



ఆంధ్రప్రదేశ్ ఆంధ్ర ప్రదేశ్ ANDHRA PRADESH

BG 022332

Sr. No. 78 Date, 24.01.2014 Value: 100/-
 Purchaser : SIDDU
 S/o : Shivalal R/o Hyd
 For Whom : The Andhra Pradesh Mineral Development Corporation Ltd

B. MARY
 Licenced Stamp Vendor
 LIC:16-07-001/2013
 # 5-9-22/11/104, Hill Top Colony,
 Adarshnagar, Hyderabad, District
 Ph.No. : 9849838068

SUPPLEMENTARY AGREEMENT

This Supplementary Agreement is entered into at Hyderabad, on this 15th 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 3rd 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. Midwest Granite Private Limited, a Company registered under Companies Act, 1956 and having its Registered Office at 8-2-684/3/25 & 26, Road No.12, Banjara Hills, Hyderabad-500034 represented by its Director, Sri K.Ramachandra and its Consortium Partner M/s. Savema S.p.A. Group, Italy, hereinafter referred to as Investor which expression shall include its successors and assigns of the Second Party,

For Andhra Pradesh Granite (Midwest) Pvt. Ltd

[Signature]
 Dr. T.R.K. RAO, IRTS.,
 M.S. (USA), M.Sc., Ph.D. (USA)
 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 Midwest Granite Pvt. Ltd.

KOLLAREDDY RAMACHANDRA, Managing Director

Director

AND

M/s. ANDHRA PRADESH GRANITE (Midwest) PRIVATE LIMITED, a Joint Venture Company Registered under Companies Act, 1956 and having its Registered Office at 8-2-684/3/25 & 26, Road No.12, Banjara Hills, Hyderabad-500034 represented by its Managing Director Sri K.Ramachandra, 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. Midwest Granite Private Limited and its Consortium Partner M/s. Savema S.p.A. Group, Italy, for exploitation of Black Galaxy Granite in Block-V 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 4th day of June, 2007. The said Investor Company incorporated a Special Purpose Vehicle in the form of Joint Venture Company in the name and style of M/s. Andhra Pradesh Granite (Midwest) Private Limited, as per Clause 2 of the Agreement dated 4th June, 2007.

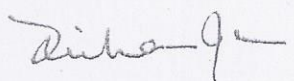
**NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY
AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:**

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


Dr. T.R.K. RAO, IRTS.,
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For Midwest Granite Pvt.Ltd.

For Andhra Pradesh Granite (Midwest) Pvt. Ltd.

KOLLAREDDY RAMACHANDRA, Managing Director


Director.

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 oriented unit as envisaged in the Joint Venture Agreement.

"Corporation" means Andhra Pradesh Mineral Development Corporation Limited

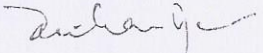
"Company" means the Joint Venture Company.

"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.

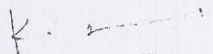
"Main Joint Venture Agreement or Joint Venture Agreement" means the agreement entered between the Corporation and the Investor on 04-06-2007.


Dr. T.R.K. RAO, IRTS.,
 M.S. (USA), M.Sc., Ph.D. (IARI)
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For Andhra Pradesh Granite (Midwest) Pvt. Ltd.


 RAMACHANDRA, Managing Director

For Midwest Granite Pvt.Ltd.


 Director.

"**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.

"**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.

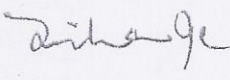
"**Total Revenue or TR** " means the total revenue computed each month by adding the Actual Revenue earned from sale of First Quality processed blocks (AR) and the Deemed Revenue (DR) of that month, i.e., $TR=AR+DR$.

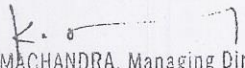
"**Annual Turn over**" means the Total Revenue or TR, plus other revenue earned, if any, out of sale value of Galaxy Granite blocks either sold in raw form at pit head or in the processed form for each financial year.

2) The Joint Venture Company namely M/s. ANDHRA PRADESH GRANITE (Midwest) PRIVATE LIMITED, hereby agrees to all the Clauses and definitions (Except the definition of Annual Turnover) of the main Agreement dated 04-06-2007 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 04-06-2007 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:

For Andhra Pradesh Granite (Midwest) Pvt. Ltd.


Dr. T.R.K. RAO, IRTS.,
M.S. (USA), M.Sc., Ph.D. (ARI)
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KOLLAREDDY RAMACHANDRA, Managing Director

For Midwest Granite Pvt.Ltd:


Director.

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 5,00,000 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.

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 (1st) quality blocks;

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

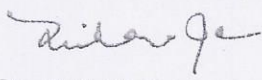
JV company shall keep in view the objective of ensuring realization of the maximum revenue to the Corporation and ensure that the corporation in no event suffer any financial loss or forego any other additional income which might have got on account of 100% processing.


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

For Andhra Pradesh Granite (Midwest) Pvt. Ltd.


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KOLLAREDDY RAMACHANDRA, Managing Director

For Midwest Granite Pvt. Ltd.


Director.


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 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. RAMACHANDRA, Director for and on behalf of M/s. Midwest Granite Pvt Ltd and Sri. K. RAMACHANDRA, Managing Director for and on behalf of M/s. ANDHRA PRADESH GRANITE (Midwest) PRIVATE LIMITED, HYDERABAD 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

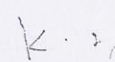


For M/s Midwest Granite Private Limited


(K. RAMACHANDRA)
DIRECTOR

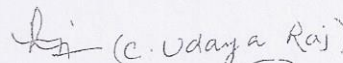
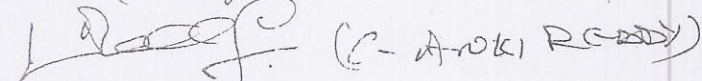


For M/s Andhra Pradesh Granite (MIDWEST) Private Limited


(K. RAMACHANDRA)
MANAGING DIRECTOR



WITNESSES

- 1)  (C. Udaya Raj)
- 2)  (C. Anoki Reddy)