

VCS Validation & Verification Agreement

This Agreement is made on the 22nd day of June 2016

Between

EPIC SUSTAINABILITY SERVICES PRIVATE LIMITED (Corporate Identification Number: U74930KA2010PTC055777) a company incorporated under the Indian Companies Act 1956 and whose principal address is at "No.41, Anugraha, 1st Cross, Sundar Nagar, Gokula, Bangalore – 560 054, India" (hereinafter referred to as "EPIC") of the one part.

And

EKI Energy Services Limited., Whose principal address at # 201, Plot 48, Scheme 78 part 2, Vijay Nagar, Near Brilliant Convention Centre, Indore – 452 010, Madhya Pradesh, India (hereinafter referred to as the "the Company") of the other part.

The term 'Party' shall refer to either EPIC or the Company whereas the term 'Parties' refer to both EPIC and the Company.

WHEREAS:

- A. EPIC is authorized by Verified Carbon Standard Association, VCSA to conduct VCS validation and verification services as per VCS standards and guidelines and has adequate resources to discharge its duties.
- B. The Company is desirous to appoint EPIC to carry out VCS validation and verification services for the Company's VCS project.

IT IS HEREBY AGREED AS FOLLOWS:-

1. APPOINTMENT

- 1.1 The Company hereby appoints EPIC and EPIC hereby accepts the appointment to carry out VCS validation and verification services to the Company in accordance with VCS standards (hereinafter referred to as the "Services").

2. PRE-REQUISITE REQUIREMENT

- 2.1 EPIC shall carry out the Services in accordance with the VCS standard including the latest revisions of relevant documents and guidelines that are being used from time to time by VCSA.

3. PROCESS

- 3.1 EPIC shall carry out the Services for the Company in accordance with the process as stated in *Appendix A*.

4. REPORT

- 4.1 EPIC shall issue the final Report(s) only after the Company has taken all the required actions to close all non-conformities raised by EPIC.
- 4.2 The Report(s) prepared by EPIC is based on the information made available to EPIC. As such EPIC cannot guarantee the accuracy or correctness of the information. Notwithstanding this EPIC will endeavor to verify the accuracy or correctness of the information provided. The Company agrees that EPIC shall not be held liable by any party for any recommendation(s) made which is not based on the Report(s) prepared by EPIC.

5. OBLIGATIONS OF THE COMPANY

- 5.1 The Company shall provide complete and accurate information to EPIC to discharge the Services including but not limited to the Monitoring Report and VCS PD and associated documentation.
- 5.2 The Company shall comply with all the requirements for the Services as detailed in the VCS standard, guidelines and other relevant documents.
- 5.3 The Company shall provide access during the Company's working hours to the representative(s) of EPIC to the Company's premises and project sites to audit the Company's documentation and records relevant to the VCS Project. Observers may need to be a part of the audit team if applicable as per EPIC or accreditation bodies' guidelines.
- 5.4 The Company shall inform EPIC in writing of any confidential information while submitting such information to EPIC itself, so that appropriate measures to protect such confidential information may be undertaken by EPIC as appropriate keeping in view the accreditation and VCSA rules and guidelines.

6. OBLIGATIONS OF EPIC

- 6.1 EPIC shall carry out the Services in accordance with the requirements set out in *Appendix A*
- 6.2 EPIC warrants that there is no real or potential conflict of interest with the Company in carrying out the Services.

7. PAYMENT

- 7.1 The Company shall pay to EPIC the fee for the Services carried out for the Company. The fee structure shall be in accordance to the *Appendix B* of this Agreement.

7.2 For the purpose of this Agreement the fees shall be paid to EPIC within seven (7) calendar days from the date of receipt of invoice or within seven (7) calendar days from the date of invoice whichever is later.

8. COMMENCEMENT AND TERMINATION

8.1 This Agreement shall be effective from the date it is signed and shall be valid for the time period as specified in *Appendix A*. The agreement may be extended by mutual consent of the parties.

8.2 The Agreement may be terminated by the Company by giving thirty day notice to EPIC if the Company is no longer interested in the services of the EPIC for this particular project. However, if the Company does so, the Company must pay EPIC all sums incurred or due to EPIC as of that date of termination, including costs not yet billed by EPIC to the Company, but such sums have already been incurred by EPIC.

8.3 Further and in addition to Clause 8.2, EPIC may suspend or terminate this Agreement by giving thirty day notice in writing to the Company in the event the Company fails to comply with the terms of this Agreement.

9. CONFIDENTIALITY

9.1 EPIC agrees not to disclose or communicate or publish without the written permission of the Company any confidential information provided by the Company to EPIC except as required by law and accreditation authorities, VCSA rules and regulations. EPIC shall take all reasonable measures to prevent unauthorized disclosure of the confidential information known by EPIC relating to the Company's product/services as appropriate.

9.2 The Company agrees that the information provided to EPIC may be disclosed to officers, directors, agents, associates and employees of EPIC and additional personnel contracted by EPIC only in so far as is needed by EPIC to cause the Services to be discharged and completed.

9.3 The obligations of confidentiality as per this agreement shall not apply if the confidential information:

- a) is now or hereafter becomes available in the public domain through no breach of EPIC
- b) was lawfully obtained by EPIC from a third party
- c) was independently developed by EPIC as evidenced by its prior written record
- d) is required to be disclosed as per law or due to VCSA requirements and accreditation bodies requirements.

10. ARBITRATION

10.1 Any dispute arising out of or in connection with this Agreement including any question regarding its existence validity or termination shall be referred to and finally resolved by arbitration in Bangalore, India in accordance with the Indian Arbitration and Conciliation Act, 1996 for the time being in force which rules are deemed to be incorporated by reference in this clause.

10.2 The arbitration award shall be final and binding on the parties.

11. INDEMNITY

11.1 The Company shall indemnify EPIC from and against all liabilities including losses claims proceedings damages costs and expenses arising out of the Company's actions, omission or negligence in performing its obligations under this Agreement.

11.2 This indemnity shall be operative whether or not legal proceedings are instituted and if such proceedings are instituted irrespective of the means manner or nature of any settlement, compromise or determination.

12. NOTICE, APPEALS AND COMPLAINTS

12.1 Any notice required or permitted to be given by either Party under this Agreement to the other party shall be in writing and shall be sent by hand or by courier to the other Party at the address stated in this Agreement or such other address as may be specified by the Parties by notice to the other from time to time. Any such notice shall operate and be deemed to have been served by the expiration of fourteen (14) days after it is posted by Speed Post or Registered Post with acknowledgement due or internationally reputed courier service.

12.2 An Appeal against a Validation, Verification, Certification decision made by EPIC or decision made by EPIC on the validity of a complaint against it can be made in accordance with the Appeals and Complaints procedure as defined by EPIC from time to time.

13. SUCCESSORS' BOUND

13.1 This Agreement shall be binding upon the Parties and their permitted legal assigns and successors-in-title by operation of law or otherwise.

14. ASSIGNMENT

14.1 Neither Party is entitled to assign or novate this Agreement nor all or any of their rights or obligations hereunder without the prior written approval of the other Party.

15. SEVERABILITY

15.1 If any provision of this Agreement is held to be illegal or invalid under the present or future laws or regulations effective and applicable during the term of this Agreement, such provisions shall be fully separable and this Agreement shall be construed as if such illegal or invalid provision had never comprised a part of this Agreement. The remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal or invalid provision or by its severance from this Agreement.

16. WAIVER

- 16.1 Failure by any Party to enforce any provision of this Agreement shall not be construed as a waiver of its right to enforce such provision or any other provision of this Agreement, or as a waiver of any continuing succeeding or subsequent breach of any provision or other provision of this Agreement or as waiver of any right under this Agreement.

17. FORCE MAJEURE

- 17.1 For the purpose of this Agreement the term 'Force Majeure' shall refer to any acts of God, strikes, lock outs and other industrial disturbances, wars, insurrections, riots, fire, epidemics, landslides, earthquakes, storms, lightning, floods, civil disturbances, explosions and any other similar events not within the control of either Party and which by the exercise of due diligence neither Party is able to overcome.
- 17.2 If the Parties are temporarily unable by reason of Force Majeure or the laws or regulations of India to meet any of its obligation under this Agreement and if such Party promptly gives to the other Party written notice of the event after its occurrence such obligations of the Party as it is unable to perform by reason of the event shall be suspended as long as the inability continues.

18. NATURE OF AGREEMENT

- 18.1 Nothing in this Agreement shall create, or be deemed to create, a partnership or the relationship of principal and agent between the Parties.

19. AMENDMENT

- 19.1 No modification, variation or amendment of this Agreement shall have any effect and force unless such modification, variation or amendment is in writing and executed by the Parties.

20. HEADINGS AND APPENDICES

- 20.1 The headings used herein are for reference and convenience only and shall not be used in the interpretation hereof. All appendices hereto shall form an integral part of this agreement.

21. COST

- 21.1 Each Party shall bear its own respective legal costs of and incidental expenses to the preparation of this Agreement.

22. ENTIRE AGREEMENT

- 22.1 This Agreement constitutes the entire agreement between the Parties with respect to the matters dealt with and supersedes any previous agreement or understanding between the Parties in relation to such matters. Each of the Parties acknowledges that in entering into this Agreement it has not relied on any representation or warranty other than as expressly set out herein or in any document expressly referred to herein.

IN WITNESS WHEREOF the Parties have hereunto caused this Agreement to be signed in their respective names as of the day and year first above written.

Signed by:

Signed by:



For **EPIC Sustainability Services Pvt. Ltd**

For **EKI Energy Services Limited**

Name: Mr. V. R. BABU

Name: Manish Dabkara

Designation: Director

Designation: CEO

Seal:



Seal:



APPENDIX A THE SERVICES

1. SCOPE OF WORK: VCS Validation and Verification Services for the project "AAC Block Project By Aerocon Buildwell Pvt. Ltd. (EKIESL- June 2016-02)"

2. PROCESS

2.1 VALIDATION & VERIFICATION SERVICES

2.1.1 EPIC shall carryout the VCS Validation and Verification Services for the Company in accordance with the VCS rules and relevant guidelines.

2.1.2 The VCS Validation and Verification Services shall be carried out in accordance with the following Process:

- i. Documentation Review (VCS PD along with Monitoring Report and supporting documents)
- ii. Background Investigation
- iii. On Site Audit / Interviews
- iv. Preparation of the draft Validation and Verification Report
- v. Closing of Audit Findings
- vi. Preparation of the Final Draft Validation and Verification Report
- vii. Review of Final Draft Validation and Verification Report by Technical Reviewer
- viii. Preparation of the Final Draft Validation and Verification Report
- ix. Issuance of Deed of representation for the project activity

2.2 VERIFICATION REPORT

2.2.1 EPIC shall issue the final VCS validation and verification report only after the Company has taken all the required actions including the fulfillment of obligations as per this agreement, and the Company has taken all the required action as recommended by EPIC in order to close all non conformities raised by EPIC and upon receipt of all pending payments

2.2.2 The Validation and Verification Report prepared by EPIC is based on the information made available to EPIC. EPIC shall not guarantee the accuracy or correctness of the information. The Company agrees that EPIC shall not be held liable by any party for any recommendation made that is not based on the Validation and Verification Report.

3. VALIDITY OF AGREEMENT

The Agreement shall be valid until any of the following events occur, whichever is earlier:-

- (i) The Project has been given negative opinion by EPIC; or
- (ii) The Project has been withdrawn by the Company from VCS validation and verification process; or
- (iii) The Company does not pursue the VCS validation and verification process by properly coordinating with EPIC and remain dormant for more than six (6) months before the deed of representation for the project is issued by EPIC or later

4. DELAY DUE TO CHANGES

EPIC shall not be liable in the event of delay on the part of EPIC in carrying out the Services due to changes in rules and/or new rules and restrictions imposed by the relevant accreditation bodies including VCSA which is beyond the control of EPIC.

**APPENDIX B
QUOTATION AND PAYMENT**

QUOTATION

The cost of the VCS validation and verification service for the project will be as follows;

Project title / ID	VCS Validation & Verification Fees (INR)	Incidental Cost (INR)
"AAC Block Project By Aerocon Buildwell Pvt. Ltd. (EKIESL- June 2016-02)"	1,95,000	As per terms and conditions S. No. 1

PAYMENT SCHEDULE

No.	Activities	Amount (INR)	
		Validation	Verification
1.	Upon signing of the agreement, as mobilization advance	60,000	40,000
2.	Before the submission of Final Validation and Verification Report	60,000	35,000
	Sub total	1,20,000	75,000
	Total (Professional Fees)	1,95,000	

General Terms & Conditions:

- 1) Cost towards local travel from Indore to project site, accommodation (boarding & lodging) and other local incidental charges incurred during the onsite audit process shall be borne by EKI Energy Services Ltd.
- 2) Statutory levies such as Service tax on Professional fees will be charged at actuals.
- 3) The cost excludes any fees towards service related to PRC of the project, if applicable
- 4) The cost excludes any fees to be charged by VCSA or any other third parties.
- 5) Acceptance of this Agreement by EPIC neither automatically guarantees a positive validation/verification opinion nor the acceptance of this project by VCSA. Specifically, the final outcome of the validation and verification process of the project activity shall not be linked to payment stages in the payment schedule.
- 6) Further, the other possible final outcomes listed under Appendix A, Section 3 of this document shall not be linked to payment stages and shall not affect the pending payments due to EPIC
- 7) Delayed payments will attract an additional fee of 2% per month as late payment charges. Payments paid to EPIC at any stage shall not be returned for whatsoever reason once paid and the Company shall have no claim whatsoever. If Company

adopts to a wait and watch policy to see the outcome of deliverables from EPIC's side and check their suitability for the Company, EPIC shall invoice additional amounts on Company after assessing all the damages incurred. In such cases the additional fee charged shall not be limited to 2% per month on the pending amount. EPIC is authorized to take necessary legal action against Company to collect any amount due as per this Agreement from the Company as per the courts in Bangalore. By Company signing this agreement with EPIC it is concluded that the Company is agreeing to EPIC's right to pursue legally as per courts in Bangalore and as per law, in case of any non-payment of any amounts due to EPIC as per this agreement.

- 8) Unless the requisite payments in full are received by EPIC at various stages as mentioned in this Agreement, the relevant reports and documents shall not be processed further. Under such circumstances in case the Company delays the payments, it may so happen due to new guidelines released by VCSA, the nature of final recommendation by EPIC as previously envisaged may change, for which EPIC shall not be responsible in any manner.
- 9) Due to any reason whatsoever, if the Company wishes to withdraw officially from the VCS validation & verification process or Company does not want to pursue VCS validation & verification any more or Company does not reply to EPIC's communication in an adequate and responsible manner with respect to the VCS project (i.e. the project lay dormant for more than six months), Company shall pay all pending payments within seven (7) calendar days from the date of receipt of Invoice or within fourteen (14) calendar days from the date of the Invoice whichever is earlier.
- 10) All payments to EPIC shall be made against Proforma Invoice to be raised by EPIC on the Company. Upon receipt of payment against the Proforma Invoice, EPIC shall immediately send the Company a regular Invoice to that effect. However, if the Company is not interested to pay the fees against a Proforma Invoice and insists on a regular Invoice to make the payment, then the Company shall pay the complete amount as per the regular Invoice issued by EPIC, within five working days from the date of Invoice. If applicable, Company shall submit the "Tax Deducted at Source-TDS" certificate to EPIC at the end of the quarter in which tax was deducted. However, if the Company does not submit the TDS certificate pertaining to any accounting year to EPIC, before the end May month of the succeeding year, the Company shall compensate the corresponding amount to EPIC by way of cheque or Demand Draft upon request by EPIC.
- 11) In case EPIC is likely to spend additional professional time on this project which is beyond the normal validation & verification process times, EPIC shall inform the Company about the possibility of charging such additional fees on the Company and the same to be paid to EPIC by the Company.
- 12) The project should be completed within ninety calendar days, incase if Company or invoice recipient fail to close the findings raised by EPIC then the invoice recipient should pay extra 30% of the project cost to EPIC

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