CMG/AV/PLL/ December 29, 2003

Mrs. Neelam Bhardwaj,
Deputy General Manager & Head,
Corporation Finance Department,
Securities and Exchange Board of India,
Mittal Court, A Wing
Nariman Point
Mumbai 400 021

Madam,

Initial public offering- Petronet LNG limited
Request for ' No –action letter' under the
Securities & Exchange Board of India (Informal Guidance) scheme 2003

We SBI Capital Markets Limited, registered Category 1 Merchant Bank under Regulation 12 of the SEBI Act would like to make a representation/ request for No Action Letter under the SEBI (Informal Guidance) Scheme 2003.

We present below material facts of the case as presented to us for your consideration:

1. Background: Petronet LNG Limited (PLL) is a company promoted by four oil & gas PSUs in India. Ministry of Petroleum & Natural Gas (MOPNG), Government of India vide letter no L-12018/1/96-GP dated July 4, 1997 approved formation of JVC with equity participation from BPCL, GAIL, IOC and ONGC with an authorised capital of Rs 1200 crores, where participation of Public Sector Undertakings would not exceed 50%. (Copy of the letter enclosed for ready reference at Annexure 1). In November 2001, Gaz de France, one of the largest importers of LNG in the World, agreed to subscribe to 10% of the equity of the Company through its wholly owned subsidiary, GDF International.

The Company is implementing LNG import and regasification facilities with a capacity to import, store & regasify 5 MMTPA of LNG at Dahej. This facility will include LNG receiving and regasification terminal and marine works and unloading facilities (the "Project"). The Project facilities comprises of setting up of LNG Port for import of LNG, unloading facilities and setting up of plant & equipment for regasification of LNG. The commercial operations of the Project facilities are expected to commence from April

2004. The first phase of the project is almost 95% complete and is expected to be commissioned in the next few months. The Company has entered into 25 year take or pay contract for both purchase of LNG and supply of regasified LNG. Regasified LNG would be sold to GAIL, IOC and BPCL.

The LNG project being implemented at Dahej is a project of national importance. In view of the increasing utilization of natural gas worldwide and the dwindling resources of natural gas in the country, the most viable option to meet the energy requirements is to import LNG. Against the present allocation of natural gas of 117 mmscmd, the actual supply of natural gas is only 65 mmscmd, which represents existing unmet demand for the natural gas. The imported LNG will be utilized in the Power and Fertiliser sectors. This will lead to enhanced capacity utilization in these sectors, thus, leading to increased production & other socio-economic benefits.

In order to facilitate timely implementation of the Project, the Promoters extended guarantees for the short term borrowings amounting to Rs 1400 Crores by PLL. Promoters and GDFI also contributed a sum of Rs 400 crores and Rs 80 crores respectively towards equity capital. ADB has indicated that subject to ADB's Board of Governors approval, ADB shall consider investing for 4 crores equity shares.[1] The Company has also concluded Project Loan syndication and has received final approvals from consortium of Banks and FIs for its entire debt requirement of Rs 1804 crores. However, one of the conditions precedent of draw-down is tie up of entire equity. The Company therefore, has planned to raise its balance equity by way of an IPO. It is very important for PLL to achieve financial closure by end February as the Terminal is expected to be commissioned by end March and the short term debt has to be repaid/replaced by syndicated project debt by March 31, 2004.

The cost of the Project as appraised by banks is Rs 2576.68 crores and is proposed to be funded at a debt equity ratio of 70:30 i.e. equity (inclusive of share premium) of Rs 773 crores and debt of Rs 1803.68 crores. As mentioned above, the Company has already received final sanctions for the entire debt requirement and subscriptions towards equity of Rs 480 crores (Rs 400 crores from Promoters & Rs 80 crores from GDFI and others). The funds raised through short term borrowings and equity funds raised already have been deployed for implementing the Project. It is important to achieve financial closure to enable draw down of long term debt to enable timely completion of the Project.

[1] ADB vide its letter dated December 16, 2003 have indicated that they are proposing to subscribe to 40 million equity shares. Any investment by ADB would be subject to the completion of due diligence, execution of the equity subscription agreement, PLL's compliance with ADB's environmental and social safeguard policies and the receipt of ADB Board and managements approvals. The conditions precedent includes obtaining confirmation from Ministry of Finance that there is no objection by the Government of India to the proposed equity investment by ADB.

As per MOPNG letter no L-12018/1/96-GP dated July 4, 1997, the equity participation of Public Sector Undertakings would not exceed 50% of the paid up capital of the Company. The proposed equity capital structure of the Company is as under

	Rs in Crores At face value	% holding of Post Issue Capital
Pre-IPO Capital		
Promoters	375	50.0%
GDFI	75	10.0%
ADB	39	5.2%
Total Pre-IPO Capital	**489**	**65.2%**
Initial Public Offering	261	34.8%
Total Post Issue Paid up Capital	**750**	**100%**

As against the required capital of Rs 375 Crores by Promoters & Rs 75 crores by GDFI, Promoters have already contributed a sum of Rs 400 Crores and GDFI Rs 80 Crores. The following tables present the Share Capital history of the Company.

1. **Share Capital History of the Company:**

Date of Allotment	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Date on which fully paid-up	Reasons for allotment (bonus, swap etc.)	Cumulative Share Premium (Rs.)
April 7, 1998	200	10	10	Cash	April 7, 1998	Subscription to shares on signing of MoA	Nil
November 20, 2001	160	10	10	Cash	November 20, 2001	Preferential allotment	Nil
November 26, 2002	30,000	10	10	Cash	November 26, 2002	Rights Issue	Nil
December 5, 2002	20,000	10	10	Cash	December 5, 2002	Preferential allotment	Nil
Total	**50,360**						

1A) Shares not issued but money received for allotment against the right issues

Date of rights issue	Date of receipt of full share money against shares to be issued	No of shares	Face Value	Consideration
November 23, 2001 (Rights Issue I)	November 28, 2001	13,19,69,784	10	Cash
April 10, 2003 (Note 1) (Rights Issue II)	(Note 2)	34,80,00,000	10	Cash

Note

1. As per the original terms of rights issues, the offer was for subscribing to the shares at par. Subsequently, the Board of directors, in their meeting held on December 19, 2003, have decided to alter the terms of the rights issue.
2. For the rights offer made by the Company in April 2003, the Company received subscription from BPCL on July 14, 2003, GAIL on July 10, 2003, IOC on July 14, 2003, ONGC on July 17, 2003 and GDFI on July 11, 2003.

As can be seen from above, as against total equity contribution of Rs 480 crores (Rs 400 Crores by Promoters & Rs 80 crores by GDFI & others), an amount of Rs 479.97 crores is held under Share Application Money Pending Allotment Account. This is primarily on account of MOPNG directive to maintain PSU holding of not more than 50% and hence the Company has decided to keep the entire subscription received against its Rights Issue I & II as Share Application Money Pending Allotment, and shares against which are proposed to be allotted along with tie up for rest of the equity tie up.

Asian Development Bank (ADB), a multilateral agency has made significant contribution to the conceptualisation & development of the Project and the Company believes that the relationship with ADB in future would benefit the Company substantially. We enclose a detailed note under Annexure 2 outlining benefits arising from the association with ADB. ADB is actively considering to invest 4 crores equity shares (vide its letter dated December 16, 2003) and have further agreed to subscription of 5% of its total allocation at the IPO price (vide its letter dated December 26, 2003), both subject to final approval from ADB's Board of Governors. The premium amount as may be determined through book building process is proposed to be contributed by ADB on or before the Pay-in period for the Issue. The Board of Governors meeting is scheduled on January 15, 2004. It is expected that ADB subscription, if approved and subject to meeting conditions precedent, may be made within two weeks from the date of ADB's Board of Governors approval. Considering the tight time line for achieving financial closure for meeting requirements of the Project as explained above, we propose to file the Draft Red Herring Prospectus with SEBI prior to receipt of subscription money.

It is however believed that the subscription by ADB after filing of the Draft Red Herring Prospectus with SEBI, but before ROC filing, would not result in change in capital structure post filing as we undertake to make full disclosure under the chapter 'Capital Structure' in Draft RHP as regards proposed investment by ADB. The proposed allotment of shares to ADB is not a part of proposed IPO, and hence may therefore be considered as a part of pre-IPO capital. The proposed arrangement of filing Draft RHP pending receipt of subscription money from ADB is requested primarily to ensure timely tie up of resources for the Project. We undertake to proceed with ROC filing of Red Herring Prospectus only after receipt of subscription money from ADB. Therefore, the relaxation from the clause 8.7 is requested for a period commencing SEBI filing till ROC filing.

1. In terms of SEBI Guidelines clause 2.6 of SEBI (DIP), no unlisted Company shall make a public issue of equity shares if there is any outstanding financial instrument or any other right which would entitle existing promoters or shareholders any option to receive equity shares after the IPO. The shares against monies already received as detailed above amounting to Rs 479. 97 crores and kept under Share Application Money Pending Allotment are proposed to be allotted alongwith shares to be issued under IPO. Pursuant to MOPNG directive, the equity shares cannot be allotted before tying up of the rest of equity and therefore, at the time of IPO, the Company shall have an amount of Rs 479.97 crores as Share Application Money from Promoters and

GDFI. **We seek your approval to proceed with IPO, pending allotment of shares against Share Application Money Pending Allotment.**

2. As per SEBI guidelines clause 4.1 read with 4.11, Promoters are required to contribute 20% of the post issue paid up capital for 3 year lock in. The Promoters Contribution in the present case would work out to Rs 150 crores (i.e. 20% of Rs 750 crores, the proposed Post Issue Paid up Capital). The Promoters of PLL had contributed Rs 110 Crores in November 2001 (Rights Issue I), presently held as Share Application Money Pending Allotment for a period of more than 365 days. Further during the year, the Promoters contributed a sum of Rs 290 crores at par as a part of Rights Issue II. Therefore Promoters have contributed a sum of Rs 400 crores as against total equity to be contributed by them as per the revised capital structure is Rs 375 crores. Subsequently, the Board of directors of PLL, in their meeting held on December 19, 2003, have decided to alter the terms of the rights issue made in April 2003 whereby 22.5 crore shares will be allotted at par & 4 crore shares to promoters at a price to be determined through the book building process. This would result in subscribing to 4 crore shares at IPO price. The Promoters have agreed to adjust the balance amount (i.e. Rs 400 crore already contributed less Rs 375 crores) towards premium. **We therefore seek your approval to consider equity contribution on 11 crores equity shares issued at par more than 365 days prior and balance 4 crores equity shares subscribed during 365 days at IPO price as Promoters Contribution to be locked in (pending allotment of these shares for the reasons explained above) as per the extant SEBI provisions.**

3. Allotment of Equity Shares to Asian Development Bank: As explained above, ADB has agreed to subscribe to 4 crore shares subject to approval from its Board of Governors, which is expected to be held on January 15, 2004. We undertake to proceed with filing of Red Herring Prospectus with ROC only after receipt of subscription money from ADB. **In respect of allotment of shares to ADB for the reasons explained above, we request you to allow filing of Draft Red Herring Prospectus with SEBI, pending allotment of shares to ADB as a part of Pre-IPO capital.**

We request for expeditious approval on the abovementioned points to enable us to achieve financial closure in a timely manner.

Thanking you,

Yours faithfully,

Vimal Bhutani
Vice President & Group Head (Capital Markets)

CMG/AV/PLL/2569 December 22, 2003

Mrs. Neelam Bhardwaj,
Deputy General Manager & Head,
Corporation Finance Department,
Securities and Exchange Board of India,
Mittal Court, A Wing
Nariman Point
Mumbai 400 021

Madam,

Initial public offering- Petronet LNG limited
Request for ' No –action letter' under the
Securities & Exchange Board of India (Informal Guidance) scheme 2003

This has reference to our earlier letters dated November 5, 2003, December 4, 2003 and December 16, 2003 and our discussions with you on December 18, 2003 on the captioned subject.

As explained earlier, to facilitate the construction of LNG Regasification Terminal at Dahej, the Promoters brought in their entire share capital in several tranches i.e. Rs. 110 Crores by November 2001 and Rs. 290 crores in April 2003, which pending tying up of balance equity is lying as Share Application money pending allotment. Promoters have also guaranteed short term loans of Rs. 1400 crores to a consortium of 8 Banks/ Institutions, and has also extended guarantees for take or pay and other commercial liabilities towards RasGas and shipping consortium, for a period of 4 years after commencement of Business on April 1, 2004.

As discussed with you, the Promoters of Petronet LNG Limited (PLL) namely, Bharat Petroleum Corporation Limited (BPCL), Gas Authority of India Limited (GAIL), Indian Oil Corporation Limited (IOCL) and Oil and Natural Gas Corporation (ONGC) have now agreed to subscribe to four crores equity shares at issue price and have agreed to the lock in line with Clause No: 4.6.2 read with 4.1.1 and 4.11.1 of SEBI DIP Guidelines. These four crores equity shares represent the shortfall between 20% of the post IPO Capital and subscription made by the Promoters 365 Days prior to the IPO; i.e Rs. 150 Crs.-Rs. 110 Crs.= Rs. 40 Crs, i.e. 4 Crore shares.

We, therefore, withdraw our request for considering shareholding of other shareholders namely, Gaz de France International (GDFI), RasGas / ExxonMobil and Asian Development bank (ADB) towards Promoters contribution.. In view of the above, the capital structure and the Issue Size has been revised. The revised capital structure of the Company is attached as *Annexure I*.

Regarding participation of Rasgas/Exxon Mobil/ Qatar Petroleum in the equity of PLL, they have finally communicated their inability to participate in this equity issue. However, they have expressed their interest in participating in future equity issue by PLL. Therefore in the current Red Herring Prospectus, Rasgas would not be included as subscriber to the capital.

We, therefore, request you to approve the following three dispensations sought in our earlier letters:

1. Allotment of Shares from share application money pending allotment along with IPO shares as requested in our letter dated November 5, 2003.
2. As explained above, we now propose to exclude share application money brought in by GDFI from the Promoters Contribution. Our Promoters had contributed Rs 110 Crores in November 2001. We now request you for allowing inclusion of Rs. 110 Crores (against Rs. 132 as per previous letter as GDFI contribution now excluded) for computation of Promoters contribution as Equity brought in prior to 365 days before the issue (Clause 4.6.2 of SEBI (DIP) 2000).
   The premium on the balance 4 crore shares, as determined through the Book Building process during IPO would be subscribed from the money already brought in by them in April 2003.
3. Allowing filing of Draft Red Herring Prospectus with SEBI, pending allotment of shares to Asian Development Bank. We undertake to proceed with filing of Red Herring Prospectus with ROC only after receipt of subscription money from ADB. Part of the shares offered to ADB would be subscribed at par. PLL believes, ADB has contributed significantly in the development of the Project and the relationship with ADB would be in the interest of PLL in future. We have enclosed the note prepared by PLL briefly outlining the contributions of ADB in the Project (Annexure2). We therefore request you to consider our proposal to allot share to ADB.

We request you to issue no action letter for the points stated above expeditiously. In case you need any clarification, we shall be glad to provide the same.

Thanking You

Yours faithfully

Vice President & Group Head (Capital Markets)

Number of Equity Shares						
Post IPO Shareholding of PLL						
Promoters Holding	**Shareholding of PLL as on Date**	**Subscribed against Ist Right Issue in Nov, 01**	**Subscribed against 2nd Right Issue in April, 03**	**Proposed allotment against 2nd Right Issue in April, 03**	**To be subscribed by ADB and IPO Shareholders**	**Final Shareholding after IPO**
	(A)	**(B)**	**(C)**	**(D)**	**(E)**	**(A+B+D+E)**
BPCL	6,295	27,499,955	72,500,000	66,243,750	--	93,750,000
GAIL	6,295	27,499,955	72,500,000	66,243,750	--	93,750,000
IOCL	6,295	27,499,955	72,500,000	66,243,750	--	93,750,000
ONGC	6,295	27,499,955	72,500,000	66,243,750	--	93,750,000
Total	**25,180**	**1,09,999,820**	**2,90,000,000**	**2,64,975,000**	--	**3,75,000,000**
Other Shareholders						
GDFI	5,036	21,999,964	58,000,000	52,995,000	--	75,000,000
ADB	--	--	--	--	39,000,000	39,000,000
Existing Individual Shareholders	20,144	--	--	--	--	20,144
IPO Shareholders	--	--	--	--	2,60,979,856	260,979,856
Total	**25,180**	**21,999,964**	**58,000,000**	**52,995,000**	**299,979,856**	**3,75,000,000**
Grand Total	**50,360**	**1,31,999,784**	**3,48,000,000**	**3,17,970,000**	**299,979,856**	**7,50,000,000**

Annexure 2

Asian Development Bank (ADB) alongwith the Government of India (GoI) had conceived the project in 1997. Thereafter ADB provided Technical Assistance grant of US$ 1 million (about Rs 4.5 crore) for developing the concept and preparation of Detailed Feasibility Report.

On finalisation of most of the project documents, ADB was approached for financial assistance. ADB has now issued the term sheet under which they have agreed in principle to subscribe to the equity as also the partially guarantee to PLL's proposed bond issuance aggregating US$ 75 million. ADB, if consented by its Board of Governors, proposes to subscribe to 3.9 crore shares. Out of the above, 1.95 million shares are proposed to be subscribed at the IPO price and the balance at par. Shareholding of ADB would be subject to one year lock in as per the applicable provisions of SEBI (DIP) 2000.

Under the partial credit guarantee scheme, ADB proposes to credit enhance the bonds proposed to be issued by PLL for refinancing its project loans, by way of providing partial guarantee for bonds. The issuance of these bonds would enable PLL to save about 2% p.a. on Rs 500 crore which is about Rs 10 crore per annum. During the tenure of the bond of 12 years, PLL would be in a position to save about Rs 88 crore on the project.

The company had agreed to incur all legal costs as part of due diligence exercise. However, though the counsels appointed by ADB had requested for a fee of USD 925,000 for conducting legal due diligence from international law and perspective, PLL has agreed to reimburse ADB only upto US$ 150,000. Consequently, ADB has absorbed US$ 775,000 i.e. Rs 3.5 crore.

It may therefore be seen from the above ADB has enabled the company to save to the extent of Rs 96 crore for the project. The reason why ADB wants a three year lock-in is to satisfy entirely clinical / hypothetical situation which may arise due to non-compliance of environmental laws by PLL or India ceasing to be a member of ADB. ADB's Charter in both the situations require ADB to exit from the project.

The company does not expect the premium to be higher than Rs 6 per share based on which the loss to the company on the shares issued at par works out To Rs 22.23 crore as against the potential savings of Rs 96 crore.

Important Note:
Any investment by ADB would be subject to the completion of due diligence, execution of the equity subscription agreement, PLL's compliance with ADB's environmental and social safeguard policies and the receipt of ADB Board and management approvals. The conditions precedent includes obtaining confirmation from Ministry of Finance that there is no objection by the Government of India to the proposed equity investment by ADB.

CMG/AV/PLL/2556 December 4, 2003

Mrs. Neelam Bharadwaj,
Deputy General Manager & Head,
Corporation Finance Department
Division of Issues & Listing
Securities and Exchange Board of India
Mittal Court, "A" Wing,
Nariman Point,
Mumbai 400 021

Initial Public Offering – Petronet LNG Limited
Request for 'No-action Letter' under the
Securities and Exchange Board of India (Informal Guidance) Scheme 2003

Madam,

Further to our meeting on December 1, 2003 and our earlier letters (letter no CMG/AV/PLL/2513 dated November 5th, 2003 & letter no CMG/AK/PLL/2546 dated November 20th, 2003) and email received on December 2, 2003 we submit the information sought by SEBI as under:

A. Progress of Shareholding Pattern

1. Petronet LNG Limited (PLL) was promoted on 2nd April, 1998 by Indian Oil Corporation (IOC), Bharat Petroleum Corporation Ltd. (BPCL), Gas Authority of India Limited (GAIL), and Oil & Natural Gas Corporation (ONGC) with a authorised capital of Rs.1200 crores. For the Dahej Project Equity Capital of Rs. 800 Crores has been earmarked. Government of India, vide its order reference L-12018/1/96-GP dated 4th July 1997 notified that PSU shareholding in the Company shall be restricted to 50% of the issued and subscribed capital and the balance 50% to be allotted to Strategic Investors and Indian Public.
2. Accordingly, the company was incorporated on 2nd April 1998 by the 4 Promoters representing 50% and 4 individual shareholders representing the other 50%. The issued and subscribed capital was Rs.2000, of which each shareholders held Rs.250 each.(Refer column 1 of Annexure I)
3. Gaz de France(GDFI) has been a strategic partner of PLL right from the inception and had acted as the advisors to the selection of EPC Contractor and other project related work. GDFI was, therefore, offered by way of preferential allotment of 36 equity shares at par, consequent to which the issued subscribed share capital was raised to Rs.3600. (Refer column 2 of Annexure I)
4. This was followed by the Rights Issue in November 2001 and a Preferential Allotment in December 2002 consequent to which the issued and subscribed share capital of the company was raised to the mandatory minimum capital of Rs.5 lacs. (Refer column 3 & 4 of Annexure I)
5. The 4 Promoters, however, had infused into the Company Rs.109.99 crores as application money, against which Rs.2.50 lacs was converted into equity,

representing 50% of the issued and subscribed capital. Hence the balance Rs.109.97 crores approximately has remained till date as application money pending allotment. (Refer column 3 & 4 of Annexure I)

6. GDFI, had infused Rs.22 crores approximately out of which Rs. 50,000 representing 10% of issued and subscribed capital has been converted into equity and the balance of Rs.21.995 crores continues to remain with the Company as application money pending allotment. The balance 40% is held by 9 individual shareholders. (Refer column 4 of Annexure I)
7. The Company again did another Rights Issue in April 2003 to all the shareholders to which the individual shareholders did not subscribe. Consequent to this Rights Issue, whereas issued and subscribed capital continues to remain at Rs.5 lacs, share application money pending allotment has increased to Rs.399.97 crores in respect of the Promoters and to Rs.79.99 crores in respect of GDFI. (Refer column 6 & 7 of Annexure I)

B Rationale for inclusion of other Shareholders contribution for the purpose of lock in.

1. In addition to the Promoters having infused their 50% contribution of the authorised capital of Rs.400 crores, they have also guaranteed short term bridge loan of Rs.1400 crores to enable the Company to commence construction of the regasification terminal of Dahej. Construction commenced on January 1, 2001 and the project is 97% complete. The said guarantees continued to be valid and is in full force, against which the Company has drawn Rs. 843.50 crores approximately.
2. In 1999 / 2000 when the Sales Purchase Agreement (SPA) for purchase of LNG was executed between PLL and RasGas, and the Time Chartered Agreement with the Shipping Consortium for supply of two vessels, the 4 promoters once again extended guarantees to RasGas and the Shipping Consortium undertaking to provide such financial assistance as may be required to complete the project. The said Guarantees, thereafter will continue to remain valid for 4 years after commencement of business, to secure take or pay liabilities of PLL towards RasGas and Shipping Consortium in the event of default.

3. The Company has also finalised with RasGas / Exxon Mobil and Asian Development Bank (ADB) to subscribe to 10% and 5% respectively of the Company's post IPO capital, Preferential Allotment under Section 81 1A was approved by the members in the Annual General Meeting held on 28th November 2003. Both ADB and RasGas will be communicating their consent in writing to subscribe to the Preferential Allotment before the Company files the red herring prospectus with SEBI for approval, and have agreed to subscribe to the allotment before the ROC filing. The status, therefore, of issued and subscribed capital on the date of Offer Document filling with SEBI and the date of ROC filing is provided in Annexure II.
4. As the impending IPO is proposed at a premium, it is mandatory under Clause 4.11.1 of SEBI Guidelines that atleast 20% of the post IPO capital ought to have been brought in by the Promoters / shareholders atleast 365 days prior to the IPO.

As stated above, the Promoters and GDFI had infused as authorised capital and application money pending allotment of Rs.132 crores as against the mandatory 20% requirement of Rs.160 crores resulting in a shortfall of Rs.28 crores on 2.8 crores shares. Consequently, the Promoters and the other shareholders, would be required to contribute the same premium as the public offering on 2.8 crores shares.

5. The Company, therefore, has proposed that, in view of the substantial exposure continuously taken by the 4 Promoters as stated above; and that the public will also be subscribing to the IPO at premium, it is only fair and equitable that the shortfall be subscribed at a premium also by RasGas, GDFI and ADB who have consented to adhering to the lock-in provisions under the guidelines. It is pertinent to note that the four Promoters of PLL have agreed to a 12 year lock in under non-disposal undertaking to be executed by them in favour of PLL lenders for their entire equity holding representing 50% of the post issue paid up capital. It has, therefore, been proposed that the deficiency to be subscribed at a premium by the Promoters and the other shareholders as per Annexure III.

C **Brief note on activities of PLL –** Please refer Annexure IV.

D The amount of Rs. 479,96,97,840 would represent 59.996% of post issue paid up capital on allotment, assuming post issue paid up capital of Rs 800 Crores.

E The proposed IPO is for the purpose of the Original Project. For the expansion, PLL is in the process of preparing the DFR. Once the DFR is prepared the same has to be approved by the PLL Board.

Thanking you.
Yours faithfully,

Ashok Pande
Senior Vice President (Capital Markets)

Petronet LNG Limited																			Annexure I			
	1			2			3		4			5				6			7			
Shareholder	**At the time of incorporation**				**Cumulative position after**		**Rights Issue Nov 2001**		**Preferential Allotment**			**Balance As on March 31, 2003**				**Rights issue of shares in April 2003**			**Post Rights**	**Post Rights**		
					induction of GDF I (Nov 2001)		**Application money pending allotment**		**Allotment in December 2002**			**Shareholding**			**Balance money**				**Total amount**	**Shareholding**		
	Number	**Amount**	**%**	**Number**	**Amount**	**%**	**Number**	**Amount**	**Number**	**Amount**	**%**	**Number**	**Amount**	**%**	**Pending**	**Number**	**Amount**	**%**	**pending**	**Number**	**Amount**	**%**
Promoters															**Allotment**				**allotment post rights issue**			
BPCL	25	250	12.50%	45	450	12.50	27,499,955	274,999,550	6,250	62,500	12.5000	6,295	62,950	12.5000	274,937,050	72,500,000	725,000,000	12.5000%	999,937,050	6,295	62,950	12.5000
GAIL	25	250	12.50%	45	450	12.50	27,499,955	274,999,550	6,250	62,500	12.5000	6,295	62,950	12.5000	274,937,050	72,500,000	725,000,000	12.5000%	999,937,050	6,295	62,950	12.5000
IOC	25	250	12.50%	45	450	12.50	27,499,955	274,999,550	6,250	62,500	12.5000	6,295	62,950	12.5000	274,937,050	72,500,000	725,000,000	12.5000%	999,937,050	6,295	62,950	12.5000
ONGC	25	250	12.50%	45	450	12.50	27,499,955	274,999,550	6,250	62,500	12.5000	6,295	62,950	12.5000	274,937,050	72,500,000	725,000,000	12.5000%	999,937,050	6,295	62,950	12.5000
Sub-total Promoters	**100**	**1000**	**50.00%**	**180**	**1800**	**50.00**	**109,999,820**	**1,099,998,200**	**25,000**	**250,000**	**50.0000**	**25,180**	**251,800**	**50.0000**	1,099,748,200	290,000,000	2,900,000,000	**50.0000 %**	3,999,748,200	25,180	251,800	50.0000
Other Shareholders																						
GDF International	0			36	360	10.00	21,999,964	219,999,640	5,000	50,000	10.0000	5,036	50,360	10.0000	219,949,640	58,000,000	580,000,000	10.0000%	799,949,640	5,036	50,360	10.0000
AK Agarwal	25	250	12.50%	36	360	10.00	-	-	-	-	-	36	360	0.0715		414,615	4,146,148	0.0700%	Not subscribed	36	360	0.0715
K.P. Roy	25	250	12.50%	36	360	10.00	-	-	-	-	-	36	360	0.0715		414,615	4,146,148	0.0700%	Not subscribed	36	360	0.0715
Narender Singh	25	250	12.50%	36	360	10.00	-	-	-	-	-	36	360	0.0715		414,615	4,146,148	0.0700%	Not subscribed	36	360	0.0715
Dr. A.K. Balyan	25	250	12.50%	36	360	10.00	-	-	-	-	-	36	360	0.0715		414,615	4,146,148	0.0700%	Not subscribed	36	360	0.0715
Suresh Chand Mathur									4,000	40,000	8.0000	4,000	40,000	7.9428		46,068,308	460,683,082	7.9400%	Not subscribed	4,000	40,000	7.9428
Sham Sunder									4,000	40,000	8.0000	4,000	40,000	7.9428		46,068,308	460,683,082	7.9400%	Not subscribed	4,000	40,000	7.9428
R.K. Garg									4,000	40,000	8.0000	4,000	40,000	7.9428		46,068,308	460,683,082	7.9400%	Not subscribed	4,000	40,000	7.9428
A. Sengupta									4,000	40,000	8.0000	4,000	40,000	7.9428		46,068,308	460,683,082	7.9400%	Not subscribed	4,000	40,000	7.9428
M.M. Ahuja									4,000	40,000	8.0000	4,000	40,000	7.9428		46,068,308	460,683,082	7.9400%	Not subscribed	4,000	40,000	7.9428
																				-	-	-
Sub-total Others	**100**	**1,000**	**50.00%**	**180**	**1,800**	**50**	**21,999,964**	**219,999,640**	**25,000**	**250,000**	**50.0000**	**25,180**	**251,800**	**50.0000**	**219,949,640**	**290,000,000**	**2,900,000,000**	**49.9800 %**	**799,949,640**	25,180	251,800	50.0000
Total	**200**	**2000**	**100.00%**	**360**	**3600**	**100**	**131,999,784**	**1,319,997,840**	**50,000**	**500,000**	**100.0000**	**50,360**	**503,600**	**100.00**	**1,319,697,840**	**580,000,000**	**5,800,000,000**	**99.9800 %**	**4,799,697,840**	50,360	503600	100.0000

					ANNEXURE II	
	Offer Document filling with SEBI		**Total**	**On the Date of ROC filling**		**Total**
	Equity (Rs.)	Application Mandatory Pending Allotment (Rs.)		Equity (Rs.)	Application Mandatory Pending Allotment (Rs.)	
Promoters						
BPCL	62,950	999,937,050	**1,000,000,000**	62,950	999,937,050	**1,000,000,000**
GAIL	62,950	999,937,050	**1,000,000,000**	62,950	999,937,050	**1,000,000,000**
IOC	62,950	999,937,050	**1,000,000,000**	62,950	999,937,050	**1,000,000,000**
ONGC	62,950	999,937,050	**1,000,000,000**	62,950	999,937,050	**1,000,000,000**
Sub-Total	**251,800**	**3,999,748,200**	**4,000,000,000**	**251,800**	**3,999,748,200**	**4,000,000,000**
Other Shareholders						
GDFI	50,360	799,949,640	**800,000,000**	50,360	799,949,640	**800,000,000**
RasGas/Exxon Mobil	Commitment to subscribe to Preferential Allotment			Nil	800,000,000	**800,000,000**
ADB	Commitment to subscribe to Preferential Allotment			Nil	399,798,560	**399,798,560**
Individual Shareholders	201,440	Nil	**201,440**	201,440	Nil	**201,440**

						Annexure III		
	Share Application money brought in prior to one year		**Share Application money brought in during one year ***		**Shares Application money to be brought in at IPO price****		**Total**	
	A		B		C		A+B+C	
	Rs. in crores	%age of post-issue capital #	Rs. in crores	%age of post-issue capital #	Rs. in crores	%age of post-issue capital #	Rs. in crores	%age of post-issue capital #
Promoters								
BPCL	27.5	3.44%	4.67	0.58%	0	0%	32.17	4.02%
GAIL	27.5	3.44%	4.67	0.58%	0	0%	32.17	4.02%
IOC	27.5	3.44%	4.67	0.58%	0	0%	32.17	4.02%
ONGC	27.5	3.44%	4.67	0.58%	0	0%	32.17	4.02%
Sub-total	110	13.75%	18.68	2.34%	0	0%	128.68	16.09%
Other Shareholders								
GDFI	22	2.75%	3.73	0.47%	0	0%	25.73	3.22%
Asian Development Bank	0	0%	0	0%	1.87	0.23%	1.87	0.23%

Rasgas/ ExxonMobil	0	0%	0	0%	3.73	0.47%	3.73	0.47%
Sub-total	22	2.75%	3.73	0.47%	5.6	0.70%	31.33	3.92%
Total @	**132**	**16.50%**	**22.4**	**2.80%**	**5.6**	**0.70%**	**160**	**20.00%**

* Premium amount on the contributions made during last one year shall be brought in by respective parties after IPO price is determined. We undertake to obtain suitable undertaking from all the parties in this regard.

** Shares proposed to be issued shall be at IPO price.

@ While the exact amount of shares offered by respective Parties may change, total amount of share capital proposed to be locked in would work out to 20% of the post issue paid up capital.

Post Issue Paid up Capital expected to be aprox Rs 800 Crores.

Annexure IV

Petronet LNG Limited

Project Rationale

With a view to bridging the large demand supply gap for natural gas in the country, four leading public sector undertakings ("PSUs") viz. Bharat Petroleum Corporation Ltd. ("BPCL"), GAIL (India) Ltd. ("GAIL"), Indian Oil Corporation Ltd. ("IOC") and Oil & Natural Gas Corporation Ltd. ("ONGC"), hereinafter referred to as "the Promoters", joined together to form Petronet LNG Ltd., hereinafter referred to as "PLL" or "the Company", with the mandate to set up LNG import and regasification facilities at Dahej in Gujarat (capacity 5 MMTPA) and subsequently in Kochi in Kerala (capacity 2.5 MMTPA). The primary objectives of PLL are as under :

- ❖ To further enhance the energy security of the country by diversifying the energy base;
- ❖ To meet the growing demand for natural gas in India by making regasified LNG available to downstream end-users at competitive rates;
- ❖ To participate in development of infrastructure for import of LNG and upstream and downstream projects in the LNG chain; and
- ❖ To promote optimal utilization of regasified LNG as a clean fuel.

Apart from natural gas being a clean fuel and domestic demand far outstripping supply, there is a strong rationale for setting up LNG projects on India's west coast on account of India's geographical proximity to large gas reserves (both in Middle East & Far East). Further, alternative plans to import gas through transcontinental pipelines require prior resolution of technical and political issues which does not appear feasible in the near future.

PLL has been set up with the active support of the Government of India which has permitted the major public sector oil companies to take upto 50% stake in the Company. Secretary (Petroleum), MoPNG, GoI is currently the Chairman of PLL and there is regular monitoring of the progress made in implementing the projects by various Government ministries/departments.

Company Description

Each of the Promoter currently hold 12.5% equity in the Company. Each of the aforesaid Promoters has been classified as a "*Navratna*" by the Government of India, considering the strategic nature of their industry and the fundamental financial strength and bright future prospects of these companies. The *"Navratna"* status grants significant operational autonomy to each of these public sector companies in terms of decision making and day-to-day management.

PLL has been constituted as a company limited by shares and was incorporated in April 1998 in India under the Companies Act 1956 with an authorised capital of Rupees 12,000 million. The aggregate shareholding of the Government owned Promoter companies shall not exceed 50% of the total share capital of PLL.

Out of the balance 50% of the equity, 10% stake has been picked up by Gaz de France International (fully owned by Gaz de France), which has been selected as a strategic partner by PLL for providing technical inputs in light of its extensive experience in the LNG industry.

The Dahej Project is in advanced stages of implementation with commissioning scheduled for early 2004. More details about the Dahej project are given below.

Dahej Project

LNG Supplies

The Company has signed an LNG Sale and Purchase Agreement ("SPA") with Ras Laffan Liquefied Natural Gas Company Limited ("Rasgas") of Qatar for purchase of 7.5 MMTPA of LNG on a FOB basis for 25 years, of which 5 MMTPA would be for the Dahej terminal and 2.5 MMTPA would be for a second LNG import terminal proposed to be constructed at Kochi in the state of Kerala in due course of time. The SPA provides that PLL shall take and pay for if not taken, the contracted quantities of LNG. The LNG deliveries at Dahej are expected to commence in January 2004. The SPA envisages a build-up period whereby the quantity of LNG purchased by PLL shall increase to 5 MMTPA in 2005.

Rasgas is a Qatari joint stock company engaged in the business of producing and selling LNG, condensate and other hydrocarbon products. The company is jointly owned by Qatar Petroleum ("QP"), a wholly owned entity of the State of Qatar, and Exxonmobil RasGas Inc., a subsidiary company of ExxonMobil Corporation. Rasgas currently operates two LNG trains with an aggregate capacity of 6.6 MMTPA. Rasgas proposes to construct one additional train having a capacity of 4.7 MMTPA to meet its obligations under the SPA.

LNG Transportation

In terms of the SPA, PLL will also be responsible to arrange for transportation of LNG from in Qatar to Dahej, for which it would require two LNG vessels. PLL has signed Time Charter Agreements for the Charter hire of two LNG vessels with a consortium led by M/s Mitsui OSK Lines ("Mitsui"). The shipping consortium led by Mitsui will provide for the entire transportation arrangements including construction, operation and maintenance of the LNG vessels. Mitsui has subsequently awarded the work of constructing the LNG vessels to Daewoo Shipyard, Korea. The Company has entered into a Port Management Services Contract with an experienced port service provider who shall provide tug and other harbour services for manoeuvring and berthing of LNG ships to the jetty at Dahej.

Gas Sales Arrangement

The gas sales arrangement currently being discussed envisages that GAIL shall be the sole transporter of the regasified LNG. The entire regasified LNG will be off-taken by BPCL, GAIL and IOC in the ratio of 10% : 60% : 30% who will then sell the gas to end consumers. Gas Sales and Purchase Agreements for offtake of the regasified LNG have been signed between PLL and the 3 offtakers.

GAIL will have the responsibility for transmission of the regasified LNG from the Dahej terminal to the consumers in Gujarat and along the Hazira Bijapur Jagdishpur ("HBJ") gas pipeline. GAIL proposes to augment the pipeline capacity by installing new pipelines and upgrading some of the existing compressor stations along the HBJ pipeline.

Arrangement for Construction of the Project

The Project site ("Site"), is located in the Gulf of Khambhat, District Bharuch in the state of Gujarat on West Coast of India. The Site is located about 45 kms. away from Bharuch, which is the nearest major town. A trestle extends out to the LNG berth, which is located in deep water. The selected location has many distinct advantages for operating an LNG terminal. Some of these advantages are listed below:

- Large gas transmission back-up due to proximity to 2,700 kms. long HBJ pipeline running from west coast to main north India hinterland including Delhi;
- Located at the hub of major gas consuming industries, both in Gujarat and along the HBJ gas pipeline;
- Proximity to the identified LNG supply source relative to other LNG sources in Asia Pacific;
- Natural draft of more than 12 meters which would facilitate berthing of large LNG ships;
- Being part of a developed industrial park, most of the infrastructure required to construct and operate the terminal would be readily available.

The Company has entered into turnkey, fixed lump-sum price, date certain contract with a consortium led by M/s IHI of Japan ("EPC Contractor") for the engineering, procurement, construction, testing and commissioning of the LNG facility including a terminal for receipt, storage and regasification of LNG and send out of regasified LNG, related marine facilities and equipment including jetty, breakwater and other associated onshore and offshore works ("LNG Facility"). The leader of the consortium has the primary and single point responsibility for the execution of the work. As per the EPC contract, the project is to be mechanically complete by end December 2003 and fully commissioned by end March 2004.

The Company has also appointed an internationally reputed Project Management Consultant, M/s Foster Wheeler, U.K., for assistance during the construction period, overall project management, construction supervision, monitoring the project schedule, and assistance in taking over. A Project Management Team has also been formed by ONGC to supervise the Project.

Operation of the LNG Facility

The Company will be taking the assistance of Gaz de France for operation and maintenance of the terminal during the initial phase. GDF will be responsible for providing assistance to PLL for training of their staff in operations of such terminals as also assistance for operating the LNG Facility as per the design criteria and specified consumption norms for utilities including power and fuel gas during the initial period.

Market for Natural Gas

Natural gas consumption in India has more than quadrupled in the last twelve years, from 4,950 million standard cubic meters ("MMSCM") in 1985-86 to 20,048 MMSCM in 1997-98. Despite such high growth rate, the Indian natural gas market is still relatively underdeveloped, accounting for only 8% of total primary energy consumed in the country compared to an average of 24% for the world. The fertiliser and power sectors are the primary consumers of natural gas in India accounting for around 40% each respectively of the total consumption. Consumption of natural gas in India has been constrained by availability of gas and the limited supply infrastructure. Due to supply shortages, gas is allocated to various consumers by the Government. Even considering the most optimistic supply scenario, the availability of natural gas from domestic sources will be insufficient to meet the demand and the need for imports is inevitable.

There is already an established demand for natural gas in Gujarat. The current availability of natural gas for meeting the supply commitments is inadequate and a large shortfall of gas exists in the Gujarat area from various consumers. The supply situation is projected to deteriorate due to the decline in supplies expected from both the offshore and onshore fields currently supplying the region. The demand supply gap is expected to exacerbate further due to an increase in demand from the planned new projects, mainly in the power sector. In addition, Hazira also provides the entry point for the HBJ system which carries gas to the north western part of India.

There is a considerable potential for import of natural gas at Gujarat. PLL is strategically poised to exploit this advantage as the location of its terminal at Dahej is close to the entry point for the HBJ pipeline which is the backbone of the gas transmission network in north-western India.

CMG/AK/PLL/2546 November 20th, 2003

Mrs. Neelam Bharadwaj,
Deputy General Manager & Head,
Corporation Finance Department
Division of Issues & Listing
Securities and Exchange Board of India
Mittal Court, "A" Wing,
Nariman Point,
Mumbai 400 021

Initial Public Offering – Petronet LNG Limited
Request for 'No-action Letter' under the
Securities and Exchange Board of India (Informal Guidance) Scheme 2003

Madam,

Further to our earlier letter no CMG/AV/PLL/2513 dated November 5th, 2003, we place below table outlining the details of equity shares which are proposed to be locked-in towards Promoters Contribution in terms of the Clause 4.1.1 of the SEBI DIP Guidelines.

The contents of the following paragraph may be read alongwith point no 2 of our said letter (page 4)

The Share Application Money brought in by Promoters, GDFI and other shareholders proposed to be locked in as shown in following table

(Rs in Cr.)

	Share Application money brought in prior to one year		**Share Application money brought in during one year ***		**Shares Application money to be brought in at IPO price****		**Total**	
	A		B		C		A+B+C	
	Rs. in crores	%age of post-issue capital #	Rs. in crores	%age of post-issue capital #	Rs. in crores	%age of post-issue capital #	Rs. in crores	%age of post-issue capital #
Promoters								
BPCL	27.50	3.44%	4.67	0.58%	0	0%	32.17	4.02%
GAIL	27.50	3.44%	4.67	0.58%	0	0%	32.17	4.02%
IOC	27.50	3.44%	4.67	0.58%	0	0%	32.17	4.02%
ONGC	27.50	3.44%	4.67	0.58%	0	0%	32.17	4.02%
Sub-total	110.00	13.75%	18.68	2.34%	0	0%	128.68	16.09%
Other Shareholders								
GDFI	22.00	2.75%	3.73	0.47%	0	0%	25.73	3.22%
Asian Development Bank	0	0%	0	0%	1.87	0.23%	1.87	0.23%
Rasgas/ ExxonMobil	0	0%	0	0%	3.73	0.47%	3.73	0.47%
Sub-total	22.0	2.75%	3.73	0.47%	5.60	0.70%	31.33	3.92%
Total @	**132.00**	**16.50%**	**22.40**	**2.80%**	**5.60**	**0.70%**	**160.00**	**20.00%**

* Premium amount on the contributions made during last one year shall be brought in by respective parties after IPO price is determined. We undertake to obtain suitable undertaking from all the parties in this regard.

** Shares proposed to be issued shall be at IPO price.

@ While the exact amount of shares offered by respective Parties may change, total amount of share capital proposed to be locked in would work out to 20% of the post issue paid up capital.

Post Issue Paid up Capital expected to be aprox Rs 800 Crores.

Hence, PLL proposes to lock-in Equity Shares held by Promoters and Other Shareholders as stated in the aforesaid table towards minimum Promoter Contribution of 20% of post-issue capital in terms of Clause 4.1.1 and 4.11.1 of SEBI DIP Guidelines 2000. The equity contribution required to meet the minimum 20% of post-issue capital received during last 12 months needs to be brought in at IPO price. As indicated in our earlier letter dated November 5, 2003, as per Clause 4.6.2 of SEBI(DIP) 2000 the promoters and other shareholders would subscribe to 2.8 crore shares at the IPO price. As indicated above, Promoters & Other Shareholders shall bring in premium amount for 2.24 crore equity shares already subscribed by them during last one year (Column B Above). Further, as indicated in Column C above, other shareholders would subscribe for 0.56 crore shares at IPO price.

We undertake to obtain necessary undertaking from Promoters and other shareholders to subscribe to their respective share of equity capital representing 2.8 crore shares at IPO price & consent to lock in their shareholding as indicated in the table above. The necessary disclosures relating to Promoters viz., BPCL, GAIL, IOC & ONGC shall be included in the Prospectus.

We look forward to your favourable response.

Thanking you.

Yours faithfully

Vimal Bhutani
Vice President & Group Head
Capital Markets Group

CMG/AV/PLL/2513 November 5, 2003

Mrs. Neelam Bharadwaj,
Deputy General Manager & Head,
Corporation Finance Department
Division of Issues and Listing,
Securities & Exchange Board of India,
Mittal Court, A Wing
Nariman Point
Mumbai 400 021

Madam,

Initial Public Offering- Petronet LNG Limited
Request for 'No- action Letter' under the
Securities and Exchange Board of India (Informal Guidance) Scheme 2003

We SBI Capital Markets Limited, registered Category 1 Merchant Bank under Regulation 12 of the SEBI Act would like to make a representation/ request for No Action Letter under the SEBI (Informal Guidance) Scheme 2003.

We present below material facts of the case as presented to us for your consideration:

1. Background: Petronet LNG Limited (PLL) is a company promoted by four oil & gas PSUs in India viz. Bharat Petroleum Corporation of India Limited, GAIL (India) Limited, Indian Oil Corporation Limited & Oil & Natural Gas Corporation Limited (together referred as Promoters) for setting up facilities to import Liquefied Natural Gas (LNG) and to convert it to natural gas for consumption by end-users. Ministry of Petroleum & Natural Gas (MOPNG), Government of India vide letter no L-12018/1/96-GP dated July 4, 1997 approved formation of JVC with equity participation from BPCL, GAIL, IOC and ONGC with an authorised capital of Rs 1200 crores, where participation of Public Sector Undertakings would not exceed 50%. (Copy of the letter enclosed for ready reference at annexure 1). In November 2001, Gaz de France, one of the largest importers of LNG in the World, agreed to subscribe to 10% of the equity of the Company through its wholly owned subsidiary, GDF International (GDFI). GDFI has been selected as a strategic partner by PLL for providing technical inputs.

The LNG project coming at Dahej is a project of national importance. In view of the increasing utilization of natural gas worldwide and the dwindling resources of natural gas in the country, the most viable option to meet the energy requirements is to import gas through the LNG route. The LNG imported in the country will be utilized in the Power and Fertiliser sectors. This will lead to enhanced capacity utilization in these sectors, thus, leading to increased production. It will also lead to a reduction in the use of alternative fuels, which are costlier and less environment-friendly.

The total project cost has been appraised at Rs 2578 crores for implementation of the first phase of the project at Dahej. The expansion plan which is under consideration will cost another Rs 775 crores.

The first phase of the project is almost 95% complete and is expected to be commissioned in the next few months.

2. In view of the Government directive to maintain shareholding of PSUs not exceeding 50% and for expeditious execution of the project, the 4 oil & gas PSUs, which are the promoters, brought in Rs 110 crores as share application money through rights issue which was made at par in November 2001. GDFI also brought in Rs 22 crores at the same time. Thus the total amount brought in November 2001 stood at Rs 132 crores. The equity shares against the said rights issue are yet to be allotted.

The paid up capital of the Company at present is Rs 5.03 lacs (50% by oil PSUs, 10% by GDFI and balance by individuals). As the allotment of shares against the share application money in the rights offering would have amounted to increasing the holding of the oil PSUs to more than 50% and would have violated GOI directive, the money was kept as share application money pending allotment. The implementation of the project commenced with paid up capital, share application money and short-term debt borrowed by the Company. The Promoters and GDFI brought the balance amount of Rs 348 crores in June 2003 pursuant to another rights issue. Considering the Government directive, the money brought in through the second rights offering was also kept as share application money pending allotment. Thus the present allotted equity capital of the Company continues to be Rs 5.03 lacs and the balance amount of Rs 480 crores approx. is kept as share application money pending allotment. The allotment of the same shall be made on tie-up of the balance 40% of equity capital of the Company.

3. The share capital structure of the Company is summarized in the following table:

Capital Structure

As on September 30, 2003	Number of Shares	Amount (in Rs.)
Authorised Capital	120,00,00,000	1200,00,00,000
Paid up Capital	50,360	5,03,600
Share Application money pending allotment	47,99,69,784	479,96,97,840

Capital History **Amount (Rs Lacs)**

Particulars	Date of Subscription	Share Application Money	Paid up capital

		pending allotment (Note 1)	
Subscribers to MOA			0.020
Additional Capital Subscribed	November 2001		0.016
Rights Issue (See Note 2)	November 23, 2001	13199.97	
Additional Capital Subscribed	December 2, 2002		5.00
Rights Issue II (See Note 2)	April 19, 2003	34800.00	
Total		**47999.97**	**5.036**

Note:

1. Share Application money brought in by promoters and other shareholders pursuant to rights offer in November 2001 & April 2003 was for issue of shares at par. Full money was brought in by the promoters and shareholders, though shares were not allotted pursuant to MOPNG, GOI letter dated July 4, 1997.
2. Money brought in earlier by promoters for implementation of project was adjusted for subscription for rights offering.

Against the abovementioned background we, subject to SEBI approval & issue of No Action Letter, propose to proceed as under on the following matters:

1. The shares against monies received for Share Application Money pending allotment amounting to Rs 479. 97 crores is proposed to be allotted alongwith shares to be issued under IPO. As discussed above, due to the Government directive to maintain oil PSUs holding at a level not exceeding 50%, the shares against the application monies received earlier would need to be allotted alongwith shares to be issued under the IPO. This would result in possible technical violation of clause 2.6 of DIP(2000). Further, the resolution for allotment of shares to promoters for the monies brought in by promoters would only be passed post IPO, it would result in possible technical violation of clause 4.9.2 & 4.9.3 of SEBI(DIP) 2000.

We undertake to disclose necessary details regarding the same in the Offer Document. We also undertake to comply with lock-in provisions as specified under Chapter IV of DIP(2000)

We seek your consent and No Action Letter to enable us to allot shares for share application money already received against earlier rights issues as detailed above pending allotment alongwith IPO shares.

2. The Share Application money brought in by promoters & GDFI (Rs 131.99 Crores in November 2001, Rs 348 Crores in April 2003) was brought in for shares to be issued at par. We confirm that since share application money received in cash is not ineligible for computation of promoters contribution, if the pricing of IPO shares is determined at par, the total share application money received (Rs131.99 crores + Rs 348 crores) may be allowed to be eligible for computation as Promoters Contribution (clause 4.6.1 read with clause 4.6.2). In the event, the pricing of IPO shares is decided at premium, share application money of Rs 132 crores brought in November 2001, i.e. more than 1 year before the issue may be allowed to be eligible for computation as Promoters Contribution. (Clause 4.6.2 of SEBI(DIP) 2000). The post issue paid up capital is expected to be Rs 800 crores. 20% of the same would work out to Rs 160 crores. The shortfall in promoters contribution i.e. Rs 28 crores (Rs 160 crores less Rs 132 crores brought in more than 1 year prior), would need to be brought in at the IPO price. The Company is currently contemplating to tap the market through book building method. In the event, IPO is priced at premium, the promoters & others whose contribution would form part of 20% lock in, would bring in the difference between the IPO price and par value. Such contribution would however be possible to be brought in only after price is determined & alongwith pay-in for the book built offering.

We undertake to obtain necessary undertakings from Promoters & GDFI to lock in such number of shares which would result in 20% of post issue share capital for a period of three years in compliance with clause 4.11.1 and the lock in shall start as stipulated in clause 4.11.2.

We seek your approval and No Action Letter to proceed in the matter as mentioned in the above para.

3. The Company is under discussion with Asian Development Bank for investing upto 10% of the equity capital of Company. Further, the Company has offered a 10% stake to the LNG suppliers, viz. Rasgas, and its principle shareholders, viz Qatar Petroleum and ExxonMobil. (together referred as ‘Institutions’) Both the proposals are under active discussion and are expected to be finalised soon. However, the Company is required to tie up the balance equity in order to meet one of the pre-disbursement conditions stipulated by the lenders. We are therefore required to file the Draft Offer Document pending final subscription money and allotment to Institutions. The Company expects, subject to various regulatory approvals and approvals from Institutions the subscription money to be in place shortly. We, subject to your approval and No Action Letter propose to file the Draft Offer Document with SEBI, pending final approval and subscription by these institutions. This may result in possible technical violation of clause 8.7.1 of SEBI(DIP) 2000.

We however, undertake to proceed with filing of final Offer Document with Registrar of Companies only after receipt of subscription money. This would ensure that before opening of

IPO, the capital structure is firmed up. We undertake to make necessary disclosure regarding the same in the Offer Document. As explained above, we would also be required to allot shares to these institutions alongwith allotment of shares proposed to be issued under IPO.

We, subject to your consent and No Action Letter, propose to file the Draft Offer Document pending subscription and allotment of shares to Institutions, and proceed on the matter as explained above.

Request for Confidentiality: We request for keeping the contents of this reference confidential as provided under the Scheme.

We enclose a draft for Rs 25,000/- (Rs Twenty Five Thousand only) drawn on State Bank of India (Draft no: 213227 dated November 5, 2003) towards fees prescribed under the scheme.

We shall be glad to have your approval and request you to kindly issue No Action Letter for the points discussed above.

Thanking you.

Yours faithfully,

Vimal Bhutani
Vice President & Head (Capital Markets Group)
SBI Capital Markets Limited