APHC010104912026

IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI **[3579]**
(Special Original Jurisdiction)

FRIDAY, THE NINETEENTH DAY OF JUNE
TWO THOUSAND AND TWENTY SIX

WRIT APPEAL No: 253 of 2026

Between:

1. THE DEPUTY GENERAL MANAGER, HINDUSTAN PETROLEUM CORPORATION LTD., (A GOVT. OF INDIA ENTERPRISES) LPG VISAKHA REGION, HP PETRO PARK, PORT CONNECTIVITY ROAD, VISAKHAPATNAM-530 014.
2. HINDUSTAN PETROLEUM CORPORATION LTD., (A GOVT. OF INDIA ENTERPRISES) REP. BY ITS CHAIRMAN AND MANAGING DIRECTOR, PETROLEUM HOUSE, 17, JAMSHEDJI TATA ROAD, MUMBAI-400020.

...APPELLANT(S)

AND

1. TARMARALA PRASAD, S/o. T. JAGGA RAO, AGED 49 YEARS, R/o. MAKARAMPURAM (VILLAGE AND POST), KANCHILIMANDAL, SRIKAKULAM DISTRICT.
2. THE UNION OF INDIA, REP. BY ITS SECRETARY, MINISTRY OF PETROLEUM AND NATURAL GAS DEPARTMENT, SASTRI BHAVAN, NEW DELHI.

...RESPONDENT(S):

CORAM : HON'BLE THE CHIEF JUSTICE MRS.JUSTICE LISA GILL

HON'BLE MR.JUSTICE NINALA JAYASURYA

DATE : 19.06.2026

Present : Mr.G.Rama Gopal, Advocate for appellants.

1) Mr.M.R.Tagore, Advocate for respondent No.1

2) Deputy Solicitor General of India, Advocate for respondent No.2

Orders Reserved on : 04.05.2026

Orders Pronounced on : 19.06.2026

Orders Uploaded on : 19.06.2026

The Court made the following Judgment: (Per Hon'ble Sri Justice Ninala Jayasurya)

Hindustan Petroleum Corporation Limited-2nd respondent in W.P.No.3669 of 2023 aggrieved by order of learned Single Judge dated 08.01.2026, preferred the instant appeal.

2. Writ Petitioner applied for allotment of L.P.G. Distributorship in Sompeta Town, Srikakulam District, pursuant to a Notification dated 15.09.2013 issued by Hindustan Petroleum Corporation Limited (hereinafter referred to as "HPCL"). Selection process could not be proceeded with in view of challenge to the Guidelines for Selection of L.P.G. Distributors and stay granted in W.P.No.32674 of 2013. Though writ petition was dismissed on 18.07.2014, subsequent litigation resulted in further delay. After all hurdles were cleared, HPCL initiated process of selection of L.P.G. Distributors by draw of lots. 1st respondent herein / writ petitioner was declared as successful candidate in draw of lots. *V*ide letter dated 08.12.2022, he was called upon to deposit non-refundable security deposit for Field Verification of Credentials (FVC) of his application.

3. One of the unsuccessful candidates challenged the said selection and filed W.P.No.40272 of 2022. During pendency of said writ petition, HPCL *vide* Letter dated 31.01.2023 cancelled selection of 1st respondent, aggrieved by which, he filed W.P.No.3669 of 2023. Learned Single Judge dismissed W.P.No.40272 of 2022 and disposed of W.P.No.3669 of 2023 by a common order dated 08.01.2026. Operative portion of order reads as follows:

"14. In the present case, the 3rd respondent has duly fulfilled all requisite formalities, with the lease agreement remaining effective until 06.08.2022. The 3rd respondent has paid lease dues for a period of fourteen years. As the 2nd respondent –Corporation did not proceed with the notification, the 3rd respondent withdrew / cancelled the lease. Additionally, the 3rd respondent submitted a representation requesting one-week extension and expressed willingness to enter into a lease agreement for the subsequent fifteen years. However, the 2nd respondent-Corporation rejected his request without adequate consideration. Eligible applicants such as the 3rd respondent should not be penalized for circumstances beyond their control. The 2nd respondent-Corporation is legally bound to adhere to the principles of natural justice by providing a fair opportunity to produce a valid lease agreement prior to rejection, as eligibility is generally determined at the time of application. The 3rd respondent fulfilled the requirements in 2013. The subsequent inability to sustain the lease arose from the inability to pay rent over the past fourteen years.

15. This Court, having regard to the orders passed in W.P.No.27387 of 2022 and the contents of paragraph 11 of the counter affidavit submitted by the respondent-Corporation in W.P.No.3669 of 2023, finds it appropriate to direct the 2nd respondent-Corporation (in W.P.No.40272 of 2022) to re-examine the candidature or selection of the 3rd respondent. The 3rd respondent shall be granted sufficient time to secure alternative land for the dealership. The process of allotment shall proceed from the stage of field verification and credential assessment.

16. In the result, with the above observation, Writ Petition No.3669 of 2023 is disposed of, and Writ Petition No.40272 of 2022 is dismissed. No order as to costs."

4. Petitioner in W.P.No.40272 of 2022 had not preferred appeal.

5. Learned counsel for HPCL argued that learned Single Judge erred in not considering facts of the case with reference to Guidelines for Selection of Regular L.P.G.Distributors, 2013 in the correct perspective. Drawing attention of this Court to the relevant Guidelines he submits that applicants should own as on the last date for submission of application as specified in the Advertisement or Corrigendum (if any), a plot of land of minimum dimensions

25 M x 30 M for construction of LPG godown and own a suitable shop of minimum size 3 metres by 4.5 metres in dimension or a plot of land for construction of showroom of minimum size 3 metres by 4.5 metres. In case of construction of LPG Godown / Showroom by applicants on a plot of land obtained on lease, learned counsel submits that Registered Lease Agreement for minimum 15 years in the name of applicant as on the last date for submission of application as specified in the advertisement or corrigendum (if any), is essential.

6. In elaboration, he submits that applicant / respondent No.1 entered into lease agreement commencing from 18.01.2013 to 17.01.2028 (both days inclusive), that during Field Verification of Credentials it was found that minimum 15 years lease for godown site as per Clause 6.1 (vii) of Selection Guidelines was not fulfilled. He submits that last date for submission of applications for LPG Distributorship as initially notified in Newspaper Advertisement was 17.10.2013. However, subsequently *vide* Corrigendum dated 08.10.2013, it was extended to 18.11.2013 and if said date i.e., 18.11.2013 which is the last date for submission of applications is taken into account, respondent No.1 fall short of minimum requirement of 15 years by 10 months and 1 day. That apart, he submits that during Field Verification, it was also noticed that dimensions of showroom site offered by applicant / respondent No.1 was not meeting requirements of minimum required dimensions i.e., 3 metres x 4.5 metres as contemplated under Clause 6.1 (viii)

of said Guidelines. Further, lease agreement in respect of showroom site is from 18.01.2013 to 17.01.2028 and thus, fall short of minimum requirement of 15 years by 10 months and 1 day. He submits that in those circumstances, HPCL rejected candidature of 1st respondent and rightly so, as Guidelines for selection of LPG Distributors are not fulfilled.

7. In addition, he contends that learned Single Judge's view with reference to adherence to principles of natural justice and providing an opportunity to produce valid lease agreement prior to rejection is not tenable. He submits that applicant shall meet all the requirements as on the last date for submission of application in terms of Guidelines in all respects and if the same are not fulfilled, LPG Distributorship cannot be granted. He submits that question of providing an opportunity to comply with short falls does not arise at all, that learned Single Judge was not right in relying on order passed in W.P.No.27387 of 2022 and issuing directions as contained in order under appeal. He submits that fact situation in W.P.No.27387 of 2022 is different to that of present case; therefore learned Single Judge ought to have dismissed writ petition, more particularly in the light of decision in W.A.No.682 of 2024, which is squarely applicable to case on hand. Making said submissions, learned counsel seeks to allow appeal by setting aside the order under challenge.

8. *Per Contra,* learned counsel for respondent No.1 made submissions to sustain order of learned Single Judge. He submits that lease agreements in

respect of construction of LPG Godown and Showroom were entered into in the year 2013 and having waited for more than 9 years, respondent No.1 was compelled to cancel them on 06.08.2022 as lease amounts are being paid without using land and with great hardship. He submits that in view of selection of respondent No.1 in draw of lots, after 9 years, that too after cancellation of Registered Agreements, at the time of Field Verification of Credentials a request to grant one week time to furnish fresh agreements in respect of Showroom place and Godown place was made. He submits that HPCL instead of considering the request positively as delay in completion of selection process is not attributable to respondent / applicant, in an unjust and arbitrary manner rejected the same. He also submits that in similar circumstances, selection process for allotment of LPG Distributorship at another location pursuant to very same Notification dated 15.09.2013 was challenged in W.P.No.27387 of 2022 and HPCL agreed to give opportunity to one of the selected candidates to offer an alternative site for establishment of LPG dealership. Therefore, stand taken by HPCL in the present case is discriminatory and wholly unsustainable. In any event, learned counsel submits that order of learned Single Judge contains cogent reasons, legal, valid and does not suffer from any infirmity. He submits that appeal is devoid of merits and liable to be dismissed.

9. This Court has considered submissions made and perused material on record.

10. At the outset, it may be pertinent to note that there is no dispute with regard to issuance of Notification dated 15.09.2013 for allotment of LPG Distributorship in different locations and non-finalization of allotments due to Court cases. It is also not in dispute that process of selections re-commenced after prolonged litigation. In draw of lots, insofar as subject matter location at Sompeta, Srikakulam District, 1st respondent / writ petitioner was selected. HPCL through Communication dated 08.12.2022, advised 1st respondent to pay an amount of Rs.25,000/- (10% of Security Deposit of Rs.2.5 lakhs) so that process of Field Verification of Credentials of his application can be taken up. He was informed that Security Deposit of Rs.25,000/- will be forfeited, if any discrepancies are observed during verification of credentials submitted by him. Upon Field Verification of information submitted by 1st respondent, HPCL rejected his candidature citing the following reasons:

> "1. As per clause 6.1 (vii) of selection guidelines for regular LPG distributorship, May 2013, you do not have minimum 15 years own/lease land for godown at the advertised location. Hence not meeting minimum requirement as per selection guidelines for regular LPG Distributorship May 2013.
>
> 2. As per clause 6.1 (viii) of selection guidelines for regular LPG distributorship May 2013, you do not have minimum dimension of showroom land and minimum 15 years own/lease land for showroom at the advertised location. Hence not meeting minimum requirement as per selection guidelines for Regular LPG Distributorship May 2013."

11. Rejection of candidature of respondent No.1, as submitted by learned counsel for HPCL, is referable to Clauses 6.1 (vii) and (viii) of Guidelines for Selection of Regular LPG Distributors, May, 2013. Clause 6 of the said

Guidelines deals with eligibility criteria for individual applicants and contemplates that the applicant-

> "Should own as on the last date for submission of application as specified in the advertisement or corrigendum (if any):
>
> A plot of land of minimum dimensions 25 M x 30 M (within 15 km from municipal/town/village limits of the location offered in the same State) for construction of LPG Godown for storage of 8000 Kg of LPG in cylinders. The plot of land for construction of godown not meeting the minimum dimensions of 25 M x 30 M will not be considered." [Clause 6.1 (vii)]
>
> or
>
> ……..
>
> ……..
>
> ……..
>
> "Own a suitable shop of minimum size 3 meters by 4.5 metre in dimension or a plot of land for construction of showroom of minimum size 3 meters by 4.5 metre as on the last date for submission of application as specified in the advertisement or corrigendum (if any) at the advertised location or locality mentioned in the advertisement. It should be easily accessible to general public through a suitable approach road." [Clause 6.1 (viii)]
>
> In case an application has more than one shop of minimum size 3 metre by 4.5 metre in dimension or a plot of land for construction of showroom of minimum size 3 metre by 4.5 metre as on the last date for submission of application as specified in the advertisement or corrigendum (if any) at the advertised location or locality as specified in the advertisement, the details of the same can also be provided in the application.
>
> Reference vii & viii above:
>
> 'Own' means having ownership title of the property or registered lease agreement for minimum 15 yrs., in the name of applicant / family member (as defined in multiple distributorship norm of eligibility criteria) as on the last date for submission of application as specified in the advertisement or corrigendum (if

any). In case of ownership/co-ownership by family member(s) as given above, consent in the form of a Notarized Affidavit from the family member(s) will be required."

12. From a reading of above referred Clauses, requirement of HPCL is a plot of land of a minimum dimension of 25 M x 30 M for construction of LPG godown and a suitable shop of minimum size of 3 metres by 4.5 metres dimension or a plot of land for construction of showroom of minimum size of 3 metres by 4.5 metres. Further, applicants must own plot of land / shop as on the last date for submission of application as specified in Advertisement or Corrigendum (if any) and in case of property being obtained on lease, it shall be through a registered document for minimum 15 years in the name of applicant as on the last date for submission of application. It is not in dispute that last date for submission of application for allotment of LPG Distributorship in question was 18.11.2013. It is also not in dispute that lease agreements submitted by 1st respondent both in respect of plot for construction of godown and showroom were for a period from 18.01.2013 to 17.01.2028. If the said period is taken into account, it does not meet requirement of HPCL as contemplated in Clause 6.1 (vii) and fall short by 10 months and one day. That apart, the dimension of plot for construction of showroom is 3 metres by 4.5 metres. From a reading of Lease Agreement dated 18.01.2013 in respect of land obtained for construction of LPG Showroom, the extent was 9 feet (2.743m) x 12 feet (3.65m) as against requirement of HPCL 3 Mts., x 4.5 Mts. 1st respondent / applicant purportedly cancelled both the agreements owing to

financial difficulties, but the fact remains that at the time of Field Verification of Credentials, HPCL authorities found that 1st respondent / applicant is not meeting the requirements as per Guidelines for Selection of Regular LPG Distributors and accordingly rejected his candidature.

13. Irrespective of cancellation of lease agreements, the shortfalls / defects as observed by authorities of HPCL disentitles 1st respondent / applicant for allotment of Distributorship and rejection of candidature is therefore valid. If applicants fail to meet / satisfy the requirements of HPCL in terms of Guidelines referred to above, their candidature can be rejected and providing any opportunity to cure defects does not arise at all, much less in the absence of any provision in the Guidelines.

14. The Hon'ble Supreme Court in **Bharat Petroleum Corporation Ltd., and Others v. Swapnil Singh[1],** had an occasion to deal with a similar clause like in present case. BPCL through a brochure issued in April, 2011 invited applications for allotment of LPG Distributorship. Eligibility criteria as per paragraph 7 (vi) is that applicant should own a plot of land of adequate size (within 15 km from municipal / town / village limits of the location offered in the same State) for construction of Godown as on the date of application. Application of respondent before the Apex Court was processed and in draw of lots, he was selected. However, during process of Field Verification, authorities noticed that he had entered into Lease Agreement on 20.12.2012

[1] 2015 SCC OnLine SC 1922

for a period of 15 years and that Lease Agreement was registered only on 21.12.2012. In other words, Field Verification discloses that he did not have a Registered Lease Deed as on the date of application i.e., on 13.09.2011. In view of the same, allotment of LPG Distributorship was cancelled. On challenge, a learned Single Judge of Calcutta High Court dismissed writ petition holding that applicant was ineligible at the time when application was made and therefore, cancellation of LPG Distributorship by Corporation was in order.

15. Division Bench, however, reversed order of Writ Court and thereby HPCL filed an appeal. Hon'ble Supreme Court, while allowing the same opined that brochure read with application form is absolutely clear in the sense that applicant must be owner of the specified area of land or must have a Registered Lease Deed of the specified area of the land as on the date of application and held that on the date of application, respondent was not eligible in terms of brochure and the application form.

16. In identical circumstances, a Division Bench of this Court in Writ Appeal No.682 of 2024 upheld decision of a learned Single Judge, wherein rejection of candidature of an applicant for LPG Distributorship was not interfered with. Selection for allotment of LPG Distributorship pursuant to Notification dated 15.09.2013 was delayed due to legal hurdles like in case on hand. Ultimately, process was re-commenced and appellant before Division Bench was selected in draw of lots. However, subsequently his candidature was rejected

on the premise that in Field Verification of Credentials, it was found that land offered by him for establishing Godown and Showroom does not meet requirements of HPCL in terms of Guidelines for Selection of Regular LPG Distributors, 2013. Writ petition filed against rejection proceedings was dismissed. In appeal, it was *inter alia* contended that cancellation is in violation of principles of natural justice and that had an opportunity been afforded, appellant / applicant would have submitted requisite documents / deeds for carrying on Distributorship and in fact, earlier lease deed in respect of required land was terminated pending process of selections which were not finalized even after completion of about 10 years from the date of publication of Notification for appointment of LPG Distributorship. Division Bench while rejecting the contentions, dismissed appeal by order dated 09.08.2024. Relevant portion of it reads as follows:

> "7. That apart, it is not the case of the petitioner that there are no discrepancies at the time of the field verification and no variance with reference to Clauses 6.1 vii & 6.1 viii of the 2013 Guidelines. On the other hand, the material on record i.e., letters of Hon'ble Member of Parliament dated 25.04.2023 and 14.05.2023 fortifies the plea of the Corporation that the petitioner did not have any valid lease for the godown land and own / registered land for showroom. Further, from a reading of the said letters, it would appear that on granting LPG Distributorship to the petitioner, he would arrange the new sites for godown and showroom, within the time that may be stipulated by the Corporation. Though, in this regard, it is contended that had a notice been issued, the petitioner would have rectified the defects / discrepancies and non-issuance of notice / providing an opportunity amounts to violation of principles of natural justice, this Court see no merit in the said contention. Possessing own / lease land for showroom and godown is a pre-requisite condition for appointment of LPG Distributorship and the petitioner

> failed to satisfy the same in terms of Clause 6.1 vii and Clause 6.1 viii, which were appreciated by the learned single Judge. Therefore, the question of curing the defects, much less, in the absence of any clause providing for such rectification in 2013 Guidelines does not arise at all."

The Hon'ble Supreme Court *vide* Order dated 06.12.2024 dismissed petition for Special Leave to Appeal (C) No.28296 of 2024 filed against Judgment of Division Bench.

17. Aforesaid judgments apply on all fours to the case on hand. Therefore, contentions advanced by learned counsel for appellants merit acceptance.

18. So far as the contention advanced by learned counsel for 1st respondent with reference to order in W.P.No.27387 of 2022 and action of HPCL in rejecting candidature of 1st respondent is discriminative, though at the first blush appears to be attractive, does not merit acceptance. Specific stand of HPCL stated in Para No.11 of counter-affidavit, in our view, was not appreciated by Writ Court in correct perspective. HPCL taking into account long delay in completion of selection process of candidates for allotment of LPG Distributorship came forward to provide an opportunity to applicants to offer alternate land / site in accordance with Guidelines applicable to 2013 Notification, in the event, they meet all other requirements as per said Guidelines. Learned Writ Court missed the crucial aspect that application as submitted by 1st respondent fall short of HPCL's requirements at the threshold, which renders his candidature liable for rejection on the said ground.

Therefore reliance on the orders in W.P.No.27387 of 2022 is of no help. Concession made by HPCL is not applicable to the present fact situation.

19. For the aforesaid mentioned reasons, order under challenge is not legally sustainable and same is accordingly set aside.

20. In the result, appeal is allowed. No costs. Pending application(s), if any, stands dismissed.

(LISA GILL)
CHIEF JUSTICE

(NINALA JAYASURYA)
JUDGE

Date:19.06.2026
BLV

HON'BLE THE CHIEF JUSTICE MRS. JUSTICE LISA GILL

&

HON'BLE MR. JUSTICE NINALA JAYASURYA

Writ Appeal No.253 of 2026

19th June, 2026

BLV