

**FACILITATION FRAMEWORK AGREEMENT (Draft)**

THIS FACILITATION FRAMEWORK AGREEMENT is made at Lahore on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ by and between:

**LAHORE TRANSPORT COMPANY**, a public company limited by guarantee, promoted by the Government of the Punjab and set up under Section 42 of the Companies Ordinance, 1984, having its place of business at 4<sup>th</sup> Floor 98-B/D-1 IEP Building, Gulberg-III, Lahore, acting through its Chief Executive Officer Mr. Jai Ik Kim (hereinafter to referred to as “LTC” which expression, unless repugnant to the context, shall mean and include its successors-in-interest, administrators and assigns) of the First Part.

AND

\_\_\_\_\_ (hereinafter to referred to as the “Operator” having its registered office at \_\_\_\_\_ through its \_\_\_\_\_ which expression, unless repugnant to the context shall mean and include its heirs, successors, executors, administrators and permitted assigns) of the Other Part.

(LTC and the Operator are hereinafter referred to collectively as the “Parties” and individually as a “Party”)

**RECITALS:**

- A. **And whereas**, LTC has been established by the Government of the Punjab (“GOPB”) as a wholly owned company under Section 42 of the Companies Ordinance, 1984. LTC has been duly notified by the GOPB to act as an ‘Urban Transport Company’ for the purposes of Chapter V-A of the [Punjab] Motor Vehicles Ordinance, 1965 (XIX of 1965) with the mandate of, *inter alia*, developing and implementing policies for the promotion and encouragement of safe, integrated, efficient and economical transport facilities and services within, in the notified area of the territorial jurisdiction of the City District Government Lahore.
- B. **Whereas**, LTC is desirous of establishing a modern, environment friendly and efficient urban bus transport system in the City of Lahore and for this purpose is desirous of attracting the involvement and participation of the private sector by offering incentives in the form of subsidies.
- C. **And whereas**, in line with and pursuant to the aforementioned desire, LTC had floated Requests for Proposals dated \_\_\_\_\_ (“RFP”) inviting interested parties possessing the requisite qualifications to bid for, *inter alia*, operational subsidy rates for plying buses on various Routes (as defined in the RFP) notified in accordance with the [Punjab] Motor Vehicles Ordinance, 1965 (XIX of 1965).
- D. **And whereas**, pursuant to the RFP and the Operator’s response thereto, the Operator has been selected for the provision of Capital Subsidy and Operational Subsidy (as respectively defined in the General Conditions of Agreement) for the establishment and operations of the Bus Service on the Route(s) specified in Letter of Award dated \_\_\_\_\_ in accordance with the terms and conditions recorded in this Agreement.

**NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

1. This Facilitation Framework Agreement comprises:
  - a) this Agreement;
  - b) the Letter of Award dated \_\_\_\_\_;
  - c) the General Conditions of Agreement;
  - d) the Schedules:
    - (i) Schedule-I: Bus Specifications
    - (ii) Schedule-II: Bus Service Infrastructure

Schedule-III: Bus Service Staff

Schedule-IV: Bus Induction Plan;

Schedule-V: Capital Subsidy;

Schedule-VI: Operational Subsidy;

Schedule-VII: Instructions to the Motor Vehicles Registration Authority, Lahore;

Schedule-VIII: Service Performance Levels;

Schedule-IX: Service Performance Evaluation Criteria;

Schedule-X: Payments upon Termination of Agreement;

e) the Performance Bank Guarantee;

f) the Capital Subsidy Bank Guarantee.

2. The Parties understand and agree that the principal objective of the Project is the establishment and sustenance of an efficient, high-quality and environment-friendly bus transport service in Lahore which is fully equipped with the modern ancillary infrastructure and facilities.
3. The Operator hereby declares its solemn commitment to the aforesaid objectives and undertakes to honestly, diligently and efficiently perform its obligations under this Agreement to ensure the timely establishment and the effective operations of the Bus Service.
4. In view of the laudable objectives stated above, the Parties affirm their commitment to act in accordance with the terms of this Agreement in good faith towards each other in the larger public and national interest to ensure the success of the Project.
5. In consideration of the Operator agreeing, undertaking and affirming its commitment to the Project (comprising the financing, procurement, insurance, operations, management, running and maintenance of the Bus Service on the Routes) strictly in accordance with the terms and conditions of this Agreement including plying the Buses on the Route(s) for the entire Term (as defined in the General Conditions of Agreement), the LTC hereby agrees to provide the Capital Subsidy and the Operational Subsidy to the Operator in accordance with the terms of this Agreement.

**IN WITNESS WHEREOF**, the Parties hereto have set their respective hands on this Agreement the day and year first above stated.

For and on behalf of LTC

For and on behalf of the Operator

\_\_\_\_\_

\_\_\_\_\_

Mr. Jai Ik Kim  
Chief Executive

Mr. [-]  
\_\_\_\_\_ [designation]

Witnesses:

1. \_\_\_\_\_

2. \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC #: \_\_\_\_\_

CNIC #: \_\_\_\_\_

## GENERAL CONDITIONS OF AGREEMENT

### ARTICLE 1: DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

- a) **“Abandonment”** means:
- (i) failure or refusal by the Operator to achieve Procurement Phase Completion for a Procurement Phase in accordance with the Bus Induction Plan beyond a period of 60 days specified therefor in the Bus Induction Plan;
  - (ii) failure or refusal by the Operator to achieve Commercial Operations Date in accordance with the Bus Induction Plan; or
  - (iii) failure by the Operator to achieve compliance rating of fifty percent or more with the Service Performance Evaluation Criteria for three (3) consecutive months at any time after the Commercial Operations Date.
- b) **“Actual Operational Subsidy Rate”** has the meaning ascribed to it in sub-Article 11.3(b).
- c) **“Additional Buses”** has the meaning ascribed to it in sub-Article 7.4.2(a).
- d) **“Affiliate”** means in relation to a Party (i) a company or entity which is either a parent company or entity or subsidiary company or entity (ii) a company or entity which is a subsidiary of a parent company or entity of which such signatory is a subsidiary.
- e) **“Agreement”** means this Agreement executed by and the between the Parties, as modified, amended or replaced from time to time.
- f) **“Annual Re-assessed Operational Subsidy Rate”** has the meaning ascribed to it in sub-Article 11.3.2(d).
- g) **“Annual Survey”** has the meaning ascribed to it in sub-Article 11.3.2(b).
- h) **“Approvals”** means all approvals, consents, licenses, permits and certifications which may be required under the Laws of Pakistan for the Operator to establish and undertake its business, including the Route Permits and the Fitness Certificates.
- i) **“Bus”** means with respect to a Route, a bus to be procured and plied by the Operator on the Route pursuant to and in accordance with the terms of this Agreement. **“Buses”** means more than one Bus.
- j) **“Bus Induction Plan”** means the delivery lead-time plan for the Procurement Completion by the Operator which shall be reckoned from the date of execution of this Agreement and up to the Commercial Operations Date, as set out in Schedule-IV hereto [*Bus Induction Plan*].
- k) **“Bus Service”** means with respect to a Route, the Bus transport service to be established by the Operator pursuant to this Agreement, comprising the Buses, the Bus Service Staff and the Bus Service Infrastructure.
- l) **“Bus Service Staff”** means the Operator’s staff and personnel engaged in performing functions for or in connection with the Bus Service.
- m) **“Bus Service Infrastructure”** means the infrastructure to be established by the Operator for the Bus Service, as more particularly described in Schedule-III hereto.
- n) **“Bus Specifications”** means the technical and other specifications for the Buses, as set out in Schedule-I [*Bus Specifications*] hereto.
- o) **“Bus Supplier”** means the person, including a manufacturer of buses, supplying the Buses to the Operator pursuant to the Procurement Documents.

- p) **“Business Day”** means a day on which banks are open generally for business in Lahore.
- q) **“Capital Subsidy”** means the payment to be made by LTC for the facilitation of the procurement of Buses by the Operator, at the rate specified in the Letter of Award, in accordance with Article 3 hereof.
- r) **“Capital Subsidy Bank Guarantee”** means a performance bank guarantee to be provided by the Operator for an amount equivalent to 100% of the amount of the Capital Subsidy, from a first class scheduled bank acceptable to LTC, in the form specified by LTC.
- s) **“CNG”** means Compressed Natural Gas.
- t) **“Commercial Operations Date”** has the meaning ascribed to it in Article 10.1(b).
- u) **“Compensation Amount”** means the compensation amounts set out in Schedule-X [*Payments upon Termination*] hereto.
- v) **“Effective Date”** has the meaning ascribed to it in sub-Article 2.1.
- w) **“Expiry Date”** means the fifth anniversary of the Commercial Operations Date.
- x) **“Extended Cure Period”** has the meaning ascribed to it in sub-Article 15.6.
- y) **“Election Notice”** has the meaning ascribed to it in sub-Article 15.6.
- z) **“Encumbrance”** means a lien (including statutory lien), pledge, mortgage, charge, hypothecation, security interest or other security arrangement or interest including assignment by way of security and title retention arrangements. **“Encumbered”** shall mean accordingly.
- aa) **“Evaluation Period”** has the meaning ascribed to it in sub-Article 15.6.
- bb) **“Fare”** means with respect to a Route, the fare for bus travel on the relevant Route, as determined and notified in accordance with the Laws of Pakistan.
- cc) **“Financial Closing”** means the execution and delivery of the Financing Documents (that together with equity commitments) evidence sufficient financing for the capital, and operations of the Bus Service (following the resolution of any objections raised by LTC to a term sheet or debt repayment schedule in accordance with this Agreement that sets out a principal repayment schedule and the other principal terms of the transaction between the Operator and the Lenders) and evidence of commitments for such equity as is required by the Operator to satisfy the requirements of the Lenders and the Letter of Award the satisfaction of all conditions precedent for the initial availability of funds under the Financing Documents.
- dd) **“Financial Closing Date”** means the date specified as such in the Letter of Award by which Financial Closing must take place, as may be extended by the LTC.
- ee) **“Financing Documents”** means the finance agreements, notes, indentures, security documents, guarantees and other documents relating to the Project.
- ff) **“Fitness Certificates”** means the fitness certificates for Buses required under the Motor Vehicles Ordinance.
- gg) **“Fleet Management System”** means the information technology system established by LTC for the purposes of real-time online monitoring of the Buses plying on the Routes through the use of the Tracking Devices.
- hh) **“GOP”** means the Federal Government of Pakistan.
- ii) **“GOPB”** means the Government of Province of the Punjab.
- jj) **“Laws of Pakistan”** means the Federal, Provincial and local laws of Pakistan, and all orders, rules, regulations, statutory regulatory orders, executive orders, decrees,

- policies, judicial decisions, notifications, or other similar directives made pursuant thereto, issued by any competent authority in or recognized in Pakistan.
- kk) **“Lenders”** means the lender party to the Financing Documents together with their respective successors and assigns. **“Lenders”** means accordingly.
  - ll) **“Lender’s Agent”** means an agent specified as such by the Lender(s) to LTC.
  - mm) **“Letter of Award”** or **“LOA”** means the Letter of Award issued by LTC in favor of the Operator for the Project.
  - nn) **“LPG”** means Liquefied Petroleum Gas.
  - oo) **“LTC”** means the Lahore Transport Company.
  - pp) **“LTC Auditor”** means a reputable firm of Chartered Accountants practicing in Lahore to be nominated by LTC for the purposes of the audit of the Operator’s accounts in accordance with Article 17.
  - qq) **“LTC Depot”** means bus depots designated by LTC.
  - rr) **“LTC Depot Utilization Fee”** means the fees and charges payable by the Operator for utilization of space in LTC Depot at the rates determined by LTC from time to time.
  - ss) **“LTC Enforcement Apparatus”** means the Fleet Management System, the Tracking Devices and such other machinery, equipment and personnel deployed or to be deployed by LTC for the purposes of monitoring and enforcement of the Operator’s obligations under this Agreement and the law.
  - tt) **“LTC Event of Default”** has the meaning ascribed to it in Article 15 [*Duration and Termination*].
  - uu) **“LTC Service Fee”** has the meaning ascribed to it in sub-Article 7.7.
  - vv) **“Motor Vehicles Ordinance”** means the Punjab Motors Vehicles Ordinance, 1965 (XIX of 1965), as amended/replaced from time to time.
  - ww) **“Motor Vehicle Rules”** means the Punjab Motor Vehicles Rules, 1969 prescribed under the Motor Vehicles Ordinance, as amended/replaced from time to time.
  - xx) **“New Quarter”** has the meaning ascribed to it in sub-Article 11.3.2.
  - yy) **“Operator”** means the Person in whose favor the Letter of Award has been issued.
  - zz) **“Operator’s Equity”** means the equity to be provided/contributed by the Operator for the establishment of the Bus Service of an amount not less than the amount specified in the Letter of Award.
  - aaa) **“Operator’s Event of Default”** has the meaning ascribed to it in Article 15 [*Termination*].
  - bbb) **“Operational Subsidy”** means the payment to be made by LTC to the Operator in accordance with and subject to the terms of this Agreement as operational subsidy for each Route in accordance with the per kilometer traveled rates as set out in the Letter of Award and as may be revised from time to time in accordance with the Operational Subsidy Revision Formula.
  - ccc) **“Operational Subsidy Claim”** has the meaning ascribed to it in sub-Article 11.4(b).
  - ddd) **“Operational Subsidy Revision Formula”** has the meaning ascribed to it in sub-Article 11.3(b).
  - eee) **“Optimal Operational Subsidy Rate”** has the meaning ascribed to it in sub-Article 11.3(b).
  - fff) **“Owner(s)”** means the persons owning and/or controlling the Operator, as identified in the Letter of Award.

- ggg) **“Party”** means either LTC or the Operator.
- hhh) **“Parties”** means both LTC and the Operator.
- iii) **“Performance Bank Guarantee”** means a performance bank guarantee to be provided by the Operator for an amount specified in the Letter of Award of the amount specified in the Letter of Award, from a first class scheduled bank acceptable to LTC, in the form specified by LTC in the RFP.
- jjj) **“Person”** means any person, firm, company, corporation, society, government, state or agency of a state (including any public sector entity), or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.
- kkk) **“Procurement Completion”** means the completion of all Procurement Phases.
- lll) **“Procurement Completion Certificate”** a certificate to be issued by LTC confirming Procurement Completion.
- mmm) **“Procurement Documents”** includes the contracts/purchase orders entered into between the Operator and the Bus Supplier, and, where applicable, the bills of lading, pertaining to the supply of Buses.
- nnn) **“Procurement Phase”** means a phase as identified in the Bus Induction Plan of the procurement process corresponding to a portion of the total number of Buses to be procured pursuant to this Agreement, starting [ordinarily] from the date of execution of the relevant Procurement Documents and ending upon the receipt of the Buses in the relevant phase at Lahore, Pakistan.
- ooo) **“Procurement Phase Completion”** means with respect to the Buses in a Procurement Phases, the delivery of all such Buses compliant with the Bus Specifications, at Lahore.
- ppp) **“Procurement Phase Completion Certificate”** means with respect to a Procurement Phase, a certificate to be issued by LTC confirming the relevant Procurement Phase Completion.
- qqq) **“Project”** means the financing, procurement, insurance, operation, management, maintenance and monitoring of the Bus Service in accordance with this Agreement.
- rrr) **“RFP”** means the Request for Proposals issued by LTC for the Project.
- sss) **“Route(s)”** means the bus route(s) specified in the Letter of Award on which the Operator is to ply the Buses.
- ttt) **“Route Permit(s)”** means the Route Permits required under the provisions of the Motor Vehicles Ordinance for plying the Buses on the Route(s).
- uuu) **“Service Performance Levels”** means the service performance levels for the Bus Service as specified in Schedule-VIII hereto [*Service Performance Levels*].
- vvv) **“Service Performance Evaluation Criteria”** means the Service Performance Evaluation Criteria set out in Schedule-IX hereto.
- www) **“Spare Buses”** means the Buses required to be procured and kept by the Operator as spares to replace any defective, damaged or dysfunctional Buses on the Routes, to maintain the number of working Buses plying on the Route.
- xxx) **“Succession Notice”** has the meaning ascribed to it in sub-Article 9.2(b).
- yyy) **“Tax”** or **“Taxes”** means any tax, charge, cess, impost, tariff, duty, basis for assessing taxes (including the rates of or periods for depreciation of assets for tax assessment purposes), fiscal concession or allowance imposed by or payable to any authority, including any value added tax, sales tax, water or environmental or energy tax, road tax, import or customs duty, withholding tax, excise tax, tax on Foreign Currency or foreign exchange transactions or property tax. The term **“Tax”** shall not include any fee or charge payable to an authority as consideration for goods or services provided by such authority in relation to a commercial activity carried out by such authority.

- zzz) “Term” has the meaning ascribed to it in sub-Article 2.1.
- aaaa) “Test Runs” means the test runs of the Buses on the Route(s) to be carried out prior to the Commercial Operations Date.
- bbbb) “Tracking Devices” has the meaning ascribed to it in sub-Article 7.5.
- cccc) “Tracking Establishment Certificate” has the meaning ascribed to it in sub-Article 7.5(g).
- dddd) “Tracking Service Provider” has the meaning ascribed to it in sub-Article 7.5.
- eeee) “Transferable Assets” has the meaning ascribed to it in sub-Article 16.5.
- ffff) “Transfer Date” has the meaning ascribed to it in sub-Article 16.5.
- gggg) “Transfer of the Buses” has the meaning ascribed to it in sub-Article 9.2(d)(ii).
- hhhh) “Transferee” has the meaning ascribed to it in sub-Article 9.2(b).

## 1.2 Interpretation

In this Agreement, unless the contrary intention appears:

- (a) A reference to a Party is a reference to a Party to this Agreement;
- (b) except where the context otherwise requires, references to a particular Article, Sub-Article, or Annexure shall be a reference to that Article, Sub-Article, or Annexure in or to this Agreement;
- (c) references to “this Agreement” or any other agreement or document shall be construed as a reference to such agreement or document as amended, modified or supplemented and in effect from time to time, and shall include a reference to any document/instrument which amends, modifies or supplements it, or is entered into, made or given pursuant to or in accordance with its terms;
- (d) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactment’s or replacements of any of them;
- (e) references to the masculine shall include the feminine and references in the singular shall include references in the plural and vice versa, and words denoting natural persons shall include companies, corporations and any other legal entity and vice versa;
- (f) a reference to a person includes a reference to the person’s successors, nominees and assigns;
- (g) if a period of time is specified and it is from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (h) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (i) a reference to a month is a reference to a calendar month;
- (j) if any obligation under this Agreement is required to be performed on a day other than a business day, that obligation is to be performed on the next business day;
- (k) the words “include” or “including” shall be deemed to be followed with “without limitation” or “but not limited to” whether or not they are followed by such phrases or words of like import;

- (l) reference to ‘written’ or ‘writing’ means any hand-written, typewritten, or printed communication, including telex, cable and facsimile transmission;
- (m) in carrying out its obligations and duties under this Agreement, the Parties shall have an implied obligation of good faith;
- (n) the annexes and schedules shall form an integral part of this Agreement;
- (o) the recitals form an integral part of this Agreement; and
- (p) the singular includes the plural and vice versa.

## **ARTICLE 2: TERM**

### **2.1 Effectiveness of Agreement; Term**

Except for the provisions of this sub-Article 2.1, Article 9 [*Assignment and Security*] and Article 22 [*Miscellaneous Provisions*], which shall become effective immediately upon execution and delivery of this Agreement, this Agreement shall commence and be effective on the date of Financial Closing (the “Effective Date”) and shall, unless terminated earlier in accordance with the terms of the Letter of Award or this Agreement, continue in full force and effect until the Expiry Date (the “Term”).

### **2.2 Termination of the Letter of Award**

If Financial Closing does not occur in accordance with the requirements of the Letter of Award, upon the termination of the Letter of Award this Agreement shall terminate in its entirety without notice and without further action by LTC. Upon such termination, the Parties shall have no further obligations or liabilities under this Agreement. The Parties have agreed that the amount of the Performance Bank Guarantee is reasonable and constitutes liquidated damages to LTC of the Operator’s failure to timely achieve Financial Closing hereunder and under the Letter of Award. The encashment of the Performance Bank Guarantee shall be without prejudice to any other rights or remedies that LTC may have under this Agreement or the Laws of Pakistan.

## **ARTICLE 3: CAPITAL SUBSIDY**

### **3.1 Conditions Precedent to and the Manner of Provision of Capital Subsidy**

3.1.1 Subject to the terms of this Agreement, the Capital Subsidy shall be provided in the manner specified in Schedule-V [*Capital Subsidy*] hereto, subject to the fulfillment of the conditions precedent specified in the said Schedule.

3.1.2 LTC may, in its absolute discretion, waive or extend the time period for, the fulfillment of any one or more of such conditions precedent. For avoidance of doubts it is clarified that the waiver of or extension in time period for the fulfillment of any condition precedent shall not absolve the Operator of its continuing obligation to fulfill the remaining conditions precedent in accordance with this Agreement.

### **3.2 Capital Subsidy Bank Guarantee**

3.2.1 The Capital Subsidy Bank Guarantee, where required to be provided in terms of this Agreement, shall remain valid and effective in accordance with the terms and conditions set out in Schedule-V [*Capital Subsidy*].

3.2.2 Parties agree that the Capital Subsidy Bank Guarantee represents a genuine pre-estimate of part of the loss and damage that LTC will suffer if the Operator fails to perform its obligations under this Agreement, including, but not limited to, the procurement of all the Buses, the installation of the Tracking Devices, the registration of the Buses and the achievement of the Commercial Operation Date, in accordance with this Agreement.

### **3.3 Utilization of Capital Subsidy**



- 3.3.1 The Operator undertakes that the Capital Subsidy shall be used solely for the purposes of the procurement of the Buses in accordance with and pursuant to this Agreement.
- 3.3.2 For the avoidance of any doubts it is clarified that the Capital Subsidy under this Agreement shall be provided for the purposes of the initial procurement of the Buses only (i.e., the procurement of the number of Buses specified in the Letter of Award) and LTC makes no commitment whatsoever regarding providing any further financial assistance for the procurement of any Additional Buses or any replacement buses which may be procured by the Operator to ensure that the number of Buses (including Spare Buses) as specified in the Letter of Award is maintained throughout during the Term.
- 3.3.3 It is agreed that any breach of the undertaking in sub-Article 3.3.1 above, shall entitle LTC to, among other remedies, seek encashment of up to the full amount of the Capital Subsidy Bank Guarantee.

#### 3.4 Quantum of Capital Subsidy

The quantum of the Capital Subsidy shall be as specified in the Letter of Award.

### **ARTICLE 4: PROCUREMENT OF THE BUSES**

#### 4.1 Bus Induction Plan

- 4.1.1 The Operator shall undertake and complete the procurement of the Buses in accordance with the Bus Induction Plan. If the procurement process is likely to be delayed beyond the timelines in the Bus Induction Plan, the Operator shall immediately notify LTC in writing of the reasons and likely duration of the delay. If the delay is attributable to lack of necessary Approvals (provided that Operator has diligently applied for and pursued all such applications), import licenses or legalization of delivery documents in Pakistan, the delivery time shall be extended by the additional number of days required to issue the documents or approvals in Pakistan.
- 4.1.2 A progress report shall be submitted fortnightly by the Operator showing the scheduled dates for delivery, any anticipated delivery delays, and other relevant information.

#### 4.2 Procurement Documents

- 4.2.1 The Operator shall provide copies of all Procurement Documents from time to time to LTC, duly certified by a duly authorized representative of the Operator to be true copies of the relevant originals.

#### 4.3 Procurement Completion

- 4.3.1 The procurement of Buses may be undertaken in one or more Procurement Phases in accordance with the Bus Induction Plan. Upon receipt of all the Buses in a Procurement Phase, the Operator shall notify the LTC in writing. LTC will undertake such visual and technical inspection of the received Buses as it may deem fit. If any of the Buses are found to be non-compliant with the Bus Specifications, LTC will inform the Operator in writing. The Operator shall undertake, at its own cost and expense, such remedial measures including replacement of the relevant non-compliant Buses as may be required by LTC within the time period specified by LTC in writing. After undertaking remedial measures, Operator shall notify LTC in writing whereupon LTC will undertake such visual and technical inspection of the relevant Buses as it may deem fit.
- 4.3.2 A Procurement Phase shall not be regarded as having been completed unless all Buses therein meet the Bus Specifications to LTC's satisfaction.
- 4.3.3 Upon completion of all Procurement Phases to LTC's satisfaction, LTC will issue the Procurement Completion Certificate.
- 4.3.4 Any inspections of the Buses by LTC pursuant to this Article 4 shall be without prejudice to and in addition to any inspections or assessments of any motor vehicles, including buses, which (a) LTC may undertake in accordance with the provisions of the Motor Vehicles Ordinance; and, (b) any other competent authority may undertake in the discharge of its functions under any law.

#### 4.4 Consequences of delay in procurement

- 4.4.1 Subject to the terms of this Agreement, particularly sub-Article 4.1.1 herein above and Article 16 [*Force Majeure*], where any Procurement Phase is delayed for a period of thirty (30) Days beyond the date specified in the Bus Induction Plan for the completion thereof, the Operator shall be liable to pay liquidated damages to LTC at the per day rate specified in the Letter of Award. Parties agree that this amount represents a genuine pre-estimate of the part of the loss and damage that LTC will suffer due to such delay. Such liquidated damages shall be without prejudice to any other rights and remedies that LTC may have under this Agreement or the Laws of Pakistan. LTC shall be unconditionally entitled to encash the Capital Subsidy Bank Guarantee and/or the Performance Bank Guarantee, to recover any such liquidated damages.
- 4.4.2 Provided that where a delay exceeds sixty (60) days beyond the time frame in the Bus Induction Plan, LTC shall, without prejudice to any other rights and remedies that it may have under this Agreement or the Laws of Pakistan, have the right to regard such delay as Abandonment.

### **ARTICLE 5: BUS SPECIFICATIONS**

- 5.1 The Operator undertakes that all Buses procured and operated by it pursuant to this Agreement shall be fully compliant with the Bus Specifications.

### **ARTICLE 6: REGISTRATION OF BUSES**

#### 6.1 Registration of Buses

- 6.1.1 The Operator shall ensure the registration of the Buses with all concerned authorities, including, but not limited to, the competent motor vehicle registration authority of the Excise and Taxation Department of the GOPB at Lahore, in accordance with the Laws of Pakistan.

#### 6.2 Irrevocable Instructions to the Motor Vehicles Registration Authority

- 6.2.1 The Operator shall at the time of registration of the Buses issue irrevocable written instructions to the competent authority of the Excise and Taxation Department, Lahore to the effect that the ownership of the Buses shall not be transferred without the prior written consent or no-objection certificate of the LTC. Such instructions shall be issued in the form set out in Schedule-VII [*Instructions to Motor Vehicle Registration Authority, Lahore*] hereto.
- 6.2.2 If the Financing Documents envision an arrangement (for instance, lease finance) whereby the legal ownership of the Buses vests in the Lender(s), then the Operator shall ensure that the relevant Lender(s) issue generally similar irrevocable written instructions to the competent authority of the Excise and Taxation Department of the GOPB. Such instructions shall be issued in the form set out in Schedule-VII [*Instructions to Motor Vehicle Registration Authority, Lahore*] hereto.

### **ARTICLE 7: ESTABLISHMENT OF THE BUS SERVICE**

#### 7.1 General Obligations

In connection with its obligation to establish the Bus Service, the Operator shall undertake the following:

- a) it shall procure the Buses in accordance with Article 4;
- b) it shall, at its own cost and expense, establish and maintain the Bus Service Infrastructure in accordance with Schedule-III hereto [*Bus Service Infrastructure*];
- c) it shall establish an organizational structure for safe and efficient transport operations which shall amongst others include a Manager (Administration), Manager (Operations), Driver/support staff training instructor and Supervisory Staff i.e. checkers/ Supervisors;

- d) it shall ensure that the number of Buses plied by it on the Route is equivalent to the number of Buses required to be operated on such Route pursuant to this Agreement and the applicable Laws of Pakistan;
- e) it shall display the Fare table inside each of the Buses, as may be notified in accordance with the Laws of Pakistan, from time to time;
- f) it shall display the time schedule for integrated operation of the Buses at the bus stops and other related places of the Route(s) for the information of the commuters;
- g) it shall, if required by LTC, contribute towards the development of bus stops/shelter facilities and ensure the stoppage of the Buses at the designated stops only;
- h) it shall engage a transport expert and qualified operation manager, if so required by LTC;
- i) it shall report the operation performance data to LTC, as and when required;
- j) it shall maintain (by itself or through a contractor) an adequate automobile workshop fully equipped with the required machinery, manned and supervised by qualified technical staff for a regular inspection and repair of the Buses operating on the Routes.

## 7.2 Bus Service Staff

- a) The Operator shall utilize only trained, competent and licensed drivers and conductors for the Bus Service. All drivers and conductors must be selected in compliance with the requirements set out in Schedule-III hereto [*Bus Service Staff*] and the provisions of Motor Vehicles Ordinance and the Motor Vehicle Rules.
- b) The Operator shall require such drivers to operate the Buses and assist the passengers with due care and diligence and use every reasonable precaution to prevent loss or damage to any vehicle because of fire, theft, collision or damage to property of third persons.
- c) The Operator shall ensure that the drivers and conductors deployed on the Buses perform their functions and duties in accordance with the Laws of Pakistan, particularly the Motor Vehicles Ordinance and the Motor Vehicle Rules.

## 7.3 Number of Buses

- a) The Operator affirms that it has independently assessed and satisfied itself that the number of Buses specified in the Letter of Award are sufficient to meet the Service Performance Levels and other obligations of the Operator under this Agreement.
- b) Parties understand and agree that the total number of Buses specified in the Letter of Award comprises the number of buses required to be operational on the Route and the number of Buses required as Spare Buses. For the avoidance of any doubts, it is clarified that all provisions of this Agreement apply *mutatis mutandis* to the Spare Buses.
- c) For the avoidance of any doubts it is clarified that this Agreement is neither intended to nor does it confer any exclusive right in favour of the Operator to ply any buses on the Route(s).

## 7.4 Variation in the Number of Buses

- 7.4.1 Save as otherwise necessitated by an event of Force Majeure (Article 16) and, the Operator shall not vary the number of Buses plied on the Route without the prior written consent of LTC.

If LTC determines, whether on its own or on application of the Operator, that in view of the increased passenger volumes on a Route, the numbers of Buses plied on the Route needs to be increased:

- i. LTC may require the Operator to induct such additional Buses as may be intimated by LTC to the Operator in writing (“**Additional Buses**”).
- ii. The Operator shall intimate its acceptance or refusal of such requirement in writing within seven (7) days of the receipt thereof. If no response has been received by then, upon expiry of the aforesaid period, it shall be deemed to have been refused.
- iii. If the Operator intimates its acceptance to induct all the Additional Buses, it shall provide a detailed bus induction plan along with all other information and data required to be submitted in terms of this Agreement for the initial procurement of Buses hereunder, within seven (7) days of its acceptance. Subject to terms of sub-Article 3.3.2, the terms and conditions of this Agreement shall apply *mutatis mutandis* to all Additional Buses.
- iv. If the Operator refuses, or is deemed to have refused, LTC shall be free to adopt such methods as it may deem fit to induct additional Buses for the Route on such terms and conditions as it may deem fit.
- v. Nothing contained in this sub-Article shall excuse or absolve the Operator of any of its obligations under this Agreement.

#### 7.5 Installation of Tracking Devices in Buses; Fleet Management System

- a) As soon as reasonably practicable after the delivery of the Buses at Lahore and prior to the Commercial Operations Date, the Operator will procure the installation of vehicle tracking devices (“**Tracking Devices**”) in all of the Buses, from a Person engaged in the business of providing motor vehicle tracking services identified by LTC (“**Tracking Service Provider**”).
- b) The Operator will enter into direct contractual arrangements with the Tracking Service Provider identified by LTC, provided that the terms and conditions of contractual arrangements shall be subject to LTC’s prior approval.
- c) The initial cost of the Tracking Device (excluding any installation and labor charges) shall be borne by the Parties in equal proportions. All other fees, charges, costs, dues or penalties by whatever name called payable by the Operator pursuant to the contractual arrangements with the Tracking Service Provider shall be borne solely by the Operator.
- d) The Operator undertakes and agrees that no Buses shall be plied on the Route(s) at any time without the Tracking Devices being installed therein and in a fully functional and operative condition.
- e) Notwithstanding the terms and conditions of the contractual arrangements between the Tracking Service Provider and the Operator, for the purposes of this Agreement, the Operator shall at all times remain responsible and liable for the safety and performance of the Tracking Devices. The Operator shall not permit, allow or suffer any interference with the Tracking Devices, except as may be required and undertaken by the Tracking Service Provider, in accordance with the terms and conditions of the contractual arrangements with the Operator.
- vi. In order to have real-time online access to the Fleet Management System for the purposes of, *inter alia*, (i) effective monitoring, simultaneously with LTC, of the movement of its Buses; and, (ii) generation of Operational Subsidy Claim, the Operator shall, simultaneously with the installation of Tracking Devices, make suitable arrangements in terms of installation of information technology facilities (including computers and broadband internet connections) along with skilled and trained personnel at its premises so as to be able to have access to the Fleet Management System. Any particular terms and protocols of use of the Fleet

Management System shall be intimated by LTC (and, where required, the Tracking Service Provider) to the Operator at the time of its access to the same.

- vii. Upon installation and successful testing of (i) the Tracking Devices on all Buses; and, (ii) the information technology facilities referred to in sub-Article 7.5(f), to LTC's satisfaction, LTC will issue a certificate ("Tracking Establishment Certificate").
- viii. Notwithstanding any other terms of this Agreement, LTC shall not be liable to make any payments of Operational Subsidy for any distance not recorded or reported by the Tracking Devices due to any reason whatsoever.

#### 7.6 Markings on Buses

The Operator shall ensure that the marking color-scheme and LTC logos specified in Schedule-I [*Bus Specifications*] are duly painted and affixed on all Buses by the relevant Bus Supplier prior to delivery thereof.

#### 7.7 LTC Depots

- a. Without prejudice to the Operator's continuing obligation to establish and maintain the Bus Service Infrastructure including depots for the Buses, LTC may, subject to availability of space in LTC Depots and the payment of the LTC Depot Utilization Fee by the Operator, allow the utilization by the Operator of designated spaces in LTC Depot(s) for the purposes permitted by LTC.
- b. The entry into this Agreement by LTC does not constitute any assurance or commitment by it as to the availability or suitability or continued availability or suitability of any space in any LTC Depot or any preferential treatment to any bus operator including the Operator with respect to any such space.
- c. Any space in an LTC Depot made available to an Operator pursuant to this Agreement shall be available only during the validity and currency of (i) this Agreement; and, (ii) LTC's right to use, or permit the use of, such space.

#### 7.8 LTC Service Fee

In consideration of LTC establishing the LTC Enforcement Apparatus to facilitate the establishment of an efficient and reliable bus service in Lahore including through the Project in terms of this Agreement, the Operator shall pay to LTC a fee ("LTC Service Fee") at the initial rate specified in the Letter of Award and revised thereafter by LTC from time to time.

### **ARTICLE 8: APPROVALS**

- 8.1 The Parties agree that the Operator shall at all times obtain and maintain, at its own sole cost and expense, all the Approvals in accordance with the Laws of Pakistan.
- 8.2 For the avoidance of any doubts it is clarified that this Agreement is neither intended to nor does it constitute any application for or the grant of a Route Permit or a Fitness Certificate with respect to any Bus for any of the Routes. The Operator shall be independently and continually obliged to apply for, obtain and maintain the relevant Route Permit(s) and Fitness Certificates in accordance with the Motor Vehicles Ordinance. The requirements, terms and conditions for the grant of a Route Permit and Fitness Certificates in accordance with the Laws of Pakistan, including the Motor Vehicles Ordinance and the Motor Vehicle Rules, shall be in addition to and without prejudice to the terms and conditions of this Agreement.
- 8.3 It is agreed that the Buses procured pursuant to this Agreement shall, subject to the Operator obtaining the Route Permits, only be plied on the Route(s) specified in this Agreement and the relevant Route Permit.

### **ARTICLE 9: ASSIGNMENT AND SECURITY**

#### 9.1 Assignment

9.1.1 It is hereby agreed by the Parties that LTC shall have the right to assign or transfer its rights and/or obligations hereunder. LTC will notify the Operator and the Lenders of such assignment or transfer within seven (7) days of such assignment or transfer. The Operator hereby gives it unconditional consent to any and all such assignments and/or transfers.

9.1.2 No assignment or transfer of this Agreement by the Operator shall be valid or effective without the prior written consent of LTC.

## 9.2 Creation of Security

- (a) Notwithstanding the provisions of sub-Article 9.1, for the purpose of financing the Project, in connection with the Financial Closing the Operator may assign to, or create a security interest in favour of, the Lenders in the Operator's rights and interests under or pursuant to (i) this Agreement, (ii) the Buses, (iii) the Bus Service Infrastructure (iv) the present and future movable, immovable, and intellectual property of the Operator, and (v) the present and future revenues or any of the rights or assets of the Operator.
- (b) The Lenders shall have no rights (except as expressly provided herein) or obligations to LTC under this Agreement until such time as the Lenders or their designees succeed to the Operator's interest under this Agreement, whether by exercise of their rights or remedies under the Financing Documents or otherwise, in which case the Lenders or their designees shall give notice of such succession ("**Succession Notice**") to LTC and shall assume liability for all of the Operator's obligations under this Agreement, including payment of any amounts due and owing to LTC for breaches or defaults by the Operator and other liabilities arising under this Agreement prior to the Lenders' or such designees' succession to the Operator's interest in and under this Agreement.
- (c) Upon notification by the Lenders or the Lenders' Agent to LTC, of the occurrence and continuance of an event of default under the Financing Documents, the Lenders shall have the right, among others, to (i) take possession of the Buses and prior to the Commercial Operations Date, complete the procurement of the Buses and operate and maintain the same and, after the Commercial Operations Date, operate and maintain the same, and (ii) cure any continuing Operator Event of Default as provided under sub-Article 15.4 of this Agreement.
- (d) In the event the Lenders desire to sell, transfer or assign the Buses Service as a going concern with all assets (present and future) together with possession thereof (hereinafter the "**Transfer of the Buses**") for the purposes of enforcing their rights under or pursuant to the Financing Documents, the following conditions shall apply:
  - i. Lenders shall obtain the consent of the LTC for the purposes of the Transfer of the Buses, which consent shall not be unreasonably withheld or delayed;
  - ii. The Transfer of the Buses shall only be in favour of a transferee (the "**Transferee**") who will have been approved by LTC; and
  - iii. LTC may impose such conditions (which will not be unreasonable) for granting its consent and approval as stated in sub-Articles (i) and (ii) above, including the curing by the Transferee of any existing Operator Event of Default within the period remaining for such cure by the Operator and the Lenders and the payment of any amounts due and owing to LTC by the Operator hereunder on or before the date of Transfer of the Buses.

Provided that the Lenders and the Transferee have complied with the requirements of this sub-Article 4.2(d), LTC agrees to execute such agreements and documents necessary or reasonably expedient to ensure that the Transferee has the benefit of all right, title and interest of the Operator under this Agreement and assumes in writing for the benefit of LTC all of the obligations and liabilities of the Operator hereunder.

- (e) Upon notice to LTC of a default under the Financing Documents, LTC shall, at the request and expense of the Lenders or the Lender's Agent, cooperate with

the Lenders in the exercise of such rights by the Lenders under this Agreement and the Financing Documents.

- (f) At the request of the Operator, delivered to LTC no less than thirty (30) days in advance, LTC shall execute and deliver, effective at the Financial Closing, acknowledgements to the Lenders with respect to any assignment granted to the Lenders pursuant to this Article-9 and the rights of such parties in and to this Agreement, as the Lenders may reasonably request in accordance with customary practices in transactions of this nature.

### 9.3 Delivery of Financing Documents; Evaluation of Terms and Conditions

- a) Within 30 days of the issuance of the Letter of Award, the Operator shall deliver to LTC a schedule or a copy of the term sheet reflecting the proposed material terms of the Financing Documents and setting forth a principal repayment schedule together with the maximum principal amounts and interest rate or rates and any schedules or formulae that will be included in the Financing Document for the computation of fees and charges payable to the Lenders upon the winding up for early termination of the loans under the Financing Documents, and shall also identify the equity commitments, individually and in total, of the Owners. LTC will evaluate the principal repayment schedule and other principal financial and other terms and the equity commitments in the Project and to evaluate the impact on LTC's obligations upon any termination of this Agreement. If LTC has any objections to the terms specified in such term sheet or schedule, it shall inform the Operator thereof within seven (7) Business Days of its receipt thereof. Prior to execution of the Financing Documents, the finalized versions shall be provided to LTC for its final review. The Operator shall ensure that LTC's objections, whether to the term sheet or schedule or the draft Financing Documents, are addressed to LTC's satisfaction. The Operator shall provide LTC with a copy of the Financing Documents executed on the date of Financial Closing no later than seven (7) Days after Financial Closing.
- b) Following Financial Closing, the Operator shall not amend or modify the terms and conditions of the Financing Documents or enter into any new Financing Documents, without having followed the procedure under sub-Article 9.3(a) above, regarding prior approval of LTC for the revised/new terms sheet or schedule and drafts of new Financing Documents.
- c) the Operator shall deliver to LTC, in a form satisfactory to LTC, assurances, undertakings or agreements that no alteration or enhancement as a result of such refinancing or new or additional debt financing shall increase in any respect the financial obligations of LTC hereunder or effect in any way the right of LTC to acquire the Buses, free and clear of all Encumbrances, upon LTC's payment of the applicable Compensation Amount.

## ARTICLE 10: OPERATIONS OF THE BUS SERVICE

### 10.1 Commercial Operations Date

- a) Subject to the terms of this Agreement and the applicable Laws of Pakistan, the Operator may start to progressively ply Buses procured in successive Procurement Phases on the Route.
- b) Provided however that the Operator shall, for the purposes of this Agreement, be deemed to have commenced commercial operations on a Route only on the day ("**Commercial Operations Date**") when ALL Buses have started complete commercial runs on the relevant Route in accordance with this Agreement and the applicable Laws of Pakistan.

### 10.2 Service Performance Levels

The Operator undertakes that the Bus Service shall be operated and managed by it in accordance with Service Performance Levels set out in Schedule-\_\_\_\_\_ hereto [*Service Performance Levels*].

- a. Operations throughout the Term

The Operator undertakes and agrees that, save where events of force majeure prevent the performance of the Operator’s obligations hereunder, it shall establish and maintain the Bus Service in accordance with this Agreement and the applicable Laws of Pakistan ply the Buses on the Routes(s), throughout the Term without any interruption. This continuing obligation is of the essence of this Agreement.

## **ARTICLE 11: OPERATIONAL SUBSIDY**

### **Conditions Precedent to provision of Operational Subsidy**

The following shall be conditions precedent to the provision of the Operational Subsidy:

- the continued validity and enforceability of the Performance Bank Guarantee;
- the continued validity of all Approvals, including the Route Permit(s);
- occurrence of Commercial Operations Date; and
- the establishment and continued operations of the Bus Service in accordance with the Service Performance Levels.

### **11.2 Availability of Operational Subsidy**

- a) Parties understand and agree that the provision of Operational Subsidy is strictly conditional upon, inter alia, the actual distance plied by the Buses on the Routes. No Operational Subsidy shall be provided for any failure to ply the Buses on the Route, including any failure arising out of an event of Force Majeure.
- b) Further, no Operational Subsidy shall be payable for any distance plied by any of the Buses on the Route prior to the Commercial Operations Date.

### **11.3 Operational Subsidy Rates; Revision of Rates**

#### **11.3.1 Quarterly Revision**

the Operational Subsidy rate specified in the Letter of Award shall be applicable during the first quarter starting from the Commercial Operations Date;

thereafter, the Operational Subsidy rates shall be revised on a quarterly basis in accordance with the formula set out in Part-A of Schedule-VI hereto [*Operational Subsidy*] (“**Operational Subsidy Revision Formula**”). The revised rate shall be determined by or before the fifth (5<sup>th</sup>) Business Day of a quarter and shall accordingly apply to Operational Subsidy payments during the relevant quarter;

the revised rates shall be intimated to the Operator upon determination as aforesaid, and shall be binding upon the Operator;

Notwithstanding anything to the contrary, the rate of Operational Subsidy specified in the Letter of Award, as may be revised on a quarterly basis (or annual basis in accordance with this sub-Article 11.3.2), represents the optimal/highest/ceiling rate (“**Optimal Operational Subsidy Rate**”) applicable to the relevant quarter, payable for any given month in that quarter, albeit only upon one hundred percent (100%) compliance by the Operator with the Service Performance Evaluation Criteria during the relevant month. In case compliance with the Service Performance Evaluation Criteria during a month is below hundred percent (100%), the actual rate of payment of Operational Subsidy (“**Actual Operational Subsidy Rate**”) shall be reduced proportionately.

By way of illustration, if the prevailing Optimal Operational Subsidy Rate is Rs. 10/- per Kilometer for the relevant quarter, while the compliance with the Service Performance Evaluation Criteria is eighty percent (80%) for the relevant month, the Actual Operational Subsidy Rate for that month will be Rs. 8/- per Kilometer, i.e., Rs. 10/- discounted by 20%.

#### **11.3.2 Annual Revision**

- a) Notwithstanding anything contained in sub-Article 11.3.1, the Operational Subsidy rate will be re-assessed/re-determined on an annual basis starting from the Commercial Operations Date;



- b) For this purpose an annual survey (“**Annual Survey**”) will be undertaken by LTC in accordance with the parameters for Annual Survey set out in Part-C of Schedule-VI hereto [*Operational Subsidy*]. The Annual Survey will, as far as may be reasonably practicable, be undertaken on or around each anniversary of the Commercial Operations Date till the Expiry Date.
- c) The Operator shall render complete co-operation and assistance and shall honestly, diligently and efficiently provide all documents, information and data, required by LTC for the purposes of undertaking the Annual Survey. The results of the Annual Survey will be published by LTC and a copy thereof will be provided to the Operator;
- d) The Operational Subsidy rate assessed/determined by LTC pursuant to the Annual Survey (“**Annual Re-assessed Operational Subsidy Rate**”) shall be (i) intimated to the Operator; (ii) binding on the Operator; and; (iii) deemed to be the Optimal Operational Subsidy Rate for the quarter (as reckoned from the Commercial Operations Date) immediately following the date of such determination (“**New Quarter**”). Provided that the actual payments of the Operational Subsidy for any given month in the New Quarter shall be made on the basis of the Actual Operational Subsidy Rate as determined in accordance with the method set out in sub-Article 11.3.1(d) with respect to the Re-assessed Operational Subsidy Rate. Provided further that until the commencement of the New Quarter, the payments of Operational Subsidy shall continue to be made in accordance with the Optimal Operational Subsidy Rate and the Actual Operational Subsidy Rates determined in accordance with sub-Article 11.3.1;
- e) For the avoidance of any doubts it is clarified that any re-assessment/re-determination of the Operational Subsidy rate pursuant to any Annual Survey hereunder will not entitle either of the Parties to seek any further payments or any refunds of any payments already, for/during the period part of the Term prior to the commencement of the New Quarter.

#### 11.4 Payment of Operational Subsidy

- a) Subject to the provisions of sub-Articles 11.1, 11.2, 11.3 and the following provisions of this sub-Article 11.4, the Operational Subsidy shall payable on a monthly basis, in arrears, starting from the Commercial Operations Date.
- b) For the purposes of claiming the Operational Subsidy, the Operator shall, not later than the seventh (7<sup>th</sup>) Business Day of the following month, lodge a claim (“**Operational Subsidy Claim**”) in the form set out in Part-B of Schedule-VI hereto [*Operational Subsidy*], for the preceding month.
- c) The Operational Subsidy Claim shall be accompanied by a duly filled in proforma for Service Performance Evaluation Criteria, duly signed by the principal accounts officer of the Operator and counter-signed by its chief executive officer/proprietor/managing partner, as the case may be. LTC shall also produce its own assessment with respect to compliance the Service Performance Evaluation Criteria.
- d) In case the Operator and LTC’s respective assessments are identical, LTC will tender payment of the Operational Subsidy at the Actual Operational Subsidy Rate within seven (7) Business Days of the receipt of the relevant Operational Subsidy Claim.
- e) In case LTC’s assessment with respect to Service Performance Evaluation Criteria for the Operator for the preceding month is at variance with the Operator’s version, then LTC’s assessment shall prevail and LTC may require the Operator in writing to amend/modify and re-submit its Operational Subsidy Claim in accordance with the Actual Operational Subsidy Rate determined as per LTC’s assessment, within \_\_\_\_\_ Days of the receipt of LTC’s aforesaid written request. In the event of failure or refusal by the Operator to issue an amended/modified Operational Subsidy Claim, LTC may choose to tender payment at the Actual Operational Subsidy Rate determined by LTC on the basis of its assessment; and such tendering of payment shall be valid, complete and final discharge by LTC of its obligation to pay the Operational Subsidy.
- f) subject to the foregoing, the Operational Subsidy shall be paid to the Operator either directly or, on behalf of the Operator, into bank account(s) notified for

this purpose by the Operator, Lender or Lenders' Agent, as the case may, in accordance with the Financing Documents.

## **ARTICLE 12: REPRESENTATIONS AND WARRANTIES OF THE OPERATOR**

### **12.1 Common Representations and Warranties**

Each Party hereby represents and warrants to the other as follows:

- a) that it has the power and authority to enter into and perform this Agreement and the transactions contemplated hereunder, and its entry into and performance of this Agreement and the transactions contemplated by it do not constitute a breach of any obligation or default of any other agreement/contract by which he is bound.
- b) that it has the legal right and capacity to enter into this Agreement.
- c) the execution, delivery and performance of this Agreement and the transactions contemplated herein do not constitute a violation of any Laws of Pakistan or any agreements/contracts to which it is a party.

### **12.2 Operator's Representations and Warranties**

The Operator hereby represents and warrants to LTC as follows:

#### **Ownership and Control**

- a) The information pertaining to the ownership, membership, shareholding and control of the Operator as furnished by or on behalf of the Operator along with its bid continues to be true and correct and that no information has been misstated or misquoted therein and/or withheld or concealed therefrom.
- b) The Owners' stake in the Operator shall be retained and no change shall be brought therein without the prior written consent of LTC, except a change brought about by operation of law.

#### **Constitutive Documents (Memorandum and Articles of Association etc.)**

- c) The constitutive documents of the Operator, including its Memorandum and Articles of Association, where applicable, as existing on the Effective Date have not been and shall not be altered, amended or modified without the prior written consent of LTC.

#### **Experience, expertise and skills**

- d) The Operator possesses the necessary experience, expertise, skills, technical and industrial knowledge and know-how to successfully establish and maintain the Bus Service in accordance with this Agreement.

#### **Operator's Undertaking**

- e) The Operator's undertaking at the commencement of this Agreement comprises adequate assets and resources to fully implement its obligations under this Agreement and under and pursuant to the Motor Vehicles Ordinance; and the Operator shall at all times maintain a sufficient undertaking to operate proper and efficient Bus Service on the Route(s) in accordance with the Service Performance Levels.

#### **Finances**

- f) The Operator shall ensure that it possesses at all times the requisite financial resources to successfully fulfill its obligations with respect to the Project in accordance with this Agreement and the Financing Documents.
- g) The Operator has fully disclosed and revealed, and shall fully disclose and reveal, to LTC, the sources of the finances for the Project including the finances provided by the Lenders.

- h) The Operator shall not obtain any finances from any Person, including any financial institutions, whether within or outside Pakistan, against the security of the Buses, without the prior written consent of LTC.

#### Compliance with Laws

- i) the Operator shall conduct its business in general, and operate the Bus Service on the Routes, in particular, in strict compliance with the provisions of all applicable Laws of Pakistan for the time being in force, including, but not limited to, the Motor Vehicles Ordinance.
- j) the Operator shall be responsible for compliance of all other applicable codes, statutory regulations and established practices and the policy directives issued by the GOPB from time to time; and shall comply with applicable laws, rules, regulations and by-laws whether now in force or which may hereinafter come in force during the currency of this Agreement.

#### Approvals

- k) the Operator shall at all times obtain and maintain, at its own sole cost and expense, all the Approvals in accordance with the Laws of Pakistan.
- l) the Operator shall, not later than 30 Days prior to the expiry of any Approval, inform LTC in writing of the expiry date of the relevant Approval and all steps and actions taken or proposed to be taken by the Operator to seek renewal or fresh grant of such Approval.
- m) In case of cancellation, termination, withdrawal or refusal of any Approval, the Operator shall inform LTC in writing of the reasons for such circumstances and all steps and actions taken or proposed to be taken by the Operator to rectify the same.

#### Buses

- n) the Buses procured and plyed on the Routes pursuant to this Agreement shall be brand new and shall be fully compliant with the Bus Specifications.
- o) the number of Buses operating on a Route shall be as specified in the Letter of Award.
- p) the Buses shall not be Disposed of in any manner whatsoever without the prior written consent of LTC.

#### Routes

- q) Buses will be operated only on the Route(s) for which Route Permit(s) have been issued, and the Operator shall strictly follow the alignment of the Routes specified in the relevant Route Permit(s).
- r) The Operator shall not at any time stake or claim any exclusive right to receive any capital subsidy or operational subsidy for any buses plyed or to be plyed on the Route.

#### Operation and Management of the Bus Service

- s) The Bus Service shall be operated and managed by the Operator in compliance with the requirements of this Agreement and the applicable Laws of Pakistan.
- t) the Operator shall exercise all reasonable skill, care and diligence in operating the Bus Service, so as to ensure the safety of all persons involved, including passengers and all employees, agents and contractors of LTC, GOPB and the Operator;
- u) the Operator shall operate and manage the Bus Service and carry out its obligations hereunder with all due diligence, efficiency and economy, in accordance with generally accepted techniques and practices used in standards recognized by international professional bodies, and shall observe sound

management and technical and engineering practices and employ appropriate advanced technology.

### **ARTICLE 13: INSURANCE**

- 13.1 The Operator undertakes that it shall, at its sole cost and expense, obtain and maintain till the Expiry Date comprehensive policies of insurance for the Bus Service from financially strong and reputable insurance companies.
- 13.2 The Operator shall, as and when reasonably required by LTC, provide to LTC copies of all such insurance policies and proof of up-to-date payments of the relevant premiums.

### **ARTICLE 14: FINANCE AND TAXES**

#### **14.1 Operator to obtain finance**

Save as to the extent of LTC’s commitment regarding the provision of the Capital Subsidy and the Operational Subsidy strictly in accordance with and subject to the terms of this Agreement, the Operator shall be solely responsible for obtaining all the finances, both debt and equity, necessary to finance, procure, operate and maintain the Project in terms of the relevant provisions of this Agreement.

#### **14.2 Financial Records and Statements**

- a) The Operator shall carry out its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices and shall keep full and particular accounts of its business and affairs and cause the same to be properly posted up to date.

The Operator shall permit LTC’s nominated auditors to have access to or to examine or to inspect any accounts, books, records, documents.

The Operator shall furnish to LTC every year a copy of its annual report together with the related financial statement and auditor’s reports.

The Operator shall, as and when desired by LTC during the Term, allow LTC to undertake detailed audit of the Operator’s books and accounts, through LTC Auditor.

#### **14.3 Taxes**

Parties understand and agree that any all payments due to be made by LTC to, or on behalf of, the Operator shall be made after and subject to any and all withholdings of, and deductions for, Taxes in accordance with the applicable Laws of Pakistan. It is also agreed that no grossing up to off-set the effect of any such withholdings and deductions shall be permitted.

### **ARTICLE 15: TERMINATION**

#### **15.1 Operator Event of Default; Termination by LTC**

In addition to as otherwise specifically provided for elsewhere in this Agreement, the following should be considered events of default on the part of the Operator (“Operator Events of Default”), giving LTC the right to terminate this Agreement in the manner stated in Article 15.3.

any breach or default by the Operator of or under this Agreement that is not remedied within ten (10) days after notice from LTC stating that a breach has occurred that could result in the termination of the Agreement and identifying the breach in question in reasonable detail.

any statement, representation or warranty by the Operator in this Agreement proving to have been incorrect, in any material respect, when made or when deemed to have been made, and such failure or incorrect statement, representation or warranty having a material and adverse effect on the Operator’s ability to perform its obligations under this Agreement or on the obligations or liabilities of LTC under this Agreement;

Abandonment;

- the cancellation, termination, withdrawal or expiry of any Approval, including a Route Permit;
- an order is made or a resolution is passed for winding up of the Operator (except for the purpose of reconstruction or amalgamation not involving the realization of assets in which the interests of creditors are protected);
- the Operator goes into liquidation or a receiver is appointed on the assets of the Operator or the Operator makes an assignment for the benefits of or enters into arrangement or composition with its creditors or stops payment or is unable to pay its debt; decree is passed against the Operator, execution or attachment is levied against the substantial portion of the Operator’s assets.
- the Operator defaults under the Financing Documents and fails in making payments to the Lenders as agreed and the Lenders have approached the LTC in the manner stated in this Agreement;
- exercise by the Lenders of their remedies under the Financing Documents with respect to the Buses such that the Buses are taken over/re-possessed by the Lenders, and the failure by the Lenders to deliver an Election Notice (as defined in Clause 15.4(b));
- the Operator fails to keep proper books of accounts or fails to allow their examination or provide the information in this regards to LTC/LTC Auditor as per terms of this Agreement.
- the Operator fails to operate the Bus Service in accordance with the Service Performance Levels;
- the Operator’s ownership and control is altered without the prior written consent of LTC;
- the Operator, during the validity of this Agreement, engages in any other activity or business other than provided for or permitted under this Agreement.

#### 15.2 LTC Event of Default; Termination by Operator

In addition to, as otherwise specifically provided for elsewhere in this Agreement and except where LTC is acting on the grounds of public welfare or national security (provided always that any action proposed to be taken on the ground of public welfare or national security shall be declared and approved by the Board of Directors of LTC, of the relevant time, and notified in advance at least fifteen days prior to the date of such action), the following shall be considered events of default on the part of LTC, (“LTC Events of Default”) giving the Operator the right to terminate this Agreement in the manner stated in Article 15.3.

- an order is made or a resolution is passed for winding up of LTC (except for the purpose of reconstruction or amalgamation not involving the realization of assets in which the interests of creditors are protected);
- LTC goes into liquidation or a receiver is appointed on the assets of LTC or LTC makes an assignment for the benefits of or enters into arrangement or composition with its creditors or stops payment or is unable to pay its debt; decree is passed against LTC, execution or attachment is levied against the substantial portion of LTC’s assets;
- in spite of the fulfillment by the Operator of all relevant conditions precedent and full compliance by the Operator with all it’s other obligations and duties under this Agreement, the Financing Documents and the applicable Laws of Pakistan, LTC fails or refuses to provide the Capital Subsidy and/or the Operational Subsidy subject to, and in accordance with, the terms and conditions of this Agreement. Provided that such default has not been remedied within fifteen (15) Business Days after notice from the Operator stating that a breach has occurred that could result in the termination of the Agreement and identifying the breach in question in reasonable detail.

#### 15.3 Termination Notices

Upon the occurrence of an Operator Event of Default or an LTC Event of Default, as the case may be, that is not cured within the applicable cure period, if any, the non-defaulting Party may, at its option, undertake termination of this Agreement by delivering a notice to terminate this Agreement (“Notice to Terminate”) to the

defaulting Party. This Agreement shall terminate on the date specified in the Termination Notice, which date shall not be earlier than the date that is seven (7) Business Days following the date on which the Termination Notice is delivered to the other Party or later than fourteen (14) days following the date of such delivery.

#### 15.4 Notice to Lenders of the Operator’s Default

- a) Anything in this Agreement notwithstanding, from and after the occurrence of the Financial Closing, LTC shall not seek to terminate this Agreement as the result of any default of the Operator without first giving a copy of any notices required to be given to the Operator under sub-Article 15.3, to the Lender(s). The Lender(s) shall be entitled to cure any such default within a fifteen (15) days cure period (“**Lender Cure Period**”) commencing upon delivery of each such notice to the Lenders. If Lenders have appointed a Lenders’ Agent, the notice delivered to Lenders’ Agent will be effective as if delivered to each of the Lenders. Each such notice shall be in writing and shall be deemed to have been delivered (i) when presented personally to the Lender or the Lenders’ Agent; (ii) when transmitted by facsimile to the number specified in accordance with the procedure set forth below; or, (iii) five (5) Days after being deposited in a regularly maintained receptacle for the postal service in Pakistan, postage prepaid registered or certified, return receipt requested, addressed to the Lender at the address specified by the Lenders.
- b) No rescission or termination of this Agreement by LTC shall be valid or binding upon the Lenders without such notice and the expiration of Lender Cure Period. The Lenders may make or procure, but shall be under no obligation to make, any payment or perform any act required to be made or performed by the Operator, with the same effect as if made or performed by the Operator. If the Lenders fail or are unable or unwilling to cure or the procure the cure of any Operator Event of Default, LTC shall have all its rights and remedies with respect to such default as set forth in this Agreement.
- c) Without prejudice to the foregoing, LTC and the Lenders may mutually agree to extend the Lender Cure Period.

#### 15.5 Other Remedies

The exercise of the right of a Party to terminate this Agreement, as provided herein, does not preclude the Party from exercising other remedies that are provided herein or are available at law. Remedies are cumulative, and the exercise of, or failure to exercise, one or more remedy by a Party shall not limit or preclude the exercise of, or constitute a waiver of, other remedies by that Party; provided that the remedies and Compensation Amounts provided in Article 16 are the exclusive remedies available to each Party with respect to any termination of this Agreement as a consequence of the events described therein.

#### 15.6 Condonation fee:

in case of any violation of the terms and conditions as mentioned in Annex-XI. The Company may in its discretion either terminate this agreement as per clause 15.1 or accept from the operator such condonation fee as may be levied by the Company in this behalf on the operator’s undertaking not to report the violation in future.

### **ARTICLE 16: RIGHTS AND OBLIGATIONS OF PARTIES UPON TERMINATION**

#### 16.1 Operator Event of Default:

In the event that LTC terminates this Agreement pursuant to an Operator Event of Default LTC will have the right, but not the obligation:

- a) to acquire, on its own or through its designee, all of the Operator’s rights, titles and interests in and to the Buses. If LTC elects to acquire the Buses as aforesaid, LTC or its designee pay to the Operator the price calculated in accordance with the formula set out in Schedule-X [*Payments upon Termination of Agreement*]. If LTC has not elected to purchase the Buses

within ninety (90) Days following the effective date of the termination, LTC shall have no further rights or interest in, or obligations to, the Buses; or

- b) to allow the Operator, or a suitable Person identified by the Operator and approved by LTC, to continue to operate the Buses on the Route, subject to obtaining all Approvals, including Route Permit(s). In this case the Operator will not be required to reimburse the proportionate part of the Capital Subsidy corresponding to the unexpired Term of this Agreement; or
- c) to allow the Operator to Dispose of the Buses to any other Person without the condition to ply the same on the Route. In this case the Operator shall reimburse to LTC the proportionate part of the Capital Subsidy corresponding to the unexpired Term of this Agreement.

#### 16.2 LTC Event of Default

In the event the Operator terminates this Agreement pursuant to sub-Article 15.2 as a result of an LTC Event of Default:

- (i) the Operator may, subject to the Approvals, either on its own or through a transferee approved by LTC, continue to ply the Buses on the Route, in which case the Operator will not be required to reimburse the proportionate part of the Capital Subsidy corresponding to the unexpired Term of this Agreement; or
- (ii) Operator may Dispose of the Buses to any other Person without the condition to ply the same on the Route. In this case the Operator shall reimburse to LTC the proportionate part of the Capital Subsidy corresponding to the unexpired Term of this Agreement; or
- (iii) the Operator may require LTC to acquire, on its own or through its designee, all of the Operator's rights, titles and interests in and to the Buses and pay to the Operator the price calculated in accordance with the formula set out in Schedule-X [*Payment upon Termination of Agreement*]. This right may only be exercised within ninety (90) Days following the effective date of the termination, failing which it shall lapse and expire.

#### 16.3 Reimbursement

Without prejudice to any reimbursements envisioned under sub-Article 16.2, in the event of termination of this Agreement for any reason other than an LTC Event of Default prior to the Commercial Operations Date, the Operator shall reimburse LTC for all costs and expenses (including reasonable attorney's fees and expenses) relating to the Project incurred by LTC prior to termination, which amount shall in any event not exceed Rs. \_\_\_\_\_.

#### 16.4 Obligations upon Termination

Upon expiration or earlier termination of this Agreement, the Parties shall have no further obligations hereunder except for obligations that arose prior to or arise upon such expiration or termination and obligations that expressly survive such expiration or termination pursuant to this Agreement, provided, however, that notwithstanding anything to the contrary in this Agreement, the rights and obligations under this Article 16 [*Rights and Obligations of Parties Upon Termination*]; and, Article 20 [*Dispute Resolution*] shall survive any termination or expiration of this Agreement.

#### 16.5 Conditions of Transfer

Any transfer to LTC (or its designee) of the Buses shall be free and clear of all Encumbrances.

### ARTICLE 17: FORCE MAJEURE

Where, by reason of events or circumstances beyond the reasonable control of and not reasonably foreseeable by a Party, the Party is prevented from performing an obligation under this Agreement, that Party will not be penalized for such non-performance if:

- (a) it notifies the other as soon as is reasonably practicable of such events or circumstances and of the period for which it expects to be prevented from performing its obligation(s) hereunder;
- (b) it takes all reasonable steps to avoid or limit the effects of such events or circumstances; and
- (c) it takes all reasonable steps to resume performing its obligation as quickly as possible.

For the purpose of sub-Article 17.1, the events and circumstances referred to include acts of God, war, natural disaster, strikes (other than strikes or go-slows by the Operator in particular or transporters in general), civil or military disturbance, but do not include shortages of or increase in the price of raw materials or equipment.

Should an aforesaid event of force majeure, which prevents performance of a substantial portion of the Operator's obligations hereunder, continue for more than three (3) months, LTC shall have the right to terminate this Agreement.

The termination of this Agreement pursuant to sub-Article 17.3 shall not affect any liability of the Operator already accrued prior to the effective date of such termination nor shall such termination affect the survival of any right, duty or obligation expressly stated elsewhere in this Agreement to survive such termination.

Upon termination under this Article 17, LTC shall have the same rights as set out in sub-Article 16.1.

#### **ARTICLE 18: CONFIDENTIALITY**

- 18.1 All disclosure of information under this Agreement shall be deemed to be confidential.
- 18.2 Except as provided below in this Article, the receiving Party of such confidential information agrees to treat the same as strictly confidential and shall not divulge, directly or indirectly, to any other person, firm, corporation, association or entity, for any purpose whatsoever, confidential information so received, and shall not make use of or copy such confidential information, except for the purpose of this Agreement. Such confidential information may be disclosed only to such of the employees, and consultants (if allowed under this Agreement) of the receiving Party who reasonably require access to such information for the purpose for which it was disclosed and who have secrecy obligations to the receiving Party.
- 18.3 The receiving Party shall promptly notify the disclosing Party upon discovery of any unauthorized use or disclosure of the confidential information and take all reasonable steps to regain possession of the confidential information and prevent further unauthorized actions or other breaches of this Agreement. Provided however, that notification and prevention of further unauthorized use and/or disclosure of confidential information shall not absolve the receiving Party from liability arising out of any breach under this Article.
- 18.4 This commitment shall impose no obligation upon either Party with respect to any portion of such information that:



- a) was known to the receiving Party prior to its receipt from the other Party;
- b) is now or which through no act of failure on the part of the receiving Party becomes generally known to the public;
- c) was/is lawfully supplied to receiving Party by a third party which the receiving Party in good faith believes is free to make such disclosure and without restriction on disclosure;
- d) is disclosed by the disclosing Party to a third party generally, without restriction on disclosure;
- e) is independently developed by the receiving Party without use of any confidential information provided by the disclosing Party.
- f) is required to be disclosed by applicable law, including order of the court or competent authority, provided that the receiving Party shall, where practicable, notify the disclosing Party immediately of such requirement. In that case the receiving Party shall, where practicable, notify the disclosing Party immediately of such requirement and shall assist it to participate in any proceedings to prevent such disclosure.

18.5 The obligation of confidentiality set out in this Article, shall survive the termination or expiration of this Agreement for a period of three (3) years.

#### **ARTICLE 19: NO GUARANTEE OR ASSURANCE**

19.1 For the avoidance of any doubts it is clarified that this Agreement and any transactions undertaken pursuant hereto is/are neither intended to nor does/would it/they constitute any guarantee or assurance:

- a) by the GOPB in favour of any Persons including, but not limited to, the Operator, the Lender(s) and/or the Bus Suppliers, regarding any obligations or responsibilities of LTC, the Operator and/or the Lender(s), as the case may be, under or pursuant to this Agreement and/or the Finance Documents;
- b) by LTC in favour of any Persons including, but not limited to, the Lender(s) and/or the Bus Suppliers, regarding any obligations or responsibilities of the Operator and/or the Owners, as the case may be, under or pursuant to this Agreement, the Procurement Documents and/or the Finance Documents.

#### **ARTICLE 20: DISPUTE RESOLUTION**

20.1 Disputes

If any dispute or difference arises between the Parties in connection with this Agreement or the transactions contemplated herein, the Parties undertake to use all reasonable endeavors, in good faith, to settle the dispute or difference by negotiations through senior managerial staff. If any dispute cannot be resolved within 21 days of it arising through such negotiations, it may be referred by either Party to arbitration pursuant to Clause 20.2.

20.2 Arbitration

If the Parties are unable to settle the dispute or difference by negotiation, either party may refer the dispute or difference to be settled by arbitration to be held in Lahore in accordance with the provisions of the Arbitration Act, 1940, of Pakistan by the sole arbitrator, who must be a retired judge of the Supreme Court of Pakistan. The arbitral decision will be final and binding on the Parties. Unless otherwise ordered by the arbitrator, each Party shall bear its own costs of arbitration.

#### **ARTICLE 21: INDEMNITY**

- 21.1 The Operator shall indemnify and hold LTC harmless against any and all loss and damage suffered by LTC or any of its Affiliates, employees, agents, associates, brokers, consultants, officers, directors, promoters, shareholders, sponsors or subsidiaries, resulting from any act or omission, including but not limited to any breach or violation of this Agreement of/by the Operator and/or any of its Affiliates, employees, agents, associates, brokers, consultants, officers, directors, promoters, shareholders, sponsors or subsidiaries.

## **ARTICLE 22: MISCELLANEOUS PROVISIONS**

### **22.1 Notices**

All notices required by this Agreement shall be furnished by hand delivery, certified post, telex, or telefax to the following addresses:

Lahore Transport Company	[ - ] ('Operator')
Address: [ - ]	Address: [ - ]
Fax: [ - ]	Fax: [ - ]

All notices shall only be effective on receipt.

Either Party may change its address by a notice to the other Party in the manner set forth above.

### **22.2 Governing Law**

This Agreement and the transactions contemplated by it are governed by the Laws of Pakistan and, subject to Clause 20, each Party irrevocably and unconditionally submits to the exclusive jurisdiction of the relevant courts at Lahore, Pakistan.

### **22.3 Amendment**

This Agreement can be amended only by agreement between the Parties in writing, executed by a duly authorized representative of each of the Parties.

### **22.4 Third Parties**

This Agreement is intended solely for the benefit of the Parties, and, save as to the extent of Lenders' rights and obligations envisaged under this Agreement, nothing in this Agreement shall be construed to create any rights in, duty to, standard of care to, or any liability to, and Person not a Party.

### **22.5 Waiver and variation**

A provision of or a right created under this Agreement may not be waived except in writing signed by the Party granting the waiver or varied except in writing signed by the Parties. If any such waiver or variation requires the consent or approval of any Government Authorities, it will only be effective on such consent or approval being obtained.

### **22.6 Relationship of the Parties**

This Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind the other Party.

### **22.7 Survival of Provisions**

The cancellation, expiration or earlier termination of this Agreement shall not relieve the Parties of obligations that, by their nature, should survive such cancellation, expiration or termination, including, without limitation, warranties, remedies, promises of indemnity and confidentiality.

### **22.8 Further assurances**

Each Party agrees, at its own expense on the request of the other Party, to do everything reasonably necessary to give effect to this agreement and the transactions contemplated by it and to use all reasonable endeavors to cause relevant third parties to do likewise.

#### 22.9 Entirety

- a) Upon the occurrence of Financial Closing and the full effectiveness of this Agreement, this Agreement shall, subject to sub-Article 22.9(b), be the full and final expression of the agreement between the Parties on the matter contained therein. Except for the Letter of Award, which until Financial Closing, will govern the Project and supersede all documents and agreements between the Parties in relation to the Project, all written or oral representations, understandings, offers or other communications of every kind between the Parties in relation to the Project prior to this Agreement are hereby abrogated and withdrawn.
- b) Until the occurrence of Financial Closing, to the extent of any difference between the provisions of the Letter of Award and the provisions of this Agreement which are then effective, the Letter of Award shall be controlling as to the rights and obligations of the Parties. After Financial Closing, to the extent of any inconsistency between the provisions of this Agreement and the Letter of Award, this Agreement will prevail.

#### 22.10 Successors and Assigns

This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

#### 22.11 No liability for Review or identification

- a) No review, non-objection or approval by LTC (or any authority from which an Approval is to be obtained) of any agreement, document, instrument or specifications proposed by the Operator or any inspection of the Buses by LTC under Article 4 [*Procurement of the Buses*] shall relieve the Operator from any liability that it would otherwise have had for its negligence in the preparation of such agreement, document, instrument or specifications; or, failure to comply with the applicable Laws of Pakistan with respect thereto; or, to satisfy the Operator's obligations under this Agreement, nor shall LTC be liable to any Person, including, but not limited to, the Operator and the Lenders, by reason of its review and approval of an agreement, document, instrument or specifications.
- b) No identification by LTC of any Person(s) with whom the Operator is to enter into contractual relations, including, but not limited to, the Tracking Service Provider, shall result in any liability or responsibility on part of LTC for any acts or omissions or such Person(s). LTC does not give any assurance regarding the suitability, reliability, technical expertise, professional skill, credit or worthiness of any such Person(s) including but not limited to, the Tracking Service Provider, to any Person(s) including, but not limited to, the Operator and the Lenders.

#### 22.12 Affirmation

- a) The Operator hereby declares that it has not obtained or induced the procurement of this Agreement or any contract, consent, approval, right, privilege or other obligation or benefit related to this Agreement or the Project from LTC or any other public sector entity through any corrupt or illegal business practice.
- b) Without limiting the generality of the foregoing, the Operator represents and warrants that it has fully disclosed in writing all commissions, brokerage and other fees, and other compensation (other than compensation paid to employees of the Operator for services provided) paid or payable to any Person within or outside Pakistan in relation to the Project and has not given or agreed to give and shall not give, or agree to give to any Person within or outside Pakistan either directly or indirectly through any natural or legal person, including its affiliates, employees, agents, associates, brokers, consultants, officers, directors, promoters, shareholders, sponsors or subsidiaries (and any of their employees, agents, associates, brokers, consultants, officers,

directors, promoters, shareholders or sponsors), any commission, gratification, bribe, finder's fee or kickback, whether described as consultation fee or otherwise, with the object of obtaining or inducing the procurement of this Agreement or any contract, right, interest, privilege or other obligation or benefit related to this Agreement or the Project from LTC or any public sector entity, except that which has been expressly declared pursuant hereto.

- c) The Operator accepts full responsibility and strict liability for making any false declaration, not making full disclosure, misrepresenting facts or taking any action likely to defeat the purpose of the representations and warranties contained herein and the declarations required hereby. It agrees that any contract, consent, approval, right, interest, privilege or other obligation or benefit obtained or procured as aforesaid shall, without prejudice to any other right and remedies available to LTC, shall be voidable and without legal effect at the option of LTC.
- d) Notwithstanding any rights and remedies that are available to and may be exercised by LTC in this regard, LTC agrees to indemnify LTC for any loss or damage incurred by it on account of its corrupt business practices and further pay compensation to LTC in an amount equivalent to ten (10) times the amount/value of any commission gratification, bribe, finder's fee or kickback paid or given by the Operator as aforesaid for the purpose of obtaining or inducing the procurement of this Agreement or any contract, right, interest, privilege or other obligation or benefit related to this Agreement or the Project from LTC or any public sector entity.

#### 22.13 Counterparts

This Agreement has been duly signed by the Parties in two originals and the Parties have taken one each.

#### 22.14 Language

The language of this Agreement and the transactions contemplated by it is the English language which language is the governing language despite its translation into any other language.

#### 22.15 Public Announcements

A Party may not make any press or other announcements or releases in relation to this Agreement or the transactions contemplated by it without the prior written consent of the other Parties to the form and manner of the announcement or release unless that announcement or release is required to be made by law or by a stock exchange.

#### 22.16 Severability

Any provision of or right created under this Agreement which is prohibited in any jurisdiction is in that jurisdiction ineffective only to the extent of that prohibition and the remainder of this Agreement shall be valid and binding as if such provisions were not included therein, unless the invalid/ineffective or violating provision comprises an integral part of, or is otherwise inseparable from, the remainder of this Agreement, in which case both parties shall attempt to agree on a provision which is valid and enforceable and not in violation of law of that particular jurisdiction and as similar as possible to the original provision; provided, however, that if both parties do not so agree within 30 days after the provision has been ruled invalid or ineffective or violating, then either party shall have the right to immediately terminate this Agreement by giving the other Party a written notice to that effect.

#### 22.17 Obligations regarding guarantees

The Operator shall remain continually liable and responsible to ensure that:

- a) the Capital Subsidy Bank Guarantee and Performance Bank Guarantee, as the case may be, remain valid and effective throughout for such duration(s) as they are required under the terms of this Agreement and the Letter of Award to remain valid and effective; and,

- b) in case of any encashment thereof prior to the expiry of such duration(s), the same are renewed/refreshed/topped-up to ensure that the respective maximum amounts guaranteed thereunder at the time of the initial issuance thereof, are maintained throughout such duration.

**SCHEDULE-I: BUS SPECIFICATIONS**

[-]

**SCHEDULE-II: BUS SERVICE INFRASTRUCTURE**

Details of bus service infrastructure/operational requirements to be developed by the operator at depot are as follows:

- **OFFICE BLOCK**
- **TRAINING/LECTURE ROOM**
- **WASHING BAYS**
- **WORKSHOP**

S/No	Description	Capability
<b>1</b>	<b>Paint Shop</b>	Wide Spray Gun with Container
		Infra Red Lights
		Infra red Stand
		Under Coating Pump with Gun
<b>2</b>	<b>Machine Shop</b>	Milling Machine
		Auto mated Hack Saw
		Drilling Machine
		Lathe machine
		Hydraulic Press
<b>3</b>	<b>Service Tools Engine)</b>	Special Spanner For Cyl. Head Blots
		Valve Adjusting Spanner Main Shaft Bearing Installer
		Guide Mandrel For Fly Wheel
		Front Crank Shaft oil Seal Remover
		Nozzle Holder Remover
		Jig For Valve Stem seal(DE 12)
		Jig For Valve Stem (DE 12)
		Cylinder Liner Plate (DE 12)
		Cylinder liner plate(DE 12)
		Piston Sleeve
		Piston Pin Remover(DE 12)
		Piston Pin Remover(Dv 15)
		Mandrel For rear crank shaft Oil Seal
		Cylinder Liner Installer(DE 12)
		Cylinder Liner Installer(Dv 15)
		Main Shaft Bearing Puller
		Reverse idle Shaft Remover
		Counter Shaft Bearing Puller
		Clutch Pilot Aligner
<b>4</b>	<b>Hand Tools</b>	Mechanics hand tool Set
		Tap and die Set
		Screw Extractor Set
		Soldering Iron with Solder
		File Set
		Needle File Set
		Vice
		Solders terminal kit
Snap Ring Pliers		

	Auto Driver Set
	Hack Saw Frame and Blade
	Hammer Set
	Denter Hammer
	Plastic Hammer
	Double Face Hammer set
	Universal Pulley set
	Wool Cutting Scissor
	Work table
	Impact Socket Wrench set
	Adjustable Wrench Set
	Magnetic Stick
	Hexagon Wrench Set
	Adaptor Set(2pcs)
	Tool Stand
	Tool trolley
	Extension Bar Set
<b>5</b>	<b>Stand By Power</b> Generators
<b>6</b>	<b>Telecommunication</b>



### **SCHEDULE-III: BUS SERVICE STAFF**

**Note:** The requirements set out in this Schedule are without prejudice to and in addition to the requirements under the Motor Vehicles Ordinance and the Motor Vehicle Rules.

#### **Selection Criterion for Drivers**

- a) The age of the prospective driver should be between 25-45 years.
- b) The candidate must have a valid HTV (heavy traffic vehicle) & PSV (Public service vehicle) driving license with a clean driving history. The license shall be verified by the issuing authority in order to ascertain the genuineness of the license.
- c) The candidate shall have minimum 3 years experience of driving a Public Service Vehicle.
- d) The candidate should go through a driving Test both “written” and on “road” by a senior instructor of operator and/or an independent driving training school authorized by the Company.
- e) A background check of driver will be done by obtaining necessary clearance from the previous employer.
- f) The driver should be physically fit and on demand can provide a physical fitness certificate duly attested or issued by the Physician.
- g) Driver should have an Eyesight testing report to ensure his capability for safe driving of vehicle.

#### **Selection Criterion for Fare Collector**

- a) The age of the prospective FC should be between 25-35 years.
- b) The candidate must possess qualification of min. intermediate.
- c) The candidate possessing experience in same trade shall be preferred. In case of no experience, the candidate should have gone through the mandatory training before deputing as FC.
- d) The candidate should not be involved in embezzlement, cheating or dismissed by the previous employer.
- e) The FC should be physically fit and on demand can provide a physical fitness certificate duly attested or issued by the Physician.
- f) The company will ensure that FC behavior towards the passengers should be always friendly.

**SCHEDULE-IV: BUS INDUCTION PLAN**

Phase No.	No. of Buses	Time Period for Delivery	Cut-off Date for Commercial Operations
1			
2			
3			

## **SCHEDULE-V: CAPITAL SUBSIDY**

Capitalized expressions used but not defined in this Schedule shall have the meanings given to them in the General Conditions of Agreement.

### **I. OPTIONS FOR PAYMENT OF CAPITAL SUBSIDY**

#### **1. Option-A: Upfront Payment**

This option shall apply to the cases where the Operator seeks payment of Capital Subsidy prior to procurement.

##### **1.1 Conditions Precedent to payment under Option-A**

The following shall be conditions precedent to provision of Capital Subsidy under Option-A:

- a) provision and continued enforceability of the Performance Bank Guarantee;
- b) execution of this Agreement (including all annexes and schedules thereto); and
- c) provision to LTC of the Capital Subsidy Bank Guarantee.

##### **1.2 Validity of Capital Subsidy Bank Guarantee**

The Capital Subsidy Bank Guarantee shall remain valid and effective from the date of its issuance till thirty (30) Days from the date of the last to occur of the following events:

- d) the issuance of the Procurement Completion Certificate in accordance with sub-Article 4.3;
- e) the issuance of Route Permit(s) for all Buses in accordance with the applicable Laws of Pakistan;
- f) the registration of all Buses with the Motor Vehicle Registration Authority in accordance with Article 6 and the applicable Laws of Pakistan; and
- g) the issuance of the Tracking Establishment Certificate by LTC in accordance with sub-Article 7.5(g).

#### **2. Option-B: Payment upon completion of procurement of Buses**

This option shall apply to the cases where the Operator seeks payment of Capital Subsidy upon completion of procurement of Buses. For Option-B, Capital Subsidy Bank Guarantee will not be required.

##### **1. Conditions Precedent to payment under Option-B**

The following shall be conditions precedent to the payment of the corresponding tranche of the Capital Subsidy for each Procurement Phase:

- (a) the provision and continued enforceability of the Performance Bank Guarantee;
- (b) the execution of this Agreement (including all annexes and schedules thereto);
- (c) the issuance of the Procurement Phase Completion Certificate for the relevant Procurement Phase in accordance with sub-Article 4.3;
- (d) the issuance of Route Permit(s) for all Buses (in the relevant Procurement Phase) in accordance with the applicable Laws of Pakistan;
- (e) the registration of all Buses with the Motor Vehicle Registration Authority in accordance with Article 6 and the applicable Laws of Pakistan; and

- (f) the issuance of the Tracking Establishment Certificate by LTC in accordance with sub-Article 7.5(g).

(iii) **MODES OF DISBURSEMENT OF THE CAPITAL SUBSIDY**

The Capital Subsidy disbursement under Option-A or Option-B above may, subject to the fulfillment of the relevant Conditions Precedent, be made to the Operator in a bank account to be specified by the Operator. For this purpose, LTC will issue necessary instructions to its bank in the form set out in Para III below.

(iv) **INSTRUCTIONS TO LTC’S BANK**

**Capital Subsidy under Option-A**

The Manager  
[-] Bank  
Lahore

**Subject: Instructions Regarding Account No. [-]**

Dear Sir:

- a. We are writing with reference to our bank Account No. [-] (“LTC Account”).
- b. You are hereby irrevocably instructed that upon receipt of a letter from LTC duly signed by the Chief Executive Officer and the General Manager (Finance) of LTC, confirming the completion of the following actions:
  - 10 provision and continued enforceability of the Performance Bank Guarantee;
  - 11 execution of the Facilitation Framework Agreement (including all annexes and schedules thereto); and
  - 12 provision to LTC of the Capital Subsidy Bank Guarantee,

you shall, without further recourse to LTC, immediately transfer funds of not more than Rs. [-] (Pak Rupees [-]) in one lump sum from the LTC Account into account No. [-] maintained by M/s \_\_\_\_\_ (the “Operator”) with \_\_\_\_\_ Bank Limited \_\_\_\_\_ Branch Lahore.
- c. That these instructions are issued in accordance with the terms and conditions of mutual agreement between LTC and the Operator, and are in consideration of their mutual covenants and promises.

\_\_\_\_\_

Mr. Jai Ik Kim  
Chief Executive  
LTC

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We, \_\_\_\_\_Bank Limited, acting through duly authorized officers Mr. \_\_\_\_\_ [insert name and designation] and Mr. \_\_\_\_\_ [insert name and designation], do hereby state and confirm that we have received, understood and accepted the foregoing instructions and shall comply with the same.

\_\_\_\_\_

For and on behalf of [-] Bank Ltd.

**Capital Subsidy under Option-B**

The Manager  
[-] Bank  
Lahore

**Subject: Instructions Regarding Account No. [-]**

Dear Sir:

12.3 We are writing with reference to our bank Account No. [-] (“LTC Account”).

12.4 You are hereby irrevocably instructed that upon receipt of a letter from LTC duly signed by the Chief Executive Officer and the General Manager (Finance) of LTC, confirming the completion of the following actions:

- 12.4.1 the provision and continued enforceability of the Performance Bank Guarantee;
- 12.4.2 the execution of the Facilitation Framework Agreement (including all annexes and schedules thereto) (“FFA”)
- 12.4.3 the issuance of the corresponding Procurement Phase Completion Certificate in accordance with sub-Article 4.3 of the FFA;
- 12.4.4 the issuance of Route Permit(s) for all Buses (in the relevant Procurement Phase)in accordance with the applicable Laws of Pakistan;
- 12.4.5 the registration of all Buses (in the relevant Procurement Phase) with the Motor Vehicle Registration Authority in accordance with Article 6 of the FFA and the applicable Laws of Pakistan; and
- 12.4.6 the issuance of the Tracking Establishment Certificate (for the Buses in the relevant Procurement Phase) by LTC in accordance with sub-Article 7.5(g) of the FFA.

you shall, without further recourse to LTC, immediately transfer funds from the LTC Account into account No. [-] maintained by M/s \_\_\_\_\_ (the “Operator”) with \_\_\_\_\_ Bank Limited \_\_\_\_\_ Branch Lahore, as follows:

Procurement Phase Number	Capital Subsidy Amount to paid
Phase # 1	Rs. [-]
Phase # 2	Rs. [-]
Phase # 3	Rs. [-]

3. That these instructions are issued in accordance with the terms and conditions of mutual agreement between LTC and the Operator, and are in consideration of their mutual covenants and promises.

\_\_\_\_\_  
Mr. Jai Ik Kim  
Chief Executive  
LTC

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We, \_\_\_\_\_Bank Limited, acting through duly authorized officers Mr. \_\_\_\_\_ [insert name and designation] and Mr. \_\_\_\_\_ [insert name and designation], do hereby state and confirm that we have received, understood and accepted the foregoing instructions and shall comply with the same.

\_\_\_\_\_

For and on behalf of [-] Bank Ltd.

**SCHEDULE-VI: OPERATIONAL SUBSIDY****Part-A: Operational Subsidy Revision Formula [for quarterly revision]**

Following table shows the revision of operational subsidy rates with each increase of Rs.1/- in fuel price provided the Government of the Punjab does not decide to revise the fares:

Sr. No.	Fuel Type	Average Bus Mileage	Change in Op. Subsidy Rate
1.	LPG	4.00 Km per Kg	
2.	CNG	3.25 Km per Kg	
3.	Diesel	2.50 Km per Kg	

The formula for calculation of rate revision is:

$$\text{Incremental Change in Rate} = (\text{New Price} - \text{Old Price}) / \text{Mileage per Km}$$

**Examples:****a. LPG:**

It is assumed that an LPG bus will give an average mileage of 4 Km per litre. Therefore, if price of LPG increases from Rs.105/- per kg to Rs.106/- per kg, the adjustment will be as follows:

$$\text{Incremental Change in Rate} = (106-105)/4 = 10 \text{ Paisa}$$

**b. CNG:**

It is assumed that an CNG bus will give an average mileage of 3.25 Km per litre. Therefore, if price of CNG increases from Rs.55/- per kg to Rs.56/- per kg, the adjustment will be as follows:

$$\text{Incremental Change in Rate} = (56-55)/3.25 = 30 \text{ Paisa}$$

**c. Diesel:**

It is assumed that a Diesel bus will give an average mileage of 2.5 Km per litre. Therefore, if price of Diesel increases from Rs.72/- per litre to Rs.73/- per litre, the adjustment will be as follows:

$$\text{Incremental Change in Rate} = (73-72)/2.5 = 40 \text{ Paisa}$$

**SCHEDULE-VI: OPERATIONAL SUBSIDY [continued]**

**Part-B: Operational Subsidy Claim Form**  
*[Sub-Article]*

(on Operator’s letterhead)

Dated: \_\_\_\_\_

The General Manager (Finance)  
 Lahore Transport Company  
 97-B/D-I, IEP Building, Liberty Roundabout  
 Main Boulevard, Gulberg-III  
 Lahore

**Subject: Operational Subsidy Claim: [-], 20[-] [insert month and year]**

Dear Sir,

With reference to the subject, we write to claim an operational subsidy for Route No. [-] for the month of [-], 20[-] *[insert month and year]*, amounting to a total of Rs. [-] as per following details:

<b>Bus Registration #</b>	<b>Kilometeres Travelled on Route</b>	<b>Operational Subsidy Rate</b>	<b>Total Amount Claimed</b>

Grand Total: \_\_\_\_\_

Regards,

\_\_\_\_\_  
*[Authorized Representative of the Operator]*



**SCHEDULE-VI: OPERATIONAL SUBSIDY [continued]**

**Part-C: Parameters for Annual Survey**  
*[Sub-Article 11.3.2]*

[-]

**SCHEDULE-VII: INSTRUCTIONS TO THE MOTOR VEHICLE REGISTRATION AUTHORITY,  
LAHORE**

The District Officer/Excise and Taxation Officer  
Lahore

SUBJECT: **IRREVOCABLE INSTRUCTIONS REGARDING TRANSFER OF MOTOR  
VEHICLES/BUSES**

Ref: Application for Registration of HOV (Engine No. \_\_\_\_\_;  
Chassis No. \_\_\_\_\_)

Dear Sir:

1. This is to inform you that the HOV (Engine No. \_\_\_\_\_ and Chassis No. \_\_\_\_\_), has been procured pursuant, *inter alia*, to a Capital Subsidy provided by the Lahore Transport Company (“LTC”), a company promoted by the Government of the Punjab, and set up under Section 42 of the Companies Ordinance, 1984, pursuant to contractual arrangements with the undersigned.
2. That the undersigned have agreed for good and valid consideration that the ownership of the aforementioned HOV shall not be transferred and no attempt shall be made by us or on our behalf to seek the recording with your office of any such transfer, without the prior written consent/NOC of LTC
3. That accordingly, we hereby inform you that no transfer of ownership of the aforementioned HOV may kindly be allowed/recorded in your official records without the written consent/NOC of LTC duly signed by the Chairman or Chief Executive of LTC for the time being.
4. This communication is being made for good and valid consideration received and may not be varied, modified, revoked, superseded or replaced in any manner whatsoever without the receipt of written communication to that effect at your office, duly signed by each of the undersigned as well as the Chairman or Chief Executive of LTC for the time being.

\_\_\_\_\_  
[Operator]

\_\_\_\_\_  
[Bank]

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**Acknowledgement of Receipt:**

We hereby confirm the receipt of the above instructions/communication on \_\_\_\_\_ [insert date].

\_\_\_\_\_  
District Officer/Excise and Taxation Officer

## **SCHEDULE-VIII: SERVICE PERFORMANCE LEVELS**

### Maintenance of Buses

The Operator shall ensure that the Buses are maintained in accordance with the Bus Supplier, and in case the Bus Supplier is not the manufacturer thereof, the relevant manufacturer's prescribed maintenance schedules.

### Cleanliness and Hygiene

The Operator shall institute and implement sound practices for ensuring cleanliness and hygiene and in this regard:

- a) all Buses shall be cleaned of unnecessary papers, and swept out daily;
- b) particular attention shall be given to the cleanliness and repair of seats;
- c) all Buses available for service shall be washed on a regular basis in order to maintain them in a reasonably clean condition;
- d) all Buses will be thoroughly flushed and disinfected in cases of passenger sickness or accident;
- e) a continuing campaign of thorough interior cleaning of seats, walls, ceiling, windows and drivers area shall be carried out with a target frequency of each Bus having the interior thoroughly and completely cleaned eight (8) times annually.

**SCHEDULE-IX: SERVICE PERFORMANCE EVALUATION CRITERIA**

Sr #	Performance Standards	Field Measurement Criteria	Max. Points	Points Distribution	Points Earned
1.	Operational Standards		100		
i.	Maintenance of Dispatch frequency from the depot	Trackers		30	
ii.	Operating required number of buses	Trackers		30	
iii.	Operational Hours (Working Days, Weekdays, Holidays)	Trackers		30	
iv.	Stoppage on Designated Stops Only	Trackers		10	
	<b>Total</b>		<b>100</b>		

**SCHEDULE-X: PAYMENTS UPON TERMINATION OF AGREEMENT**

**[-]**

**SCHEDULE-XI: Schedule of Condonation Fee**

Sr. No	Description	Fine per vehicle per violation	Demerit Points
<b>Bus Related defects/deficiencies</b>			
1	Violation of road worthiness requirements as given in Schedule 3	1000	10
2	Defective, damaged, missing toeing device in the bus	500	5
3	Damaged, broken, loosely fitted, missing passenger seats	500	5
4	Discoloration, peeling off of paint, non painting of any repaired work inside the bus on any of its items	500	5
5	Missing, damaged, loosely hanging rub rails, hand grab rails, hand holds	500	5
6	Missing, expired, inoperative, fire extinguisher or fitment of one's different from original specifications	500	5
7	Missing, damaged, disfigured markings on reserved seats for various categories of passengers	500	5
8	Damaged floor, steps, hatches, hatch covers etc inside the bus	500	5
9	Any unauthorized fitment of radio, music system, or any other gadgets inside the bus without prior approval of LTC	500	5
10	Unclean, dirty bus outside or inside at the start of the trip	500	5

Sr. No	Description	Fine per vehicle per violation	Demerit Points
<b>Driver/Conductor related faults/deficiencies</b>			
1	Driver/conductor not wearing prescribed dress, badges, shoes etc	500	5
2	Unclean, torn dress	500	5
3	Not carrying driving license, Operator issued identity card/driving authorization, identity etc	1000	10
4	Smoking while on board the bus	500	5
5	Allowing any person to sit, stand or chat in the driver work area/near driver seat	500	5
6	Carrying weapons/arms of any kind on board the bus/ on person while on duty	1000	10

7	Not operating, causing it to not operate any passenger information system, gadgets, devices etc	1000	10
8	Not operating driving assistance devices like turn indicators, bus aligning system if any fitted to the bus, etc	500	5
9	Not following the working instructions issued by LTC's representative time to time	1000	10
10	Not aligning the bus with bus platform, not stopping the bus at proper place, not stopping for enough time,	1000	10
11	Quarrelling or otherwise ill treating passengers, other road users,	1000	10
12	stopping bus beyond the marked place at bus stops	1000	10
13	Driving bus in defective condition, running out of fuel on line	500	5
14	Taking, dropping passenger at unauthorized places	1000	10
15	Over taking buses operating under LTC on the same route	1000	10
16	Not issuing complaint book to the complainant for recording any complaint/suggestion etc	500	5
17	Loss of, damage of, tempering with the recordings in the complaint book and or the complaint book and or not informing/delayed informing LTC about the complaints/suggestions	500	5
18	Abandoning buses en route or at unauthorized places/locations	500	5

Sr. No	Description	Fine per vehicle per violation	Demerit Points
<b>Bus operator and or bus operation related deficiencies/ defaults</b>			
1	Not following route, trips, schedules prescribed by LTC	1000	10
2	Not obtaining authorization for operation,	1000	10
3	Not obtaining/renewing Fitness certificate	2000	20
4	Parking buses at unauthorized places other than the parking yard if provided by the LTC	1000	10
5	Not submitting the required returns, data, information, documents periodically or as and when called for by	1000	10

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LTC			
6	Not taking corrective action on repeated occurrence of vehicle and or driver related deficiencies( occurrence of a deficiencies more than 3 times in a month shall be termed as repetitive)	5000	50
7	Not permitting visits of LTC reps to the bus parking/holding/workshop areas for inspection etc of the buses/premises	1000	10
8	Not allowing inspection of buses as and when required by LTC	1000	10
9	No Issuing complaint book to the driver/conductor to be placed in each bus	500	5
10	Altering agreed practices without written authorization	1000	10
11	Alteration in provisioning of agreed fleet of buses, operational requirements, and or any other performance parameters without written consent of LTC	1000	10
12	Refusing to accept any document, paper, notices, circulars, instructions etc of the LTC	1000	10
13	Not ensuring timely execution of preventive, breakdown repair/maintenance of buses as per vehicle manufacturer prescribed norms/schedules	1000	10
14	Any damage to the fixed infrastructure like road, bus stops, terminals, parking places etc, during the operation	1000	10
15	Not adhering to the training schedules/programmers of the staff as suggested by LTC	1000	10
16	Not presenting the bus, staff or any other item at a time and place as indicated by LTC	1000	10

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