Managing Director
Bhagyannagar Gas Limited
Parishram Bhawan, APIDC
Building Basheer Bagh
Hyderabad-500004

Dated: October 17th, 2009

Subject: Acceptance of Central Government Authorization to M/s Bhagyannagar Gas Limited (M/s BGL) for Hyderabad CGD Network.

Sir,

This has reference to our letter No: PNGRB/08 Dated 22.10.08 and all other correspondence on this subject including your letter No: Nil dated September 30th, 2009 wherein you have submitted Performance Bank Guarantee for Hyderabad CGD Network vide BG No : 8/2009 Dated 24th September '2009 for an amount Rs 10,00,00,000 (Rupees Ten Crores).

The Petroleum & Natural Gas Regulatory Board in view of the authorization given by the Central Government vide letter Ref: 16019/05/08-GP dated July 9th, 2008, hereby grants exclusivity for 5 years from the date of issue of Performance Bank Guarantee to M/s BGL for Hyderabad CGD Network as requested by BGL vide letter No: Nil Dated 18th July, 2008, subject to the terms and conditions mentioned below:

1) M/s BGL shall abide by the provisions of the PNGRB Act, 2006 and relevant regulations including amendments thereof, if any, framed from time to time.
2) M/s BGL shall abide by the Technical Standards and specifications including Safety Standards (T4S) for, city and/or Local Natural Gas Distribution Networks Regulations 2008 including the Emergency Response & Disaster Management Plan (ERDMP).
3) The BGL shall abide by Quality of Service standards as per regulations framed under PNGRB Act, 2006.
4) M/s BGL shall abide by the regulations covering exclusivity for marketing of gas from the purview of Contract Carrier & Common Carrier as specified in the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Network) Regulation, 2008
5) The Geographical Area & Charge Area accepted for CGD Network Authorization for Hyderabad GA is as per submitted map duly signed by M/s BGL & PNGRB (Copy enclosed). The project milestones for the above CGD Network development shall be as per Annex-1.

Violation of any condition/conditions mentioned in clauses 1 to 5 shall be treated as default and shall be dealt as per the provisions of the PNGRB Act, 2006.

M/s BGL shall submit the Network Tariff and Compression Charge for CNG as per the Petroleum & Natural Gas Regulatory Board (Determination of Network Tariff for City or Local Natural Gas Distribution Networks and Compression Charge for CNG) Regulations, 2008 for the approval of the Board separately within 30 days of the issue of this letter.

The receipt of this letter may please be acknowledged.

Yours faithfully,

(Ratan P. Watal)
Secretary, PNGRB

Encl: a/a
Mile Stones for Geographical Area

1. Geographical Area: Hyderabad as per Map-1

2. Charge Areas: As defined in the enclosed Map-1

3. Year wise Domestic PNG Connections Commitment during the Exclusivity Period of 5 Years:

<table>
<thead>
<tr>
<th></th>
<th>Existing upto 31.07.09</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; year from the date of issue of BG</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; year from the date of issue of BG</th>
<th>3&lt;sup&gt;rd&lt;/sup&gt; year from the date of issue of BG</th>
<th>4&lt;sup&gt;th&lt;/sup&gt; year from the date of issue of BG</th>
<th>5&lt;sup&gt;th&lt;/sup&gt; year from the date of issue of BG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative Domestic Connections (Nos.)</td>
<td>Nil</td>
<td>1,000</td>
<td>31,000</td>
<td>1,01,000</td>
<td>1,76,000</td>
<td>2,66,000</td>
</tr>
</tbody>
</table>

4. Year wise Steel Pipeline length commitment during the Exclusivity Period of 5 Years:

<table>
<thead>
<tr>
<th></th>
<th>Existing upto 31.07.09</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; year from the date of issue of BG</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; year from the date of issue of BG</th>
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<th>4&lt;sup&gt;th&lt;/sup&gt; year from the date of issue of BG</th>
<th>5&lt;sup&gt;th&lt;/sup&gt; year from the date of issue of BG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel Pipeline Length (Inch-KM)</td>
<td>Nil</td>
<td>90</td>
<td>2350</td>
<td>1602</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

5. Year wise Compression Capacity commitment during the Exclusivity Period of 5 Years:

<table>
<thead>
<tr>
<th></th>
<th>Existing upto 31.07.09</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; year from the date of issue of BG</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; year from the date of issue of BG</th>
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<th>5&lt;sup&gt;th&lt;/sup&gt; year from the date of issue of BG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative CNG Compression Capacity (Kgs/Day)</td>
<td>NIL</td>
<td>35410</td>
<td>212459</td>
<td>495738</td>
<td>708197</td>
<td>849836</td>
</tr>
</tbody>
</table>

- Non Achievement of any of the above project milestones shall lead to revocation of the Specific Performance Bond Bank Guarantee.
- The period of exclusivity shall start form the date of issue of Specific Performance Bank Guarantee. The Project Milestones as mentioned above shall be on year to year basis from the date of issue of PBG.