

ROAD CONSTRUCTION AGREEMENT

THIS AGREEMENT is made on this **12th day of December, 2004**

BETWEEN

Mr. K. VENKATESWARLU, aged about 45 years, residing at D.No. 6-14-2, Arundelpet, Guntur - 522002, Andhra Pradesh (hereinafter referred to as the **"EMPLOYER"**, which expression shall, unless repugnant to the context or meaning thereof, include his heirs, executors, administrators, and assigns) of the **ONE PART**.

AND

Mr. P. SAMBASIVA RAO, aged about 32 years, having permanent address at D.No. 4-5-12, Brodipet, Guntur - 522002, Andhra Pradesh (hereinafter referred to as the **"CONTRACTOR"**, which expression shall, unless repugnant to the context or meaning thereof, include his heirs, executors, administrators, and assigns) of the **OTHER PART**.

(The Employer and the Contractor are hereinafter collectively referred to as the **"Parties"** and individually as a **"Party"**).

WHEREAS:

A. The Employer is the owner of a large tract of land located at **Survey No. 105/2, Amaravathi Road, Guntur District** (hereinafter referred to as the **"Site"**).

B. The Employer desires to construct a **2.5 Kilometer Internal Bituminous Access Road** connecting the main highway to the farmhouse located on the Site (hereinafter referred to as the **"Project"** or the **"Works"**).

C. The Employer has issued a tender/request for quotation for the construction of said road, including earthwork, sub-base, base course, and bituminous surfacing.

D. The Contractor, representing himself to be an expert in civil construction and road works, has submitted his bid/offer for the execution of the Works.

E. The Employer has accepted the offer of the Contractor and has agreed to entrust the work to the Contractor on the terms and conditions hereinafter contained.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES HEREIN CONTAINED, THE PARTIES AGREE AS FOLLOWS:

SECTION 1: DEFINITIONS AND INTERPRETATION

1.1 Definitions In this Agreement, the following words and expressions shall have the meanings hereby assigned to them, except where the context otherwise requires:

- **"Agreement"** means this Contract Agreement together with all Appendices, Schedules, and Annexures attached hereto.
- **"Applicable Law"** means all laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, policies, notices, directions, judgments, decrees, or other requirements or official directives of any governmental authority or court or other law, rule, or regulation of any governmental authority or court in India.
- **"Bill of Quantities" (BOQ)** means the priced and completed Bill of Quantities forming part of the Tender.
- **"Commencement Date"** means the date upon which the Contractor receives the Notice to Proceed from the Employer.
- **"Contract Price"** means the sum stated in the Letter of Acceptance as payable to the Contractor for the execution and completion of the Works and the remedying of any defects therein in accordance with the provisions of the Contract.
- **"Defect"** means any part of the Works not completed in accordance with the Contract.
- **"Defects Liability Period"** means the period of **12 (Twelve) months** calculated from the Completion Date.
- **"Drawings"** means the drawings of the Works, as included in the Contract, and any additional and modified drawings issued by (or on behalf of) the Employer in accordance with the Contract.
- **"Engineer"** means the Civil Engineer appointed by the Employer to act as the Engineer for the purposes of the Contract.
- **"Force Majeure"** has the meaning defined in Section 14.
- **"Material"** means all supplies, including consumables, used by the Contractor for incorporation in the Works.
- **"Site"** means the places where the Permanent Works are to be executed and to which Plant and Materials are to be delivered.
- **"Specifications"** means the specification of the Works included in the Contract and any modification or addition made or approved by the Engineer.
- **"Variation"** means an instruction given by the Engineer which varies the Works.

1.2 Interpretation

- Words importing the singular also include the plural and vice versa where the context requires.
- Headings and marginal notes are for convenience only and shall not be deemed part of this Agreement or be taken into consideration in the interpretation of this Agreement.

SECTION 2: SCOPE OF WORKS

2.1 General Scope The Contractor shall execute and complete the Works and remedy any defects therein in strict accordance with the Contract. The Works generally comprise the construction of a 2.5 KM long, 7.5 Meter wide asphalt road including, but not limited to:

1. **Site Clearance:** Clearing and grubbing of the road alignment, removal of trees (subject to permission), stumps, and rubbish.
2. **Earthwork:** Excavation in all types of soil, embankment construction with approved material, and sub-grade preparation.
3. **Drainage:** Construction of longitudinal drains and cross-drainage works (culverts) as per the drawings.
4. **Sub-Base:** Laying and compacting Granular Sub-Base (GSB) (200mm thickness).
5. **Base Course:** Laying and compacting Wet Mix Macadam (WMM) (250mm thickness).
6. **Binder Course:** Providing and laying Dense Bituminous Macadam (DBM) (50mm thickness).
7. **Wearing Course:** Providing and laying Bituminous Concrete (BC) (30mm thickness).
8. **Road Furniture:** Installation of signboards, km stones, and road markings.

2.2 Contractor's Responsibility The Contractor shall provide all superintendence, labor, materials, plant, Contractor's Equipment, and all other things, whether of a temporary or permanent nature, required in and for such execution, completion, and remedying of any defects, so far as the necessity for providing the same is specified in or is reasonably to be inferred from the Contract.

SECTION 3: CONTRACT PRICE AND PAYMENT TERMS

3.1 Contract Price The Employer agrees to pay the Contractor for the full and proper performance of the Contract, the sum of ₹ 2,50,00,000/- (**Rupees Two Crores Fifty Lakhs Only**) (hereinafter referred to as the "**Contract Price**"), subject to additions and deductions as provided in the Contract.

3.2 Advance Payment

- **Mobilization Advance:** The Employer shall pay to the Contractor an interest-free Mobilization Advance of **10%** of the Contract Price upon submission of an irrevocable Bank Guarantee of an equivalent amount.
- **Recovery:** The Mobilization Advance shall be recovered from the Running Account (RA) Bills in equal installments, commencing from the first RA Bill.

3.3 Running Account (RA) Bills

- The Contractor shall submit RA Bills on a monthly basis based on the actual measurement of work executed at the Site.
- The Engineer shall verify the measurements within **7 (seven) days** of submission.
- The Employer shall release **95%** of the certified bill amount within **15 (fifteen) days** of certification by the Engineer.
- **Retention Money: 5%** of each RA Bill shall be retained by the Employer as Retention Money.

3.4 Final Bill The Final Bill shall be submitted by the Contractor within **30 (thirty) days** of the issue of the Completion Certificate. The Final Bill shall be settled by the Employer within **45 (forty-five) days** after certification.

3.5 Release of Retention Money

- 50% of the Retention Money shall be released upon the issue of the Completion Certificate.
- The remaining 50% shall be released after the successful expiry of the Defects Liability Period.

SECTION 4: TIME FOR COMPLETION

4.1 Commencement The work shall commence on the date specified in the Notice to Proceed issued by the Employer.

4.2 Completion Time The entire Works shall be completed in all respects within **12 (Twelve) Months** from the Commencement Date (hereinafter called the “**Scheduled Completion Date**”).

4.3 Schedule of Work Within 14 days of signing this Agreement, the Contractor shall submit to the Engineer for approval a detailed Program/Bar Chart showing the order and timing of the various activities in the Works.

4.4 Extension of Time The Contractor shall be entitled to an extension of the Time for Completion if the Works are delayed by any of the following causes:

- A Variation or substantial change in the quantity of an item of work.
- Exceptionally adverse climatic conditions.
- Force Majeure.
- Delay in handing over the Site by the Employer.

4.5 Liquidated Damages If the Contractor fails to complete the Works by the Scheduled Completion Date, the Contractor shall pay to the Employer Liquidated Damages at the rate of

0.5% (Zero point five percent) of the Contract Price per week of delay, subject to a maximum of **5% (Five percent)** of the Contract Price.

SECTION 5: QUALITY CONTROL AND WORKMANSHIP

5.1 Standards All materials and workmanship shall be of the respective kinds described in the Contract and in accordance with the Engineer's instructions and shall be subjected from time to time to such tests as the Engineer may direct.

5.2 Inspection The Engineer and any person authorized by him shall at all reasonable times have access to the Site and to all workshops and places where materials or plant are being manufactured, fabricated, or prepared for the Works.

5.3 Rejection If, as a result of inspection or testing, the Engineer determines that any materials or workmanship is defective or otherwise not in accordance with the Contract, the Engineer may reject the materials or workmanship and shall notify the Contractor immediately. The Contractor shall promptly make good the defect at his own cost.

5.4 Quality Assurance Plan The Contractor shall submit a Quality Assurance Plan (QAP) detailing the testing frequencies for soil, aggregates, bitumen, and concrete as per relevant IS Codes (IS: 2720, IS: 2386, IS: 73, etc.) and MORTH (Ministry of Road Transport and Highways) specifications.

SECTION 6: CONTRACTOR'S OBLIGATIONS

6.1 Safety The Contractor shall be responsible for the safety of all activities on the Site. The Contractor shall provide and maintain all lights, guards, fencing, warning signs, and watchmen, when and where necessary or required by the Engineer or by any duly constituted authority, for the protection of the Works or for the safety and convenience of the public.

6.2 Labor Laws The Contractor shall comply with all the relevant labor laws applicable to the Contractor's personnel, including laws relating to their employment, health, safety, welfare, immigration, and emigration, and shall allow them all their legal rights. The Contractor shall require his employees to obey all applicable laws, including those concerning safety at work.

- *Key Acts:* The Contract Labour (Regulation and Abolition) Act, 1970; The Minimum Wages Act, 1948; The Workmen's Compensation Act, 1923.

6.3 Environmental Protection The Contractor shall take all reasonable steps to protect the environment (both on and off the Site) and to limit damage and nuisance to people and property resulting from pollution, noise, and other results of his operations.

6.4 Subcontracting The Contractor shall not subcontract the whole of the Works. The Contractor may subcontract parts of the Works with the prior written consent of the Engineer. The Contractor shall be responsible for the acts, defaults, and neglects of any subcontractor as if they were the acts, defaults, or neglects of the Contractor.

SECTION 7: EMPLOYER'S OBLIGATIONS

7.1 Access to Site The Employer shall give the Contractor right of access to, and possession of, all parts of the Site within the time (or times) stated in the Contract.

7.2 Permits and Licenses The Employer shall assist the Contractor in obtaining copies of laws, regulations, and information on local customs, and in obtaining permits, licenses, or approvals required for the Works. The primary responsibility for statutory permissions for construction lies with the Contractor unless otherwise stated.

7.3 Payments The Employer shall pay the Contractor the amounts certified by the Engineer within the time periods specified in Section 3.

SECTION 8: VARIATIONS AND CHANGE ORDERS

8.1 Right to Vary The Engineer shall have the power to order any Variation to the Works, which may include:

- Increasing or decreasing the quantity of any work included in the Contract.
- Omitting any such work.
- Changing the character or quality or kind of any such work.
- Changing the levels, lines, position, and dimensions of any part of the Works.

8.2 Valuation of Variations Variations shall be valued as follows:

- At a lump sum price agreed between the Parties.
- Where appropriate, at rates in the Contract.
- In the absence of appropriate rates, the rates in the Contract shall be used as the basis for valuation, or failing which at appropriate new rates based on market analysis.

SECTION 9: TERMINATION

9.1 Termination by Employer The Employer may terminate the Contract if the Contractor:

- Abandons the Works or otherwise plainly demonstrates the intention not to continue performance of his obligations under the Contract.
- Without reasonable excuse fails to proceed with the Works.
- Becomes bankrupt or insolvent.
- Persistently fails to comply with the Engineer's instructions.

Upon termination, the Employer may expel the Contractor from the Site and complete the Works himself or by employing other contractors.

9.2 Termination by Contractor The Contractor may terminate the Contract if:

- The Engineer fails to issue a payment certificate within 45 days of receiving the bill.
- The Employer fails to pay the amount certified within 60 days of the due date.
- The Employer substantially fails to perform his obligations under the Contract.

SECTION 10: INDEMNITY AND INSURANCE

10.1 Indemnity The Contractor shall indemnify and hold harmless the Employer against and from all claims, damages, losses, and expenses (including legal fees and expenses) in respect of:

- Bodily injury, sickness, disease, or death, of any person whatsoever arising out of or in the course of or by reason of the Contractor's design (if any), execution and completion of the Works and the remedying of any defects, unless attributable to any negligence, willful act or breach of the Contract by the Employer.
- Damage to or loss of any property, real or personal.

10.2 Insurance The Contractor shall provide, in the joint names of the Employer and the Contractor, insurance cover from the Commencement Date to the end of the Defects Liability Period:

1. **Contractor's All Risk (CAR) Policy:** Covering loss or damage to the Works, Plant, and Materials.
2. **Third Party Liability Insurance:** Covering physical injury or death to third parties and damage to third-party property.
3. **Workmen's Compensation Insurance:** For all employees of the Contractor.

SECTION 11: DISPUTE RESOLUTION

11.1 Amicable Settlement If any dispute or difference of any kind whatsoever shall arise between the Employer and the Contractor in connection with or arising out of the Contract, the parties shall attempt to settle such dispute amicably.

11.2 Arbitration If the dispute cannot be settled amicably within 30 days, it shall be referred to arbitration.

- The Arbitration shall be conducted in accordance with the **Arbitration and Conciliation Act, 1996**.
- The seat of arbitration shall be **Guntur**.
- The language of the arbitration shall be **English**.
- The award of the Arbitrator shall be final and binding on both parties.

SECTION 12: FORCE MAJEURE

12.1 Definition "Force Majeure" means an exceptional event or circumstance:

- Which is beyond a Party's control.
- Which such Party could not reasonably have provided against before entering into the Contract.
- Which, having arisen, such Party could not reasonably have avoided or overcome.

Force Majeure may include, but is not limited to, war, hostilities, rebellion, terrorism, revolution, riot, natural catastrophes such as earthquake, hurricane, typhoon, or volcanic activity.

12.2 Notice If a Party is or will be prevented from performing any of its obligations by Force Majeure, then it shall give notice to the other Party of the event or circumstances constituting the Force Majeure.

SECTION 13: MISCELLANEOUS PROVISIONS

13.1 Governing Law The Contract shall be governed by and construed in accordance with the laws of **India**.

13.2 Assignment Neither Party shall assign the whole or any part of the Contract or any benefit or interest in or under the Contract without the prior written consent of the other Party.

13.3 Notices All notices under this Agreement shall be in writing and deemed to be duly given when delivered by hand, by registered mail, or by courier to the addresses specified at the beginning of this Agreement.

13.4 Entire Agreement This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, and negotiations, both written and oral, between the Parties with respect to the subject matter of this Agreement.

SECTION 14: TECHNICAL SPECIFICATIONS (Brief Overview)

14.1 Earthwork Excavation Excavation shall be carried out to the lines, levels, and slopes as shown in the drawings. All roots, stumps, and rubbish must be removed. The subgrade must be compacted to 97% of Maximum Dry Density (MDD).

14.2 Granular Sub-Base (GSB) Material for GSB shall be natural sand, crushed gravel, crushed stone, or crushed slag. It shall be free from organic matter. Grading shall conform to Grading V of MORTH Table 400-1. Compaction shall be done using vibratory rollers.

14.3 Wet Mix Macadam (WMM) WMM shall consist of clean, crushed, graded aggregates and granular material, premixed with water to a dense mass. It shall be laid in layers not exceeding 200mm compacted thickness.

14.4 Prime Coat Low viscosity liquid bituminous material shall be applied to the WMM surface before laying the bituminous layer.

14.5 Tack Coat Bituminous emulsion shall be applied as a tack coat between the binder course and the wearing course to ensure bonding.

14.6 Bituminous Concrete The wearing course shall consist of Bituminous Concrete prepared in a Hot Mix Plant. The mix design shall be approved by the Engineer. The minimum bitumen content shall be 5.4% by weight of the mix.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first before written.

SIGNED, SEALED AND DELIVERED

(Signature of EMPLOYER) Name: Mr. K. Venkateswarlu

(Signature of CONTRACTOR) Name: Mr. P. Sambasiva Rao

WITNESSES:

1. **Signature:** __ **Name:** __ **Address:** _____
2. **Signature:** __ **Name:** __ **Address:** _____

ANNEXURE A: LIST OF DRAWINGS

(To be attached by the Engineer)

1. Site Plan & Alignment Map
2. Longitudinal Section of Road
3. Typical Cross Section (TCS) of Road
4. Cross Drainage Works Details
5. Road Furniture Details

ANNEXURE B: BILL OF QUANTITIES (SUMMARY)

| Item No. | Description | Unit | Quantity | Rate | Amount |
|----------|-------------------------|------|----------|------|--------|
| 1 | Site Clearance | Sqm | 25,000 | - | - |
| 2 | Earthwork Excavation | Cum | 12,000 | - | - |
| 3 | Granular Sub-Base (GSB) | Cum | 4,500 | - | - |
| 4 | Wet Mix Macadam (WMM) | Cum | 5,200 | - | - |
| 5 | Prime Coat | Sqm | 20,000 | - | - |

| | | | | | |
|---|--------------------------|-----|-------|---|---|
| 6 | Dense Bituminous Macadam | Cum | 1,000 | - | - |
| 7 | Bituminous Concrete | Cum | 600 | - | - |
| 8 | Road Markings | LS | 1 | - | - |

| | | | | | |
|--------------|--|--|--|--|--------------------|
| TOTAL | | | | | ₹ |
| | | | | | 2,50,00,000 |