INTER OFFICE MEMO

FROM: CGM(RS)/CGM(RLS), HO
FOR: State Lube Heads/State Retail Heads
OUR REF: HO/LUBES/LRS/4A
DATE: 9th August 2021

POLICY CIRCULAR REFERENCE HO/LUBES/RLS/2021-22/......

SUB: PROMOTING RO LUBE SALES THROUGH FRANCHISE MODEL

Management, vide proposal bearing reference Administrative Approval/0100/LUB0/2021-2022/07326 dated 01.05.2021 has approved the marketing and promotion of SERVO lubes through retail network channel using the Franchise Model with an end to improve SERVO visibility at Outlets and extend better service to customers from the Outlet.
The details of the model are given below:

1. **OBJECTIVE:**
   To promote lube sales at nil/low lube selling Outlets. Improve facilities to customers. Boost the brand visibility and recognition of SERVO.

2. **FRANCHISE MODEL:**
The model entails the engagement of a third-party individual/agency (termed ‘Franchise’) for the purpose of selling SERVO lubricants at IOCL ROs and KSKs with nil/low lube sales but having good lube sale potential.

The Franchise will be identified through an Expression of Interest (EOI), by the SO Lube team, based on set of defined terms and parameters. IOCL will provide space at the Outlet to the Franchisee for installing the lube selling facility and promotion of lube at said Outlet. On appointment of a Franchise for an Outlet, the Franchisee will be solely responsible for lube sales from the said Outlet.

3. **SELECTION OF OUTLETS AND FRANCHISE:**

   Identification of Outlets for appointment of the Franchise will be done jointly by SO Retail and Lube group from Outlets with the following sales criteria:

   a) Average combined fuel sales of more than 100 KLPM in the last 12 months
   b) Average lube sale of less than 10 ltrs per month in the similar period.

   Outlet selection for the State Office will be undertaken by a two-member committee comprising of one officer (of minimum ‘D’ grade) each from SO Reseller Lubes and SO Retail. Committee will identify Outlets (COCO/A site/B site) based on the criteria, mentioned above, in consultation with the concerned Retail DO. Preferably, identification of all Outlets for the Franchise model for the State Office should be done at one time to facilitate simultaneous selection for all identified Outlets.

   After the Retail and Lubes group of the State office have finalized the list of ROs where Franchisee is proposed to be selected, Franchise selection process will be undertaken by Reseller Lube group of the State Office.

   RCL will put up proposal and obtain approval from SLH and SRH with the list of eligible Outlets for Franchise.
RCL of the SO will publish expression of Interest (EOI) with the approval of SLH for the entire State or DO wise. EOI will be hosted on https://spandan.indianoil.co.in/BPSP/HomePage.jsp – Annexure-II. Capsule ads of the EOI should also be published in local dailies (English, Hindi/local language as per RO dealer selection guidelines from the above site) – Annexure-I.

Candidate(s) will download the application form and other details. Candidates will submit the EOI in physical form to the SO address mentioned on the EOI document before closing date and time – Annexure-III.

There will be no application fee for submitting EOI. Minimum 15-day time would be given for submission from the date of publication of EOI.

As one candidate will be allowed to operate Franchise at more than one Outlet, candidates can apply for more than one Outlet. However, applicants have to apply for all locations of the SO in one application only to enable assessment of Working Capital.

One LSE and one Retail official (of minimum grade ‘B’) will be nominated by SLH and SRH for scrutiny of the application forms received. These officials will start process within 5 days of last date of submission of EOI responses and it should be endeavored to complete the scrutiny process within 10 days. Thus, the list of eligible candidates sorted as per location should, ideally, be made available to SLH within 15 days from the last date of submission of application.

For Outlets where there is only one eligible candidate for Franchise selection, the candidate will be declared selected and further process of engagement will be initiated.

For Outlets where there is no eligible candidate for Franchise selection, fresh EOI may be floated, at least one more time.

For Outlets where there is more than one eligible candidate for Franchise selection the candidate who has offered higher lube sales projection, would be declared selected. In case of a tie in lube sales projection, candidate with higher availability of finance as Working Capital would be selected. In case of a further tie, candidate having higher lube selling experience would be declared selected.

SO RCL will, preferably, put up consolidated proposal for all locations and obtain approval from State Head after duly recommended by SLH and SRH before issuance of Letter of Intent (LOI). No Field Investigation Report (FIR) will be required to conduct.

On receipt of approval, SO RCL will place Letter of Intent (LOI) to the selected candidate giving 15-day time for readiness and installation of QLOC – Annexure-IV.

Once the candidate is ready (confirmed by the candidate in writing addressed to SO, RCL), LOA (signed by SLH) would be placed on Franchise for commencement of operations in 7 day – Annexure-V. If any candidate delays commissioning, or fails to commission as per schedule, after placement of LOI/LOA without any reasons acceptable to IOCL, the Franchise will be debarred for selection of Franchise in future and fresh process for selection will be started.

All terms and conditions, do’s, and don’ts sales targets, etc. are to be mentioned in the LOI.
Initial four-month operation of Franchise at the Outlet will be based on LOA. After this period, the commercial terms should be finalized as per NFR policy and a consent/side letter with all commercial and operational terms would be executed with the Party by SO Lubes.

No compensation will be given to Franchise from Indian Oil and the Franchise should not have any claim whatsoever, at any point of time.

Selection of Franchise is initially for period of two years, with provision for extension of the contract for period of another year.

Franchise may be terminated, with due process, on following breaches:
- Non achievement of sales target/projection
- Selling of non IOCL products
- Non-adherence of rules and regulations as specified on the LOA/LOI.
- Death of Franchise.
- Non-finalization of NFR channel Access Fee amount/ inability to pay NFR Access Fee after 4 Months of Operation.

After termination, Franchise will no longer authorize to sell SERVO lubricants from the Outlet.

4. OPERATIONAL MODALITIES

To avoid any future conflict, post the appointment of the Franchise at an Outlet, the IOCL dealer of the said Outlet will stop the sale of lube for a period of 2 years or till further advise. Proper communication will be issued to the IOCL dealer by DO Retail on appointment of Franchise for lubes sales to ensure clarity on responsibilities and terms and dealer cooperation.

Vacant space (of up to 30 sft) to be offered to the Franchise for setting up the temporary structure/counter within the Outlet premises for the lube marketing and customer servicing facility. DO Retail to finalize location of the space being offered to Franchise.

Franchise will procure lube supply from the IOCL SSA/IOCL.

Despite Franchise operations, lubes sales by at the Outlet will be considered for earning SSPs for the IOCL Outlet/dealer under the ‘ESL’ scheme. However, the Outlet/dealer will be not eligible for any incentives toward lube sales as per annual incentive program.

Lube sales target will be given to the Franchise by SO Lube group, with a minimum lube sales target of 200 ltrs per month. The performance of the Franchise will be monitored on monthly basis by SO Lube through the SERVO Xpress/QLOC app and dashboard.

It will be the responsibility of the Franchise to maintain hygiene, product display, functionality of oil change equipment, at the facility at the Outlet as well as ensure proper disposal of used oils as per statutory requirements. Franchise will also ensure discipline, safety and security as per requirements of DO Retail.

The business and counter shall be manned and managed by Franchise. No sub-contracting will be permitted. Franchise alone will be responsible to IOC on all matters.

Franchise will sell only SERVO brand of lubricants, and any other product approved by IOCL. If Franchise is found to be selling any unauthorized product from the IOC Outlet premises, the arrangement would be terminated forthwith, and the candidate debarred from participation in future selections for three years.
The Franchise will be entitled to undertake lube promotion campaigns, with due approval of IOCL SO/DO. Franchise will ensure that the normal operations at Outlet are not affected.

Franchise will be required to position a QLOC machine from the first day of operations. 50% subsidy would be offered by SO Lubes to the Franchise for purchase of the QLOC if the Franchise uplifts 1 KL lube in the 1st order (in line with the existing policy for IOCL dealers).

Branding/visual identity of the Franchise counter would be finalized by SO Lubes group. Racks, display materials are to be provided by SO Lubes as per approved design under promotional Budget.

Working hours of the Franchise counter will be in line with Outlet operations.

IOCL/Dealer shall provide necessary electrical connection for the lube marketing counter/facility. In case dedicated connection is not possible, Franchise can opt for sub-meter of good quality at his own cost. Cost of power to be borne by the Franchise. Payment for Electricity should be made by Franchise to the IOCL dealer on monthly basis.

Franchise should arrange furniture, spare parts, etc. at his cost and risk as per requirements of the operation.

Franchise and all his staff members must follow Indian Oil safety norms, other rules, and regulations as applicable for the Outlet.

5. **CHANNEL ACCESS FEE FOR FRANCHISE OPERATION**

To ensure viability and initial support, the Franchise will operate the lube sales facility without any Fee payable to IOCL for the first four months from the date of commissioning.

After four months of operation, a monthly Channel Access Fee will be finalized mutually with SO/DO Retail. This Fee will be based on the provisions for Per Outlet per month Channel Access Fee for period greater than one year in the NFR Non-Store policy 271-04/2019 of 10.04.2019. Dispensation in policy will also be applicable. The Fee will be payable by the Franchise to the DO quarterly in advance.

6. **INSPECTION BY IOCL**

Any IOCL official/s can visit the Franchise during working hours and carry out inspection/collect information about operation like

- Oil Purchase details for a period
- Oil sales details for a period.
- Oil change details for a period
- Plan for increase of lube sale
- Promotional campaign conducted for a period.
- Any other information related to sales of lubricants and rules and regulations being followed at RO.

[Signatures]

[Signature]  [Signature]
7. ELIGIBILITY CRITERIA FOR FRANCHISE

A. Minimum requirements of Franchise (Pre-Qualifying Criteria):

1. Age: Not younger than 21 years and not older than 60 years as on date of the publication of advertisement. Aadhaar Card/PAN Card/Driving License/Passport will be considered for age proof. Age criteria will not apply to firms, co-operatives, and company.

2. Lube oil selling experience: Minimum 1 year as oil shop owner/mechanic/customer attendant/sales force of oil stockiest/distributor of any oil company as on date of the publication of advertisement. Evidence of experience in form of business document/letter issued by the concerned employer to be submitted along with EOI document.

3. Working Capital: Minimum of ₹ 2,00,000 (Two Lakhs) as FD/Bank Balance (for each location) in the name of the applicant only, as on last date of the submission of EOI document. If any candidate applies for 3 locations, he should have working capital of ₹ 6,00,000 (Six Lakhs) (3 x 200000).

B. Other criteria:

1. Proprietor/Partnership/Co-operative/Limited Company can apply for Franchise
2. No bar w.r.t. educational qualification
3. Indian Citizen.
4. Candidates convicted for any criminal offence including that of moral turpitude/economic offences, are not eligible to apply.

(B B Patra)  
CGM (L-RS), HO

(Shridhar Sharma)  
CGM (RS), HO

CC: ED (Lubes)  
CC: ED(RS- S&W)/ED(RS- N&E)/ED(RT)  
CC: All SO Heads  
CC: All State Lube/Retail/Finance Heads  
CC: CGM (LS), HO
Annexure-I

Draft EOI for Newspaper Advertisement

Draft Expression of Interest (EOI)- Servo Franchise

For Newspaper Advertisement

For wider publicity and for more participation, paper advertisement is to be given. The draft of the small advertisement is given below:

NOTICE FOR Appointment of Servo Franchise at IOC Retail Outlet (Petrol Pumps)

<table>
<thead>
<tr>
<th>EOI No./Name of the Appointment</th>
<th>Application Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOI No. ..........................</td>
<td>Application document published and download starts on ............, xx:xx hrs onwards</td>
</tr>
<tr>
<td>Appointment of Servo Franchisee in the following location(s):</td>
<td>Last Date of physical application form submission: ................., XX: XX hrs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Name of the Retail Outlet</th>
<th>Location</th>
<th>District</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Contact Person: Lubes Sales Executives (LSE)

Tel No.: Email:

Interested applicants can download the application form and guidelines from [https://spandan.indianoil.co.in/BPSP/HomePage.jsp](https://spandan.indianoil.co.in/BPSP/HomePage.jsp). Filled application form with all necessary documents as mentioned in the EOI/application form must be submitted at the address as mentioned in the EOI on or before the closing date and time. Corrigendum, if any shall also be published in the same website.

[Signatures]
Annexure-II

Expression of Interest (EOI) for Servo Franchise at IOCL Retail Outlet

Ref No. AA/0100/LUB0/2021-2022/07326/...SO/ Date:
Draft Expression of Interest (EOI)
For online Publication thru’ IOCL site (https://spandan.indianoil.co.in/BPSP/HomePage.jsp).

An Exciting opportunity to associate with the leader in the Indian Lubricants Business.

IndianOil is the highest ranked PSU in the latest Fortune ‘Global 500’ listings. IndianOil’s SERVO® is
the brand leader among lubricants and greases in India and has been conferred the “Consumer
Superbrand” status by the Superbrands Council of India.

Indian Oil Corporation Ltd. proposes to appoint SERVO Franchisee at IOCL Outlets as per list:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Retail Outlet</th>
<th>Location</th>
<th>District</th>
<th>State</th>
</tr>
</thead>
</table>

- IOCL is the leaders in the lubricants market in India, enjoying strong market share and
  brand equity. We manufacture and market the largest range of lubricants in the brand name of SERVO® in the country today supported by the best research and development centre and technical personnel.

- IOCL is looking for strong, energetic and self-motivated associates to partner with us on
  this challenging but exciting and rewarding initiative. The associates are expected to
  spearhead the systematic promotion and selling of Servo Lubricants at Retail Outlet
  thereby participating with us in this exciting growth opportunity.

- Applicant should be an Individual or Firm (Proprietorship or Partnership) or Co-operative
  Society or Limited Company.

1. Eligibility:
   a) Indian Citizen.

   b) Not less than 21 years of age and not more than 60 year of age on the date of EOI
      publication. *

   c) Financially sound to initially offer a Working Capital of minimum ₹ 2,00,000(₹ Lakhs only) for every location applied for as on last date of submission of EOI.

   d) Lube oil selling experience: Minimum 1 year as Oil shop owner/Mechanic/Customer
      attendant/Sales force of Stockist/Distributor of any oil company as on date of the
      publication of advertisement (Letter issued by the concerned employer are to be
      submitted along with EOI document).
* Age criteria will not be applicable for Limited company/Co-operative Society.

2. Candidates convicted for any criminal offence including that of moral turpitude / economic offences are not eligible to apply.

3. Applicants can apply and get selected for multiple locations. However, Candidates will have to submit separate application(s) for each location(s) against the advertisement.

4. Existing Stockists/Distributors/CFA of competing brand of SERVO lubricants and lube manufacturer cannot apply.

5. Application form should be downloaded from our Website https://spandan.indianoil.co.in/BPSP/HomePage.jsp and submit before due date and time as mentioned either personally or through Registered Post to

   RCL (Lubes)

   ____________________________

   ____________________________

   PIN

6. APPLICATION FORMS AND ENCLOSURES COMPLETE IN ALL RESPECT MUST BE SUBMITTED SO AS TO REACH THE OFFICE ADDRESS MENTIONED UNDER ITEM 5 ABOVE ON OR BEFORE 1600 HRS ON _____________. THE COMPANY RESERVES THE RIGHT TO CANCEL/ WITHDRAW/ AMEND THIS ADVERTISEMENT OR EXTEND THE DUE DATE AT ITS SOLE DISCRETION WITHOUT ASSIGNING ANY REASON.

7. For any further clarifications. Please contact our local sales officers at the following contact numbers
   a) Name of the Lubes Sales Executives (LSE)  Contact No.
Annexure-III

Application form for Servo Franchise

Important: Candidates are requested to read the enclosed guidelines carefully before filling up the application form and attach certificates/documents as required.

From:

-------------------------------------------------------------------------------------------------

Reseller Channel Lead (RCL)

________________________________________

State Office (To be filled by State Office)

Dear Sir,

Sub: Request for Expression of Interest as Servo Franchise

I/We hereby apply to be considered as a Servo Franchise for the following Retail Outlet location

<table>
<thead>
<tr>
<th>SL No.</th>
<th>Name of the Retail outlet</th>
<th>Location</th>
<th>District</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

as

☐ Individual /Proprietorship Firm
☐ Partnership Firm
☐ Co-operative Society
☐ Limited Company

In the name of ____________________________________________.

I/We hereby certify that I/We qualify for appointment based on the selection criteria placed by your organization and submit the following information along with supporting documents in support of my/our candidature (use separate sheets if necessary):
<table>
<thead>
<tr>
<th>Name of applicant (in Block Letters)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address for communication</td>
</tr>
<tr>
<td>Telephone/Mobile number</td>
</tr>
<tr>
<td>E-mail id</td>
</tr>
<tr>
<td>Date of Birth (DD/MM/YYYY)</td>
</tr>
<tr>
<td>Age completed in years as on the date of advertisement of Expression of Interest (EOI)</td>
</tr>
<tr>
<td>Citizenship/ Registration (Name of the country)</td>
</tr>
<tr>
<td>Past experience in lube sales and sales projection</td>
</tr>
<tr>
<td>A Name of the firm where employed</td>
</tr>
<tr>
<td>B Address of the firm (including District &amp; State)</td>
</tr>
<tr>
<td>C Nature of the firm (Proprietorship/Partnership/Co-operative society/Limited company)</td>
</tr>
<tr>
<td>D Nature of job</td>
</tr>
<tr>
<td>E Year of experience</td>
</tr>
<tr>
<td>I Lube sales projection declared by Candidate</td>
</tr>
<tr>
<td>Offer of Working Capital</td>
</tr>
<tr>
<td>(This working capital will be made available for the SERVO Franchisee immediately on appointment by IOC)</td>
</tr>
<tr>
<td>A Own fund:</td>
</tr>
<tr>
<td>B Bank Balance (Bank State to be attached)</td>
</tr>
<tr>
<td>C Fixed Deposit (Copy of certificate to be attached)</td>
</tr>
<tr>
<td>D Total (B+C)</td>
</tr>
</tbody>
</table>

Proof of documents attached, or information furnished with the application to be produced in original whenever asked for.

DECLARATION:

I/We __________________________ hereby certify that the information furnished above is true to my/our knowledge. Any wrong information/suppression of facts will disqualify me/us from being considered for the Servo Franchise.

The following documents/copies of documents are attached to this application form:

1) 2) 3)

Total number of pages enclosed ______ (each paper enclosed along with the application to be serial numbered and the total pages attached to the application).

Place: __________________________ Signature: __________________________
Date: __________________________ Name in Block Letters: __________________________
Address: __________________________ Rubber Stamp: __________________________
Tel. No.: __________________________
Enclosure to Expression of Interest Application Form for Servo Franchise
Guidelines to Candidates

Candidates are requested to read the following guidelines in respect of the various criteria before filling up the Application Form. Certificates / Documents as required are to be enclosed to the Application form.

1. Age:

Candidate should not be less than 21 years of age and not more than 60 years of age on the date of application.

Candidates must enclose copy of the board certificate/birth certificate/Aadhaar card/Driving license/Passport/Voter ID of the candidate.

2. Citizenship:

Candidates should be Indian by Citizenship.

An Affidavit on stamp paper of appropriate value deposed before Magistrate / Judge / Notary Public (Format Prescribed in SS-Annexure 1) is to be enclosed to the application form.

3. Details of the Firm:

The candidate is required to provide complete details on the following:
In case of Partnership/Co-operative/Limited Company:


b. Documentary Evidence favoring Nature of the Applying Firm:

i. In case of partnership firm: Please attach partnership deed, giving full details of all partners. Also, each partner should fill & submit the photocopies of application form with individual details along with original applications.

ii. In case of Company, whether Public / or Private Limited, along with the list of Directors, Articles of Association. Memorandum of Association and latest Balance Sheet duly certified by Chartered Accountant.

iii. If it is a Registered Co-operative Society, A Certificate of Registration, duly signed by the Registrar of Co-operative Societies.

iv. For Individual/Proprietorship firm no documents required.

4. Experience: Only letter from the employer is to be attached mentioning role of job and period (from................. to.................). Letter to be attached.

5. Working Capital:

The candidate should be willing to invest a minimum of Rs. 2.0 (Rs. two Lakh only per Retail outlet for which he has applied) lakhs in the business initially. Thereafter it shall be as required based on the sales target.

Working Capital = Bank Balance + Fixed deposit in the name of Candidate

(Bank Statement and Copy of FD certificate to be attached)
6. Franchisee Compensation:

a) Franchise will purchase Servo Lubricants from Servo Stockist (SSR/GSS) at Dealer landed price (DLP) and he will be eligible to sell upto Maximum Retail Selling Price (MRP). Difference between MRP and DLP would be his gross margin.

b) In addition to this, he may be offered product promotional discount based on market condition which will solely discretion of Indian Oil Corporation Limited.

c) In addition to this, he may be given reseller incentive on sales performance based on market condition which will solely discretion of Indian Oil Corporation Limited.
AFFIDAVIT

I, ______________________, age ____________ son/ daughter/ wife of ____________________________ and residing at ____________________________
do hereby solemnly affirm and say as under:-

1. That I am an Indian Citizen.

2. (a) That there are no charges framed against me by Court of Law (other than freedom struggle), and/or I have never been convicted or being tried for any criminal offence involving moral turpitude and/or economic offence (Other than freedom struggle) punishable under law.

(b) That there are no proceedings now pending against me for any such criminal and/or economic offence.

3. I am not involved in any manner in any Lube manufacturing activity.

OR

I am chairman/managing director/director/(specify the designation) of M/s ______ engaged in manufacturing Lubricants and if selected as Servo Franchise I shall resign from the post on receipt of Letter of Intent and before appointment and I shall submit the board resolution accepting my resignation to Indian Oil Corporation Limited.

4. That I am not an existing Carrying & Forwarding Agent/C&F Agent/Stockist/Distributor of any of the competing brands of SERVO brand lubricants.

OR

That I am an existing Stockist/Distributor/CFA/C&F Agent of ________________ (name of the competing brand of SERVO). I will resign from the said ________________ (Stockistship/Distributorship) within 3 (Three) months of my appointment as Servo Franchise failing which Indian Oil Corporation shall be entitled to cancel/terminate my appointment and I will not be appointed as Servo Franchise for which this application is made.

[Signatures]
5. I hereby verify that what has been stated above is true to the best of my knowledge and belief and nothing material has been concealed there from. That if any information / declaration given by me in application or in any document submitted by me in support of my application for the award of Servo Franchise or in this affidavit shall be found to be untrue or incorrect or false, Indian Oil Corporation Limited would be within its rights to withdraw the Letter of Intent and/or terminate my appointment as Franchise (if already appointed) and that I would have no claim whatsoever against Indian Oil Corporation Limited for such withdrawal / termination.

Solemnly affirmed and declared before me

This day of 20

Signature of person making affidavit

Signature & seal of
Magistrate/Judge/Notary Public

(Name in block letters)
Annexure-IV
LOI Draft

To
M/s. ....................................
..........................................
..........................................

Dear Sir,

Sub: Proposed Servo Franchisee at .........................

We refer to your application Ref No: .......................... dated ....................... for the award of Servo Franchisee and the subsequent evaluation at ......................... State Office.

Please be informed that by this Letter of Intent, we propose to offer you a Servo Franchisee at ............................. on the following terms and conditions.

1. LOI holder should be ready to commence operation within 15-day time from the date of receipt of this LOI including installation of QLOC.

2. Once the candidate is ready (confirmed by the candidate in writing addressed to SO RCL), LOA (signed by SLH) would be placed on Franchisee for commencement of operations in 7 days. If any candidate delays commissioning, or fails to commission as per schedule, after placement of LOI/LOA without any reasons acceptable to IOCL, the Franchisee will be debarred for selection of Franchisee in future.

3. No compensation will be given to Franchisee from Indian Oil and the Franchisee should not have any claim whatsoever, at any point of time.

4. Selection of Franchisee is for period of two years and may be extended for the period of one more year based on performance of the Franchisee.

5. Franchisee may be terminated, with due process, on following breaches:
   o Non achievement of sales target/projection
   o Selling of non IOCL products
   o Non-adherence of rules and regulations as specified on the LOA/LOI.
   o Death of Franchisee.
   o Non-finalization of NFR channel Access Fee amount/ inability to pay NFR channel Access Fee after 4 Months of Operation.

   After termination, Franchisee will no longer be authorized to sell SERVO lubricants from the Outlet.

6. On commissioning of the Franchisee at an outlet, the IOCL dealer of the said Outlet will stop the sale of lube till further advise by IOCL.

7. Vacant space of up to 30 sft would be offered to the Franchisee for setting up the temporary structure/counter within the retail outlet premises for Servo Lube marketing and customer servicing facility. DO Retail to finalize location of the space being offered to Franchisee.
8. Franchisee will procure lube supply from the IOCL SSA/IOCL as per policy. Prevailing market incentive schemes will be available to the Franchisee.

9. Lube sales target will be given to Franchisee by SO Lube group, with a minimum lube sales target of 200 ltrs per month. The performance of the Franchisee will be monitored on monthly basis by SO Lube through the SERVO Xpress/QLOC app and dashboard.

10. It will be the responsibility of the Franchisee to maintain hygiene, product display, functionality of oil change equipment, at the facility at the Outlet as well as ensure proper disposal of used oils as per statutory requirements. Franchise will also ensure discipline, safety and security as per requirements of DO Retail.

11. The business and counter shall be manned and managed by Franchise. No sub-contracting will be permitted. Franchise alone will be responsible to IOC on all matters.

12. Franchise will sell only SERVO brand of lubricants, and any other product approved or authorized by IOCL. If Franchise is found to be selling any unauthorized product from the IOC Outlet premises, the arrangement would be terminated forthwith, and the candidate debarred from participation in future selections for three years.

13. The Franchisee will be entitled to undertake lube promotion campaigns, with due approval of IOCL SO/DO. Franchise will ensure that the normal operations at Outlet are not affected.

14. Franchisee will be required to position a QLOC machine from the first day of operations. 50% subsidy would be offered by SO Lubes to the Franchise for purchase of the QLOC if the Franchise uplifts 1 KL lube in the 1st order (in line with the existing policy for IOCL dealers).

15. Branding/visual identity of the Franchise counter would be finalized by SO Lubes group. Racks, display materials are to be provided by SO Lubes as per approved design of IOCL.

16. Working hours of the Franchise counter will be in line with Outlet operations.

17. IOCL/Dealer shall provide necessary electrical connection for the lube marketing counter/facility. In case dedicated connection is not possible, Franchise can opt for sub-meter of good quality at his own cost. Cost of power to be borne by the Franchise. Payment for Electricity should be made by Franchise to the IOCL dealer on monthly basis.

18. Franchise should arrange furniture, spare parts, etc. at his cost and risk as per requirements of the operation.

19. Franchise and all his staff members must follow Indian oil safety norms, Covid Protocol, other rules and regulations as applicable for the Outlet.

20. **CHANNEL ACCESS FEE FOR FRANCHISE OPERATION**
   To ensure viability and initial support, the Franchise will operate the lube sales facility without any Fee payable to IOCL for the first four months from the date of commissioning.
After four months of operation, a monthly Channel Access Fee will be finalized mutually with SO/DO Retail. The Fee will be payable by the Franchisee to the DO quarterly in advance.

21. **INSPECTION BY IOCL**

Any IOCL official/s can visit the Franchisee during working hours and carry out inspection/collect information about operation like:

- Oil Purchase details for a period
- Oil Sales details for a period
- Oil change details for a period
- Plan for increase of lube sale
- Promotional campaign conducted for a period.
- Any other information related to sales of lubricants and rules and regulations being followed at RO.

Should you require any further details/guidance, please get in touch with our LSE,

..................................................  (Shri ...........................................,  Tel  No.  
................................................../RCL,  ..................................)State office at the address mentioned 

below:

Indian Oil Corporation Limited  
State Office Address  
..................................................  
..................................................

Please acknowledge receipt of this letter by signing and returning the second copy.

Thanking You,

Yours Faithfully,

For Indian Oil Corporation Ltd.,

..................................................

State Lube Head (SLH)  
..............................................- State Office

cc: LSE:

Please find along with the Original LOI to be handed over to the proposed candidate and obtain acknowledgement with the date of receipt on the duplicate copy thereof. Please advise the candidate that in case he fails to provide all facilities (To be approved by us) within 15 (Fifteen) days, LOI will be withdrawn. Please keep a constant follow up on a day-to-day basis.
To
M/s..............................
................................
................................
................................

To
M/s..............................
................................
................................
................................

Ref. SO/ Franchisee/LOA
Date:

Dear Sir,

Sub: Letter of Appointment for proposed Servo Franchisee at ............

Further to our Letter of Intent of reference............................... dated .................... and your letter reference .................. dated ...................., we are pleased to appoint you as Servo Franchisee at .................................. on the terms and condition contained in the LOI. Your area of operation for sales and marketing of Servo Lubricants and Greases under brand name of Servo will be at ".................................(RO Name and address)". Kindly acknowledge the LOA by duly signing on all pages and forward the same to our .................................. State Office.

As requested, you are permitted to operate the Servo Franchisee in the name and Style of M/s. .......................................................... as a proprietorship/Partnership/Co-operative/Limited Company.

We take this opportunity of welcoming you to the "INDIANOIL FAMILY."

Thanking You

Yours Faithfully
For Indian Oil Corporation Limited

..............................................
State Lube Head

CC: LSE: LOA: Please ensure that Acknowledge copy of LOA is collected before commissioning of the Servo Franchisee operations.