**AGREEMENT FOR PROVIDING FINANCE TO A PUBLIC LIMITED COMPANY**

This Memorandum of understanding is made at…………….this...............th day of………. One thousand nine hundred and ninety.... ……….between the XY & Co. Ltd., company incorporated under Companies Act, 1956 and having its Registered Office at..................., ……….hereinafter called "the Company"(which expression shall unless excluded by or repugnant to the context be deemed to mean and include its successors and assigns) of the FIRST PART, A son of Late……….residing at and representing various creditors full details of which are set out in the Annexure 'A' hereto and MN & Co. (1ndia) Ltd., a Company incorporated under the Companies Act, 1956 and having its Registered Office at ............. representing for itself and various creditors full details of which are set out in the Annexure 'B' hereto, hereinafter jointly called "the representatives of the creditors" (which expression shall unless excluded by or repugnant to the context be deemed to mean and include their respective heirs, executors, administrators, legal representatives and successors and assigns) of the SECOND PART and B son of Shri C residing at .............. hereinafter called "the Financier" (which expression shall unless excluded by or repugnant to the context be deemed to mean and include his heirs, executors, administrators, legal representatives and assigns) of the THIRD PART.

WHEREAS the Company has been suffering from working capital shortage and has approached various persons, banks and financial institutions for providing working capital facilities to enable the company to meet its working capital requirements.

AND WHEREAS at the request of the Company the financier has agreed to arrange and/or cause to arrange for suitable funds to meet the shortfall of the Company's working capital requirements including the payment of debts to various creditors of the Company subject to ascertainment of the working capital requirements and/or ascertainment of amounts payable to the creditors of the Company in the manner hereinafter mentioned,

AND WHEREAS the audit of the Company's accounts are in arrears and the subsequent financial position of the Company to date is unascertained and/or unverified, for which the precise shortfall in working capital requirements of the Company could not be ascertained.

AND WHEREAS it has been decided, inter alia, in the premises, by the parties hereto that pending ascertainment of working capital requirements of the Company, the amounts to be paid by the Company in the first instance to the creditors with whom this agreement is entered into should be ascertained by verification and/or review of the Company's books, records and accounts by a Chartered Accountant to be so appointed for this purpose.

AND WHEREAS in order to give effect to the aforesaid arrangements the parties hereto have agreed to execute these presents in the manner hereinafter appearing.

NOW THIS MEMORANDUM WITNESSETH AS FOLLOWS:

1. (1)    In consideration of the financier having agreed to purchase various shares and at the request of the Creditors, the financier has arranged and/or caused to arrange to provide adequate funds to meet shortfall of working capital requirements of the Company which may be utilised also for payment of certain debts of the Company due to the creditors estimated amounts of which have been set out in the Annexures 'A' and 'B' hereto subject to the verification and confirmation of such balances by M/s ABC & Co and M/s AF & Co. (hereinafter collectively called "the said Chartered Accountants") to be appointed bythe Company for verification and confirmation of such creditor's balances.
2. (2)    The said Chartered Accountants shall ascertain and/or verify dues to the Creditors of the Company as shown in the Annexures 'A' and 'B' hereto and such verification and/or confirmation of Creditors' balances by the said Chartered Accountants will be completed on or before and shall be done in the manner mentioned below:

(a) balances as shown in each of the Creditors' Accounts of the Company as per last audited Balance Sheet shall be first taken into account without taking account of any interest payable to such creditors and included in such Balance Sheet and without, considering any contingent liability;

(b) counter claims, if any, of the company against such creditors which have not beejn reflected in the last audited Balance Sheet shall be deducted and/or adjusted from the balances of the creditors as shown in the last audited Balance Sheet;

(c) payments subsequently made to each of such creditors during the period between the date of the last audited Balance Sheet and the date of execution of this MOU shall then be deducted from the creditors' balances;

(d) amounts, if any, payable to each of such creditors for the period between the last audited Balance Sheet and the date of execution of this MOU and/or after this MOU is executed are to be taken account of in arriving at such creditors' balance but without taking account of any interest and/or any contingent liability and after adjustment of any counter claims by the Company against such creditor or creditors;

(e) interest, if any, due, outstanding and payable to such creditors of the Company between the period of the date of audited Balance Sheet and the date of execution of this MOU shall riot be considered for ascertaining the creditors' balances;

(f) any amount that is paid by the Company to such creditor or creditors after the date of execution of this MOU, such payment shall be deducted from the creditors' balances to arrive at the net balances of such creditors;

(g) debts of the Company to its creditors would, inter alia, include:

(1) Non-delivery of……….for which the payment has been made by such creditors to the Company, and Delivery Order has been issued by the Company to such creditors but delivery of paid for has not been made by the Company.

(2) Supply of……….stores, coal, oil, etc. supplied by the creditors to the Company frorn goods received notes.

(3) Services rendered supported by valid bills.

(4) Commission and brokerage supported by valid bills.

(5) Financial assistance given to the Company by such creditors by way of Letter of Credit/Counter Guarantee.

(6) Financial assistance given under valid documents;

(h) the said Chartered Accountants are empowered to verify and/or review transactions made between the Company and such creditors and/or of the bills submitted - documents and other records in connection therewith to ascertain and finally determine the amounts due to the creditors as on the date hereof.

(3) The company shall pay to such creditors with whom the MOU is entered into, their respective dues as certified by the Chartered Accountants as aforesaid in the following manner

Thirty per cent of the creditors' dues as certified by the said Chartered Accountants within one month from the date of receipt of Valuation Report of the said Chartered Accountants and balance 70% in 36 equal monthly instalments commencing from one month after the date of the first payment of 30% as aforesaid:

Provided however the Company shall have the option to pay to such creditors their respective dues in one lump sum and in that event the Company will be entitled to a discount of 35% of such net debts from the creditor/creditors.

(4) The Creditor/s hereby confirm the mode of valuation and manner of settlement of debts as herein provided, and such creditor/s hereby undertake/s to withdraw all proceedings filed by such creditor/creditors for recovery of their respective claim in different courts against the company, if any, upon receipt of 30% of the amounts and Bank Guarantee for the remaining instalments or payment in lump sum as aforesaid.

(5) For securing payment as aforesaid by the Company to the creditor/s with whom this MOU is entered into, the financier hereby agrees to arrange or cause to be arranged for furnishing of suitable Bank Guarantee in favour of such Creditor/s for payment of instalments as aforesaid.

(6) The Company represents to the financier and declares and affirms that the Company is empowered to execute this MOU and the Company is not prevented and/or restrained in any manner to enter into this MOU.

(7) The representatives of the creditors represent to the financier and the Company and declare and confirm that they are empowered and authorised to enter into this MOU (a) on behalf of the creditors; and (b) such debts can be paid direct to the creditors by the Company.

(8) The Company hereby agrees and undertakes to settle such claims of all creditors as shown in the Books of Accounts of the Company as on………. subject to verification and/or confirmation of such balances by the Company's Auditors and further subject to agreement on the basis of settlement of aforesaid audited claims which is to be arrived at between the Company and such creditor/creditors.

IN WITNESS WHEREOF these presents have been executed by the parties hereto on the day, month and year first above written.

WITNESSES Signed and delivered by Mr. T, Director and Mr. 0,

Secretary of the X. Y. & Co., Limited to the resolutions

1 passed by the Board of Directors of the Company on.............

2. Signed and delivered by A representing the creditors mentioned in Annexure "A"

Signed and delivered for and on behalf of M.N. & Co. (India) Ltd. by Mr. M and Mr. N two of its Directors pursuant to the resolutions passed by the Board of Directors on representing the creditors mentioned in Annexure "B" Signed and delivered by B