



कॉर्पोरेट कार्यालय

Corporate Office

Ref: IndianOil/SATAT/01/3646

Date: 02.01.2024

To,

Naruma Industries Private Limited

Khasra Number 917, First Floor, Ahmedpur
Kadach, Railway Road, Jwalapur, Haridwar
Uttarakhand - 249407

Sub: Letter of Intent for supply of CBG to IndianOil under SATAT

Madam/ Sir,

This has reference to the following:

Notice Inviting Expression of Interest (NIEOI) ref.:

CBG64

NIEOI released on:

01.11.2023

NIEOI application dated:

29.11.2023

NIEOI file reference number:

987510

Status of CBG Plant as on date of application:

Proposed

CBG plant location as per NIEOI application:

**Khasra No.740, Village Tughalpur,
Paragna Goverdhanpur, Tehsil
Laksar, Haridwar, Uttarakhand**

CBG Quantity as per NIEOI application:

5.0 Tonnes Per Day

We also refer to documents submitted in the EOI and/or correspondences exchanged with IndianOil and your willingness to provide Compressed Bio Gas (CBG) to IndianOil from the above mentioned CBG plant for marketing through IndianOil's Retail Outlet(s).

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 NIEOI, you shall be responsible for, inter alia, the following obligations:

- You shall be responsible for planning, preparation, engineering and execution of the CBG Plant, including 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 and providing performance guarantee for the CBG Plant at your cost.

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पंजीकृत कार्यालय : जी-9, अली यावर जंग मार्ग, बान्द्रा (पूर्व), मुम्बई - 400051, महाराष्ट्र (भारत)

Regd. Office : G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai - 400 051, Maharashtra (India)

CIN : L 23201 MH1959 GOI 011388

- b. You shall be responsible for setting-up and commissioning of the CBG Plant and its continuous operation including arranging the entire land and finance. Role of IndianOil in the above matter is only as a facilitator.
 - c. 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.
 - d. It will be IndianOil's responsibility to purchase the entire CBG quantity produced from your plant and sell them through its Retail Outlet network or to its Consumer Network. However, due to any reason if the entire CBG produced in your CBG Plant is not purchased by IndianOil, then IndianOil shall act as facilitator in exploring other options to market the surplus CBG produced from your plant and you will have the complete right to market the surplus CBG produced from your plant through alternate arrangement as per your wishes.
 - e. You will ensure that the CBG Plant shall have a laboratory with online gas chromatograph / gas analyzer and relevant testing equipment to ensure that each batch of CBG delivered to the Retail Outlet of IndianOil 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. IndianOil shall have right of independent sample testing, which shall be binding on you.
 - f. You shall be responsible for the transportation of CBG through trailer/ truck/ tractor 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).
 - g. 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.
 - h. You shall be responsible for all risks involved in setting up of the CBG Plant and transportation of CBG. IndianOil shall not be responsible for any losses arising due to any unforeseen circumstances.
 - i. You shall not change the constitution of the entity/firm without prior written consent of IndianOil. However, IndianOil shall be granting permission to any proposed reconstitution of your firm as routine matter, unless and until any such proposed reconstitution is violating any statutory law or against the national interest / IndianOil's business interest. Any such refusal of granting permission by IndianOil shall be brought to your notice with written reasons and attempt(s) shall be made from both sides to address those concerns in right spirit to ensure grant of permission for re-constitution of the entity / firm.
2. As per the business model for supply of CBG provided in the NIEOI, you shall make available CBG from the CBG Plant within 2 (two) years from the date of issuance of this LOI, to the designated Retail Outlet(s) of IndianOil, through trailer / truck / tractor mounted cascades which shall be arranged and operated by you. 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 meter installed in the CBG dispensing unit(s) at the Retail Outlet shall be the "Point of Sale".

3. If, due to any reason the supply of CBG is not started within two (2) years from the date of issue of this LOI, a request for extension of time shall be submitted by you to IndianOil within three months of the expiry of two (2) years from the date of LOI, explaining the reasons for delay. Your time extension request shall be evaluated by IndianOil 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 IndianOil based on the merit of the case. In case of cancellation of this LOI, your Bank Guarantee submitted to IndianOil shall stand forfeited without any further notice to you.
4. The sale of CBG from the Retail Outlet(s) is expected to be built-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 CBG at the CBG Plant has to be aligned in accordance to the market demand and IndianOil 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 as per the NIEOI.
5. Pricing framework of CBG shall be as under: -
 - a. The minimum procurement price of CBG will not be lower than Rs. 46/kg + applicable taxes for the period up to 31.3.2029.
 - b. 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).
 - c. The following slabs for CBG procurement price have been decided, which will be the procurement price of CBG delivered at IndianOil 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: -

S No	Lower Retail Selling Price of CBG in Slab including tax	Higher Retail Selling Price of CBG in Slab including tax	Procurement price of CBG Without GST	Procurement price of CBG With GST
	Rs./kg	Rs./kg	Rs./kg	Rs./kg
1	Retail Selling Price of CBG 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



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Note: The above table is applicable strictly for supply of CBG at a one-way distance up to 75 km from the CBG Plant. For distance beyond 75 km, the price will be first adjusted as defined in para 5 (e) to bring it to 75 km distance table as above and then procurement price shall be fixed as per the table. For further increase in slabs beyond Rs. 100/kg, procurement price will be extrapolated as per the above. If the RSP of CBG falls below Rs. 70/kg, there will be immediate revision in the procurement pricing.

- d. The upward and downward movement of CNG price will change the slab for a particular market at any point in time and the rate applicable for CBG procurement will change accordingly.
- e. Additional transportation cost for transportation of CBG beyond 75 km (one-way distance) from CBG Plant shall be considered separately, at mutually discussed & agreed rates. This additional transportation costs shall be recovered from the market through inclusion in the Retail Selling price (RSP) build-up of CBG. If the recovery from market is not possible for additional transportation, the same shall not be paid.
- f. This revised procurement price of CBG is being offered considering in view that presently RSP of CNG is greater than Rs. 70/kg in nearly all markets. If there is a reduction in CNG RSP from these levels, there will be revision in the price as agreed by Oil & Gas Company committee. The minimum procurement price of CBG as announced earlier will not be lower than Rs. 46/kg + applicable taxes for the period up to 31.3.2029.

The above pricing shall be effective from 14.08.2023 for one year or subsequent revision, whichever is earlier.

6. **Bank Guarantee:** As per the terms of the NIEOI, you have to submit a bank guarantee of Rs. 5 Lakh within one month of issuance of this LOI. In case of non submission of the bank guarantee within the stipulated time frame, the LOI shall be automatically withdrawn and stand cancelled. However, upon request from LOI holder, IndianOil shall favourably consider extension of this time frame for bank guarantee submission.
7. **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 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 setting up of 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 IndianOil within 15 days of receipt of all licenses/ approvals/ permissions requisite for the CBG Plants and the cascades.
8. This LOI is non-transferable.



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9. A "Commercial Agreement" between IndianOil and your firm for Marketing of CBG from IndianOil's Retail Outlet shall be signed after issuance of LOI, subject to your firm submitting the requisite BG and making a formal request / undertaking (on non-judicial stamp paper of appropriate value) to IndianOil for execution of "Commercial Agreement". The initial validity period of the Commercial Agreement shall be fifteen (15) years which will be further extended on mutual consent.
10. This Letter of Intent shall stand withdrawn automatically in the event any of the following has occurred :-
- Failing supply of CBG within the mentioned time period, this LOI shall stand withdrawn Suo moto if no request for extension of the same is received by Indian Oil despite repeated follow up by IndianOil.
 - If a request for extension of time, in term of the LOI, is received by IndianOil and IndianOil finds that the progress made by you in setting up of facility along with other required facilities is not significant and chances of completion of the facility is remote in near future or the progress made in facility construction is not meeting the required industry standards or safety standards, this LOI shall be withdrawn at sole discretion of IndianOil.
 - 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.
 - There is any material adverse change or any change in applicable law, rules, regulations, directives or guidelines which prevent the sale of CBG.
 - Any consent, approval, license or permission required for the transaction is not obtained within specified timeline or is withdrawn anytime in future.
 - If you submit expression of interest to other oil marketing companies for the same CBG Plant.

If the LOI is withdrawn by IndianOil pursuant to Clause 10 (a), (b), (c), (e) and (f) then the bank guarantee amount shall be forfeited.

11. This Letter of Intent may be withdrawn at the sole discretion of IndianOil in case any of the following events occur:
- 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 there is a change in constitution of the entity without prior written consent of IndianOil and later on, it could be found that the reconstitution of your firm cannot be regularised / granted or permitted in any circumstances by IndianOil due to some statutory guidelines / law etc.



However, in such situation, earnest attempt from both sides shall be made to find out a mutual working solution to overcome the difficulty in regularising the reconstitution of your firm/entity & regularisation shall be attempted. Only in the extreme situation, when no solution could be found, the cancellation of LOIs is to be considered due to unauthorised reconstitution.

- c. Any other unforeseen situations which are detrimental to the business interest of IndianOil.

If the LOI is withdrawn by IndianOil pursuant to Clause 11 (a) and (b) then the bank guarantee amount shall be forfeited.

12. As already stated in the NIEOI, you shall not enter into any agreement with a competitor of IndianOil for the mentioned business with respect to the subject CBG Plant for which both Parties have entered into or are endeavouring to enter into a Commercial Agreement. It is further clarified that if no such definitive agreement for the project/purpose is executed with you within a period of three (3) years from the date of issuance of this LOI, this restriction shall not become applicable.
13. All terms and conditions mentioned in the NIEOI shall be deemed to be included in the LOI by reference.
14. Any correspondence shall be addressed to our office located at the following address:

**Alternate Energy & Sustainable Development Department,
Business Development, Indian Oil Corporation Ltd.,
10th Floor, NBCC Office Block-2,
East Kidwai Nagar, New Delhi - 110023**

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. A Dispute shall be deemed to have arisen when either Party notifies the other Party in writing to that effect. In the event the dispute persists, the Parties agree to resolve the dispute by conciliation in accordance with provisions of Indian Oil Conciliation Rules, if applicable. In the event of non-resolution of dispute by Conciliation within a period of 60 days (or any period thereafter, which the Parties may agree to mutually extend) or non-applicability of IndianOil Conciliation Rules, the Parties agree to settle the dispute by arbitration in accordance with the Rules of SCOPE Forum of Conciliation and Arbitration (SFCA). The venue for arbitration shall be New Delhi and the language of arbitration shall be English. The arbitrator shall pass a reasoned award and the award of arbitrator shall be final and binding on the Parties.
16. This LOI shall be governed exclusively by the laws of India and subject to Clause 16, be subject to the exclusive jurisdiction of the competent court in New Delhi.



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Ref: IndianOil/SATAT/01/3646

Date: 02.01.2024

17. 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 Indian Oil Corporation Ltd.

(FI Mazumdar)
General Manager (AE)

ACKNOWLEDGEMENT CUM UNDERTAKING

I thankfully acknowledge receipt of the LOI ref. **IndianOil/SATAT/01/3646** Dated **02.01.2024**. 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 **Khasra No.740, Village Tughalpur, Paragna Goverdhanpur, Tehsil Laksar, Haridwar, Uttarakhand.**

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

Place:

Signature:

Date: