

DRAFT FOR COMPRESSED NATURAL GAS FILLING TATION DEALERSHIP/FRANCHISE AGREEMENT

THIS AGREEMENT is entered into and executed at Islamabad on this _____ day of _____, 200__.

BETWEEN

M/s Petrosin Saudia Associated (Pvt.) Limited having its registered Head Office at _____

Mr. _____ (duly authorized representative)

working with this company as _____, hereinafter referred to and termed as "The Company" on the FIRST PART,

AND

Mr. _____ resident of _____ holding NIC no. _____, hereinafter referred to and termed as "The Dealer" on the OTHER PART.

WHEREAS The Company has installed and commissioned a CNG Station with associated facilities (hereinafter called "The Station"). More specifically described in Schedule I attached hereto,

WHEREAS the Dealer has applied to the Company for the award of a Dealership to run and manage the said Station and .

WHEREAS the company hereby appoints the above named Dealer to operate and manage the Station on the following terms and conditions.

NOW THIS AGREEMENT WITNESSETH AS UNDER:

1. POSSESSION

- a) That the piece of land and the Station installed shall remain in the use and occupation of the Dealer only and he cannot sublet or part with the possession of the Station.
- b) Upon termination of the Dealership the Dealer shall promptly hand back the possession of the station and all its equipment installed by the Company, back to the Company in good working condition.

2. TRADE MARK(S) AND LOGO(S):

- 2.1 The Company would require the Dealer to use its logos and trademarks on the Station or at any other place and on documents at Company's discretion.
- 2.2 While using the Company's Trademarks and logos the Dealer will adhere to and ensure that the company's standards with regard to

quality, quantity, measurements, EHS (Environment, Health and Safety) and other business policies and standards are followed and observed fully.

- 2.3 The Company, however, reserves the right to revoke this permission to make use of its trademarks and logos by the Dealer without any prior notice to the Dealer and without assigning any reason.
- 2.4 the Dealer admits the validity of the Copyrights, Trademarks, Logos and Trade names belonging to the Company. The Dealer further admits and undertakes that he shall not use any of the Copyrights, Trademarks, Trade names and Logos except with the consent and approval in writing of the Company.

3. APPROVALS

- 3.1 The Company will prior to handing over the possession of the Station, obtain all Approvals from concerned Authorities and officials or companies in the name of the Company.

The Dealer will co-operate in all reasonable ways in these matters wherever and if required by the Company. These approvals includes but are not limited to:

3.1.1. NOC from local Authorities, Development Authorities, Municipal Corporations, Cantonment Boards, and Military Estates Officer etc, Deputy Commissioner, Inspector of Explosive and any other body person company or authority from whom approval or no-objection is needed under Law also including all concerned agencies are bodies of the Federal Government.

4. EQUIPMENT, OPERATION AND MAINTENANCE

- 4.1 The List of Equipment provided by or installed by on behalf of the company is listed in Schedule II and the Dealer acknowledges that he has seen and inspected the same and found them in order and good shape.
- 4.2 Dealer at his own cost will maintain all the necessary fire fighting equipment as provided by the Company and / or instructions provided by the fire and explosive authorities.
- 4.3 The Company will be responsible for full maintenance of the CNG equipment while the Dealer will be responsible for maintaining all office and filling premises and shall keep all areas and equipment in neat, clean and good order to the satisfaction of the Company and shall implicitly comply with instructions received from the Company or its officers from time to time whether verbal or in writing in this connection. The cost of equipment maintenance shall be paid by the Dealer to the Company.

For purposes of maintenance all spares shall be provided by the Company while all consumable like POL etc. will be provided by the Dealer.

- 4.4 The Dealer will adhere to all of the Company's polices and guidelines for operation of CNG equipment.

4.5 The Dealer warrants that neither the performance nor the functionality of the equipment will be adversely affected or transferred with while the Station is under the possession of the Dealer.

5. GAS CONNECTIONS

5.1 All the Approvals/NOCs regarding the connection of compressed Natural Gas (CNG) will be arranged for by the Company and in its own name.

6. GENERAL ADMINISTRATION/OPERATIONS

6.1 The Dealer will not during the currency of this agreement sell or be in any way concerned or have or give permission for selling any other products except as may be allowed by the Company at the Station.

6.2 The Dealer shall deposit a sum Rs. _____
(Rupees _____ only) as security deposit with the Company. This amount will be held by the Company and will not carry any interest. The refund of the deposit will be subject to adjustment of accounts and dues including any damage or loss to building equipment or non payment of any Government utility dues as may be determined by the Company in case of cancellation of the agreement.

6.3 The Dealer shall pay and discharge all existing and future Govt. Municipal or other rents, rates, taxes assessments, and imposition of water and electricity charges etc., however arising and of whatsoever nature whether by way of increase or otherwise levied or Leviable on the said Station and business.

6.4 The Dealer will pay all electricity charges billed against the station directly to the Power Company.

6.5 The Dealer will adhere to and maintain the Company approved sale recording system.

6.6 The Dealer shall accept all responsibility for natural gas after passing through gas meter installed by the gas company. No claim for losses or shortages will be admitted or entertained by the company. The reading on the gas company meter will form the basis for verification of the gas quantity sold. The Dealer undertakes to pay the bills of the Gas Company in time.

6.7 Company at its own discretion may install a separate gas flow meter other than the one installed by the Gas Company. In case the Company installs a separate gas flow meter, then all gas consumption and subsequent amount payable to Gas the Company shall be based on the gas flow meter reading. However, 2% measuring tolerance is acceptable.

6.8 The Dealer shall not assign or transfer this Agreement or its rights or any part thereof to any other person.

6.9 The Dealer shall be responsible to abide by all the rules applicable by law relating to CNG equipment operation, storage and filling such as 1992 CNG Safety Rules or any other directions of the Ministry of Petroleum, Ministry of Industries, Local Administration and the Department of Explosive.

- 6.10 The Dealer shall abide by the Company's current and future EHS (Environment, Health and Safety) Rules and Regulations and any other Company instructions issued from time to time regarding maintenance operation, redesigning, refurbishing, installation of additional equipment and/or starting of additional facilities business.
- 6.11 The Dealer shall bear all unforeseen costs associated with the operation of the Station.
- 6.12 The Dealer shall permit the Company and its officers to enter into the Station and inspect all equipment facilities and records of business including accounting of sales figures etc. whenever required by the Company.

7. MANPOWER HIRING AND TRAINING

- 7.1 The Dealer shall at his own expense have sufficient and competent staff to transact efficiently retail sales of CNG and man and operate all other facilities at the station at the filling/retail outlet in accordance with the Company requirements. The Dealer shall be responsible for and shall indemnify the Company against all acts., neglects and defaults of the said staff of the Dealer.
- 7.2 The Dealer shall be responsible for adequate and proper training of his operating and maintenance staff in line with the required Industry Standards and Company's practices and requirements communicated to him from time to time.
- 7.3 The Dealer will adhere at his cost and expense to Company's requirement about staff dressing (including shoes and uniforms).
- 7.4 The Dealers staff shall be courteous and friendly with customers, Company officials and general public. In case of a complaint the Company reserves the right to ask the Dealer to remove any worker from serving the customer(s) and/or operation at the Station.

8. PROFIT SHARING/PAYMENTS

- 8.1 The Company shall have the exclusive right to set and adjust the selling price of CNG from time to time. The Dealer in any case shall not sell CNG at prices higher than the prices notified by the Company. In case the Company being satisfied that the Dealer has sold CNG at prices higher than those fixed by the Company or otherwise has committed a breach of any of the covenants and conditions herein, the Company reserves the right to revoke this Agreement.
- 8.2 The Dealer shall sell gas and other products/services for cash. The grant of credit by the Dealer to his customers shall be at the Dealer's risk and shall not affect in any way the Dealer's liability to the Company.
- 8.3 A sum of Rs. _____ per month will be paid by the Dealer to the Company on account of license fee, and the facilities provided by the Company. This amount shall be payable by 7th of every month and shall be paid irrespective of whether the station remains operational or inoperative. Beside

this, the Dealer will also pay Rs. _____ per cubic meter of CNG sold. The Dealer shall also pay 3% on any other services provided at the station like fitting of CNG kits, services etc.

- 8.4 The dues of the Company shall be paid through a Bank Draft or a pay order or on such other terms as the company may from time to time decide. The Dealer will settle bills with the Company on a monthly basis.
- 8.5 The Dealer shall provide paid copies of Gas and Electricity bills to the company on monthly basis.
- 8.6 On all retail outlets monetary, remuneration and compensation issues, the Dealer agrees to deal with Company only, and with no one else, whoever he may be.
- 8.7 In case of default by the Dealer of more than 60 days the dealership shall stand cancelled and the possession of the Station will immediately be taken back by the Company.

9. TERMINATION

- 9.1 In case the Dealer violates, infringes or abuses the trademarks, standards, quality guidelines, business code of ethics and policies of the Company, the termination will be valid with immediate effect once the notice to his effect is served upon the Dealer. In such a case then, the Operator will vacate the site/premises within seven (7) days.
- 9.2 In any other case except default in payments to the Company or the Gas and Electricity company, or for any other reason, the Dealer may be served with a notice of termination of this particular agreement/contract. The maximum period in this regard given to the Dealer will be three (03) months.
- 9.3 In the case of termination, either in terms of clause 9.1 or clause 9.2 above, the service of notice will amount to cancellation and seizure of this Agreement and contractual obligations.

10. MISCELLANEOUS

- 10.1 Partners and directors of the Dealers firm shall be personally, singly and jointly liable in respect of all matters as agreed in this Agreement.
- 10.2 In case of any change in the Dealer's partners, directors, the same shall be subject to prior approval of the Company.
- 10.3 The Dealer shall arrange comprehensive insurance of all installation at the Station against all losses and damages including loss to third parties. Copy of the Insurance Policy along with the receipt of the premium paid to the Insurance Company shall be provided regularly to the Company.
- 10.4 The Dealer also agrees to compensate for any loss and damage caused to Company equipment or facility due to any incident that occurs with or due to this equipment or system on a result of negligence of his staff or mishandling of equipment by any unauthorized person(s).
- 10.5 The Dealer hereby agrees and undertakes to indemnify the Company from and against all losses, damages, claims, demands, actions, proceedings, penalties, suits against it by any person, body, company, corporation, government, municipal or local authorities in respect of accidents, or injury either to person or property, or claims by agents,

workmen or employees of Dealer under current wages and compensation laws or any other laws against any claims which may be brought against the Company and Dealer adjoining owners or occupants and others by any explosion, fire or any other by the incident caused by use and operation of equipment related to CNG compression, filling process or any other service at he Station.

- 10.6 The Dealer will participate in the CNG conversion kit business at the Station. The Dealer will purchase all CNG kit equipment from the Company only.
- 10.7 This Agreement is not exclusive in nature and hence the Company has the right to enter into Agreements with other Dealers and third parties to set up CNG and other facilities at other retail outlets or any other place.
- 10.8 The Dealer shall cooperate with the Company's retail department to organize activities so as to promote business.
- 10.9 The Parties agree that they will not publish, communicate divulge, disclose or use any information related to this Agreement or obtained as a result of the cooperation under this Agreement without the prior written consent of the other party. This clause (10.8) will remain in force even after the termination of this Agreement.

11 ARBITRATION

- 11.1 In case of a difference of opinion as to the interpretation of the provisions of this Agreement or as to the duties and obligations of the Dealer under this Agreement, such difference of opinion or dispute shall be referred to and resolved through Arbitration. In such case, the Company and the Dealer both shall have the right and authority to appoint and nominate one Arbitrator separately, who will decide the dispute referred to them. In case of difference of opinion between these Arbitrators the dispute will be referred to an Umpire appointed by these two Arbitrators with consent and approval of the Parties. The decision given by the Umpire will be final and binding on the Company and the Dealer. In this regard, the Parties and the Arbitrators will be guided by the provisions of the Arbitration Act, 1940.

ENTERED INTO AND EXECUTED on the date, month and year first mentioned above in presence of the following witnesses.

FIRST PART,
Petrosin Saudia Associated
(Pvt.) Limited

OTHER PART
Dealer

WITNESSES