



गेल (इंडिया) लिमिटेड

(भारत सरकार का उपक्रम-महारत्न कंपनी)

GAIL (India) Limited

(A Government of India Undertaking-A Maharatna Company)

ऊर्जा भवन

सीएनजी मटर स्टेशन के बिकेट
भगवानपुर, हरहुआ, रिंग रोड (फेज I)
वाराणसी-221105 (उ.प्र.)

URJA BHAWAN

Near GAIL CNG Mother Station
Bhagwanpur, Harhua, Ring Road
(Phase-1) Varanasi-221105 (U.P.)

मोबाइल/Mobile : 9265231064
info@gail.co.in

Ref: GAIL/CGD/MKTG/CBG-PKLS-LOI/VNS/2022/280922-1

Date:28/09/2022

To,

M/s PKLS INDUSTRIES PRIVATE LIMITED
Office NO. 316 & 317 First Floor Sector-D,
Shopping Square, Golf City,
Sultanpur Road,
Lucknow, Uttar Pradesh,India,226030

Kind Attn: Dr Lal Sahab Singh

Sub: Letter of Intent for supply of CBG in Varanasi District GA of GAIL (India)
Limited to M/s PKLS INDUSTRIES PRIVATE LIMITED under SATAT.

Sir,

This has reference to the following:

Notice Inviting Expression of Interest ref. :	GAIL CBG26
EOI released on:	01.06.2022
EOI application dated:	18.09.2022
CBG plant location proposed to be set up in	Varanasi

In reference to submitted EOI and/or correspondences exchanged with GAIL (India) Limited ("GAIL") and your willingness to provide Compressed Bio Gas (CBG) to GAIL from the above mentioned CBG plant ("CBG Plant") for marketing through GAIL retail outlet(s) ("Retail Outlet").

Based on the evaluation of the EOI submitted by you, we hereby issue this Letter of Intent (LOI) for retailing of CBG produced from your above mentioned CBG Plant on following broad terms and conditions: -

जीकृत कार्यालय :
गेल भवन, 16 भीकाएजी कामा प्लेस
नई दिल्ली - 110066 इंडिया

REGD. OFFICE :
URJA BHAWAN 16 BHUKA JI KAMA PLACE

Page 1 of 6

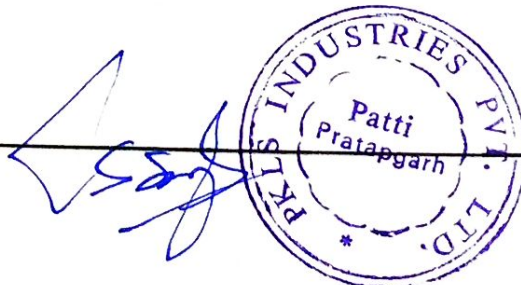


सी आई एन/ CIN
140200119846018976

1. In accordance with the EOI, you shall be responsible for, *inter alia*, the following obligations:
 - a. You shall be responsible for planning, setting-up and commissioning of the CBG Plant, and its continuous operation including arranging the entire land and finance, storage of raw material, operation and maintenance of the CBG Plant, maintaining final product output quantity and quality, managing the by-products and wastes from the CBG Plant as per existing central / state government norms for the CBG Plant at your cost.
 - b. You shall ensure that CBG delivered shall be of automotive grade, compressed at 250 bar in a cascade delivered to the Retail Outlet and shall meet **IS 16087:2016** specifications of BIS or its recent version and / or any other prevailing standards on CBG.
 - c. Due to any reason if the entire CBG produced in the CBG Plant is not purchased by GAIL, then you have the right to explore other options to market the produced surplus CBG, however GAIL shall have first right of refusal for any additional quantity produced.
 - d. You will ensure that the CBG Plant shall have a fully equipped laboratory with online gas chromatograph / gas analyser and all relevant testing equipment to ensure that each batch of CBG delivered to the Retail Outlet of GAIL meets all parameters of the above said BIS standard. The laboratory equipment, measuring instruments maintained shall be calibrated periodically and duly certified periodically by a government approved testing laboratory. Batch wise test reports shall be issued by a person suitably qualified to certify such test reports. Test reports, duly certified, shall accompany each batch of supply. GAIL shall have right of independent sample testing, which shall be binding on you.
 - e. You shall be responsible for the transportation of CBG through vehicle with trailer mounted cascades which shall be arranged and operated by you for the purpose of transportation of the CBG from CBG plant to the Retail Outlet(s).
 - f. You shall follow all the statutory norms as prescribed from time to time by Government of India or local government/government bodies for setting-up and operation & maintenance of the CBG Plant.
 - g. You shall be responsible for all risks involved in the setting up the CBG Plant and its marketing. GAIL shall not be responsible for any losses arising due to any unforeseen circumstances.
2. On receipt of LOI, APPLICANT shall carry out the following:
 - a. APPLICANT shall carry out detailed project feasibility, market survey, feedstock analysis, land identification, technology finalization, off-take mechanism, plant capacity along with quantity ramp up plan, project execution schedule, constitution of the firm (like JV, SPV etc.) and other study / analysis required for setting of CBG plant. The land location, off-take mechanism, project execution schedule, commencement date, plant capacity and production ramp up schedule shall be finalised in consultation with GAIL.



- b. GAIL will not be responsible for any cost or expenses incurred by the APPLICANT, for carrying out above activities.
 - c. GAIL may also evaluate, if required, other feasible options like CBG injection into GAIL MDPE pipeline network, provisions of Cascade and/or CBG compressors by GAIL, providing infrastructure services of MDPE pipeline on chargeable basis, CBG supply into gas storage facilities created by GAIL for sale to various types of customers in the clusters etc.
 - d. Mutual agreement may be arrived between GAIL and CBG entity considering various other feasible options after provisioning of various cost components in the CBG value chain, maintaining the overall intent of proposed pricing framework provided in the EOI.
 - e. APPLICANT shall finalise the Commercial Agreement with GAIL.
 - f. The APPLICANT shall submit LOI acceptance along with signed Commercial Agreement to GAIL within 03 months of LOI date.
 - g. The GAIL reserves the right to extend the time limit of 03 months for submission of LOI acceptance or terminate the LOI if not submitted within 03 months.
3. **Bank Guarantee (BG):** Within one month of acceptance of LOI, APPLICANT to submit a bank guarantee, to safeguard investment of GAIL towards retailing of CBG. The BG of Rs.1 Lakh per CBG Plant shall be provided for minimum period of 03 years as per the format given by the GAIL.
4. As per the business model for supply of CBG provided in the EOI, you shall make available CBG from the CBG Plant within twelve (12) months from the date of issuance of this LOI, to the designated Retail Outlet(s) of GAIL located closest to the CBG Plant. The Retail outlet(s) shall be designated to you and shall be attached to your CBG Plant at the time of execution of commercial agreement. The inlet flange of the booster compressor of CBG at the Retail Outlet shall be the point of sale.
5. If due to any reason, if the supply of CBG is not started within one year from the date of issue of this LOI, a request for extension of time shall be submitted by you to GAIL within three months of the expiry of one year from the date of LOI, explaining the reasons for delay. Your time extension request shall be evaluated by GAIL for the future probability of the supply of CBG through your Plant and further time extension shall be either granted or this issued LOI shall be withdrawn on the sole discretion of GAIL based on the merit of the case. In case of cancellation of this LOI, your Bank Guarantee submitted to GAIL shall stand forfeited without any further notice to you.
6. The sale of CBG from the Retail Outlet(s) is expected to be build-up to the market demand gradually over a period of time, to reach the plant's designed production capacity, from the initial start phase, especially in case of green-field projects, where CBG / CNG is presently not being retailed. The production of the CBG at the CBG Plant has to be aligned in accordance to the market demand and GAIL shall have the exclusive purchase right over the entire CBG produced from the mentioned CBG Plant. Upon receipt of this LOI



you shall not make further EOI applications for this CBG Plant to any other OMC or Gas Marketing Company.

7. Pricing framework of CBG shall be as under:

The long term procurement price of CBG as per IS 16087: 2016 standards (or its latest version), compressed at 250 bar pressure and delivered to CGD Retail outlets in cascades shall be as under:

1. The procurement price of CBG will be based on the principle "The Retail Selling Price (RSP) of CBG in a market shall be at par with RSP of CNG (as provided by the authorized CGD entity)".
2. Rs. 54/Kg plus applicable GST shall be the minimum procurement price of CBG delivered at Retail Outlet situated at any distance (up to 75 km one way) as per IS 16087 2016 specification (or its latest version) and compressed at 250 bar pressure and delivered to OMC Retail Outlets in cascades w.e.f. from 01.06.2022. Further, the procurement price of CBG will vary as per the RSP of CNG.

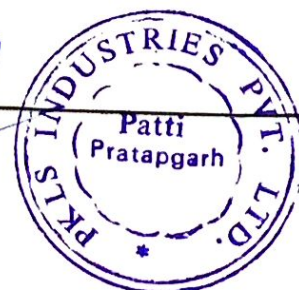
Further price details shall be as per EOI GAIL CBG26 dated 01.06.2022

- 8. LICENSES AND REGISTRATION:** You are required to get all the necessary registrations completed and obtain the requisite licenses/ approvals/ permissions from the statutory authorities which are mandatory/necessary for operation of the CBG Plant and transportation of CBG. This LOI is subject to you fulfilling of all terms and conditions and you obtaining all statutory approvals/licenses/permissions required at your end for your CBG Plant and for the cascades used for transportation of CBG. You shall ensure that all the requisite NOCs and approvals for the setting up your CBG Plant and transportation of CBG in cascades to the Retail Outlet(s) shall be obtained by you. Any other activity to be undertaken/approval to be obtained in relation to selling of CBG from the Retail Outlet shall also be obtained by you. You shall inform GAIL within 15 days of receipt of all licenses/ approvals/ permissions requisite for the CBG Plants and the cascades.

9. This LOI is non-transferable.

10. GAIL shall have right to withdraw this Letter of Intent in the event of occurrence any of the following: -

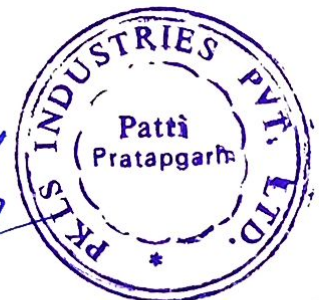
- a. Failing to signing of Commercial Agreement.
- b. Failing to supply of CBG within the mentioned time period
- c. If a request for extension of time is not accepted by GAIL owing to unsatisfactory reasons.
- d. A liquidator, receiver or administrator or any beneficiary under an encumbrance takes possession of or is appointed over the whole or any part of your assets, or a resolution for winding up is passed or a petition for its winding up is filed against you, or a proceeding under Insolvency and Bankruptcy Code is initiated against you which is not quashed within 30 days.
- e. There is any material adverse change or any change in applicable law, rules, regulations, directives or guidelines which prevent the sale of CBG.



- f. Any consent, approval, license or permission required for the transaction is not obtained within specified timeline or is withdrawn anytime in future.
 - g. Your company/its key management personnel/director(s) is/are found to have been convicted/charged with for any economic offence/criminal offence involving moral turpitude; or If it is found that you have suppressed and/ or misrepresented any material facts in your application and the associated annexure and documents.
11. All terms and conditions mentioned in the EOI shall be deemed to be included in the LOI by reference.
 12. The LOI issued is legally non-binding till submission of Bank Guarantee
 13. Any dispute arising out of this LOI shall be resolved amicably through discussions in good faith with a view to expeditiously resolve such dispute.
 14. Please acknowledge receipt of this LOI and send a signed copy in original as acceptance of the terms and conditions laid down in this LOI.

Thanking you ,


For GAIL (India) Limited





PKLS INDUSTRIES PVT LTD

CIN : U45309UP2017PTC094651

Ref:GAIL/CGD/MKTG/CBG-PKLS-LOI/VNS/2022/230922-1

Date:2709/2022

ACKNOWLEDGMENT CUM UNDERTAKING

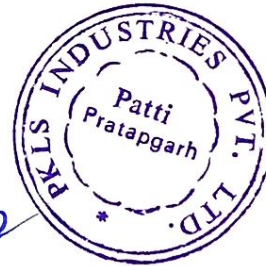
I thankfully acknowledge receipt of the LOI Ref: **GAIL/CGD/MKTG/CBG-PKLS-LOI/VNS/2022/230922-1, Date:27/09/2022**. I have carefully gone through the contents of this LOI and agree to abide by all terms and conditions of the LOI and Notice Inviting Expression of Interest. I also hereby undertake that I shall not accept any other Letter of Intent for our same CBG plant located at Varansi.

(Signature with rubber seal on all pages of the document)

Place: Pratapgarh (U.P) Signature:

Date: 03-10-2022

[Handwritten Signature]
3/10/22



Page 6 of 6