Petroleum and Natural Gas Regulatory Board
1st Floor, World Trade Centre, Barakhamba Road, Babar Lane, New Delhi-1
Tel No: 011- 23457700/23457744/23457751

File No: S-Infra/II/1/2008-Vol.II
Dated: 21st January, 2009

Managing Director
Mahanagar Gas Limited
MGL House, G-33,
Bandra-Kurla Complex,
Bandra East,
Mumbai-400051

Subject: Acceptance of Central Government Authorization for Mumbai CGD Network - Mumbai & Greater Mumbai (GA-1)

Sir,

This has the reference to our letter No: PNRGRB/08 Dated 22.10.08 and all other correspondence on this subject including your letter No: MGL/MD/32/09 dated January 14, 2009 wherein you have submitted Performance Bank Guarantee for Mumbai CGD Network (GA-1 -Mumbai & Greater Mumbai only) vide BG No: 240GT02090140004 Dated 14th January, 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: 16019/3/08-GP dated May 29, 2008, hereby grants exclusivity to M/s MGL for Mumbai CGD Network (GA-1 -Mumbai & Greater Mumbai only) as requested by MGL vide letter No: letter No: MGL/MD/32/08 dated December 20, 2008, subject to the terms and conditions mentioned below:

1) M/s MGL shall abide by the provisions of the PNRGRB Act, 2006 and relevant regulations including amendments thereof and regulations, if any, framed from time to time.

2) M/s MGL 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 MGL shall abide to Quality of Service standards as per regulations framed under PNRGRB Act, 2006.

4) M/s MGL shall abide by the regulations covering exclusivity of 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-1 (GA-1) accepted for CGD Network Authorization is Mumbai & Greater Mumbai and Charge Area (CA) will be 23 numbers of administrative wards of Brihanmumbai Municipal Corporation as per submitted map duly signed by M/s MGL & PNRGRB (Copy enclosed). The project milestones for the above CGD Network development shall be as per Annex-1.

The 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 PNRGRB Act, 2006.

M/s MGL 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, for other areas contained in the Grant of Authorization Letter Dated 29th May, 2008 issued by MOPNG. M/s MGL is hereby advised to furnish all information as has been done in case of Mumbai CGD Network GA's.

The receipt of this letter may please be acknowledged.

Yours faithfully,

[Signature]

(Ratan P. Watal)
Secretary, PNRGRB

Encl: a/a
1. Geographical Area Under Exclusivity: Mumbai & Greater Mumbai (GA-1): As per duly sealed & signed MAP

2. Charge Areas in the given Geographical Area: Mumbai & Greater Mumbai (GA-1): as per duly sealed & signed MAP.

3. Domestic PNG Connections to be achieved by M/s MGL (Year wise commitment): For the exclusivity period of three years.

<table>
<thead>
<tr>
<th>Year</th>
<th>As on Date</th>
<th>Cumulative by 2009-10</th>
<th>Cumulative by 2010-11</th>
<th>Cumulative by 2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of domestic PNG Connections GA-1</td>
<td>3,22,000</td>
<td>3,50,000</td>
<td>3,78,000</td>
<td>4,06,000</td>
</tr>
</tbody>
</table>

4. Steel Pipeline length in inch-KM: (Year wise commitment): For the exclusivity period of three years.

<table>
<thead>
<tr>
<th>Year</th>
<th>As on Date</th>
<th>Cumulative by 2009-10</th>
<th>Cumulative by 2010-11</th>
<th>Cumulative by 2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel Pipeline in Inch-KM GA-1</td>
<td>As M/s MGL has already reached all charge areas with steel pipeline of sufficient capacity(1580 Inch-KM) in GA-1.No Specific target has been fixed for this milestones. However M/s MGL would commensurate with emerging demand in GA-1.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. CNG Compression Capacity in kg/day to be achieved by M/s MGL: (Year wise commitment): For the exclusivity period of three years.

<table>
<thead>
<tr>
<th>Year</th>
<th>As on Date</th>
<th>Cumulative by 2009-10</th>
<th>Cumulative by 2010-11</th>
<th>Cumulative by 2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNG Compression Capacity in Thousand Kg/Day GA-1</td>
<td>1476</td>
<td>1591</td>
<td>1693</td>
<td>1795</td>
</tr>
</tbody>
</table>

**NOTE:**
- Non Achievement of any of the above project milestones shall lead to revocation of the Specific Performance Bank Guarantee.
- The period of exclusivity shall start from 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.

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[Signature]

Petroleum & Natural Gas Regulatory Board
1st Floor, World Trade Centre
Babar Road, New Delhi-110001
File No: S-Infra/II/1/2008-Vol.II

Managing Director
Mahanagar Gas Limited
MGL House, G-33,
Bandra-Kurla Complex,
Bandra East,
Mumbai-400051

Subject: Addendum to Acceptance of Central Government Authorization for Mumbai CGD Network (Mumbai & Greater Mumbai- GA-1)

Sir,


2. As mentioned under agreed terms & conditions of Exclusivity & the Performance Bank Guarantee submitted thereto, the exclusivity granted to M/s MGL shall be for a period of Three Years from the date of issue of Performance Bank Guarantee (i.e. from 14.01.09 till 13.01.2012).

This letter necessarily shall form a part of the above referred letter and be read in conjunction for all purposes. The receipt of this letter may please be acknowledged.

Yours faithfully,

Ratan P. Watlal
Secretary, PNGRB