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ఆంధ్రప్రదేశ్ ఆంధ్ర ప్రదేశ్ ANDHRA PRADESH

S.No: 3786 DATE: 21/02/2014. Rs-100/-

SOLD TO: K. Subba Reddy S/o Radha Krishna Reddy.

FOR WHOM: Pallava RED Granite pvt. Ltd., Hyd.

**SUPPLEMENTARY AGREEMENT**

This Supplementary Agreement is entered into at Hyderabad, on this 21st day of

February, 2014 among 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 3<sup>rd</sup> Floor, Rear Block, HMWSSB Complex, Khairtabad, Hyderabad - 500 073, represented by its Vice-Chairman & Managing Director Sri Dr TRK Rao, IRTS., hereinafter called Corporation which expression shall include its successors and assigns of the First Party,

AND

M/s. Pallava Granite Industries (I) Private Ltd, a Company registered under Companies Act, 1956 and having its Registered Office at No.19, Sri Ram Nagar, North Street, Alwarpet, Chennai-600018 represented by its Authorized Signatory, Sri K.Subba Reddy and its Consortium Partner RED Graniti Spa, Italy, hereinafter referred to as Investor which expression shall include its successors and assigns of the Second Party,

Dr. T.R.K. RAO, IRTS.,  
M.S. (USA), M.Sc., Ph.D. (IARI)  
VICE CHAIRMAN & MANAGING DIRECTOR  
THE ANDHRA PRADESH MINERAL DEV. CORP. LTD.  
(A State Govt. Undertaking)  
Administrative Building Premises  
Rear Block 3rd Floor, H.M.W.S.S.B. Premises  
Khairtabad, Hyderabad - 500 004.

For Pallava RED Granite Pvt. Ltd.

Director

For Pallava Granite Industries (I) Pvt. Ltd

Managing Director



AND

M/s. Pallava RED Granite Pvt. Ltd., a Joint Venture Company Registered under Companies Act, 1956 and having its Registered Office at Flat No.301, Pavan Residency, H.No.6-3-1216/58to60, Methodist Colony, Kundan Bagh, Begumpet, Hyderabad-500016 represented by its Authorized Signatory Sri K.Subba Reddy, hereinafter referred to as Joint Venture Company, which expression shall include its successors and assigns of Third Party.

**WHEREAS**

APMDC entered into an Agreement with M/s. Pallava RED and its Consortium Partner M/s. Pallava Granites Industries(I) Pvt Ltd and M/s. RED Graniti Spa, Italy, for exploitation of Black Galaxy Granite in Block-I in R.L.Puram Village, Chemakurthy Mandal, Prakasham District, Andhra Pradesh, in the QL held by APMDC and establishment of world class processing unit and the joint venture agreement was approved by the Government of Andhra Pradesh vide its Letter No.8832/M.II(1)/2007, dated 02-06-2007. Subsequently, an Agreement was entered into with the Investor Company on 3<sup>rd</sup> day of March, 2008. The said Investor Company incorporated a Special Purpose Vehicle in the form of Joint Venture Company in the name and style of M/s. Pallava RED Granite Pvt. Ltd., as per Clause 2 of the Agreement dated 3<sup>rd</sup> day of March, 2008.

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

**1) DEFINITIONS:**

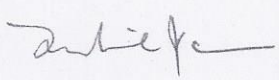
When used in this Agreement or the Joint Venture Agreement (including the Recitals), the following terms shall have the following meanings:

**"Actual Revenue or AR"** means the actual revenue earned out of export sale of First quality Processed blocks based on their actual sale invoices.

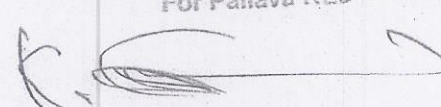
**"Approved Mining Plan"** means the mining plan as approved by the Department of Mines and Geology, Government of Andhra Pradesh.

**"Books of Accounts"** means audited books of accounts of Joint Venture Companies finalized at the end of the financial year.

**"Capacity of Existing plants"** the installed capacity of the 100% export

  
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For Pallava RED Granite Pvt. Ltd.

 Director

For Pallava Granite Industries (I) Pvt. Ltd.



oriented unit as envisaged in the Joint Venture Agreement.

**"Corporation"** means Andhra Pradesh Mineral Development Corporation Limited

**"Company"** means the Joint Venture Company.

**"Deemed processed Quantities"** means raw block quantities permitted for export on which the actual invoice sale value of processing is applied so as to arrive at the deemed revenue earned on processing.

**"Deemed Revenue or DR"** means the revenue arrived on the basis of applying the actual revenue earned per CBM out of sale of First Quality processed blocks during any particular month to the entire non processed block quantities produced during that month, treating all of them as processed and exported.

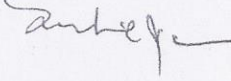
**"First (1st) quality blocks"** means blocks certified by the Project officer, APMDC, Cheemakurthy which are of superior Size and quality in production and can earn maximum revenue on processing to the Corporation and are appropriate to meet the export demand. The Category/sizes of the First Quality blocks, as selected by the Project Officer, APMDC, Cheemakurthy, which are not amenable for processing in 100% EOUs established by Joint Venture companies shall be processed in EOU of a third party and same shall be exported with an invoice and bill of lading in the name of Joint Venture company. The revenue earned on such processed blocks shall be made applicable to that category of blocks so as to arrive at the deemed revenue for such category.

**"Main Joint Venture Agreement or Joint Venture Agreement"** means the agreement entered between the Corporation and the Joint Venture Company on 03-03-2008.


**"Measurement"** measurements adopted by the Department of Mines & Geology for calculation of Seigniorage fee payable to the Government of Andhra Pradesh.

**"Processable"** means processed blocks that can fetch maximum sale value/ market value in domestic or international markets.


**"Produced"** the gross production made by the Joint Venture Company during any specific period.

  
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For Pallava RED Granite Pvt. Ltd,

 Director

For Pallava Granite Industries (I) Pvt. Ltd.

 Managing Director



**"Profit"** means amount of profit before Tax earned by the Joint Venture Company during previous financial year.

**"Supplementary Agreement"** means Supplementary Agreement and shall include the recitals, schedules or attachments annexed thereto and any amendments made to the Joint Venture Agreement by consent of all the Parties in writing and also all the information, terms and conditions in the Document under Notification No. APMDC/GEO/CGI/2005, Dt.05-08-2005.

**"Suitable accounting practices"** means suitable accounting practices /accounting standards on mercantile basis.

**"Total Revenue or TR "** means the total revenue computed each month by adding the Actual Revenue earned from sale of First Quality processed blocks (AR) and the Deemed Revenue (DR) of that month, i.e.,  $TR=AR+DR$ .

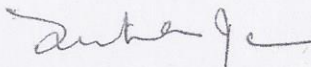
**Annual Turn over"** means the Total Revenue or TR, plus other revenue earned, if any, out of sale value of Galaxy Granite blocks either sold in raw form at pit head or in the processed form for each financial year.

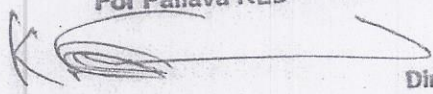
2) The Joint Venture Company namely M/s. Pallava RED Granite Private Limited, hereby agrees to all the Clauses and definitions (Except the definition of Annual Turnover) of the main Agreement dated 03-03-2008 entered into between APMDC and Investor Company and shall implement the same except to the extent relaxed herein. This Supplementary agreement shall form part of the main Joint venture agreement dated 03-03-2008 and also be annexed there to.

3) The Clause-5(ii) of the Original JV agreement on processing of raw blocks in 100% EOU reads as follows:


**Original clause-5(ii) of the JV agreement:**

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 M<sup>2</sup> 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 3<sup>rd</sup> year. From the 4<sup>th</sup> year onwards, 100% of the raw-

  
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Director

  
 For Pallava Granite Industries (I) Pvt. Ltd.



blocks must be processed in the processing unit to be established.

The above Clause of the main JV agreement, here after may be read as under:

JV company shall produce as per the approved Mining Plan;

JV company shall utilize the capacity of existing plants to the extent of maximum possible efficiency for processing of First (1<sup>st</sup>) quality blocks;

JV company shall increase the capacity of existing plants progressively in the future;

JV company shall keep in view the objective of ensuring realization of the maximum revenue to the Corporation and ensure that the corporation in no event suffer any financial loss or forego any other additional income which might have got on account of 100% processing.

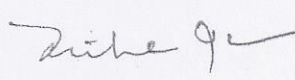
JV company shall compute the total revenue accruable to the Corporation every month on account of 100% processing of blocks as under:

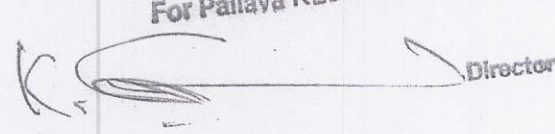
"at the end of each month, based on actual invoice sale values of First quality processed blocks, Actual Revenue earned out of export sale of processed blocks(AR) shall be arrived at.

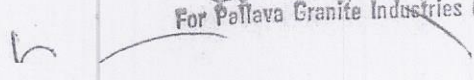
Such revenue earned per CBM of processed first quality blocks shall be made applicable, to the entire non processed block quantities produced during that month, treating all of them as processed and exported (Deemed processed blocks) and the Deemed Revenue(DR) is arrived thus.

The Total Revenue (TR) for the month shall be computed by adding the Actual Revenue earned from sale of First Quality processed blocks (AR) and the Deemed Revenue (DR), i.e.,  $TR = AR + DR$  ".

JV company shall adopt suitable accounting practices/ standards for reflecting Actual Revenues(AR), Deemed Revenues(DR), Total

  
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For Pallava RED Granite Pvt. Ltd. Director


  
For Pallava Granite Industries (I) Pvt. Ltd.



Revenues(TR) and Turnover in books of accounts of Joint Venture Companies each month, duly audited by the auditors appointed by the Corporation.


IN WITNESS WHEREOF Sri Dr. TRK RAO, IRTS., Vice-Chairman and Managing Director for and on behalf of the ANDHRA PRADESH MINERAL DEVELOPMENT CORPORATION LIMITED, Hyderabad and Sri.K.Subba Reddy, Authorized Signatory for and on behalf of M/s. Pallava RED Granite Private Limited, Chennai have signed these presents in duplicate on the day year first above mentioned. Each party will retain one copy.

For ANDHRA PRADESH MINERAL DEVELOPMENT CORPORATION LTD

  
(Dr. TRK RAO, IRTS.,)  
VICE-CHAIRMAN & MANAGING DIRECTOR

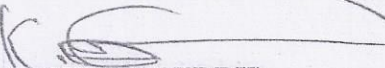
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For M/s Pallava Granite Industries(I) Private Limited  
For Pallava RED Granite Pvt. Ltd.

  
(K. SUBBA REDDY)  
AUTHORISED SIGNATORY

Director

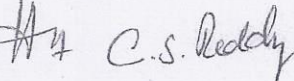

For M/s Pallava Red Granite Private Limited

  
(K. SUBBA REDDY)  
AUTHORISED SIGNATORY

For Pallava Granite Industries (I) Pvt. Ltd.

Managing Director

WITNESSES

- 1)  C.S. Reddy Plot 301, Paras Ray, Begumpet
- 2)  K. Jagannadhe (Cao, APMDC LTD)