



INDRAPRASTHA GAS LIMITED

(A Joint Venture of GAIL, BPCL & Govt. of NCT Delhi)

Ref: IGL/SATAT/07/19A

Date: 04.12.2023

M/s ZAK VENTURES PVT LTD
OFFICE NO. 2502, 5TH FLOOR, TOWER NO.2,
EXPRESS TRADE TOWER, SECTOR 132, NOIDA, UTTAR PRADESH-201301

Subject: Letter of Intent (LOI) for supply of CBG to IGL under CBG-CGD Synchronization Scheme

Notice Inviting Expression of Interest ref. :	IGL_CBG07
EOI released on:	21.11.2022

Referring to documents submitted in the EOI (Expression of Interest) and/or correspondences exchanged with IGL and your willingness to provide ~5 TPD of Compressed Bio Gas (CBG) to IGL from CBG plant proposed to be located at (Coordinates: 28.769487, 77.439049) Khasra No. 946, Village Bhadoli, Ghaziabad, Uttar Pradesh-201206 for off-take through IGL Infrastructure.

Based on the evaluation of the EOI submitted by you, we hereby issue this Letter of Intent (LOI) for off-take of CBG produced from your 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, 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.
 - (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. It is your obligation to ensure that land is free from any encumbrance and should have clear lawful title to ensure smooth uninterrupted operation of the plant. In case there is any disruption in operation due to any dispute of the land and IGL is not able to utilise its infrastructure laid for said purpose, you shall reimburse/ indemnify for all the expense done by IGL for laying of such infrastructure.



IGL Bhawan, Plot No. 4, Community Centre, Sector-9, R.K. Puram, New Delhi-110 022

Tel. : 46074607 Fax : 26171663 Website : www.iglonline.net

CIN : L23201DL1998PLC097614

An ISO 9001 : 2015, ISO 14001: 2015, OHSAS 45001 : 2018 Certified Organisation



- (c) You shall ensure that CBG delivered shall be of automotive grade and cooking grade compressed at desired pressure as required by IGL. The CBG shall meet **IS 16087:2016** specifications of BIS or its recent version including **PNGRB specifications** for insertion of biogas in IGL's CGD infrastructure.
 - (d) If due to any reason, the entire CBG produced in the CBG Plant is not purchased by IGL, then you have the right to explore other options to market the produced surplus CBG. However, first right of refusal for the CBG produced from this plant shall lie with IGL.
 - (e) You will ensure that the CBG Plant shall have a fully equipped laboratory with online and hand-held gas chromatograph / multiple-point gas analyser and all relevant testing equipment/licensed software support to ensure that each batch of CBG delivered to IGL meets all parameters of the above said BIS standard and PNGRB specifications. 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. CBG producer to submit gas sample analysis report for each fortnight through a NABL accredited lab. Test reports, duly certified, shall accompany each batch of supply. IGL have right of independent sample testing, which shall be binding on you.
 - (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. IGL shall not be responsible for any losses arising due to any unforeseen circumstances.
 - (h) You shall not change the constitution of the entity/firm without prior written consent of IGL. However, IGL shall be granting permission to any proposed reconstitution of your firm as a routine matter unless and until the proposal is violating any statutory compliances/law and/or against IGL's business interest. Any such refusal of grant shall be brought to your written notice with written reason(s) and attempt shall be made from both sides to address those concerns in right spirit to ensure grant of permission to reconstitute the firm/entity.
2. If due to any reason, if the supply of CBG is not started within 15 months from the date of LOI, you should submit a request for extension of time to IGL at least three months before the expiry of 15 months from the date of LOI, explaining the reasons for delay. Your time extension request shall be evaluated by IGL 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 IGL based on the merit of the case. In case of cancellation of this LOI, your Bank Guarantee submitted to IGL shall stand forfeited without any further notice to you.





3. The sale of CBG 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/ PNG 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 IGL shall have the exclusive procurement right over the entire CBG produced from the mentioned CBG Plant. Upon receipt of confirmation for LOI you shall not make further EOI applications for this CBG Plant to any other entity.

4. **CBG-CGD Synchronization Scheme:**

In this regard, MoP&NG issued Circular No. L-16022/05/2020- GP-1(E-35118) dated 09.04.2021, wherein GAIL (India) has been mandated to supply Biogas/CBG co-mingled with domestic gas at uniform base price across all CGD entities for CNG (T) and PNG (D) segment of CGD (City Gas Distribution) network. CBG Producer/LOI holder, IGL and GAIL (India) shall be entering into a separate Tripartite Agreement (in short "TPA") to co-mingle Biogas/CBG produced by Producer with APM/NAPM domestic gases and to supply it to CGD entity. IGL being a CGD entity shall be participating under synchronization scheme of MoP&NG and GAIL(India). The LOI terms and conditions shall invariably be in accordance to the SATAT and CBG-CGD synchronization scheme and guidelines of MoP&NG.

That in view of the MoP&NG approval, biogas/CBG Producer, IGL and GAIL are entering into a **Tripartite Agreement ("TPA")** to supply Biogas/CBG produced by Producer and pooled with APM/NAPM domestic gases to CGD Entity. This TPA shall be valid initially for a period up to **08.04.2024 (which has been extended further by a period of 10 years as per Policy Guidelines, MoP&NG dated 26.10.2023)** and the arrangement of title/custody transfer for biogas/CBG would be as follows:

A separate Term Sheet for sale/purchase of Biogas/CBG shall be executed by and between GAIL and the Biogas/CBG Producer (hereinafter referred as "**Purchase Termsheet**") for sale of Biogas/CBG by the Producer to GAIL.

A separate Term Sheet shall be executed by and between GAIL and IGL (hereinafter referred to as "**Supply Termsheet**") for sale of Biogas/CBG by GAIL to the CGD Entity.

It may also be noted that Terms and Conditions of these scheme are updated/revised regularly by MoP&NG to help benefit and handhold the CBG producers. Latest guidelines issued by MoP&NG and GAIL (India) or latest EOI (issued by IGL in accordance with MoP&NG guidelines on the said subject) shall be shared regularly by IGL as and when available & shall be applicable for procurement of CBG from your plant.





5. Business Model for procurement of CBG from your CBG plant is as under:

As per techno-commercial feasibility conducted for procurement of biogas/CBG from your proposed CBG plant location, the Business model has been finalized as below:

Insertion in Pipeline Network/Infrastructure of IGL: MDPE Network available in near vicinity: Biogas will be compressed at ~4-5 Bars by the Seller/CBG producer and will be inserted in MDPE pipeline of IGL. The outlet flange of the MRS shall be the Point of Sale/Delivery Point for CBG in this Off-take model.

Submission of interest free refundable Security Deposit for Tie-in Pipeline: CBG producer/Seller agrees to pay in advance to IGL, the entire cost (covering all input cost) for the Tie-in pipeline -MDPE pipeline (as decided by IGL), as per the demand note raised by IGL in the form of an interest-free refundable security deposit. The length of tie-in pipeline to connect your CBG plant with our network is **approx. 6100 mtr for MDPE pipeline**. This is a tentative measurement of the tie-in pipeline required and may vary depending upon site conditions, including but not limited to type and issuance of digging permissions, feasibility of route, width of approach road, laying of pipeline inside plant premises, capacity of pipeline diameter to offtake biogas/CBG volumes, etc. The same to be deposited by CBG producer to IGL, at the stage of signing agreement for offtake of CBG.

Total Cost of laying Tie-in pipeline is INR 1,71,92,899/- (Rupees One Crore Seventy-One Lacs Ninety-Two Thousand Eight Hundred Ninety-Nine Rupees Only)#

#NOTE: The total cost is an indicative amount, and shall depend upon various factors. The exact amount of the tie-in pipeline laying cost shall be reconciled post commissioning of the pipeline

6. **Bank Guarantee** LOI holder to submit with IGL, a bank guarantee **of INR 5 Lacs (Rupees Five Lacs Only)** amount within one month from date of issuance of LOI. In case of non-submission of the bank guarantee within the stipulated time-frame, the LOI shall be automatically withdrawn and stand cancelled.
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 of all terms and conditions and you obtaining all statutory approvals/licenses/permissions required at your end for operating your CBG Plant. You shall Inform IGL within 15 days of receipt of licenses/ approvals/ permissions (as and when available) requisite for the CBG Plants.
8. This LOI is non-transferable.





9. Before commissioning of the CBG Plant or depending on the significant progress in the actual construction of CBG Plant, a "Commercial Agreement" will be signed with your firm for off-take of CBG. The initial validity period of the Commercial Agreement shall be 15 years which will be extended further on mutual consent
10. This Letter of Intent shall stand withdrawn automatically in the event any of the following has occurred: -
- (a) 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 IGL.
 - (b) If a request for extension of time, in term of the LOI, is received by IGL and IGL finds that the progress made by you in setting up Facility along with other requisites are 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 IGL.
 - (c) 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; or
 - (d) There is any material adverse change or any change in applicable law, rules, regulations, directives or guidelines which prevent the sale of CBG; or
 - (e) Any consent, approval, license or permission required for the transaction is not obtained within specified timeline or is withdrawn anytime in future.
 - (f) If you submit expression of interest to other entity for supply of CBG from the same Plant, without seeking consent/approval from IGL.

If the LOI is withdrawn by IGL pursuant to Clause 10 (a), (b), (c), (d), (e) and (f), then the bank guarantee amount of Rupees Five Lacs shall be forfeited.

11. This Letter of Intent may be withdrawn at the sole discretion of IGL in case of any of the following events occur:
- (a) 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.
 - (b) If there is a change in constitution of the entity without prior written consent of IGL and later on, it is found that the reconstitution of your firm can not be regularized/granted or permitted in any circumstances by IGL due to some statutory guidelines/law, etc.
 - (c) However, in such situation, earnest attempt from both sides shall be made to overcome the difficulty in regularizing the reconstitution of the firm/entity & regularization shall





be attempted. Only in extreme situations, where no solution could be found due to unauthorized reconstitution, LOI cancellation to be considered by IGL.

- (d) Any other unforeseen situations which are detrimental to the business interest of IGL.

If the LOI is withdrawn by IGL pursuant to Clause 11 (a), (b), (c), (d), then the bank guarantee shall be forfeited.

If the LOI is terminated or withdrawn by IGL for any reasons pursuant to Clause 10 and 11, no compensation or claim can be lodged against IGL for the investment made or loss in profit made by you.

12. As already stated in the EOI, considering the nature of this business, you shall not enter into any agreement with any other entity with respect to the subject CBG Plant/site 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 EOI 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:

**Sr. V.P. (BD & Gas Sourcing),
Indraprastha Gas Ltd., IGL Bhawan,
Plot No.-4, Sector 9, R K Puram, New Delhi-110022**

15. Any matter, which is not stipulated herein as well as any disagreement between parties, shall be amicably resolved by the Parties based on mutual discussions within the spirit of this EOI.
16. In the event of any dispute between the parties, arising out of or as a result of this agreement and the arrangement herein, which cannot be settled amicably between the parties, shall be finally settled by arbitration in accordance with the Arbitration and Conciliation Act, 1996, as amended or replaced from time to time. Each Party shall have the right to appoint one (1) arbitrator and the two (2) arbitrators so appointed shall choose a person to be the third arbitrator. The award of the arbitral tribunal shall be a reasoned award and shall be final and binding on the Parties. The seat of arbitration proceedings shall be New Delhi, India. The arbitration proceedings shall be conducted and the award shall be stated in English language.
17. You and IGL shall not be held responsible for any eventualities beyond the control of both the parties. In the event of Force Majeure Neither party shall be held responsible for non-fulfilment of their respective obligations under this LOI due to the exigency of one or more of the force majeure events such as but not limited to acts of GOD, Wars, Floods, Earthquakes, strikes not





confined to the premises of the party, Lockouts beyond the control of the party claiming force majeure, Epidemics, Riots, Civil Commotions etc. Provided on the occurrence and cessation of any such event, the party affected thereby shall give a notice in writing to the other party within 1 month of such occurrence or cessation. If the force majeure conditions continue beyond 6 months, the parties shall jointly decide about the future course of action.

18. You shall indemnify and keep indemnified IGL against any loss, damages expenses claims that may be filled / claimed from IGL on account of any obligation due to you and for any wilful negligence on your part against any third party.
19. 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.
20. This LOI document shall not be considered as a firm commitment offered by IGL for framework of CBG offtake nor shall be treated as a binding agreement between IGL and the LOI holder and is subject to MoP&NG guidelines. Further, LOI holder shall not use this LOI for purpose(s) other than those specified in this document. If the LOI holder falsely represents so, it shall be solely at his own risk and cost & IGL shall not be held responsible for any such misrepresentation.
21. 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,

Sanjeev Kumar Bhatia
Sr. V.P. (BD & Gas Sourcing)



ACKNOWLEDGEMENT CUM UNDERTAKING
(On Company Letterhead)

I thankfully acknowledge receipt of the LOI ref IGL/SATAT/07/19A dated 21.11.2022.
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 from any other entity for this CBG plant located at _____.

(To be accompanied with a valid authorization letter. Signature with rubber seal on all pages of the document)

Place:

Signature:

Date: