 of the agreement and return back the same to MADC within 15 days on receipt of this letter as per the provisions of clause 18.3 of the agreement. This is without prejudice to other rights of MADC to take any other action in accordance with law.

Yours Faithfully,

(U P S Madan)
Vice Chairman & Managing Director