



ఆంధ్ర ప్రదేశ్ ఆంధ్ర ప్రదేశ్ ANDHRA PRADESH

6 No. 14413 Date 18-6-08 Page 100/-

100/- D.H.S. Ravi Kumar

40/- W/O Late D.H.V. Rao

20/- A.P. Mineral Development Corporation

M. Saritha Devi G 942949

M. SARITHA DEVI

STAMP VENDOR

L.No. 1, Ph. 040-23759009

8-3-945, Image Hospitals
Ameerpet, Hyderabad-

AGREEMENT

This Agreement is entered into at Hyderabad, on this 3rd day of March, 2008 between the Andhra Pradesh Mineral Development Corporation Limited (a wholly owned undertaking of the Government of Andhra Pradesh) a company registered under the Companies Act, 1956 and having its registered office at Pancom Business Centre, 2nd & 3rd Floors, 8-3-945, Ameerpet, Hyderabad 500 073, represented by its General Manager (Company Law Affairs) Sri P. R. Krishna Gandhi, hereinafter called APMDCL which expression shall include its successors and assigns of the one part.

AND

M/s. Pallava RED, a Consortium SPV between M/s. Pallava Granites Industries (I) Pvt Ltd and RED Graniti Spa, Italy having its registered office at No.19, Sri Ram Nagar, North Street, Alwarpet,

For THE ANDHRA PRADESH MINERAL
DEVELOPMENT CORPORATION LTD.

PallavaRED

Authorized Signatory

P.R. Krishna Gandhi

P.R. KRISHNA GANDHI
GENERAL MANAGER
(Company Law Affairs)

Chennai 600 018, India represented herein by its Authorized Signatory, Sri K. Subba Reddy hereinafter referred to as Investor which expression shall include its successors and assigns of the other part.

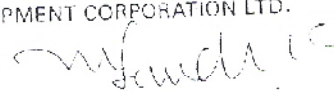
WHEREAS

- A. WHEREAS the PARTY OF THE FIRST PART is the Corporation fully owned by the Government of Andhra Pradesh hereinafter referred to as APMDC and is in possession of a valid Quarry Lease (QL) granted by the Department of Mines & Geology, Government of Andhra Pradesh, to extract Black Galaxy Granite (minor mineral) over an extent of 37.030 hectares in survey no. 52,55/4A, 55/3c and 119/1 (hereinafter referred to as Block I) of R.L.Puram Village, Chimakurthi Mandal, Prakasam District, Andhra Pradesh, India categorized as Block No.I mentioned above.
- B. WHEREAS Government of Andhra Pradesh vide G.O.Ms.No.173 Industries & Commerce M-II Department dated 13-06-2005 has directed the APMDC to resume quarrying operations in the lands situated in R.L.Puram Village, Chimakurthy Mandal, Prakasam District over which the APMDC validly possessed Quarry Lease, pursuant to which APMDC has invited Expression of Interest for development by causing large scale mining and extraction of estimated recoverable reserves of 9.26 lakh CBM up to a depth of 60m and reserves of 15.44 lakh CBM up to a depth of 100 M for Block-I (as indicated in the tender document) of Black galaxy granite and for establishment of Cutting and Polishing Unit on Global basis vide reference No.APMDC/ GEO/ GGI / 2005 DT.S-8 2005 with the basic objective to develop and exploit the available Black Galaxy granite mineral in the best interest of the State and use it as a technology initiative for promoting the larger interest of the industry. APMDC intends to develop and exploit this mineral reserve by promoting a special purpose

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vehicle in the form of a Joint Venture Company for undertaking the implementation of an integrated project involving exploration, prospecting, mining, processing, marketing and distribution. Accordingly the investor submitted their Expression of Interest to the APMDC.

C. WHEREAS pursuant to the above said invitation, the Government of A.P. vide G.O.RL.No.678 Industries & Commerce (M-II) Department dt. 10-10-2005 constituted a High Powered Committee for scrutinizing the Expressions of Interest (EOI) received and to evaluate them with reference to their merits and finalize the joint venture partners. APMDC apart from the information furnished by the Applicants in their Expressions of Interest also had given them an opportunity to present their case before the High Powered Committee in the presence of all the Applicants. Pursuant to the above said invitation, M/s.GIMPEX, in consortium with M/s Compolonghi Group, Italy submitted its Expression of Interest in response to the invitation Ref.No. APMDC/GEO/GGI/2005 dated 05.08.2005 vide letter bearing ref. no. Nil dated 12th October, 2005. M/s. Gimpex and its Consortium also had presented its interest before the High Powered Committee. The High Powered Committee has in turn constituted a Technical Committee for eliciting independent expert opinion. The High Powered Committee based on the data and presentation of the investor and taking into consideration the evaluation report given by the Technical Committee, selected M/s. Gimpex and its Consortium as the successful applicant for allotment of Block I covering an extent of 37.030 Hectares situated in survey no. 52,55/4A, 55/3c and 119/1 (hereinafter referred to as Block I) of R.L.Puram Village, Chimakurthi Mandal, Prakasam District Andhra Pradesh. In G.O.Ms.No.93, dated 27.04.2007, Industries & Commerce (M-II) Department, read with G.O. Ms.No.111, dated 03.05.2007, For THE ANDHRA PRADESH MINERAL DEVELOPMENT CORPORATION LTD.

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GoAP has approved for allotment of the said Block to M/s. Gimpex and its Consortium and the said selection was communicated by the APMDC to the M/s. Gimpex and its Consortium, vide Ref.No.APMDC/Galaxy Granite/GT/Elk 1/2005/330 dated 03-05-2007. M/s. Gimpex and its Consortium accordingly entered into an agreement with APMDC on 04-06-2007 and also formed a JVC viz M/s. Alliance Andhra Pradesh Black Galaxy Granites Pvt Ltd with its registered office at Hyderabad. In accordance with the Agreement, the Quarry lease for 37.030 hectares was subleased on 14-06-2007 to M/s. Alliance Andhra Pradesh Black Galaxy Granites Pvt Ltd.

D. M/s. Pallava Granite Industries (India) Pvt Ltd and its Consortium R.E.D. Graniti Spa, Italy also submitted its Expression of Interest, dt.12th Oct' 2005 for Block No-I and emerged as 3rd successful bidder in order of preference by the Technical Committee constituted by the High Powered Committee. Further, they have evinced continued interest vide their letter dt.21-05-2007.

E. M/S. Alliance Andhra Pradesh Black Galaxy Granites (P), Ltd., has submitted a proposal on 12-11-07 to surrender about 14.17 ha in sy.no.55/3C. Accordingly, the APMDC has placed the above proposal before the Board of Directors at its 339th meeting held on 22-11-2007. The Board after detailed discussions approved the proposal and permitted the Corporation to seek approval of the Government.

The Government through the G.O.Ms.No.45, Industries & Commerce (Mines II) Dept, Dt.13-2-2008 have approved the acceptance of the surrender proposals of M/s Alliance Andhra Pradesh Black Galaxy Granites (P) Ltd., to surrender 14.17 ha in sy.no.55/3C and allocate the same to M/s.Pallava Red and its consortium after taking the willingness who stood 3rd rank in order of merit as per the evaluation made by the Technical

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Committee, based on the recommendations of High Powered Committee constituted by the Government

The decision of the Government was communicated to M/s. Alliance Andhra Pradesh Black Galaxy Granites (P) Ltd., for their final consent on 22-02-2008 and to M/s. Pallava Red on 22-02-2008 for their willingness. Consequently the M/s. Pallava RED confirmed its willingness on 22-02-2008 and M/s. Alliance Andhra Pradesh Black Galaxy Granites (P) Ltd., issued final consent on 27-02-2008. Subsequently, the APMDC have issued allotment Letter No.APMDC/GAL.GR/GT/05/3831 dt. 29-02-2008 to M/s. Pallava RED and its consortium allotting 14.17 hec in Survey No.55/3C, R. L. Puram (V), Cheemakurthy (M), Prakasham Dist. and requested them to execute the Agreement.

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. DEFINITIONS

When used in this Agreement (including the Recitals), the following terms shall have the following meanings:

"AGREEMENT" "This Agreement" or "The Agreement" means this Project Agreement and shall include the recitals, schedules or attachments annexed thereto and any amendments made to this Agreement by consent of all the Parties in writing and also all the information, terms and conditions in the Document under notification number APMDC / GEO / GG1 / 2005 dated 05.08.2005.

"APMMCR" means Andhra Pradesh Minor Mineral Concession Rules 1966 as amended subsequently from time to time.

For THE ANDHRA PRADESH MINERAL
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GENERAL MANAGER
(Company Law Affairs)

"Black Galaxy Granite Areas/ Quarry Lease Area" shall mean and include the area designated as part of Block I over an extent of 14.17 Hectares comprised in survey no. 35/30 of R.L.Puram Village, Chumakurthi Mandal, Prakasam District as per Quarry Lease and Terms and Conditions of such Quarry Lease and also as mentioned in the allotment order no. APMDC/GAL.GR/GT/05/3831, Dt.29-2 2008 more specifically as shown in the sketch.

"Board" means the Board of Directors of the Joint Venture Company.

"Consideration Amount" shall mean and refer to the payment to be made by the JVC to APMDC per Cubic Meter produced and dispatched or 10% of the annual turnover whichever is higher.

"Investor" or "Investor company" shall mean M/s. Pallava RED SPV

Annual "TURNOVER" means Sale value of Galaxy Granite blocks either sold in raw form at pit head or in the processed form at the production point for each financial year. However the transport charges from Quarry to the plant site shall be excluded in arriving at the sale value of the finished product.

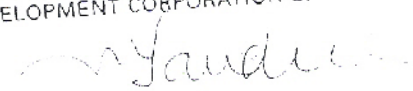
"Minimum Assured Production" means minimum production of 500 cubic meters (CBM) of Black Galaxy Granite per hectare per annum. The minimum assured production for part of block-I under this agreement for 14.17 hectares is 7,085 CBM per annum.

"Minimum Assured Amount" shall mean and refer to the amount payable in advance to APMDC by the JVC calculated @ 1 and 1/2 times of the prevailing scigniorage fee payable to the State Government for minimum 500 Cubic meters of Black Galaxy granite per hectare per annum only taking the average rate of levy by GoAP per CBM in respect of different categories of blocks of granite.

For THE ANDHRA PRADESH MINERAL
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'MMDR Act' means the Mines and Minerals (Development & Regulation) Act, 1957 as amended subsequently from time to time.

'Project' means undertaking of exploration, development, exploitation and processing of Black Galaxy by the incorporated Joint Venture Company for the objects declared in this agreement as well as in notification Nos. APMDC/GEO/GG1/2005 dated 05.08.2005, and its document.


'Joint Venture Company' shall mean the company to be incorporated by "Investor" which will function as a Joint Venture between Pallava Granite Industries (I) Pvt Ltd and its, the Italian Collaborator, M/s RED GRANITI SPA., Italy and APMDC in respect of the Project in which APMDC shall hold a fully paid equity shares of 11 % at all times.

"Processed" means processed and surface finished by way of fine polishing, honing, brush finishing, grooving, antique finishing, rough punched finishing, thermal finishing, sawn finishing or finishing in any other manner.

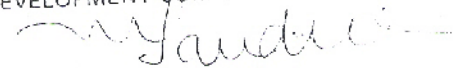
"Surface Rights" shall mean and refer to all rights and interests, to use, enjoy, occupy and construct upon the areas in respect of which quarrying sublease(s) will be granted to the Joint Venture Company as well as the right to carry out quarrying of Black Galaxy Granite or other activities in support of or related to the same as per the terms and conditions specified in the Quarry Lease entered into with the Lessor under the MMRD Act, 1957 to facilitate grant of uninterrupted rights over the area to the JVC as long as the industry exists.

2. INCORPORATION OF THE JOINT VENTURE COMPANY

Investor shall promote and incorporate a Special Purpose Vehicle in the form of a Joint Venture Company with the name " **Pallava**

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For THE ANDHRA PRADESH MINERAL
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(Company Law Affairs)

RED Granite Pvt. Ltd. " with its registered office at "NO.19, Sri Ram Nagar, North Street Alwarpet, Chennai 600018" and in which a fully paid equity of 11% is to be allotted to APMDC and the same percentage shall be maintained at all times

CAPITAL OF THE JOINT VENTURE COMPANY (JVC)

i) The authorised capital of the JVC will be Rs. 10 Crores. The start up share capital of the JVC shall be Rs. 5 Crores and eventually to be increased to Rs.10 Crores within 6 months. APMDC shall be allotted fully paid-up equity shares for consideration other than cash equal to 11% of the share capital in the Joint Venture Company as consideration in lieu of identifying, prospecting and acquiring surface rights by incurring huge expenditure on the valuable Galaxy Granite deposits which is one of the main ingredients in the project and providing Black Galaxy Granite Area in Block-I to the JVC. The said percentage of equity shall be maintained at all times throughout the life of the JVC and existence of this agreement.

ii) The share capital of the JVC shall at all times be held by APMDC on one part and Investor and other part as follows:

Pallava RED (Investor)	APMDC	TOTAL
89%	11%	100%

4. BOARD OF DIRECTORS

In the proposed Joint Venture Company, the APMDC shall have Director(s) in proportion of their equity shares subject to a minimum of one.

5. OBJECTIVE OF THE JOINT VENTURE COMPANY

The objective of the Joint Venture is to implement the "Project" as

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(Company Law Affairs)

per the terms of the Agreement to achieve the objectives and purpose under the notification no. APMDC / GEO / G.O. 2005 dated 05.08.2005.

i) The investor shall ensure that the JVC undertakes and executes the Project strictly in accordance with the lease deed conditions, applicable laws, regulations, guidelines, the Tender Documents and the directions of Government of India and Government of Andhra Pradesh. This will also include ensuring construction of required infrastructure within AP for undertaking the Project.

ii) The objective is to extract the Black Galaxy Granite in the Sub Lease Area and to export processed and value added products by establishing World Class 100 % EOU Processing Unit at the site or as near as possible with minimum annual capacity of 3,50,000 M² which will act as Mother Unit. The time allotted for exploration, prospecting and development of the mine and stabilization of commercial operations is 6 months from the date of sub-lease. The period allowed for establishment of Processing Unit will be two years and during that period raw-blocks export is allowed and 50% shall be put to processing during 3rd year. From the 4th year onwards, 100% of the raw-blocks must be processed in the processing unit to be established.

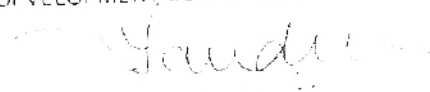
iii) In the event the State Government is of the view that JVC shall supply raw material for the local units, it shall supply 20% at the prevailing market price.

iv) Investment for exploration, prospecting, development of mine as well as establishment of Factory is expected to be in the order of USD 7 Million in the 1st Phase eventually reaching USD 14 Million during final Phase. The enhanced investment will be essentially on expansion of production capacity.

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GENERAL MANAGER
(Company Law Affairs)

vi) JVC shall encourage ancillary units for fabrication and manufacture of artifacts etc.

vii) JVC undertake major initiatives in global markets for promotion and generic branding of Black galaxy Granite through establishment of quality assurance standards.

viii) JVC shall undertake Research and Development aimed at enhancement of product quality, scope of application as well as development of techniques, processes and systems to be employed in mining and processing of Black Galaxy Granite.

6. Sub Leasing of Quarry Lease

The APMDC will Sub Lease the Quarry Lease held by it in respect of part of Block-I to the Joint Venture Company duly obtaining required permission from the Competent Authority so as to facilitate uninterrupted rights over the part of Block-I Lease Area for quarrying and winning the Black Galaxy Granite as long as the industry exists, subject to:

- a) Submission of deposit of Rs. 1.25 Crores by the Investor as guarantee money.
- b) Formation of JVC with startup Capital of Rs. 5 Crores and allotment of 11% Free Equity Shares to APMDC.
- c) Submission of Performance Bank Guarantee for an amount of Rs. 2 Crores by Investor Company to APMDC for satisfactory performance of the agreement by JVC.
- d) Signing of Sub Lease Agreement by the JVC

7. MINIMUM ASSURED PRODUCTION

i) The JVC shall ensure minimum production of 500 CBM per hectare per annum viz., 7,085 CBM per annum. The JVC would be permitted to make good, shortfall if any, in production in a block period of 3

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10

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For THE ANDHRA PRADESH MINERAL
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P.R. Krishna Gandhi
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three) years. The period shall be reckoned with effect from the date of completion of 6 months period from the date of Sub lease agreement.

ii) The APMDC agrees to allow 6 (six) months time to the JVC as gestation period for exploration, prospecting and development of the mine and stabilization of operations. During this 6 (six) months period, no minimum assured production will be insisted. However, in the event JVC produces blocks during the gestation period and dispatch the same, they shall pay consideration to the Corporation for the actual quantity produced and dispatched at 1.5 times the Seigniorage fee for each cubic meter or 10% of the annual turnover whichever is higher.

iii) The blocks produced by the JVC shall be numbered properly.

iv) JVC being a sub lessee has full responsibility to operate the Quarry subject to fulfillment of all statutory provisions duly obtaining statutory permissions like explosive license etc.

v) The Joint Venture Company shall inform the production and dispatch details to APMDC on monthly basis and the JVC shall obtain permits from the concerned authority.

8. INDEMNITY CLAUSE

The APMDC which will at all times hold a minimum of 11% fully paid equity shares is not liable or responsible for any of the damages or losses or compensation or any outstanding amount payable by the Investor /Joint Venture Company in the event of failure by the Investor / Joint Venture Company to comply with the provisions of all applicable laws like Mining Laws, Welfare Legislations, Tax Laws or any other related Laws, including expenditure that may have to be incurred in Mine Closure in terms of provisions of the Mineral Concession Rules 1960 or the applicable Laws or wage liability to its employees and workers or taxes and duties etc., to the Government agencies or repayment of term loans to Financial

For THE ANDHRA PRADESH MINERAL
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GENERAL MANAGER
(Company Law Affairs)

institutions and banks etc., and any other liabilities incurred by virtue of any contractual obligations of the said Investor / Joint Venture Company, as the case may be. The Investor / JVC shall alone be responsible or liable to pay all the amounts due by them relating to the "Project". The APMDC by virtue of its holding 11% fully paid equity shares in the Joint Venture Company is not liable or responsible to pay any amounts to any party whatsoever on any account.

9. CONSIDERATION AMOUNT

- i) The JVC shall pay to the APMDC the consideration amount at one and half times of the prevailing existing seigniorage fee payable to the State Government per each cubic meter of blocks dispatched as per the measurements adopted by the State Government or 10% of the annual turnover, whichever is higher.
- ii) In the event of lesser production, in any year than the minimum assured production the JVC shall pay to APMDC a minimum assured consideration to be computed based on minimum assured production of 500 CBM per hectare per annum at 1.5 times of the Seigniorage fee payable to Government by taking average Seigniorage fee for different categories of blocks stipulated by GoAP from time to time or 10 % of the annual turnover which is higher. The period for payment of minimum consideration amount commences after expiry of 6 months gestation period from the date of sub lease agreement.
- iii) During the gestation period, the consideration amount will be paid for the actual quantity produced and dispatched as per the rates.
- iv) The advance payment shall be made towards minimum consideration amount 15 days before the commencement of the period for payment of minimum consideration amount and every year

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12

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this shall be followed. This will be adjusted towards consideration amount payable on dispatches.

10. INFRASTRUCTURE DEVELOPMENT FEE

The JVC shall pay 5% of the consideration amount payable to APMDC every year to a committee consisting of the Secretary to Government, Industries & Commerce Department, who will be the Chairman of the said Committee, VC & MD, APMDC; DMG, District Collector of Ongole and MD of the Joint Venture Company who will be the members. This amount shall be paid within one month after the completion of every year. This amount shall be used for the development of infrastructure and other facilities in the mining village such as roads, schools, hospitals, supply of drinking water etc.

11. GUARANTEE MONEY BY INVESTOR

INVESTOR shall deposit a sum of Rs. 1,25,00,000/- as Guarantee Money before signing this Agreement to APMDC. Accordingly, the EMD amounts submitted by the Investor for Block No. I & IV amounting to Rs. 50,02,000/- is adjusted against this amount as per the request of the Investor. The balance amount of Rs. 74,98,000/- is paid by the Investor by Bankers Cheque No.689569 dt. 03-03-2008 on State Bank of India, Balkampet Branch, Hyderabad. On the formation of Joint Venture Company, the said sum shall be transferred to the JVC.

12. UNDERTAKING BY APMDC

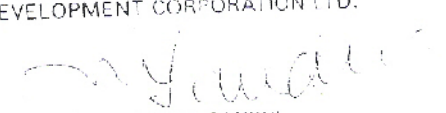
i) APMDC shall Sub Lease the quarry lease held by it in favour of JVC subject to approval of the Director of Mines / Government of A. P. as the case may be, and shall permit and facilitate the Joint Venture Company to undertake peaceful operation.

For THE ANDHRA PRADESH MINERAL
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13


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GENERAL MANAGER
(Company Law Affairs)

ii) The Joint Venture Company shall have absolute discretion in respect of appointment of personnel, their remuneration and benefits payable, engagement of professional services and on all matters involving the conduct of business and day-to-day affairs of the Joint Venture Company subject to compliance with various statutory provisions as applicable. However one Officer of APMDCL from its Accounts Department will be deputed to the JVC whose salary and fringe benefits etc., would be borne by the JVC.

iii) APMDCL shall provide to the Joint Venture Company the available technical data, documents, reports and information in relation to the Black Galaxy deposit areas specified herein.

13. UNDERTAKING BY INVESTOR ON BEHALF OF THE JOINT VENTURE COMPANY

i) The Investor which is in majority control of JVC shall ensure that the Joint Venture Company shall be responsible for payment of the dead-rent/Seigniorage and cess etc., to the State Government in respect of the quarry lease area from the date of Subleasing of the quarry lease area to the Joint Venture Company for production and also minimum assured Consideration or actual consideration or 10% the annual turnover whichever is higher as mentioned at clause 9 to the APMDCL.

ii) The Joint Venture Company shall comply with the provisions of all labour laws, mining and other laws, rules and regulations promulgated by the Central Government and the State Government from time to time. JVC shall rectify violations, if any, pointed out by the Mine Safety Authority or any other Authorities who have jurisdiction on mine and processing units.

iii) The Joint Venture Company shall employ and train mostly local talent.

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vi) None of the personnel of JVC / investor shall have any claims over APMDC on whatsoever reason.

vi) Area for dumping of quarry waste will be procured by the JVC at its cost. However APMDC shall act as a facilitator to get dumping site, the cost of which shall be borne by JVC. In case waste rock is dumped on Mineral bearing area, the JVC shall remove at its cost within a reasonable time frame fixed by the APMDC.

14. PERFORMANCE BANK GUARANTEE

i) The investor shall execute on behalf of JVC an irrevocable Performance Bank Guarantee for a sum of Rs. 2,00,00,000/- (Two Crores) in favour of APMDC issued by a Nationalised Bank or by way of Demand Draft within a period of 30 days from the date of this agreement for satisfactory performance of the contract. This Bank guarantee shall be valid as long as this agreement is in force. All the Bank charges shall be borne by the Investor / JVC. The performance Bank guarantee will be returned within one year from the determination of this agreement on production of "No Due Certificate" issued by the authorized Officer of the APMDC and an unconditional "No Claim Certificate" to be submitted by both investor and JVC.

ii) APMDC reserves the right to invoke this Bank Guarantee and forfeit the entire Bank Guarantee amount in the event of any breach of this Agreement by the JVC resulting in termination of this Agreement and also

iii) Adjust dues if any payable to the APMDC in case APMDC is unable to recover from investor /JVC.

15. TERM

This Agreement shall become effective on the date first written above, subject to and in the manner provided in Clause 2 above, and shall remain in full force until and unless validly terminated.

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16. TERMINATION OF AGREEMENT

i) Termination by Investor:

The investor reserves the right to terminate this agreement

- a) in the event the Government of A.P. / Director of Mines & Geology do not give permission for subleasing of the quarry Lease.

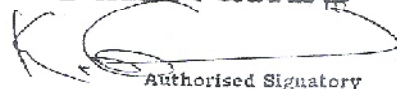
ii) Termination by APMDC

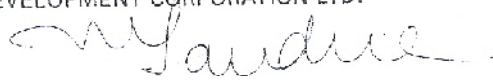
The APMDC reserves the right to terminate this agreement, --

- a) In the event of the Government of A. P. / Director of Mines & Geology do not give permission for subleasing the quarry lease.
- b) In the event the JVC Company does not submit the Performance Bank Guarantee for Rs.2 Crores.
- c) Delay in payment of consideration amount beyond three months from its due date will carry interest to be computed at prevailing prime lending rate fixed by the Reserve Bank of India.
- d) However, in the event of such delay in payment extends beyond 12 months from the due date, the Corporation will have a right to ask the Joint Venture Company to suspend its mining operations till the time the dues are paid.
In case the delay in payment continues beyond 24 months, the Corporation will have the right to terminate this agreement.
- e) In the event the JVC do not allot the 11% of the equity shares free of cost.
- f) In the event Investor / JVC do not establish world class 100% EOU processing unit for manufacture of value added products with annual capacity of 5 lakh M² within a period of 2 years from the expiry of the gestation period of 6 months.
- g) In the event of established breach of any of the terms of this agreement.

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However no such termination shall be effected unless a notice is given to the defaulting party giving 3 months time to rectify the breach and the defaulting party does not rectify the breach within the 3 month period or such extended period as mutually agreed.

APMDC will have a right to approach the Director of Mines & Geology requesting him to suspend the mining operations till the time the dues payable to APMDC are settled.

17) INDEMNITY AGAINST ACCIDENTS :

The JVC is responsible for any type of accident whether major / minor in nature occurring during performance of the contract / work. It shall be responsible for payment of compensation as per Workmen's Compensation Act and shall keep the Corporation fully indemnified in this regard.

18) COMPLIANCE WITH STATUTES :

i) The JVC shall comply with all the relevant laws applicable in respect of this contract and shall be solely responsible for such compliance.

ii) The JVC shall comply with all relevant provisions of the statutory enactments and rules in force relating to the present project.

iii) The JVC shall rectify violations, if any, pointed out by the concerned authority within the stipulated time at his risk and cost. In case the violations are not rectified by the contractor within the stipulated time, the Corporation shall rectify such violations and recover the cost incurred by it from the contractor.

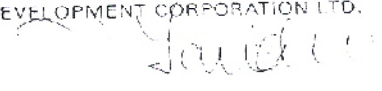
19) FORCE MAJEURE

In the event of either party being rendered physically unable by force majeure to perform any obligation required to be performed by them

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For THE ANDHRA PRADESH MINERAL
DEVELOPMENT CORPORATION LTD.


P.R. KRISHNA GANDHI
GENERAL MANAGER
(Company Law Affairs)

under this contract, the relative obligation of the party affected by such force majeure shall be suspended for the period during which such cause(s) actually lasts. The term " FORCE MAJEURE " shall mean acts of God, War, Civil riots / movements, fire, directly affecting the contract, flood, earthquakes, hurricane, lock-outs, strike, civil war, compliance with any statute or regulation of the Government.

Upon the occurrence of such cause(s) and upon its termination, the party alleging that it has been rendered unable as aforesaid thereby, shall notify the other party in writing, the beginning of the cause(s) amounting to Force Majeure as also the ending of the said cause(s) by giving notice to the other party within a month of the beginning / ending of the cause(s) respectively.

20). ASSIGNMENT/ SURRENDER

The Investor shall not assign, transfer or otherwise create any interest of any kind on any part of the lease area in favour of third parties. However, in the eventuality that the Investor intends to surrender part of the area, APMDC shall have the right to reallocate the same to another entrepreneur duly obtaining the consent of the Government of Andhra Pradesh.

21). RESOLUTION OF THE DISPUTES:

It is hereby agreed that all questions, disputes, differences arising under, out of or relating to this contract shall be subject to the exclusive jurisdiction of the Civil Courts within the local limits of Hyderabad (AP) where this contract is entered into.

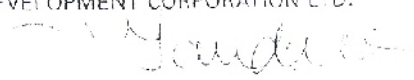
22). NOTICES

Save as is specifically provided otherwise in this agreement any notice, demand or other communication to be served under this may be served upon any Party hereto only by posting by Registered Post A.D. or Under Certificate of Posting or delivering the same or sending the same by facsimile transmission or by e-mail to the Party

For THE ANDHRA PRADESH MINERAL
DEVELOPMENT CORPORATION LTD.

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P.R. KRISHNA GANDHI
GENERAL MANAGER
(Company Law Affairs)

to be served at its address mentioned below, or facsimile number given below, or at such other address or number as it may from time to time notify in writing to:

a) Vice Chairman & Managing Director,
The Andhra Pradesh Mineral Development Corporation Ltd.,
Pancom Business Centre, 2nd & 3rd Floors, 8-7-945
Amcerpet, Hyderabad-500 073.
Fax No : 91 (40) 23733152, E-mail:

b) Pallava RED SPV,
No.19, Sri Ram Nagar, North Street, Alwarpet
Chennai-600 018 Fax No : 91(44) 24346339

23). SEVERABILITY

If one or more of the provisions shall be void, invalid, illegal or unenforceable in any respect under any applicable law or decision, the validity, legality and enforceability of the remaining provisions herein contained shall not be affected or impaired in any way. Each party hereto shall, in any such event, execute such additional documents as the other parties may reasonably request in order to give valid, legal and enforceable affect to any provision hereof which is determined to be invalid, illegal or unenforceable.

- 24). The recitals intended to be performed under this agreement by the investor will be deemed to be such to be performed by Joint Venture Company upon the formation and commencement of business, unless expressly specified.

For THE ANDHRA PRADESH MINERAL
DEVELOPMENT CORPORATION LTD.

PallavaRED

Authorized Signatory

P.R. KRISHNA GANDHI
GENERAL MANAGER
(Company Law Affairs)

IN WITNESS WHEREOF Sri P. R. Krishna Gandhi, General Manager
(Company Law Affairs) for and on behalf of the Andhra Pradesh Mineral
Development Corporation Limited, Hyderabad and Mr. K. Subba Reddy for
and on behalf of M/s. Pallava RED, SPV have signed these presents in
duplicate on the day and year first above mentioned. Each party will retain
one Copy.

For the Andhra Pradesh Mineral
Development Corporation Limited

(P. R. KRISHNA GANDHI)
P. R. KRISHNA GANDHI
GENERAL MANAGER (CLA)
(Company Law Affairs)

For Pallava RED SPV
PallavaRED
(K. SUBBA REDDY)
AUTHORISED SIGNATORY

WITNESSES

1. *W. S. Rao*
2. *Aty*
C. S. Reddy
Regisr.
H-2-16