गेल (इण्डिया) लिमिटेड

(भारत सरकार का उपक्रम)

GAIL (INDIA) LIMITED

(A GOVT. OF INDIA UNDERTAKING)

ज़ोनल कार्यालय : 7ए., केन्सस टॉवर, नं. 1 रामकृष्णा स्ट्रीट, नॉर्थ उस्मान रोड, टी.नगर, चेन्नै-600 017. ☎: 5204 8434, Telefax : 2814 3877
ZONAL OFFICE : 7A, Kences Tower, No. 1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017. ☎: 5204 8434, Telefax : 2814 3877

No. CZO/NG/NEW CONTRACTS/05 /2266

December 17, 2005

Shri. Vijay Agarwal,
Managing Director,
M/s.H & R Johnson (India) Ltd.,
Raheja's 3rd Floor,
Corner of Main Avenue,
V.P. Road, Santa Cruz (W),
Mumbai – 400 054

H. & R. JOHNSON (I) LTD.
21 DEC 2005
PLOT NO. 143, THENANGUDI, KARAIKAL

Dear Sir,

Sub: Signing of Gas Supply Contract

We are writing this in continuation to our letter No. CZO/NG/NEW CONTRACTS/05 dated 14.12.2005 regarding extension of the existing Gas Supply Contract (GSC) between GAIL and M/s H & R Johnson (India) Ltd which is due to expire on 31.12.2005 (copy enclosed). In this regard, the newly developed GSC for a period of 5 years, which was to be signed in our office on 28.12.2005 at 11 AM, is **rescheduled for 30.12.2005** at 11 AM, due to some unavoidable circumstances.

Accordingly, you are requested to make it convenient to come to our office on 30.12.2005 at 11 am positively along with 2 witnesses and rubber stamp of your organization for signing of the GSC.

You may kindly note that in absence of the valid GSC, we shall not be in a position to supply gas to your plant.

Sorry for the inconvenience caused, if any.

Kindly acknowledge receipt of the letter.

Thanking you,

Yours faithfully,

17/12/05

(U M Rao)
Zonal General Manager

Encl.: As above

Copy to: Shri R. Parasuraman, DGM (Operations), M/s H & R Johnson (India) Limited
Plot No. 143, Thenangudi, Sellur Post, Karaikal – 609 607. Tamil Nadu.

GAS SALES AND TRANSMISSION CONTRACT

BETWEEN

GAIL (India) LIMITED

As SELLER and TRANSPORTER

AND

H&R JOHNSON (INDIA) LIMITED

As BUYER

FOR THE SALE AND PURCHASE/TRANSMISSION
OF
NATURAL GAS

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भारतीय गैर न्यायिक

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INDIA NON JUDICIAL

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GAIL (INDIA) LIMITED

CHENNAI

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21/12/2005

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M. MANORAMA
STAMP VENDOR
PURASAWALKKAM,
CHENNAI - 600 007.
L. No. 7531/B-2/91

THIS CONTRACT is made on the 30th Dec 2005 at Chennai

BETWEEN:

GAIL (India) Limited, a company incorporated under the Indian Companies Act, 1956 and having its registered office at GAIL Building, 16, Bhikaiji Cama Place, R.K. Puram, Ring Road, New Delhi 110 066 India, (which expression shall, where the context so requires or admits of, be deemed to include its successors or assigns) hereinafter referred to as "**SELLER**" of the First Part

AND

H&R JOHNSON (INDIA) LIMITED, a company incorporated under the Indian Companies Act, 1956 and having its registered office at 'Windsor', 7th Floor, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098 (which expression shall, where the context so requires or admits of, be deemed to include its successors or assigns), hereinafter referred to as "**BUYER**" of the Second Part

Parties of the First and Second Part are individually referred to as a "**Party**" and collectively referred to as the "**Parties**"

ARTICLE-1

DEFINITIONS AND INTERPRETATIONS

The following words shall have the meaning assigned respectively against each one of them in this CONTRACT:-

"Affiliate" means a company or a body,

a) Which directly or indirectly controls or is controlled by a Company which is a Party to this Contract, or

b) Which directly or indirectly controls or is controlled by a company that directly or indirectly controls or is controlled by a Company which is a Party to this contract.

For the purpose of this definition it is understood that "control" means:

i) Ownership by one company of more than fifty percent (50%) of the voting securities of the other company; or

ii) the power to direct, administer and dictate policies of the other company even where the voting securities held by such company exercising such effective control in that other company is less than fifty percent(50%) and the term "controlled" shall have a corresponding meaning.

"Agreement" means this Agreement/Contract as may be amended from time to time, including the Recitals and Annexure.

APM Gas the Gas identified as APM gas, under the orders issued by Government of India from time to time and not market determined.

"ASTM" means the American Society of Testing Materials and

"ANSI" means American National Standard Institute.

"BTU" or "British Thermal Unit" means the quantity of heat required to raise the temperature of one (1) pound of Avoirdupois pure water by one degree Fahrenheit (1 degree F) at sixty degrees Fahrenheit (60 degrees F) and absolute pressure of 1013.25 mbar (14.696 psi).

"Buyer's Facilities"	means all Plants, machinery, pipeline and other equipments from the Delivery Point onwards necessary to take and accept delivery of Gas under this Agreement/Contract
"Compression Charges"	means charges calculated as per Article 4.3 (b) for the compression facilities required for sale, transmission and delivery of Gas at the Delivery Point at a pressure as mentioned under Article 4.3(a)
"Contract"	means this Agreement as amended from time to time, including the Recitals and Annexure
"Contracted Quantity "	means Daily Contracted Quantity of Gas as mentioned under Article 5.1
"Contract Period"	has the meaning ascribed thereto in Article 2.2
"Daily Contracted Quantity"	means the volume of Gas referred to in Article 5.1
"Day"	means a period of 24 consecutive hours beginning at 0600 hours on each day and ending at 0600 hours on the following day at the Delivery Point and the date of any day shall be the date at its beginning as here defined, and the term "Daily" shall mean from day to day.
"Delivery Point"	has the meaning ascribed under Article 4.1(a) hereof
"Effective Date"	means 01.01.2006
"Existing Source(s)/fields"	means Gas available/produced from the existing fields of ONGC
"Electronic Mode Transfer"	has the meaning ascribed under Article 12.4
"First and Second Fortnight"	means a period commencing at 0600 hours on first day of month and ending on 0600 hours on sixteenth day of the month and a "second Fortnight" from 0600 hours on sixteenth day of the month to 0600 hours on the first day of the succeeding calendar month.
"Fallback Basis Allocation"	means supply of Gas on'as and when available basis" without any commitment on the part of the SELLER and depending upon surplus Gas available after meeting the demand of other firm consumers. Fallback consumer may use alternate fuel when Gas is not available for supply.

"Force Majeure"	has the meaning ascribed to that expression in Article 9 hereof.
"Gas" or "Natural Gas"	means a mixture of hydrocarbon Gases along with some impurities, consisting essentially of methane, that are the result of decomposed organic material, which are produced from Oil and/or Gas wells, excluding those condensed or extracted liquid hydrocarbons that are liquid at normal temperature and pressure conditions to meet Gas specifications given in Annexure-I.
'Government or "GOI"	means the Government of India.
"Government Agency"	means the GOI and/or the State Government(s), or any regional or municipal authority thereof, or other central, state or local government or any legislature, ministry, department, commission, board, authority, instrumentality, agency, political subdivision, corporation or commission under the direct or indirect control of the GOI and/or the State Government(s) or any political subdivision of either of them owned or controlled by the GOI and/or the State Government(s) or any of their subdivisions.
"Kilocalorie" or "Kcal"	means thousand calories and is equal to 3.96832 BTU and the amount of heat required to raise the temperature of one (1) kilogram of water by one (1) degree Celsius at fifteen (15.5) degrees Celsius.
"ONGCL"	means Oil & Natural Gas Corporation Ltd., a public limited company established under the Companies Act,1956 with its registered office at Jeevan Bharti, Tower II, 124, Connaught Circus, New Delhi-110001.
"OIL"	means "Oil India Limited", a public limited company established under the Companies Act, 1956 with its registered office at 5, Sinkandra Road, New Delhi – 110 001.
"OISD"	means the Oil Industry Safety Directorate of the Government of India, Ministry of Petroleum and Natural Gas, Govt. of India.
"Month"	means a calendar month commencing at 0600 hours on the first day of that calendar Month and ending at 0600 hours on the first day of the next calendar Month.

"Marketing Charges" means all such charges for the services rendered by the SELLER for marketing of Gas, to the BUYER;

"MMBTU" means one million British Thermal Units

"Net Heating Value" means the number of calories produced by the complete combustion at constant pressure of one thousand and thirteen decimal two five milli bars (1013.25 m bar) of (1) cubic meter (M^3) of Gas at fifteen degrees Celsius (15°C) with excess air at the same temperature and pressure and all the water formed by combustion reaction remaining in the vapour phase

"Daily Nominated Quantity(DNQ)" means the quantity of Gas nominated, for sale, transmission and delivery to the BUYER as per the directive of the Govt. of India/Gas Linkage Committee (GLC) or by the SELLER from time to time on day(s) when Gas availability from the existing source is less than the sum total of maximum Contracted Quantities of SELLER's all BUYERs in the given pipeline network of the SELLER through which the sale, transmission and delivery is being made to the BUYER.

"Price" means the price for Gas calculated from time to time in accordance with Article 10.

"SELLER's Facilities" means all pipelines including transmission pipeline from various source field(s),point(s) including Offshore and/or Onshore, pipeline connecting from platform/production well upto landfall/delivery point and including plants, machinery, Metering Facilities and other equipment necessary for flow control, processing, compression, measuring and testing of Gas to enable delivery of Gas to the BUYER at the Delivery Point.

"Standard Meter" a flow meter used for custody transfer conforming to AGA/ISO/Other international standards.

"State Government" means Government of a State of Union of India

"Standard Cubic Meter" or SCM means one standard cubic meter of Gas being the amount of Gas required to fill a space of one standard cubic meter with an absolute pressure of one thousand and thirteen decimal two five millibars (1013.25m bar) at fifteen point five degrees Celsius (15.5 degrees C).

"Standard Pressure" means the pressure of 1013.25 m bar (14.7 psi).

"Standard Temperature" means the absolute temperature of 519.67°R (60°F, 15.5°C).

"Take or Pay Quantity" means the quantity of Gas calculated in accordance with Article 5.2

"Time" shall be stated in "Hours" and shall mean 'Indian Standard Time'.

"Transmission Charges" means the transmission charges as provided under Article 10.2 and reviewed from time to time for the transmission and delivery of Gas by the SELLER to the BUYER upto Delivery Point.

"Unauthorized Overdrawl Gas" means as defined at article 5.6

"Unauthorized Overerdrawl Charges" means Charge for the Gas classified as Unauthorized Overdrawl Gas under Article 5.6

"Value Added Service Fees" means fees for all such services provided by the SELLER to the BUYER in connection to safety audit, energy audit and conservation, instrument calibration etc.

"Week" means a period of seven (7) consecutive days beginning at 0600 hours from a day.

"Working Day" means a day on which banks are normally open for business in New Delhi, India other than Saturdays, Sundays and holidays declared under the Negotiable Instruments Act 1881.

"Year" means a period of three hundred and sixty five (365) consecutive days or three hundred and sixty six (366) consecutive days when such period includes a twenty-ninth (29th) day of February.

1.2 <u>Interpretation</u>

(a) Unless the context otherwise requires, a reference to the singular shall include a reference to the plural and vice-versa, and a reference to any gender shall include a reference to all other genders;

(b) Unless the context otherwise requires, a reference to any Article or Annexure shall be a reference to an article of, or Annexure to, this Contract;

(c) In the event of any inconsistency between the main body of this Contract and any Annexure hereto, the provisions of the main body of this Contract shall prevail

(d) The headings of the Articles in this Contract are inserted for convenience of reference only and shall not affect the meaning or construction of this Contract;

(e) A reference to volume of Gas is a reference to the volume in NCV basis unless specified otherwise.

(f) A reference to a volume of Gas is a reference to the volume at Standard Pressure and Standard Temperature;

(g) Any reference to a document (including this Contract) or law shall be deemed a reference to such document or law as it may be amended, supplemented, revised or modified from time to time;

(h) Any reference to a time of day refers to Indian Standard Time;

(i) Any reference to any Person shall be deemed a reference to such Person's successors and assigns;

(j) The terms and provisions of this Contract, and the respective rights and obligations of the Parties under this Contract, shall be binding upon, and inure to the benefit of, their respective successors and permitted assigns.

(k) "Year" "Month" and "Day" wherever used in this Contract imply that of English calendar.

ARTICLE- 5
QUANTITY

5.1 (a) Subject always to availability of Gas, SELLER's ability to supply to the BUYER and other provisions of this Contract including but not limited to Article 9, the SELLER agrees to procure, sell, transmit and make available for delivery of the Gas at the Delivery Point to the BUYER maximum up to Daily Contracted Quantity (DCQ) of 15000 (Fifteen Thousand) Standard Cubic Meters per day.

(b) Provided further SELLER agrees to sell, transmit and make available for delivery of Gas at the aforesaid Delivery Point to BUYER the Fallback Allocation of Gas of 5000 (Five Thousand) Standard Cubic Meters per day on as and when available basis.

(c) Provided further, SELLER has the right to nominate the Daily Nominated Quantity (DNQ) of Gas, to be supplied on day to day basis which notwithstanding article 5.1 (a) & (b), shall be the final quantity for that day(s). For the purpose of the DNQ the SELLER shall inform the BUYER the DNQ of the day latest by 22.00 hrs previous day (i.e. for example DNQ for 20th February, shall be informed by 22.00 hrs of 19th February)

(d) Provided further the BUYER shall continue maintain/build dual fuel/feed capabilities in their plant for meeting their feed/fuel requirement through alternative fuel/feed as and when Gas is not available for supply to the BUYER.

5.2 **Take or Pay Quantity Obligation (TOPQ Obligation)**

Notwithstanding Article 12.5 and Article 16, for each month of the Year for quantity mentioned under Article 5.1(a) there shall be a monthly Take or Pay Quantity to be taken or paid for if not taken by the BUYER to be calculated as follows:

Take or Pay Quantity = The BUYER shall pay to the SELLER for actual quantity of the Gas supplied by the SELLER to the BUYER subject to minimum payment for 80% of the monthly quantities on the basis of the quantities mentioned in clause 5.1(a) hereinafter referred as Take or Pay Quantity. The BUYER guarantees to buy during every month such Take or Pay Quantity of Gas equivalent to the quantity obtained by multiplying 80% of the daily maximum quantity mentioned in clause 5.1 (a) by the number of days in the month. Upon the BUYER failing to lift the aforesaid minimum guaranteed quantities of GAS during any month, the BUYER undertakes to pay for the said Take or Pay quantity for such month. In case the SELLER is unable to supply 80% of the maximum contracted quantity of GAS mentioned in clause 5.1(a) on any day(s) during any month the Take or Pay quantity for the month shall be worked out by adding the actual quantity of GAS supplied on such day(s) and the quantity obtained by multiplying 80% quantity of GAS mentioned in clause 5.1(a) by remaining number of day(s) during such month.

R. Rajan

5.3 The BUYER shall draw and SELLER shall supply daily the quantity of Gas agreed to in Article 5.1 and 5.2 above at an uniform rate spread over a period of 24 (Twenty four) hours.

5.4 Monthly Payment Obligation

The BUYER shall during each Month pay for the Actual Quantity of Gas taken or for a quantity of Gas at least equal to the Take or Pay Quantity (TOPQ) referred to in Article 5.2. If the actual quantity is less than the TOPQ, the BUYER shall pay for the quantity of Gas not so taken, which will be the quantity equal to the difference between the TOPQ for the relevant Month and the Gas actually taken by the BUYER during that Month ("TOP Deficiency Quantity") at the applicable price mentioned at Article 10. For the purpose of such calculation, Net Calorific Value of the TOP Deficiency Quantity shall be deemed to be the volume weighted average of the Net Calorific Values of Gas delivered during such Month.

5.5 Substitute Gas

If the BUYER so desire and requests the SELLER for purchase and transmitation of Gas from any other source(s), the SELLER, subject to pipeline and associated facilities and availability of Gas from other source(s), may consider the BUYER's requests and notify to the BUYER the availability of such Gas ("Substitute Gas") from other source(s) along with terms and conditions. If the BUYER accepts in writing the terms and conditions of SELLER's offer, the SELLER may procure, sell and transmit substitute Gas to the BUYER.

5.5 Overdrawl Gas

(a) **For the customers with only APM gas contracts**
Notwithstanding Article 8.8, and without limiting the SELLER's right under Article 16, and unless or otherwise approved by Govt. of India or agreed in writing between the SELLER and the BUYER, the BUYER draws Gas during any Fortnight in excess of DNQ calculated for the Fortnight, such Gas shall be termed as Unauthorized Overdrawl Gas and shall be paid for in the manner as provided under Article 5.6(c). Further, if on any Day(s) during the fortnight the BUYER draws Gas in excess of reasonable limits, the SELLER reserves the right to restrict the drawl of Gas by the BUYER during such Day(s).

(b) Subject to other provision(s) under this Contract, nothing under Article 5.6(a) and Article 5.6(c) confer/confirm any prescriptive right to the BUYER on such Unauthorized Overdrawl Gas and to draw/purchase such Unauthorised Overdrawl Gas nor obligation on either Govt. of India and/or on the SELLER to procure, sell and transmit such Unauthorized Overdrawl Gas to the BUYER.

R. Ryan

(c) Unauthorized Overdrawl Charges shall be charged as follows on the Unauthorized Overdrawl Gas:

(i) Unauthorized Overdrawl Charges for such Unauthorized Overdrawl Gas shall be equivalent to 120% ***of the highest priced Gas supplied in the system plus all other charges as mentioned at Article 10.2 including taxes and duties as applicable.***

(d) Provided SELLER, at its discretion, may offer to the BUYER, volume of Gas for sale in excess of the DNQ based on the same terms and conditions as contained in this Agreement such Gas will be known as Authorised Overdrawl Gas. The schedule of taking this Authorised overdrawl Gas would be mutually agreed between the BUYER and the SELLER. This Authorized Overdrawl Gas up to DCQ shall be a adjusted towards Take or Pay quantity determination for the relevant Month as mentioned at article 5.2.

R. Ruyons

ARTICLE - 6
QUALITY OF GAS

6.1 The quality of Gas to be delivered to the BUYER will conform to the specifications laid down in Annexure-I hereto which shall form part of this CONTRACT.

6.2 If Gas delivered by the SELLER to the BUYER fails, at any time, to conform to the quality specifications provided in Annexure-I hereto, the BUYER shall notify the SELLER or its authorized representative of such deficiency in writing and the SELLER shall take steps to remedy such deficiency within a reasonable time. The BUYER reserves the right to refuse to lift the quantity of Gas not confirming to the quality specifications mentioned above and Article 5.2 shall not apply to such quantity of Gas

ARTICLE- 8
MEASUREMENT & CALIBRATION

8.1 The volume of Gas supplied under the CONTRACT shall be measured by flow meter installed at the Gas Metering Station of the SELLER. The Gas composition and net calorific value of Gas shall be as measured by a chromatograph to be installed by the SELLER. The calibration of the online chromatograph shall be established by certified calibration Gas. Heating value shall be computed as per ISO 6976 (latest edition) and the same shall be applicable for this CONTRACT. The BUYER may install its check flow meter and check chromatograph so as not to interfere with the operation of the instruments of the SELLER. In case the variation in the measurement of flow between the SELLER's flow meter and the BUYER's flow meter is within +/- 2 percent for the flow less than 20 percent and +/- 1 percent for the flow more than 20 percent of the SELLER's meter range, the reading of the SELLER's instrument shall be taken as final. If the variation exceeds +/- 2 percent for flow less than 20 percent and +/- 1 percent for flow more than 20 percent, the final value shall be arrived as per detailed procedure laid down in Article 8.4 below. The measurement shall include all corrections in installations practices recommended for accurate metering of Gas by the AGA Gas Measurement Committee Report No.3/7/8/9 by American Gas Association (AGA) or any another AGA report as applicable, and shall be binding on the parties hereto.

a) In case, the BUYER executes as separate CONTRCTS for supply of GAS, allocation for billing purposes shall be in accordance with such order of priority expressed therein the side letter between the Parties.

8.2 The flow meter at SELLER's installation shall be proved at a frequency to be mutually agreed upon.

8.3 In case the BUYER has any doubt on the proper working of the flow meter of the SELLER, it shall inform the same to the SELLER in writing and may request for checking/calibration of the flow meter. The cost of such special test shall be borne by the SELLER if the percentage of inaccuracy is found to be more than limits stated in Article 8.1 above, but the cost of such special test shall be borne by the BUYER if the percentage of inaccuracy is within limits stated in Article 8.1 above.

8.4 If on calibration, the SELLER's meter registers a variation of more than $\pm$ 2 (two) percent or if the SELLER's meter is out of service, the following procedure in order of priority whichever is feasible for arriving at the computation of gas during the period between the last calibration and the present one shall be followed:

i) By using the recording by the check meter of the BUYER if installed identical to the SELLER's Meter or a Standard Meter and accurately registering; or

ii) If 8.4(i) is not possible, by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation; or

iii) if neither 8.4(i) nor 8.4(ii) is possible, by estimating the volume of Gas delivered by comparison with deliveries during period under similar conditions when the SELLER's meter was registering accurately.

8.5. The period to which the above corrections will apply will be as under;

i) If any period during which the SELLER's meter has gone wrong is known or agreed upon that will be the period to which the correction is to be applied.

ii) If the period is not known the correction shall be made for a period equal to half of the time elapsed since the date of the preceding calibration test, provided the correction period does not exceed sixteen (16) days.

8.6. In any case, if at the time of calibration the meter error exceeds half percent it will be recalibrated.

8.7 Upon the written request of the BUYER, the SELLER shall permit the BUYER to examine relevant records, charts and calculations from its metering and measuring equipment. The SELLER shall preserve all such charts, records and calculations till such time the payment covered by the invoice of the SELLER has been paid by the BUYER. And likewise upon the written request of the SELLER, the BUYER shall permit the SELLER to examine relevant records, charts and calculations from its check meter. The BUYER shall preserve all such charts, records and calculations for a minimum period of thirty days from the date of presentation of invoice by the SELLER. Provided in the event of dispute regarding billing/payment such records shall be preserved by the BUYER, till the dispute is finally settled.

8.8 Notwithstanding Article 5.6, the SELLER reserves the right to regulate the flow of Gas by installing appropriate control devices. Unless and otherwise approved by the Govt. of India and/or agreed between the SELLER and the BUYER in writing, if the BUYER draw/take Gas beyond the Maximum Contracted Quantity/DNQ IT SHALL BE AT THE SOLE risk, and cost of the the BUYER including resultant disruption/stoppage of Gas supply either total or partial either to the BUYER or in the SELLER's transmission/distribution pipeline. BUYER shall be liable for all cost, expenses, damages or losses arising out of or resulting from or incidental to such over drawal of Gas. Provided further the BUYER shall not be entitled to any claim.

8.9 STEPS FOR METER INSPECTION & HANDLING SUSPECTED METER TAMPERING :

1. SELLER's representative shall have the unrestricted access to the meter skid for inspection and its working, at any time.

2. As the gas is supplied uninterrupted and the BUYER is to draw gas on continuous basis, the BUYER should make available an authorized representative responsible for the safety and security of the gas pipeline and the metering skid. Names of such authorized representatives should be given to SELLER in writing in advance; and whenever there is any change, the same should also be intimated in writing. The representative of the BUYER shall be responsible for associating with SELLER's representative during any kind of work on Metering skid and signing of inspection / reading formats / joint tickets etc.

3. The metering skid shall be surrounded by a fencing and gate. The gate shall be locked and the key shall be in the custody of the BUYER. Metering skid door shall be locked and the key shall be available with the SELLER. Tamper proof security seals shall be put across all the doors with signature of SELLER's representative. Safety of the seal shall be the responsibility of the BUYER. The meter installed in the skid shall be pre-calibrated meter for which calibration records shall be available in SELLER's office. A copy of the same can be issued at the BUYER's request. On the meter, following type of seals shall be provided by the SELLER.

(a) Manufacturer seal

(b) Calibration lab seal.

(c) GAIL holographic seal.

(d) GAIL security seal.

The type, no. of seals and condition of seals on the meter shall be recorded on the 4 stage inspection format at the time of installation / change of the meter.

4. For each inspection / visit, other than that for joint ticket reading, where the metering skid is to be opened, the four stage inspection format shall be duly filled by SELLER's representative recording all the observations. The same has to be signed stage wise by representative. In the event of refusal of BUYER's representative to sign the format, the SELLER's representative will record that the BUYER's representative has refused to sign the format; and further record his observations in the format, which will then be pasted and/or delivered to the BUYER's unit. A copy of the format along with the observations recorded therein by the SELLER's representative will be sent to the BUYER through post. It shall be the responsibility of the BUYER to ensure the presence of its representative during the such inspection.

5. Any abnormality observed during the inspection shall be recorded on the 4 stage inspection format.

6. In case of suspected tampering, the meter shall be replaced with another meter in presence of the BUYER's representative and sealed in a box with joint signature of BUYER & SELLERs representatives. No advance notice shall be served to the BUYER for replacing the meter in case of suspected tampering. BUYER shall be required to provide a short shutdown for replacement of the meter as and when informed by SELLER. At all the times of removal of meter, the SELLER shall inform in writing to the BUYER about the reasons of meter removal. In case the BUYER's representative at any stage is absent and/or refuses to sign, it shall be presumed that the meter has been tampered with and the meter without the signature of the BUYER's representative will be sent for further inspection and/or calibration as provided hereinafter, by the SELLER and the BUYER shall accept the actions taken by the SELLER as final.

7. The meter so taken out shall be sent for third party inspection and calibration at a calibration lab recognized at national level. The date & place of calibration shall be informed to the BUYER in advance & the BUYER may depute authorized representative to the lab. The meter shall be taken out from the sealed box in presence of the BUYER's and SELLER's representative, if available and present; and taken for inspection & calibration and the condition of the seals on the box shall be recorded and signed jointly by the SELLER's and BUYER's representative. Entry in the inspection and calibration room of the lab shall not be allowed. Reports given by the lab shall be duly signed by the SELLER & BUYERs representative, if available and present. In case the representative of either the SELLER or the BUYER is not available, the lab will be free to open the sealed box and proceed for further examination, inspection and calibration and thereafter send the report to the SELLER by post.

8. Meter shall be considered as tampered, if any of the seals on the meter is found disturbed / broken or missing and / or any of the settings parts inside the meter are found disturbed or changed irrespective of the calibration results. However, if all the seals and parts are found to be okay and only calibration results are found to be having deviation from usual, the meter will not be considered tampered and only calibration error will be taken into account, as per the provisions of this Contract.

9. In case the meter is found tampered, penal action shall be initiated as below –

a. With in 10 days of the receipt of inspection & calibration report, confirming tampering, report, a show cause notice shall be issued by SELLER to the BUYER to explain why the penal action should not be initiated.

b. The replies, if submitted, shall be reviewed by the SELLER.

c. If the replies are not found satisfactory and/or tenable & tampering is established, then the gas supply shall be discontinued and the SELLER may proceed further for termination of the CONTRACT and the period of tampering for which Meter Tampering Charges are to be imposed will be determined. Resumption of gas supply will be regulated as mentioned hereinafter.

d. For ascertaining the period of tampering, the gas drawl data / data from EVC shall be reviewed along with the history of previous meter calibrations. The consumption data shall also be compared with consumption recorded just after replacement of meter. The day or time from where gas drawl has gone below the normal gas drawl by the consumer (with out any shutdown or otherwise explainable reasons) to the day of replacement of meter shall be considered as the period of tampering. However –

(i) If the meter has been changed in between for any reasons and the meter taken out was found not tampered then the tampering period shall be from the date of replacement of last meter to date of change of present meter.

(ii) If in between a four stage inspection has been carried out and nothing abnormal has been found on that day, then tampering period shall be from that day to the date of replacement of present meter.

(iii) Four stage inspection of all the metering skid shall be carried out every quarter. Once this is done, the total tampering period in any case shall not be more than 3 months whereby maximum period for which Meter Tampering Charges can be imposed shall be 3 months.

e. Once the tampering period is established, than peak flow recorded during 3 months prior to tampering period shall be taken and that will be treated as quantity of gas actually consumed by the consumer during the tampering period. The difference between this peak quantity and the actual billed quantity in this period, shall be difference quantity or the short fall quantity to be charged from the consumer at the Unauthorized Overdrawl Charges mentioned at article 5.6 (c). An invoice shall be raised towards actual gas supplied during tampered period.

f. Meter Tampering Charges which shall be over and above the shortfall quantity will be equivalent to the peak flow quantity charged at Unauthorized Over Drawal Charges for the entire tampered period.

g. In case the tampering is repeated for the second time, the amount of penal amount calculated as above, shall be charged at a rate which is double of Unauthorized Overdrawl Charges, apart from isolation of gas supply and/or termination of the CONTRACT.

h. A notice shall be issued to the consumer conveying the differential invoice amount and the penal amount to be paid by the consumer within a period of 15 days, failing which gas supply will not be restored.

i. In case tampering is repeated for the third time, apart from isolation of gas supply without any further notice, action shall be initiated for termination of Contract. The BUYER shall pay the penal amount and other charges as communicated by the SELLER, failing which the SELLER shall have unrestricted right to recover the amount of penal amount together with the cost of pipeline laying and other associated infrastructure from the BUYER as per law of the land.

10. Once gas supply is stopped because of meter tampering, supply will be restored only when the BUYER pays the full penal amount calculated as above and gives a written apology and undertaking that such an event shall not be repeated in future. Further, before restoration of the supply of gas in addition to liquidation of all the dues, the BUYER shall be liable to pay an amount of Rs. 50,000/- (Fifty Thousand only) as restoration of gas supply.

11. In case the BUYER takes legal recourse, the BUYER shall be required to first deposit with the SELLER an interest free Deposit by way of Demand Draft in the name of the SELLER of the value equivalent to the amount of penal amount arrived at as hereinabove including the restoration charges of Rs. 50,000 shall also be liable to be paid by the BUYER in case of decision of commencement of supply pending final outcome of the proceedings. The Demand Draft shall be retained by the SELLER.

ARTICLE-10
PRICE

10.0 Commencing from the contractual date and during the Contractual Period, BUYER shall pay the Price which shall be arrived in the following manner –

10.1 Gas Price

(a) For the supply of Gas against the quantity mentioned at Article 5.1, the price of Rs.3200/- per 1000 (One Thousand) Standard Cubic Meters of Gas w.e.f 01.07.2005 is applicable as per Government Pricing Order No. L-12015/5/04-GP (1) dated 20.06.2005 (Annexure 2). The price is linked to a calorific value of 10000kcal/Standard Cubic Meters on Net Calorific Value (NCV) basis.

(b) Notwithstanding Article 10.1(a), the SELLER shall have right to fix the Gas Price at any time in future as per directive, instruction, order, etc. of the Government of India issued from time to time and the BUYER shall pay to the SELLER such price of Gas fixed by the SELLER.

10.2 In addition to Gas Price as mentioned under Article 10.1 above the BUYER shall pay to the SELLER the following charges:

a) The fixed monthly transmission charges of Rs.4,66,130/- (Rupees Four lakhs Sixty Six thousand One hundred Thirty only)

b) Compression charges at the rate as applicable.

c) Other charges like Marketing Charges, Compression Charges, as applicable

The above monthly transmission charges / additional monthly transmission charges as mentioned at 10.2.a shall be escalated by 3 (Three) percent on yearly basis with effect from 01.04.2006.

The above monthly transmission charges is exclusive of replacement/modifications of the existing pipeline and associated facilities (including Compression facility) wholly/partly for supply of Gas to the BUYER at the Delivery Point. Cost of such additional facility shall be applicable from the date of notice/agreement of such replacement/modification.

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10.3 To maintain safe, uninterrupted/continuous Gas supply to the BUYER, the SELLER shall be required to install and operate all such apparatus/equipments including, but not limited to Telemetry and Telecom system. For such facilities created or to be created, the BUYER shall be required to pay all such charges to be calculated as provided under this Article.

10.4 From the date as notified in the SELLERs notice, the BUYER shall pay an additional Marketing Charge, to the SELLER for the procurement, trading and selling of Gas. This will be determined and notified to the BUYER from time to time.

10.5 In case the BUYER agrees to take Gas under Article 5.5 (Substitute Gas), the BUYER shall pay to the SELLER for the Gas delivered as mentioned in the terms and conditions of the offer of the SELLER including additional transmission charges for such additional pipeline and allied facilities as may be required to provide such Substitute Gas.

10.6 The above Price is exclusive of Royalty, Taxes, Duties, service tax, education cess and all other statutory levies as applicable at present or to be levied in future by the Central or State Government or Municipality or any other local body or bodies payable on purchase of Gas from ONGCL/Other sources (s) by the SELLER or on sale from SELLER to the BUYER and these shall be borne by the BUYER over and above the aforesaid price.

<u>*Remark*</u>

- GAIL is developing alternative method for transmission charges applicable. The same shall be discussed and applied."