



# KHYBER PAKHTUNKHWA OIL AND GAS COMPANY LIMITED (KPOGCL)



(KP Government Fully Owned & Provincial Holding Company)  
3rd Floor, Ali Tower, Opposite Custom House, University Road, Peshawar, Pakistan

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File No: KPOGCL/1-59-0110/O&G/2015

**KPOGCL/Contract-CS/0005/2020**

Date: 24 - June -2020

## **AGREEMENT FOR DEVELOPMENT OF A BUSINESS STRATEGY OF LPG MARKETING AND DISTRIBUTION IN KHYBER PAKHTUNKHWA**

THIS AGREEMENT for("Consultancy Services") is entered into this 24 day of June, 2020, by and between **KHYBER PAKHTUNKHWA OIL & GAS COMPANY LIMITED (KPOGCL)**("Company") having its principal place of business at 3rd Floor Ali Tower, Opposite Custom House, University Road, Peshawar, and Syed Zahid Anwar ("Consultant") having its principal House located at House 427, Street 36, Sector I-8/2, Islamabad, Pakistan.

WHEREAS, the Company wishes to have the Consultant performing the services hereinafter referred to, and

WHEREAS, the Consultant is willing to perform these services,

NOW THEREFORE THE PARTIES hereby agree as follows:

### **1. Services.**

The Scope of Work/TORs will involve following areas:

- i. Market Demand/Supply Analysis
- ii. Prices
- iii. Current Regulatory Framework of LPG industry
- iv. Identification of proposed site(s) for setting-up LPG bottling/storage plants
- v. Assessment of Required LPG Storage filling and associated facilities
- vi. Proposed LPG Marketing Plan
- vii. Recommendation on Business Strategy to be adopted by KPOGCL
- viii. Project Cost Estimates & Its Phasing
- ix. Financial & Economic Analysis

*Syed Zahid Anwar*



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The coverage of each component is detailed in the following paragraphs:

## A. Demand/Supply Analysis

The demand/supply analysis of LPG would include:

- i. LPG consumption during last ten(10) years for Pakistan, provinces and sectors (i.e. domestic, commercial, transport and industry)
- ii. Projections of LPG demand for next ten(10) years at National, provincial and sectoral level taking into consideration LPG Air mix plants, LPG fueling stations for automobiles and competing fuels. KP province LPG demand will identify the LPG demand for merged Districts, Malakand&Hazara Division.
- iii. Sources of LPG supply of last five(05) years with volume supplied from current domestic sources i.e. fields, refinery(ies) and imports
- iv. LPG supply projections for next ten(10) years with indication of LPG to be available from gas fields and refineries
- v. Indication of surplus/deficits (imports) of LPG during next ten(10) years
- vi. Potential for LPG to be marketed by proposed Marketing company of KPOGCL.

## B. Prices

Historical LPG prices covering the following:

- i. Import Price (\$/MT) C&F Karachi & Quetta, Importation Charges/Duties and landed cost at Karachi and Quetta
- ii. Ex-Refinery/Field Prices (\$/MT or Rs. /MT) for each field/refinery
- iii. Ex-Bottling Plant/Distributor/Dealer Prices in Rs./MT
- iv. Consumer Prices (Rs./Kg or Rs./Cylinder for Domestic & Commercial Cylinders) with indications of seasonal fluctuations (if any)
- v. Prices of cylinders and regulators

## C. Current Regulatory Framework of LPG industry

The current regulatory framework i.e. Rules and regulations w.r.t LPG licensing, marketing, pricing, environmental and safety will be reviewed and

*Imad Anwar*





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considered in developing the plans of proposed LPG Marketing. Plan a checklist for compliance with OGRA licensing requirements will also be developed.

## **D. Identification of Proposed Sites for setting-up LPG bottling/Storage Plants**

## **E. Assessment of Required LPG Storage filling and associated facilities**

A prototype conceptual configuration of LPG Storage and filling facilities will be developed covering:

- i. Preliminary storage filling and associated facilities, their number, location and handling capacities
- ii. Preliminary layout plan
- iii. Civil works and associated infrastructure
- iv. Identification of major equipment mechanical electrical/instrumentation safety & fire fighting and electricity back-up systems.
- v. Assessment of cylinders requirements
- vi. Estimation of Transportation requirements of cylinders and bulk LPG

## **F. Proposed LPG Marketing Plan**

A marketing plan will be proposed for KPOGCL marketing company. The plan will address following aspects:

Target market and areas for sale of LPG

- i. Target yearly sales
- ii. Volumes to be handled both in bulk and cylinders
- iii. Prices to be charged
- iv. Distribution and transportation arrangement
- v. Promotional Plan
- vi. The marketing plan will be based on estimated market potential specially in KP.

## **G. Recommendation on Business Strategy to be adopted by KPOGCL**

A recommended business strategy giving its rationale and sustainable competitive advantage to be enjoyed by KPOGCL will also be given.

## **H. Project Cost Estimates & Its Phasing**

*Imam Ahmad*



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Project cost (Capital & Operating) Estimate of required storage, filling cylinders and associated facilities of LPG volumes to be marketed will be developed. The operating cost will include LPG transportation cost in bulk (i.e. through cylinders and bowzers). For this purpose, KPOGCL will engage transportation contractor or raise its own fleet of trucks & bowzers.

## I. Financial & Economic Analysis

The financial viability analysis of the proposed LPG marketing Company will include:

- i. Development of financing plan and financial expenses
- ii. Development of sales revenue estimate
- iii. Development of profitability cash flow and balance sheet statements
- iv. Calculation of Internal Financial/Economic Rate of Return (IFRR)
- v. Net Present value & Payback period
- vi. Economic Cost Benefit Analysis
- vii. Contribution to country's GDP
- viii. SWOT Analysis of Proposed Marketing Company
- ix. Sensitivity Analysis with variations in the following:
  - a) Capital Costs
  - b) LPG Volumes (Sales)
  - c) Operating Costs
  - d) Selling prices/Sales Revenue
- x. Project Implementation Plan/Schedule
  - a) The Project Implementation plan and schedule for various phases of implementation will also be develop.

*Imad Ahmad*





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## 2. Duration and Commencement of the Agreement

The Consultant shall perform the Services within 45 (Forty Five) days after signing of contract commencing from 24 - June, 2020 till 07 - August, 2020.

## 3. Payment for Services

### a) Payment Limit

For Services rendered pursuant to Clause 1 of the agreement, the Company shall pay the Consultant an amount of Rs.500'000/- (Five Hundred Thousands only).

This amount has been established based on the understanding that it includes all of the Consultant's fee as well as any tax obligation on part of the Consultant.

### b) Payment Conditions

Payment shall be made in Pakistani Rupees, no later than 15 days after completion of assignments following submission by the Consultant of invoices, subject to satisfactory fulfillment of assignments by Project Administrator named mentioned in clause 4.

## 4. Project Administration

The Company designates Mr. Owais Shakeel, C&ES department as Company's Coordinator and Mr. Syed Zahid Anwar, shall serve as Consultant. The Consultant shall be responsible for the coordination of activities under the agreement, for receiving & approving invoices for Payment.

## 5. Performance Standard

The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity.

## 6. Ownership of Material

Any studies, reports or other material, or otherwise, prepared by the Consultant for the Company under the agreement shall belong to and remain the property of the Company.

*David Anwar*



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Consultant shall not share any material with third party without consent of KPOGCL.

The Consultant may retain a copy of such documents for record.

## 7. Assignment of Agreement

The Consultant shall not assign this agreement or any portion thereof to any third party without the Company's prior written consent.

## 8. Law Governing Contract and Language

The agreement shall be governed by the laws of Islamic Republic of Pakistan and agreement shall be in English language.

## 9. Dispute Resolution

Any dispute arising out of this agreement, which cannot be amicably settled between the Parties, shall be referred to a dispute resolution expert with mutual consent of both the parties.

## 10. TA/DA ADMISSIBILITY

TA/DA Travel Arrangements and any other allowances and benefit shall not be admissible. The Company may ask to arrange any work commensurate with the Consultancy Services.

## 11. TERMINATION OF AGREEMENT

- The Company, if unsatisfied with the service of the consultant, may terminate the agreement by giving 01 week written notice.
- If the Consultant terminates the agreement without prior notice, the Consultant in addition to forfeiting all/any fee otherwise due to him or having accrued in his favour under the agreement, will be bound to pay as penalty to the Company, a sum equivalent to consideration due to him upon satisfactory completion of the agreement from the Company.

*Zahid Anwar*





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## 12. APPLICATION OF RULES, ORDERS AND INSTRUCTIONS:

- The Consultant shall respond to all queries and like from the Company in reasonable time.
- The Consultant shall be governed by rules, orders, and instructions as approved by the CEO-KPOGCL from time to time.
- In matters not covered by this agreement, the decision of CEO shall be final.
- Any legal matter will be dealt in the Courts of Peshawar.
- Where ever there is a conflict between this agreement and KPOGCL rules, the KPOGCL rules shall prevail. Interpretation of this agreement and all policies shall be the prerogative of the CEO. KPOGCL means itself, BOD, CEO and Company.

## “OTHER CLAUSES”

### 13. GRATUITIES:

The company employees are to refrain from receiving any gift from the consultant Syed Zahid Anwar agrees not to offer any such gratuities (in the form of entertainment, gifts or otherwise) to any employees of the company.

### 14. INDEMNIFICATION:

Both parties hereby agree to indemnify, defend, and holds harmless each other from and against any and all liabilities, demands, claims, suits, losses, damages, cause of action, fines settlements or judgments including without limitation attorneys, and witnesses fees, court costs and all other costs incurred, and expenses occasioned in whole or in part by any act,

Negligence or omission of either party or employees which arise out of or relate to the performance of this Agreements.

### 15. RIGHTS AND REMEDIES:

The rights and remedies of either party provided for under this agreement are in addition to any other rights and remedies provided by law tort or in equity.

*Zahid Anwar*



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IN WITNESS WHEREOF the parties hereto have caused this agreement to be signed by their authorized representatives on the day, month and year stated above.

This agreement is executed in duplicate for retention of one copy by each of the parties.

*Zahid Anwar*

Mr. Syed Zahid Anwar  
Consultant  
House 427, Street 36, Sector I-8/2  
ISLAMABAD

*Usman G. Khattak*

Mr. Usman G. Khattak  
CHIEF EXECUTIVE OFFICER  
Khyber Pakhtunkhwa Oil & Gas Company  
Limited, PESHAWAR

24/6/2020

WITNESS 1

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*S. Ahsan Zahid*

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*Tariq Saeed Anwar*

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