

SETTING UP of an 'Aegis Puregas' Distributorship:

The applicant for setting up of Aegis Puregas Distributorship undergoes stringent quality assessment to ensure that the RIGHT channel partner is appointed to represent the "BRAND" in the minds of the customers. Reasonable **financial strength, Long Term Business Perspective, Market feasibility** and orientation towards "**customer first**" approach are the key factors that the company looks at while appointing dealers and distributors. Besides these, the mandatory requirements to setup a Gas station are as under:

- **PESO approved LPG cylinder storage Godown:**

- The distributor has to construct an LPG cylinder storage Godown as per the guidelines and arrange approval from the Petroleum and Explosives Safety Organisation. PESO has laid down specifications for LPG cylinder storage Godown and the Godown has to be built strictly according to that. Other normal Godowns cannot be used for LPG cylinder storage.
- Though LPG Godowns can be of different sizes and capacities, Godown that can store 4000Kgs of LPG is recommended (as a thumb rule, total land required for every 1000 Kg LPG storage Godown is approximately 1200 Sq. Ft.). The below are to be looked into while taking land for Godown:
 - Land should be of clear title / leased and free from any encumbrances.
 - Land should be Non-Agricultural / Cleared for NA use.
 - Land should not be Industrial and cleared for Commercial use.
 - Premises should be spacious and not located in thickly populated or residential areas.

Godown should be made from non-inflammable materials only

- The detailed drawing of the Godown will be provided by the Company, once the Letter of Intent is issued to the Distributor.
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The plot sizes for the Godown recommended above are needed for maintaining requisite safety distance as per the Petroleum and Explosives Safety Organization (PESO), regulations.

- **Vehicles for Primary & Secondary transportation of LPG cylinders:**

- Primary transportation means transporting the cylinders from Aegis LPG Bottling Plant to Distributor Godown. Capacity of primary transport vehicle depends on the distance between the Godown to the filling plant & potential volume. Generally, a TATA 407 or 1210 Truck is used for primary transportation. Instead of new vehicle, the distributor can go in for a second hand roadworthy vehicle as well.
- Secondary transport means the transportation of cylinders from distributor location to point of sale and end customers. Secondary vehicles depend on the average distance between the distributor location and customer, potential volume, market size, volume per day. Etc. For this purpose, normally 3 wheelers are used.
- Vehicles to be legally compliant & also has to be compliant as per the Safety checklist issued by Aegis.
- All vehicle to have at least two 10 Kg DCP & one 2 Kg CO2 fire extinguishers.

- **Investment in cylinders:**
 - Varies from market to market and the sales volume; higher the average monthly sales volume of the distributor, higher the utilization of cylinders
 - Distributor has to give Security Deposit or a Bank Guarantee for release of cylinders.
 - In turn the client too has to pay the “Cylinder Deposit” to the Distributor while opening a purchase account with the Distributor.
 - These cylinders remain a property of the company and the deposit is refunded at the applicable refund rates at the time of return.
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- **A place to do business:**
 - Should be near the market with telephone & internet connection
 - To accommodate at least one receptionist, salesman & an accountant.
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- **Working Capital:**
 - Varies from market to market and depends largely on volume
 - Aegis does not believe in blocking working capital and hence tries to operate distributors at the lowest floor stock levels of cylinders.
- **Manpower :**
 - Shall include Sales staff, drivers for vehicles, cylinder delivery staff, operators
 - Staff to be presentable & must wear Aegis uniforms
 - All staff to be competent and well trained in their respective domain.
 - Sales team selection will have to be done by Aegis Manager in line with the Aegis quality standards.

Project time schedule:

Approximate time schedule of the Puregas distributor commissioning project		
1.	Finalization and issue of Letter of Intent post screening.	Start Point
2.	Godown land inspection and preparation of drawing	7-10 Days
3.	Preparation of documents for PESO, plan submission and approvals	15-20 Days
4.	Obtaining NOC from local authorities	10-15 Days
5.	Construction of Godown as per PESO guidelines (Depends on Dealer’s ability to push the work at local department level)	2-3 Months
6.	Readying the infrastructure required for sales and distribution (vehicles, sales and delivery staff, office, Training etc)	Runs Parallel to Godown construction
7.	Preparation and submission of documents to PESO for final approval, inspection of Godown and grant of final approval	15-10 days
	Total time required for setting up ‘puregas’ distributorship	3 to 5 Months Approx

THE NEXT STEPS: Broad Sequence of Activities:

1. Submit 'Application form for Distributorship' duly filled with all the supporting documents.
2. Interview & Screening process
3. Issuance of Letter of Intent after successful screening process.
4. Deposit of interest free Security Deposit of Rs.3 Lakhs (Refundable as per terms of agreement) within time limit specified in LOI and signing of "Distributor Agreement"
5. Application to CCOE for Godown drawing plan approval and simultaneous application to local authorities for obtaining NOC.
6. Construction of Godown for storage of LPG – as per PESO regulations
7. Final application for seeking Godown license with all the supporting documents, inspection by PESO
8. License from PESO for storage of LPG.
9. Commissioning & LAUNCH of Aegis Puregas Distributorship