

Detailed terms & conditions for dealership

1) Eligibility criteria

The person should be of age minimum 18 years, educated, having a good reputation in the market. The experienced person of marketing will be preferred.

2) Financial background

Initial Rs. 2,00,000/- (Rupees two lac) or more as per requirement. For details, refer projected profitability

3) Infrastructure

- i. Office on approach road with requisite facilities like computers, telephone, internet E-mail etc. having sufficient space to accommodate 2-3 staff members and 3-4 visitors with provision for display of company's signboard on front of size 8' x 3' & godown duly approved from explosive deptt.
- ii. Commercial four-wheeler MMV/LMV either owned or on contract.
- iii. Personal conveyance
- iv. Land requirement for construction of LPG godown& license from explosive deptt.:
 - a. Minimum 250 Sq .Mtr. for 2000 Kg
Minimum 500 Sq. Mtr. for 4000 Kg
 - b. The location should not be nearby any railway line/high-density traffic/highly-populated area,
 - c. The land should be in level and free from litigation/mortgage/encumbrances etc.
 - d. There should be no underground trench, live or dead electrical cable lines, drainage line, water pipe line, waste water drainage, overhead electrical cables, high tension wires or telephone cables or any other obstruction for particular location.
 - e. A board has to be displayed showing the name of the retailer and company.

4) Security deposit

Rs. 50,000/- (Rupees fifty thousand) against 5% simple interest per annum at the time of maturity of agreement.

5) Terms of appointment

Three years with the provision for further renewal by mutual consent. The renewal will be at the sole discretion of the company. The company will have a right to terminate the agreement earlier, if a violation of any of the contractual terms is brought to its notice, and in that case, his security will be forfeited.

6) Jurisdiction/area

One tahsil or area in cities with mutual consent.

7) Quantum of business

Domestic connection 10,000 directly or through customer representatives, retailers, mini retailers. There will be no limit on of commercial/Industrial connection/supplies. However, the company can appoint other dealer in the area if a dealer cannot cover the total area properly. As per company policy, there are no restrictions for any distributor/dealer/retailer/agent/company for the supply of the product for commercial/industrial purposes anywhere, and in that case, dealer of the area will have no claim of any margin/remuneration.

8) Statutory provision

The Company has complied with mandatory requirements required for LPG business as per gazette notification no 293 dated 24th May, 2000. He will comply with applicable statutory requirements i.e. shop establishment, GST registration and insurance of the stock in trade etc.. He has to get an approval of godown from the zonal office of the explosive deptt. of his area. However, the copies of following documents will be provided by the company for display at his shop:-

- i. Dealership certificate;
- ii. Copy of gazette notification issued by the Govt. of India allowing LPG business to parallel marketer;
- iii. Copy of valid rating certificate issued by ICRA to the company as per provision in the act by the Govt. of India;
- iv. Copy of valid licenses of plants of company issued by the Chief Controller of Explosive, Nagpur.
- v. Copy of agreement executed with the company on stamp paper of Rs. 100/- (Rupees one hundred) only containing detailed terms & conditions duly notarized from the "Notary Public".

9) Rates

The rate of LPG will be changed as per international market every month. The circular will be issued by the company on 1st day of each calendar month on its website. The other items will also be sold as per rates fixed by the company from time to time. Changes, if any, in rates will be communicated by the company in advance. Issue of circular at the address or email given by the dealer will be sufficient to implement the rates of supply. The rates will be charged as applicable on the date of supply from plants. Refer customer price list.

10) Procurement

i) Supply under interim arrangement

After submission of drawings for approval of godown from zonal office of the explosive deptt.the dealer can start the supply under interim arrangement as customer representative till godown license is received. As per scheme, he has to lift cylinder from plant in his own vehicle. The first order will be minimum of 70 new connections. He will make payment after deduction of his margin in advance and the company will supply within 3 days. Further order should be minimum of 60 nos. either new connection or refills and supply will be made within 2 days. The cylinders will be supplied against security deposit. He will further charge the security deposit from consumers of the amount charged by the company.

ii) After construction of godown

After issue of license for godown, he will place orders at business associate/company's office along with D.D. or transfer of amount by RTGS in the company's account after deducting his margin on the prevailing rates on material indent by mail or whatsapp. The terms of the supply will remain the same.

iii) Domestic refill

Initially, the supply will be made @ 18% GST. After issue of connections, the dealer can lift domestic refill @5% GST for its consumers maximum 2 refills for big cylinders & 6 refills for mini cylinders against the connections issued by him in his area.

11) Supply

He will make arrangements for delivery of cylinders to the retailers/mini retailers/consumers at their places. The cylinders will be supplied against security deposit of the amount charged by the company. The security voucher having the terms printed overleaf will be issued by the dealer after fixing his stamp to consumers from the security voucher book issued by the company.

12) Maintenance of stock

The dealer must always hold a minimum stock of 3 days' supply and 10 new connections (cylinder + regulator + pipe) or as per requirement in the area up to the satisfaction of the company subject to the maximum capacity of the godown.

13) Return on investment

Refer to projected profitability. In that statement, to sum up average, the investment on 15/12/4 kg.cylinders under the interim arrangement and rates of LPG for the month of January 2018 has been considered (refer Customer price list). Profitability on refill has been calculated on 15 kg. cylinder. After construction of godown, the supply up to dealer godown will be given by the company and accordingly, margin on sale will be reduced because the company has offered margin extra on account of promotion of business initially and cartage of cylinder from plant under Interim arrangement. The 1st order will be delivered @18% GST considering commercial rates but dealer can supply @5% GST to domestic user and in next order he can include the quantity of domestic cylinder @ 5% GST as per policy of the company. i.e. 2 refills per month against one connection issued for domestic use. The initial investment will be Rs.2.50 Lac as mentioned in the projections but dealer should keep Rs.2.50 lac minimum for providing cylinder for commercial use free of charge to boost his sale. Our target should be to enroll the customers to sell maximum refills. However, as mentioned in the projection, the margin on the product will be as under:-

On sale of domestic connection : Rs. 480/- each

On sale of mini connection : Rs. 318/- each

On sale of commercial connection : Rs. 240/- each
On sale of refill in LPG : Rs. 06/- per kg. for big cylinder
Rs. 07/- Per kg in mini cylinder

14) Support from the company

Company will support in following manners:-

- i. Training to sales representative, accountant, clerk and any other staff to be appointed by the dealer at business associate/company's office.
- ii. Provide printed stationery at reasonable rates, if desired by the dealer.
- iii. Provide advice for approval/license of godown or any other help in completing the formalities free of cost or can provide consultant for the same at reasonable rates. Refer step by step action.
- iv. Reimbursement of 50% expenses of the salary/expenses/incentive of business consultant, freelancer, liaisoning assistant and surveyor engaged on the terms laid down by the company to establish and develop his business as well as for publicity in his area.
- v. Allow dealer to recommend retailer, mini retailer and customer representative in his area on the terms and conditions framed by the company to boost his sale.
- vi. Loan to consumer for connection @ Rs. 1000/- only on submission of documents mentioned in the consumer loan scheme.
- vii. Allow dealer to search the industries for providing gas banks in any area at very reasonable terms against the commission in installation and supply of LPG.
- viii. Provide cylinders against 50% security in case dealer supply in commercial/Industrial units without security of cylinder as per policy of the company.
- ix. Support in arranging funds from the banks/financial institutions against collateral for construction of godown, purchase of cylinder and vehicle for loading unloading & working capital. However, in any case, the company can introduce his associate concern in partnership.

15) Publicity

- a. Initially, publicity material as per list enclosed will be supplied by the company to the dealer along with first order at concessional rates against the payment made by him as publicity expenses. Indent for further requirement should be made by the dealer to the company with payment. For details, refer to our guidelines for publicity in our website under head "publicity".
- b. He can arrange further local publicity including cable TV in consultation with the PRO/BDM as per policy of the company. The company will reimburse 50% of the expenses on such advertisement if he got approval from the Head office of the company in writing.
- c. The company will also provide maximum support in organizing road show, public campaign and exhibition in his areas. The dealer has to lift the sufficient quantity of material as prescribed by the company to meet the demand of consumer during campaign/exhibition in his area.
- d. National & zonal level publicity, national newspaper, T.V., hoardings on highways etc. will be arranged by the company as and when company felt the need of it.
- e. However, he cannot compel the company for any type of publicity. Even at his cost, he cannot make any publicity without permission of the company.

16) Submission of report/returns

He will submit periodical statements/reports required by the company from time to time.

17) Surrender of association-ship

Either party shall give at least 3 months' notice in writing in case it wants to dissolve the agreement before maturity but not before the period of one year from the date of agreement. The notice to be given to either party shall be deemed to have been served if sent by registered post at the address entered in this agreement or the changed address duly communicated. In the case of notice prematurity, no interest on security deposit will be given.

18) Arbitration clause

In case, any differences or dispute arises between the parties, it will be referred to the sole arbitrator to be appointed by managing director of the company. The arbitration proceedings shall be governed by the provisions of arbitration and conciliation act as applicable at the prevailing time. Language of the proceedings shall be in English and venue for arbitration shall be in Delhi. The decision of the arbitrator will be binding on both the parties. Courts of Delhi only shall have jurisdiction to adjudicate upon the findings of sole arbitrator.

19) Miscellaneous provisions

- i. These are general terms and conditions; the contract/agreement executed between the parties after negotiations shall be final and have an overriding effect on these general terms and conditions.
- ii. These terms and conditions may be changed, altered, modified depending upon the change in governing rules and regulations issued by the Government of India from time to time.
- iii. The acceptance or rejection of the application is at the sole discretion of the company. After rejection, no correspondence will be entertained in this regard.
- iv. The company reserves the right to change, amend, add or delete any/all clauses at any time without prior notice.
- v. All disputes are subject to jurisdiction of Delhi courts only.

He will return the duplicate copy of these detailed terms and conditions duly signed in token of acknowledgement and acceptance to the company.