



LPG System Solution Provider (SSP) Selection Guidelines for marketing of ND-Bulk, ND-Packed and Bulk Propane to commercial and industrial segment.

(I) INTRODUCTION:

HPCL has been marketing Non-Domestic Packed (NDP), ND Bulk LPG and Bulk Propane to meet requirement of commercial and industrial segment. The NDP-LPG marketing is largely being done by HPCL's regular LPG distributors. In few high potential markets, HPCL has appointed ND- LPG distributors for marketing NDP to commercial & industrial segment. HPCL also markets ND-Packed LPG directly to few high value customers by entering into contracts with them. HPCL also directly supplies LPG to Bulk customers. In recent times, the ND market has shown double digit growth as more industry and commercial establishments are adopting LPG as primary fuel. In order to establish presence in Industrial/commercial segments, HPCL has decided to appoint ND LPG System Solution Provider (SSP). The following selection guidelines are applicable for appointment of SSP by HPCL for selling Packed, Bulk HP Gas or Bulk Propane used by commercial & industrial segments other than domestic use LPG.

(II) CONTENT OF THE POLICY:

A. Website Advertisement

B. Application Guidelines

I. Eligibility Criteria

Provision of minimum financial requirement

II. Other Application Guidelines

C. PQC Guidelines

D. SSP Evaluation Criteria

E. LOI & Responsibility of SSP

(III) DETAILED GUIDELINES

A. Website Advertisement:

The locations where HPCL wishes to appoint new SSPs will be advertised on the website www.hindustanpetroleum.com along with details on modality to apply and method of selection, which can be referred to by applicants and they should get acquainted with the requirements. HPCL may also advertise the locations in local English Newspaper and one vernacular newspaper having good circulation in the area. Interested Candidate can make application to any Regional Office along with application fees of Rs 25000/-. HPCL can also consider application for location not mentioned in the advertisement subject to assessment of feasibility.



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B) Application Guidelines

1.i) Eligibility criteria:

An applicant can be an individual, a proprietorship firm, a partnership firm, a registered co-operative society, LLP or a Limited company (both public and private).

The eligibility criteria for the applicant are shown below. **Please note that all categories of applicants must meet the Common eligibility criteria applicable for all types of applicants, in addition to specific eligibility criteria applicable to specific types of applicants.**

The details are shown below:

1. The applicant should have strong financial background having positive net worth.
2. For SSP, the applicant should have executed 5 cylinder banks of minimum 20 x20 cylinders or one Bulk installation.

The Bulk transporters should have atleast one Bulk LPG / Propane truck registered in their name.

3. Applicant should not have been convicted of any criminal offence by any court of law.

All applicants need to submit affidavit in the prescribed formats (Appendix (A1 / A2 / A3) as applicable as per type of applicant, attached with the application form) regarding the same. The following provision should be noted:

NON-CONVICTION: Candidates convicted for any criminal offence and those against whom charges have been framed by a Criminal Court would not be eligible for SSP Distributorship and if such a candidate is allotted the SSP Distributorship by suppression of information, it will be cancelled even after appointment as a ND-LPG SSP.

4. Applicant should submit the affidavit (Appendix A1 / A2 / A3) as applicable as per type of applicant. Also necessary credit worthiness certificate as per prescribed format (Appendix A4) should be submitted.
5. Ex- ND LPG distributor / Lube Distributors / Lube CFAs / Retail Outlet Dealers / Domestic LPG Distributors / SKO / LDO Resellers of any OMC, who have been terminated, delisted or put on holiday list in the past, are not eligible to apply during the period of 2 years of such termination and during the validity period of their delisting/holiday listing. All applicants must attach **self-declaration** mentioning that they have not been terminated, delisted or holiday listed by any OMC as ND LPG Distributors / Lube Distributor / Lube CFAs / Retail Outlet Dealers / Domestic LPG



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Distributors/SKO/LDO Resellers anytime in the past. If there is a suppression of information or provision of false information by the applicant and if such a candidate is allotted the SSP Distributorship, then the same will be cancelled/terminated even after his appointment as and necessary damages/costs will be recovered.

6. Applicants who are dealers or distributors or partners or hold a letter of intent in any Retail Outlet or Kerosene or LDO dealership or LPG distributorship or distributorship of any other petroleum product including Lubricants of any public sector oil company should submit a **self-declaration** with the application form stating that the applicant will:
 - i. Obtain NOC from competent authority of the said public sector oil company regarding operating HPCL ND-LPG SSP on being selected.

OR

- ii. The applicant will resign from the dealership / distributorship and provide written acceptance of resignation of the said public sector oil company of before issue of LOA (Letter of Appointment) of HPCL ND-LPG SSP.
7. All applicants must attach a signed copy of the Draft SSP agreement (after downloading from the said website) and attach the same along with the application form, as an acceptance of the terms of the agreement.

ii) Additional eligibility criteria for specific applicant type:

a. Applicable for Individual / Proprietorship firm Applicants:

8. Indian by Nationality and a resident of India
9. Not less than 21 years and not more than 60 years of age as on date of application
10. Minimum Matriculation / SSC pass or having recognized equivalent qualification. Preference will be given to qualified professionals.

b. Applicable for Partnership Firm applicants:

Partnership firms having two or more partners are eligible to apply. Every partner should submit separate application form giving cross reference of the other partners' application form number. While submitting the filled forms, application forms of all partners should be clubbed together and inserted in one envelope only. If called for interview, all the Partners must appear for interview together. Partnership deed, duly registered with the Registrar of Firms, is required to be submitted along with the application form for existing partnership firms. For proposed partnership firms draft Partnership deed is required to be submitted along with the application form. The



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Partnership deed, or even the proposed deed should not include any limited liability to the firm and to the individual partners.

In addition, every Partner should individually meet the below additional eligibility criteria (in addition to common eligibility criteria for all types of applicant):

10. Indian by Nationality and a resident of India.
11. Not less than 21 years and not more than 60 years of age as on date of application
12. Minimum Matriculation / SSC pass or having recognized equivalent qualification. Preference will be given for qualified professionals.

c. Applicable for Registered Co-operative Society applicants:

In case of applicants belonging to Registered Co-operative society, the following additional eligibility criteria are applicable (in addition to common eligibility criteria for all types of applicant):

13. The Society must be registered under relevant Co-operative society act and submit copy of the registration certificate.
14. Only Co-operative Societies making a net profit (profit after tax) of minimum Rs 5 Lakhs per year for the Previous three consecutive financial years are eligible to apply. Copies of audited Balance Sheet and Profit & Loss statements for last three years are to be enclosed along with application form.
15. The Co-operative Society must pass appropriate resolution (copy to be attached) authorizing the person (not less than Director Level) to fill the application form on behalf of the Society.
16. In case of a Cooperative Society, education qualification criteria will not be applicable.

d. Applicable for LLP/Private Limited / Limited Companies applicants:

In case of applicants being LLP/Private Limited / Limited Company, the following additional eligibility criteria are applicable (in addition to common eligibility criteria for all types of applicant):

17. The Company/LLP must be registered in India under relevant Companies Act/LLP Act and shall submit the copy of registration certificate. In addition, copies of memorandum and article of association of the company and Partnership deed should also be submitted. The memorandum/agreement should include clause which enables the company to carry out the business of SSP as per advertisement.



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18. Only Companies/LLP having net profit (profit after tax) of minimum Rs 5 Lakhs per year for the previous **three** consecutive financial years are eligible to apply. Copies of audited Balance Sheet along with CA certificate/ copy of Income tax return for last three years are to be enclosed.
19. The Company/LLP must pass appropriate resolution authorizing the person(s) (not less than at least one Director/Partner Level) to fill the application form on behalf of the Company. Copy of the resolution must be submitted along with the application form.
20. In case of a Limited company, education qualification criteria will not be applicable.

III. Provision of minimum* financial requirement for operating the SSP

A. Applicant should be able to provide minimum* working capital of Rs 10 Lakhs on a continuous basis for operating the SSP. In order to establish this, the applicant has to produce details along with specified documentary evidence as per below format:

*Note: The above is the minimum requirement which will be published against the location for meeting the minimum volume criteria. In case of further growth in market potential, the SSP is expected to increase the working capital as per the requirement.

Fund Type	Fund Details	Amount (Rs. Lakhs)	Attachment
Liquid Funds	Liquid Funds (Savings/Current Account / FD/RD/NSC/Govt. Securities/Any other liquid deposits)		Documents of ownership/Receipts/Certificates, etc.
Ability to arrange the Finance	Commitment Letter from Bank/Financial Institution with Loan amount		Appendix A4
Income	<u>Total Annual Income from all sources such as salary, property, business, agricultural, interest, dividend, rent earnings, royalty etc. during a Financial year (Apr-Mar) in the name of applicant. In case of companies also, Total Annual income should be considered</u>		Documents of ownership/ Certification from issuing authority
	Total Amount		



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Detailed Elaboration:

Applicable conditions for considering above mentioned forms of fund are detailed hereunder:

a) Liquid Funds

This includes;

1) Savings Bank / Current Account

For calculating average monthly balance, the candidate is required to furnish Saving Bank / Current Account details of last three completed months. The month in which the application is made will be treated as the current month. Month means calendar month, and “Last three months” means past three months excluding the current month. In case no entry is found for a particular month, previous month closing balance will be treated as highest balance for the instant month. Illustration as under:

Say: Date of Application: 10th May, 2017 and bank account statement of an applicant shows the following:

2) FD/RD/NSC/Govt. Securities/Any other liquid deposits

Date	Daily Bal (Rs. Lakh)	Max Bal (Rs Lakh)
08 Feb 2017	33.00	
27 Feb 2017	56.00	56.00
01 March 2017	72.15	72.15
31 March 2017	23.16	
07 April 2017	16.18	
11 April 2017	45.19	45.19
May will not be considered		
Sum of Max. Balances		173.34
Average of maximum balances		57.78

Date of all deposits should be prior to the date of Application. All the deposits should be in the name of applicant/Family and valid as on the date of interview. The family member's consent as per Annexure A5 is required for consideration of deposit in his name for the

purpose of consideration of appointment of the applicant. Insurance policies should not be considered for evaluation.



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b) Bank Offer Letter

An offer letter from scheduled bank (Appendix A4 of application form) indicating the amount of support likely to be extended in case applicant is awarded with HPCL SSP. It should be clearly indicated that this amount of support should be in addition to the existing facilities the customer is enjoying from the bank. The date of the Bank Letter should not be 30 days prior to the date of application and should also indicate the relationship (type and period) bank is holding with the applicant. The offer letter should be duly signed by an appropriate authority of the concerned bank on the bank letter head. The above mentioned document should be submitted in original.

c) Income:

Total Annual Income from all sources such as salary, property, business, agricultural, interest, dividend, rent earnings, royalty etc. during previous Financial year as per Income Tax Return of the last financial year and/or affidavit of income should be considered. In case of companies also, the Total Annual income to be considered.

B. Minimum Working capital requirement is Rs 10 Lakhs per location out of which minimum Rs. 5 Lakhs should be in the form of liquid funds. Applicant has to maintain minimum liquid fund requirement for 90 days from the closing date or till the issuance of LOI whichever is earlier. Also it should be noted that Liquid funds will have higher weightage in the evaluation of applicants. For details, please refer marking illustration section.

C. All the above Funds must be held in the name of the applicant.

D. Jewelry will not be considered under any asset class.

In case of Companies, the above evaluation will be only for stand-alone company and not for either its holding or subsidiary or JV companies.

F. In case of Balance Sheet evaluation, accounts receivables and stock-in-trade will not be considered as liquid assets but can be considered under “Other than Liquid Funds (any other funds)”

IV. Other Application Guidelines:

a. The Application Fee is Rs 25000/- per location.

b. Candidates should ensure attachment of all relevant documents / certificates / declarations (Original) / undertakings (Original) / affidavits (Original) with the application forms. For documents whose photocopies have been submitted in the application form, the same need to be self-attested and original copies are to be produced for verification.



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c. Candidates should be capable of entering in to a contract as per the Indian Contract Act,1872.

d. If any statement made in the application or in the documents enclosed therewith or subsequently submitted in pursuance of the application by the candidate at any stage is found to be incorrect or false, his/her application is liable to be rejected without assigning any reason and in case he/she has been already appointed as a SSP, his/her SSP is liable to be terminated. In such cases, the candidate/ SSP shall have no claim whatsoever against HPCL, however HPCL will be at liberty to recover costs/damages incurred.

e. HPCL reserves the right to cancel / withdraw / amend the advertisement and terms thereof without assigning any reasons. HPCL also reserves a right to accept or reject offers of any or all applicants.

f. The details provided in this selection guideline are only for the information and HPCL reserves the right to amend, modify, delete or add any terms and conditions at its sole discretion. Decision of HPCL will be final and binding on all concerned with respect to selection of SSP.

g. HPCL shall be the final authority for giving any clarification or interpretation on the contents given in this selection guideline, if need be and at its own discretion. HPCL cannot be held responsible for any loss or damage or consequences from misunderstanding or misinterpretation of the contents in this selection guideline. HPCL may revise the contents of this selection guideline from time to time without giving any notice.

h. The date as mentioned on the application form, the date of affidavit and the date of submission of application should be the same. In case of any difference in the dates, the date as mentioned on the application form will be taken for further consideration.

A. Pre-Qualification Criteria (PQC):

All candidates / submitted applications will be subject to pre-qualification evaluation criteria as per following parameters for shortlisting:

1. Declared financial resources and investible funds: Meeting minimum requirement as per eligibility criteria (Rs 10 Lakhs) out of which minimum Rs. 5 Lakhs should be in the form of liquid funds and supported by all relevant documents / appendix.
2. Nationality, Age & Education for individual / proprietor / partnership firm to meet eligible criteria. For companies, the company should be registered under the Company's Act of India and LLP should be registered under LLP Act.
3. Non-conviction criteria for all categories as per relevant appendix (A1 / A2 / A3) as applicable as per type of applicant).



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4. Every partner shall individually meet all the eligibility criteria and submitting separate application forms giving cross reference of the partner's application form number/s.
5. Minimum criteria of making profit of Rs 10 Lakhs/year for Co-operative societies / /Private limited/ Limited companies for past three years.
6. To attach a signed original copy of the Draft SSP agreement (after downloading from website) with the application form before submitting the form as an acceptance of the terms of the agreement.
7. The application Forms should be complete in all respects.

B. Evaluation Criteria:

- I. All eligible candidates will be evaluated on following parameters as per below evaluation guidelines:

Sr. No	Description	Weightage (Marks)
1	Professional Experience / Business Ability	30
2	Current Orders in hand Bulk LPG/Propane –(10 MT PM) or ND Packed (Minimum 10 MT PM and past experience of minimum 5 installation of 20x20 cylinder or one Bulk Installation)	35
3	Capability to arrange Finances	35
Grand Total	Marks	100

- II. The minimum qualifying marks for a candidate to be considered is 65%.

Evaluation of Parameters:

1. Professional Experience / Business Ability (Max Marks 30)

Marks would be awarded based on the application details supported by the necessary documents attached with the application.



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2. Current Orders in hand (LPG/Propane orders or consent from customer to purchase with minimum 10 MTPM) (Max Marks 35)

Parameter	Description	Marks	Evaluation
Experience (In case of the Companies, the experience of the Company is to be evaluated)	<u>Current Orders in Hand from prospective LPG/Propane Customers</u> <u>Order in Hand of</u>		Marks to be given to the candidates based on the declaration of the customer to be submitted by the applicant duly supported by Work Order/Purchase order from the customer. Marks to be given proportionately as per the actual quantity of orders in hand
	a) Less Than 120 M.T per Annum	0	
	b) 121-600 M.T per Annum	20	
	c) 601 -1200 M.T per Annum	30	
	d) Above 1200 MT per Annum	35	
	<u>LPG Transporters (For Bulk Customers only)</u> <u>Current order in Hand</u>		
	Monthly order of 10 MT and above	35	

3. Capability to arrange Finances (Max Marks 35):

Evaluation is basis declared financial resources and investible funds: meeting minimum Working capital requirement as per eligibility criteria (Rs 10 Lakhs) and supported by all relevant documents / appendix. In case a candidate is applying for more than one location, the candidate will be required to furnish separate details for arranging finance for each location.:



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Parameter	Description	Max	Evaluation
<p>Liquidity – Funds</p> <p>The amounts shown in Savings accounts/Current accounts in bank / Fixed deposit etc. as on date of the date of application should be maintained in the respective accounts/certificates till the interview date or 90 days from the date of application whichever is earlier.</p>	<p>(a) Average monthly balance Amount in Saving accounts /Current accounts in Bank. (as on date of application) For elaboration, please refer to the illustration shown for Liquid Funds under Savings Bank/Current account details in Section B, Clause III; Provision of minimum* financial requirement for operating the SSP.</p> <p>(b) Free and un-encumbered fixed deposits or any other documents/ resource which can be readily converted to liquid cash to cover working capital/ infrastructure requirements (as on date of application)</p>	20	<p>Based on the information & statement given in the application along with supporting attested copies of the documents.</p> <p>Liquid fund in Bank less than Rs. 5 Lacs will not be considered for award of marks</p> <p>Award 0.1 marks on every unit of Rs. 10000/- or more in multiples of Rs. 10000/-- over Rs 5 lacs.</p> <p>Amounts less than complete unit of Rs. 10000/-will not be considered for award of marks. Maximum marks –20 (twenty)]. In case of Companies, all the funds in the name of Company will</p>
Ability to arrange loan	(c) Bankers certificate for creditworthiness and willingness to extend loan, if required. (as on date of application)	10	<p>Based on the letter from nationalized/ scheduled Bank enclosed with the application. If the amount of loan is not mentioned, zero marks shall be awarded. Full 10 (Ten) marks shall be awarded, on the basis of certificate from bankers/ financial institutions. Award of 0.5 marks on every unit of Rs.10 Lacs- or more in multiples of Rs. 10 Lacs Maximum marks – 10 (Ten) for Rs 200 Lacs & above]. In case of Companies, all the funds in the name of Company will only be considered</p>



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Income	(e) Total Annual Income from all sources such as salary, property, business, agricultural, interest, dividend, rent earnings, royalty etc. during a Financial year (Apr - Mar) in the name of applicant. In case of companies, the Total Annual income should be considered	5	Based on the information & statement given in the application along with supporting attested copies of the documents. Total Annual Income as per Income Tax Return of the last financial year and or affidavit of income. Award of 0.5 marks on every unit of Rs.1 Lacs- or more in multiples of Rs. 1 Lacs Maximum marks – 5 (five) for Rs 10 Lacs & above].
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C. LOI & Responsibility of the SSP:

- I. Applicant, meeting minimum marks criteria will be finally selected for the SSP, will be issued a letter of intent (LOI) on submission of interest-free security deposit of Rs 5.0 Lakhs in the form of a local DD payable to HPCL. The candidate is expected to fulfill all LOI terms (please refer LOI format for details) within 45 days of the date of LOI, like:
- All Financial conditions of SSP Guidelines
 - Other requirements like (if applicable) producing NOC from other PSU Oil company or Resignation from dealership or distributorship of other PSU Oil company
 - Any other requirement as per selection guidelines or as decided by HPCL from time to time

In case LOI holder is unable to fulfil any of the LOI terms, the LOI will stand withdrawn and the security deposit of the candidate shall be forfeited.

If the LOI holder fulfills all LOI terms, then the candidate will then be issued a letter of appointment (LOA) for ND-SSP after compliance of all conditions and statutory requirements like GST registration and other requirements as per Government guidelines as mentioned in LOI or informed by HPCL from time to time and after arranging

- II. Along with LOA, the candidate will have to execute SSP agreement with HINDUSTAN PETROLEUM CORPORATION LIMITED. The agreement will be for a period of 5 Years wherein during the initial first year if the SSP is unable to meet at least 50% of its assigned target then HPCL will terminate the SSP Agreement forthwith. If from second year onwards the performance of the SSP is not in accordance with the specified target / communication advised by HPCL from time to time, then an opportunity for improvement will be given to the SSP and if the SSP fails to improve its performance standards, then the SSP Agreement will be terminated.



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- III. The SSP would be an independent entity. The relationship between SSP and Corporation would be on Principal to Principal basis. It is not an employee, commercial representative or agent of the Corporation. Except for the contractual obligations, the orders of Corporation do not affect the SSP. The SSP bears all risks connected to his business activity, including bearing all business costs, i.e. the payment of wages to its employees, etc.
- IV. The agreement can be renewed for further period of 5 years' basis the SSP fulfilling performance standards set by HPCL from time to time.
- V. As HPCL SSP, the candidate is expected to meet periodic sales targets, enroll Industrial customers in the assigned area, manage business with service provider/ partners, carry out conversion from other fuels to ND-LPG and fulfil all other responsibilities as laid out in the agreement and policy advised from time to time.
- VI. In case performance of the SSP is not up to the mark as per target / communication advised by HPCL from time to time, the agreement may be terminated as per the relevant agreement clause.
- VII. An SSP shall not affect any change in its constitution whether in the identity of its sole proprietor or partner or in the deed of partnership in the event of death/removal/resignation of any partner. Similarly, in case of a Co-operative Society, it shall not affect any change in its constitution or bye laws without written prior approval of HPCL. If it is a company, it shall not cause or permit any change in MOM, AOA and substantial change in its Shareholding without informing and taking prior written approval from HPCL. If it is LLP, it shall not allow substantial changes in partners/business without prior written approval of HPCL
- VIII. **SAFETY OF INSTALLATIONS:**
- The SSP and/or the customer shall be responsible for maintaining the LPG Installations as per BIS standardization and system safety requirement. The SSP shall keep corporation indemnified from all actions, proceedings, claims and demands made against it by any customer, government agency or any other third party.
- IX. **INTERPRETATION:**
- HPCL will have a final word regarding any issue arising out of interpretation of this policy. However, the applicant can seek clarification before submission of their application. Attempt should be made to ask all queries at once, however, more than 2 such requests will not be considered/entertained. Also clarifications sought after application is submitted would not be entertained.
