



# ग्रीन गैस लिमिटेड

(गैल (इण्डिया) लिमिटेड एवं इण्डियन आयल कारपोरेशन लिमिटेड का संयुक्त उद्यम)

## GREEN GAS LIMITED

(A joint venture of GAIL (India) Ltd. & Indian Oil Corporation Ltd.)  
द्वितीय तल, फॉरच्युना टॉवर, 10, राना प्रताप मार्ग, लखनऊ, उ०प्र०-226001  
2<sup>nd</sup> Floor, Fortuna Tower, 10, Rana Pratap Marg, Lucknow, U.P.-226001  
CIN No. U23201UP2005PLC030834

For better environment  
and clean air to breathe

Ref: GREEN GAS LTD/CBG/GAIL\_CBG26

Date: 03.01.2023

To  
M/s PKLS Industries Pvt. Ltd.  
Office No. 316-17, 1st Floor, Sector D,  
Shopping Square 2, Sushant Golf City,  
Sultanpur Road, Lucknow, Uttar Pradesh – 226030

Kind Attn: Mr. L. S. Singh

**Sub: Letter of Intent for supply of CBG in Agra GA of Green Gas Limited to M/s PKLS Industries Pvt. Ltd. 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	16.11.2022
LOI Validity	24 months from date of LOI
CBG plant location proposed to be set up in	Firozabad District
GA in which Applicant wish to sell CBG	Agra, Uttar Pradesh

In reference to submitted EOI and/or correspondences exchanged with Green Gas Limited (“Green Gas”) and your willingness to provide Compressed Bio Gas (CBG) to Green Gas from the above mentioned CBG plant (“CBG Plant”) for marketing through Green Gas 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: -

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 Green Gas, then you have the right to explore other options to market the produced surplus CBG, however Green Gas 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 Green Gas 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. Green Gas 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. Green Gas 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. Any proposed reconstitution of the firm shall be allowed as routine matter unless and until any such proposed reconstitution is violating any statutory law or against the national interest / CGD's business interest. The land location, off-take mechanism, project execution schedule, commencement date, plant capacity and production ramp up schedule shall be finalised in consultation with Green Gas.
  - b. Green Gas will not be responsible for any cost or expenses incurred by the APPLICANT, for carrying out above activities.
  - c. Green Gas may also evaluate, if required, other feasible options like CBC injection into Green Gas MDPE pipeline network, provisions of Cascade and/or CBG compressors by Green Gas, providing infrastructure services of MDPE pipeline on chargeable basis, CBG supply into gas storage facilities created by Green Gas for sale to various types of customers in the clusters etc.
  - d. Mutual agreement may be arrived between Green Gas 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 Green Gas. The term of Commercial Agreement shall be 15 years from date of signing. The terms in Commercial Agreement signed shall be final and will have precedence over terms in EOI and LOI.
  - f. **The APPLICANT shall submit LOI acceptance along with signed Commercial Agreement to Green Gas within 03 months of LOI date.**
  - g. The Green Gas 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 Green Gas 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 Green Gas.
  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 Green Gas 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 end point of nozzle of dispenser (i.e., dispenser reading) at the retail outlet shall be the point of sale of CBG.
  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 Green Gas 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 Gas 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 Green Gas based on the merit of the case. In case of cancellation of this LOI, your Bank Guarantee submitted to Green Gas 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 with the market demand and Green Gas 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 OGC (Oil and Gas Marketing Company).
7. **Pricing framework of CBG shall be as under:**

The long-term procurement price of CBG as per IS 15087: 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.
3. The CBG procurement price shall be as per the following slabs, which will 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. The slabs have been formulated starting from Rs.70.01/Kg with Rs.5 intervals. For markets where CNG is not available the CBG RSP shall be considered in lieu of CNG RSP.

S No	Lower Retail Selling Price of CNG in Slab	Higher Retail Selling Price of CNG in Slab	Procurement price of CBG	Procurement price of CBG
	including tax	including tax	Without GST	With GST
	Rs. /Kg	Rs. /Kg	Rs. /Kg	Rs. /Kg
1	Up to 70		54.00	56.70
2	70.01	75.00	55.25	58.01
3	75.01	80.00	59.06	62.01
4	80.01	85.00	62.86	66.01
5	85.01	90.00	66.67	70.01
6	90.01	95.00	70.48	74.01
7	95.01	100.00	74.29	78.01

Note: For further populating the slabs beyond Rs.100/Kg same formula will be followed.

4. Additional transportation cost for transportation of CBG beyond 75 KM (one way distance) from CBG plant shall be paid separately as per slabs below, based on mutual discussion between CGD JV/ subsidiary and CBG producer.

One way Distance of CBG Plant to Retail Outlet / Selling Point	Additional cost of transportation of CBG Rs. /Kg (without GST)
Above 75 km – up to 100 km	5
Above 100 km – up to 125 km	6.4
Above 125 km – up to 150 km	7.8

The amount as per the additional transportation slabs shall be deducted from the RSP to determine the applicable slab for CBG procurement price. The total amount payable to CBG plant owner shall be procurement price of CBG as per slab + additional transportation reimbursement.

5. The above pricing shall be valid for one year or till next revision (which may arise out of dip in CNG price, etc.) whichever is earlier. If the RSP of CNG falls below Rs 70/Kg, there will be immediate revision in the procurement pricing of CBG.

The procurement price of CBG purified as per IS 16087: 2016 standards (or its latest version), compressed at 250 bar pressure and delivered to OMC Retail Outlets in cascades (RO situated up to one-way distance of 25 Km from the plant site) shall never go below the already declared floor price of Rs. 46 plus applicable GST till 31.03.2029.

8. It will be the OGC's responsibility to purchase the CBG quantity produced and delivered in OGC's CGD GA from CBG plant of LOI holder up to the total consumption in CNG (Transport) & PNG (Domestic) segments in the GA and sell it through its Retail Outlet network or to its Consumer Network.

However, due to any reason if the entire CBG produced in CBG Plant of LOI holder is not purchased by OGC, then OGC shall act as facilitator in exploring other options to market the surplus CBG produced from the CBG plant and LOI holder will have the complete right to market the surplus CBG produced from the CBG plant through alternate arrangement as per LOI holder wishes.

**9. 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 Green Gas within 15 days of receipt of all licenses/ approvals/ permissions requisite for the CBG Plants and the cascades.

10. This LOI is non-transferable.
11. Green Gas shall have right to withdraw this Letter of Intent in the event of occurrence any of the following: -
- Failing to signing of Commercial Agreement.
  - Failing to supply of CBG within the mentioned time period.
  - If a request for extension of time is not accepted by Green Gas 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.

If the LOI is withdrawn by Green Gas pursuant to Clause 11 (a), (b), (c), (d), (f) and (g) then the bank guarantee amount shall be forfeited.

- 12. All terms and conditions mentioned in the EOI shall be deemed to be included in the LOI by reference.
- 13. OGC and LOI holder to maintain confidentiality unless required under the law to disclose.
- 14. The LOI issued is legally non-binding till submission of Bank Guarantee
- 15. Any dispute arising out of this LOI shall be resolved amicably through discussions in good faith with a view to expeditiously resolve such dispute.
- 16. 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.
- 17. Any correspondence shall be addressed to our office located at the following address:

Green Gas Limited  
Marketing Department  
2<sup>nd</sup> Floor, Fortuna Towers, 10 Rana Pratap Marg,  
Lucknow-226001 (U.P.)

Thanking you,

For Green Gas Limited



Praveen Pal Singh  
AGM-(Marketing)




Green Gas/CBG/GAIL\_CBG26

Date: 03.01.2023

## ACKNOWLEDGEMENT CUM UNDERTAKING

I, Dr. L. S. Singh thankfully acknowledge receipt of the LOI ref **Green Gas/CBG/GAIL \_CBG26** dated 03/01/2023 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 Agra/Firozabad

Place: LUCKNOW

  
Signature:  
Dr. L.S. Singh

Date: 05.01.2023



PKLS