DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The letter of offer ("**Draft Letter of Offer**" / "**DLOF**") is sent to you as an equity shareholder of Gujarat Gas Company Limited ("**Gujarat Gas**" or the "**Target Company**"). If you require any clarification about the action to be taken; you may consult your stock broker or investment consultant or the Manager to the Offer / the Registrar to the Offer. In case you have recently sold your Equity Shares in the Target Company, please hand over the Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement ("**Acceptance Form**") and Transfer Deed to the member of stock exchange through whom the said sale was effected.

OPEN OFFER ("OFFER")

BY

GSPC DISTRIBUTION NETWORKS LIMITED
Regd. Office: 3rd Floor, Block No. 15, Udyog Bhavan, Sector –11, Gandhinagar – 382010, Gujarat, India
(Tel: +917966737400, Fax: +917966737456)
(hereinafter referred to as "**GDNL**" or the **"Acquirer")**

ALONG WITH

GUJARAT STATE PETROLEUM CORPORATION LIMITED
Regd. Office: GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar – 382010, Gujarat, India
(Tel: + 91 79 66701001 Fax: +91 79 23236375)
(hereinafter referred to as **"GSPC"** or the **"PAC 1")**

GUJARAT STATE PETRONET LIMITED
Regd. Office: GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar – 382010, Gujarat, India
(Tel: + 91 79 66701001 Fax: +91 79 23236477)
(hereinafter referred to as **"GSPL"** or the **"PAC 2")**

GSPC GAS COMPANY LIMITED
Regd. Office: Block No. 15, 3rd floor, Udyog Bhavan, Sector - 11, Gandhinagar – 382010, Gujarat, India
(Tel: +917966737400 Fax: +917966737456)

(hereinafter referred to as **"GSPC Gas"** or the **"PAC 3"** and collectively, with PAC 1 and PAC 2referred to as **"Persons Acting in Concert" / "PAC")**

At ₹ 314.17/- (Rupees Three Hundred Fourteen and Seventeen Paise Only) ("Offer Price") payable in cash per fully paid up equity share of ₹ 2/- each ("Equity Shares") to acquire up to 33,345,000 Equity Shares representing 26% of the paid up equity share capital of the target company ("Offer Shares"), under the Securities And Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("SAST Regulations") from the Equity Shareholders

OF

GUJARAT GAS COMPANY LIMITED
A public limited company incorporated under the provisions of the Companies Act, 1956
Regd. Office: 2, Shanti Sadan Society, Near Parimal Garden, Ellisbridge, Ahmedabad – 380006, Gujarat, India
Tel: +91 79 26462980 / 7876 Fax: +91 79 26466249,
Email Id: rajeshwari.sharma@gujaratgas.com; Website: www.gujaratgas.com

1. This Offer is made pursuant to and in compliance with the provisions of Regulation 3(1) and Regulation 4 of the SAST Regulations.
2. This Offer is not a conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SAST Regulations.
3. This Offer is not a competing offer in terms of Regulation 20 of the SAST Regulations.
4. This Offer is subject to certain statutory approvals and regulatory and other approvals as set out in paragraph VI (4).
5. The Acquirer and PAC can revise the Offer Price or size of the Offer up to three working days prior to the opening of the Tendering Period *(as defined hereinafter)*, *i.e. up to* November 23, 2012, any such upward revision or withdrawal would be informed by way of a public announcement in the same newspapers and editions in which the Detailed Public Statement *(as defined hereinafter)* had appeared. The revised price payable pursuant to such revision of the Offer Price would be payable by the Acquirer for all the Equity Shares validly tendered at any time during the Tendering Period and accepted under the Offer.
6. **There has been no competing offer as on the date of this Draft Letter of Offer.**
7. **If there is a competing offer, the open offers under all subsisting bids will open and close on the same date.**
8. A copy of the Public Announcement *(as defined hereinafter)*, the Detailed Public Statement and the Letter of Offer (including Acceptance Form) is also available on SEBI's website (www.sebi.gov.in)

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
JM Financial Institutional Securities Private Limited 141, Maker Chambers III, Nariman Point, Mumbai – 400 021 Tel : +91 22 6630 3030 Fax: +91 22 2204 7185 Email Id: lakshmi.lakshmanan@jmfl.com **Contact Person: Ms. Lakshmi Lakshmanan** SEBI Regn. No. INM000010361	**Karvy Computershare Private Limited** Plot Nos. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500081 Tel: +91 40 44655000 / 23420818-23 Toll Free No.: 1800 345 4001 Fax: +91 40 2343 1551 Email Id: murali@karvy.com **Contact Person: Mr. M. Murali Krishna / Mr. R. Williams** SEBI Regn. No. INR000000221

The Schedule of activities under this Offer is as follows:

Activity	Date
Date of Public Announcement (PA)	Wednesday, October 03, 2012
Publication of Detailed Public Statement (DPS) in the newspapers	Wednesday, October 10, 2012
Filing of Draft Letter of Offer	Wednesday, October 17, 2012
Last date for a competing offer	Friday, November 02, 2012
Last date for receipt of comments from SEBI on the draft letter of offer (in the event SEBI has not sought clarifications or additional information from the Manager to the Offer)	Friday, November 09, 2012
Identified Date*	Thursday, November 15, 2012
Date by which Letter of Offer will be dispatched to Equity Shareholders	Thursday, November 22, 2012
Last date for upward revision of Offer Price / size of the Offer	Friday, November 23, 2012
Last date by which the committee of the independent directors of the Target Company shall give its recommendation	Tuesday, November 27, 2012
Date of publication of Offer Opening Public Announcement	Thursday, November 29, 2012
Date of commencement of Tendering Period (Offer Opening Date)	Friday, November 30, 2012
Date of expiry of Tendering Period (Offer Closing Date)	Thursday, December 13, 2012
Date by which all requirements including payment of consideration would be completed	Friday, December 28, 2012
Last Date for publication of post offer public announcement in the newspapers where the DPS has been published	Friday, January 04, 2013
Last date for submission of final report with SEBI	Friday, January 04, 2013

**The Identified Date is only for the purpose of determining the Equity Shareholders as on such date to whom the Letter of Offer would be mailed. It is clarified that all the Equity Shareholders of the Target Company (registered or unregistered), except the Acquirer, PAC and promoter group shareholders of the Target Company, are eligible to participate in this Offer at any time prior to the closure of this Offer*

RISK FACTORS

Given below are the risk factors relating to the transaction, the Offer and the probable risks involved in associating with the Acquirer. For capitalized terms used herein please refer to the definitions set out on page no. 6 of this Draft Letter of Offer

A. Risk factors relating to the transaction

1. The consummation of the acquisition of the Sale Shares by the Acquirer, as envisaged under the SPA *(as defined hereinafter)* and the acquisition of Offer Shares will be completed (i) upon the fulfillment of the

conditions precedent set out therein (details of which are set out in paragraph II (1) (b) below) and (ii) receipt of statutory and regulatory approvals as more particularly set out in paragraph VI (4) of this Draft Letter of Offer. In terms of and in accordance with Regulation 23(1) of the SAST Regulations, if such conditions precedent are not fulfilled for reasons beyond the reasonable control of the Acquirer and the SPA is rescinded or the aforementioned approvals are not received, the Acquirer shall have the right to withdraw this Offer. Delay in fulfillment of such conditions or receipt of approvals may result in delay in payment of consideration to the Shareholders, whose Equity Shares are validly accepted in this Offer.

2. As of the date of this Draft Letter of Offer, to the best of the knowledge of the Acquirer, there are no other statutory or regulatory approvals other than those listed in paragraph VI (4) below that are, required to implement this Offer. However, if at a later date, any other statutory or regulatory or other approvals / no objections are required, then this Offer would become subject to receipt of such other statutory or regulatory or other approvals / no objections.

B. Risk factors relating to the Offer

1. This Offer is subject to receipt of the statutory / regulatory approvals as set out in paragraph VI (4) of this Draft Letter of Offer.

2. In terms of Regulation 23(1) of the SAST Regulations, in the event that these statutory / regulatory approvals are not received or are refused, or if the sale and purchase of the Sale Shares, pursuant to the SPA, is not consummated because any of the conditions (as mentioned in paragraph II (1) (b) below), as stated in the SPA (all of which are outside the reasonable control of the Acquirer), are not met with within the time specified in the SPA, this Offer shall stand withdrawn. Furthermore, if, at a later date, any other statutory / regulatory approvals are required, this Offer would become subject to receipt of such other statutory / regulatory approvals. In the event of delay in receipt of approvals or in fulfillment of conditions as mentioned above, this Offer may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Equity Shareholders, whose Equity Shares are accepted in this Offer, may be delayed. In case the delay is due to non-receipt of statutory / regulatory approval(s), then in accordance with Regulation 18(11) of the SAST Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirer, permit the Acquirer and the PAC to delay the commencement of the Tendering Period for the Offer pending the receipt of such approvals or grant an extension for the purpose of completion of the Offer subject to the Acquirer agreeing to pay interest to the validly tendering Equity Shareholders.

   In addition to the above, this Offer shall stand withdrawn in the event a binding order of court or governmental authority of competent jurisdiction is received directing the withdrawal of the offer.

3. In the event that (i) the statutory / regulatory approvals mentioned in paragraph VI (4) of this Draft Letter of Offer are not received in a timely manner or are refused; or (ii) there is any litigation leading to a stay of this Offer or related to this Offer by a court of competent jurisdiction, this Offer may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Equity Shareholders, whose Equity Shares are accepted in this Offer, may be delayed. In case the delay is due to non-receipt of statutory / regulatory approval(s), then in accordance with Regulation 18(11) of the SAST Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirer, permit the Acquirer and the PAC to delay the commencement of the Tendering Period for the Offer pending the receipt of such approvals or grant an extension for the purpose of completion of the Offer subject to the Acquirer agreeing to pay interest to the validly tendering Equity Shareholders.

4. This is an Offer to acquire not more than 26% of the Voting Capital of the Target Company from the Equity Shareholders. In the case of over subscription in the Open Offer, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Equity Shares tendered by the Shareholders in this Offer will be accepted.

5. Equity Shareholders tendering their Equity Shares in this Offer will be doing so prior to receipt of consideration in relation to such tendered Equity Shares as the Acquirer and PAC have up to 10 working days from the date of closure of the Tendering Period to pay the consideration to the Equity Shareholders whose Equity Shares are accepted in this Offer.

6. The tendered Equity Shares will lie to the credit of a Special Depository Account and the documents relating to the tendered Equity Shares would be held in trust by the Registrar to the Offer, till the completion of the Offer formalities. During such period, there may be fluctuations in the market price of the Equity Shares and the Equity Shareholders will not be able to trade in such Equity Shares which are in the custody of the Registrar to the Offer, thereby restricting the ability of such Equity Shareholders to take advantage of any favorable price movements. Accordingly, the Acquirer and the PAC make no assurance with respect to the market price of the Equity Shares before, during or upon completion of this Offer and each of them expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by the Equity Shareholders on whether or not to participate in this Offer.

7. Equity Shares once tendered through the Acceptance Form in the Offer, cannot be withdrawn by the Equity Shareholders during the Tendering Period.

8. The Acquirer, the PAC and the Manager to the Offer do not accept any responsibility for statements made otherwise than in the Letter of Offer or the Public Announcement or the DPS and anyone placing reliance on any other source of information (not released by the Acquirer, the PAC, or the Manager to the Offer) would be doing so at his/her/their own risk.

C. Probable risks involved in associating with the Acquirer and the PAC

1. The Acquirer and the PAC make no assurance with respect to the continuation of the past trends in the financial performance of the Target Company nor do they make any assurance with respect to the market price of the Equity Shares during and upon the completion of this Offer. Each of the Acquirer and the PAC disclaim any responsibility with respect to any decision by the Equity Shareholders on whether or not to participate in this Offer.

2. The Acquirer and the PAC make no assurance with respect to their investment / disinvestment relating to their proposed shareholding in the Target Company.

3. The acquisition of Offer Shares pursuant to this Offer, together with the Sale Shares being acquired pursuant to the SPA, may result in the public shareholding in the Target Company falling below the level required for continued listing. While the Target Company is required to bring down the non-public shareholding to the level specified and within the time stipulated in the Securities Contract (Regulation) Rules, 1957, as amended ("**SCRR**"), any failure to comply with the conditions of the SCRR and the Listing Agreement could have an adverse effect on the price and tradability of the Equity Shares.

The risk factors set forth above pertain to this Offer and are not in relation to the present or future business operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by an equity shareholder in this Offer. The Equity Shareholders are advised to consult their stockbrokers or investment consultants, if any, for analyzing all the risks with respect to their participation in this Offer.

CURRENCY OF PRESENTATION

In this Draft Letter of Offer, all references to "₹" / "INR" are to Indian Rupee(s), the official currency of India and all references to "US Dollar" or "USD" is to the United States Dollar. Unless otherwise stated, the rupee equivalent quoted in each case is calculated in accordance with the Reserve Bank of India reference rate as on October 3, 2012 i.e. USD 1 = ₹ 52.3345 (Source: www.rbi.org.in). In this Draft Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off and / or regrouping.

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DEFINITIONS/ABBREVIATIONS

S No.	Particulars	Details / Definition
1.	AAR	Authority for Advance Ruling
2.	Acquirer / GDNL	GSPC Distribution Networks Limited
3.	ASE	Ahmedabad Stock Exchange Limited
4.	Beneficial Owner	Beneficial owners of the Equity Shares, whose names appeared as beneficiaries on the records of their respective DP at the close of business hours on the Identified Date or at any time before the closure of the Tendering Period
5.	BSE	BSE Limited
6.	Cash Escrow Amount	Cash deposit of ₹ 105,000,000/- made by the Acquirer in the Escrow Account
7.	CCI	Competition Commission of India
8.	CCI Approval	The receipt of the approval of the CCI for the acquisition of the Sale Shares under the SPA and the acquisition of the Equity Shares pursuant to this Offer
9.	CDSL	Central Depository Services (India) Limited
10.	DPS / Detailed Public Statement	The Detailed Public Statement, published by Manager to the Offer on behalf of the Acquirer and the PAC in the newspapers on October 10, 2012
11.	Companies Act	The Companies Act, 1956
12.	DP	Depository Participant
13.	Draft Letter of Offer / DLOF	This draft letter of offer filed with SEBI pursuant to Regulation 16(1) of the SAST Regulations
14.	EPS	Earnings per equity share, for the period under reference
15.	Equity Shareholders	The equity shareholders of the Target Company, other than parties to the SPA
16.	Equity Shares	Fully paid up equity shares of the Target Company having a face value of ₹ 2/- each
17.	Escrow Account	Escrow account opened with Escrow Bank in the name and style of GDNL GGCL Open Offer Escrow A/c
18.	Escrow Bank	Yes Bank Limited
19.	FII	Foreign Institutional Investors
20.	FY	Financial Year
21.	Identified Date	November 15, 2012 i.e. date falling on the 10th Working Day prior to the commencement of Tendering Period, for the purposes of determining the Equity Shareholders to whom the Letter of Offer shall be sent
22.	Income Tax Act	The Income Tax Act, 1961, as amended
23.	Letter of Offer	Letter of Offer dated [•]
24.	Listing Agreement	Listing agreement with the Stock Exchanges, as amended from time to time
25.	Manager to the Offer	JM Financial Institutional Securities Private Limited, which is not an associate of the Acquirer and PAC
26.	Maximum Consideration	Total financial resources required for this Offer, assuming full acceptance of this Offer, being ₹ 10,475,998,650/-
27.	NAV	Net Asset Value per equity share
28.	NEFT	National Electronic Funds Transfer

S No.	Particulars	Details / Definition
29.	NRIs	Non Resident Indians
30.	NSDL	National Securities Depository Limited
31.	NSE	National Stock Exchange of India Limited
32.	OCBs	Overseas Corporate Bodies
33.	Offer	Open offer being made by the Acquirer and PAC to the Equity Shareholders of the Target Company, to acquire up to 33,345,000Equity Shares at a price of ₹ 314.17/- (Rupees Three Hundred Fourteen and Seventeen Paise Only) per equity share
34.	Offer Opening Public Announcement	The announcement of the commencement of the Tendering Period to be made on behalf of the Acquirer and PAC on November 29, 2012
35.	Offer Shares	Up to 33,345,000 representing 26% of Voting Capital of the Target Company made to the Equity Shareholders of the Target Company
36.	PA/Public Announcement	Announcement of the Offer made by the Manager to the Offer on behalf of the Acquirer and PAC, to the Stock Exchanges on October 3, 2012 and sent to SEBI and the Target Company on October 4, 2012
37.	PAC	Persons acting in concert along with the Acquirer, being GSPC, GSPL and GSPC Gas
38.	PAC 1/ GSPC	Gujarat State Petroleum Corporation Limited
39.	PAC 2/ GSPL	Gujarat State Petronet Limited
40.	PAC 3 / GSPC Gas	GSPC Gas Company Limited
41.	PAN	Permanent Account Number
42.	RBI	Reserve Bank of India
43.	Registrar to the Offer	Karvy Computershare Private Limited
44.	SAST Regulations	SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011, as amended
45.	RoNW	Return on Net Worth
46.	Sale Shares	83,518,750 Equity Shares constituting 65.12% of the paid up equity share capital of the Target Company, proposed to be acquired by the Acquirer from the Seller pursuant to the SPA
47.	SCRR	Securities Contract (Regulations) Rules, 1957, as amended
48.	SEBI	Securities and Exchange Board of India
49.	SEBI Act	SEBI Act, 1992, as amended
50.	Seller / BG Asia	BG Asia Pacific Holdings Pte Limited, a private limited company incorporated under the laws of Singapore, whose registered office is at 8 Marina View, # 11-03 Asia Square , Tower 1, Singapore 018960
51.	Seller Guarantor	BG Energy Holdings Limited, a limited liability company incorporated under the laws England with registered number 03763515, having its registered address at 100 Thames Valley Park Drive, reading, Berkshire, RG6 1PT
52.	SPA	Share purchase agreement, dated October 3, 2012, entered into amongst the Acquirer, Seller and Seller Guarantor
53.	Special Depository Account	The special depository account opened by the Registrar to the Offer for receiving Equity Shares tendered during the Offer
54.	Stock Exchanges	BSE, NSE, ASE and VSE where Equity Shares of the Target Company are currently listed
55.	Target Company	Gujarat Gas Company Limited
56.	Tendering Period	November 30, 2012 to December 13, 2012

S No.	Particulars	Details / Definition
57.	Transaction	Shall mean the purchase of Sale Shares by the Acquirer from the Seller in accordance with the SPA
58.	Voting Capital	128,250,000 fully paid up equity shares of ₹ 2/- each of the Target Company, being the fully diluted equity share capital of the Target Company
59.	VSE	Vadodara Stock Exchange Limited
60.	Working Day	Working day of SEBI

Note: *All terms beginning with a capital letter used in this Draft Letter of Offer, and not specifically defined herein, shall have the meanings ascribed to them in the SAST Regulations*

I. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SAST REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF THE TARGET COMPANYTO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRERS, PAC OR THE COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER AND PACAREPRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND PAC DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED OCTOBER 17, 2012 TO SEBI IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

II. DETAILS OF THIS OFFER

1. **Background of this Offer:**

(a) This Offer is a mandatory offer, being made by GSPC Distribution Networks Limited along with Gujarat State Petroleum Corporation Limited, Gujarat State Petronet Limited and GSPC Gas Company Limited to the Equity Shareholders, in compliance with Regulations 3(1) and 4 of the SAST Regulations. This is not a competing offer in terms of Regulation 20 of the SAST Regulations and is being made as a result of an agreement for a direct substantial acquisition of Equity Shares and voting rights, accompanied with a change in control of the Target Company, pursuant to the SPA.

(b) The Acquirer has entered into a SPA on October 3, 2012 with the Seller, the promoter of the Target Company, and the Seller Guarantor, holding company of the Seller, and acting as the guarantor for the Seller's obligations under the SPA, for acquisition of the Sale Shares for a purchase amount not exceeding ₹ 24,638,031,250/- (Rupees Twenty Four Billion Six Hundred Thirty Eight Million Thirty One Thousand and Two Hundred and Fifty only). The acquisition of the Sale Shares will result in a change in control of the Target Company. The mode of payment of consideration for acquisition of the Sale Shares by the Acquirer in cash.

A summary of the salient features of the SPA (subject to the detailed terms set out in the SPA) are as follows:

i. The Acquirer has agreed to acquire the Sale Shares from the Seller for a maximum consideration of ₹ 24,638,031,250/-, payable in cash, subject to the satisfaction of various conditions precedent as set out in the SPA. The consideration payable to the Seller is subject to a downward adjustment ("**Negotiated Amount**") at the closing of the transaction contemplated by the SPA ("**Closing**"), in the event that the cash balance of the Target Company, on fulfillment of the conditions precedent under the SPA, is less than ₹ 4,638,108,000 (Rupees Four Billion Six Hundred and Thirty Eight Million One Hundred and Eight Thousand). The amount of consideration to be remitted to the Seller shall be subject to receipt of ruling of AAR on withholding tax.

ii. One of the regulatory consents required for the purpose of the consummation of the transaction contemplated under the SPA ("**Transaction**") is a written approval from the RBI for manner of payment of the Negotiated Amount to the Seller, including through an escrow mechanism, if required. However, this requirement may be waived jointly by the Seller and Acquirer and once waived in accordance with the SPA, the Seller and the Acquirer shall proceed to complete the Transaction, subject to the other terms and conditions of the SPA.

iii. The Seller has agreed not to undertake certain actions or insofar as it is within its power cause the Target Company to undertake certain actions between the date of execution of the SPA and Closing, without prior written consent of the Acquirer, including, inter alia, entering into any new agreement or commitment with the Seller and / or any of its affiliates in respect of any gas supply arrangement for the period up to June 30, 2013; entering into any contract with the Seller and/or its affiliates, other than gas supply arrangements, for a value or expenditure exceeding ₹ 10 million; entering into any material new agreement of commitment in respect of any gas supply arrangement for the period beyond July 1, 2013; any purchase and/or sale of tangible assets by the Target Company other than in ordinary course of business; incurring any borrowing or debts by the Target Company other than in ordinary course of business; allotting or issuing any securities of the Target Company.

iv. The Transaction shall be completed upon the fulfillment of the conditions precedent agreed between the Acquirer and the Seller in the SPA (including the Offer Period in respect of this Offer having expired or completed) and receipt of statutory and regulatory approvals to be obtained as set out in paragraph VI (4) of this Draft Letter of Offer.

v. The SPA contains certain non-compete provisions whereby the Seller has undertaken to procure that the Seller and its affiliates (excluding the Target Company and its subsidiaries) shall not carry on or be engaged in a natural gas distribution business within the geographic area that includes specified areas in the districts of Surat, Bharuch and Tapi in the state of Gujarat as duly signed and stamped by the Petroleum and Natural Gas Regulatory Board and communicated to the Target Company in a letter bearing File No. S-Infra/II/1/2008-Vol.II/Surat-Bharuch-Ankl-GA dated February 17, 2012 (the "**Geographic Area**") for a period of 5 years from the Closing and to not enter into any transaction to sell, directly, or indirectly (to the extent the Seller or its affiliates has the power to control the final destination) natural gas to any existing industrial customer within the Geographic Area for a period of 3 years from the Closing. There is no separate consideration being paid for this non-compete obligation of the Seller and its affiliates.

vi. The SPA contains provisions prohibiting the Seller and its affiliates from soliciting any director or senior employee of the Target Company for a period of 3 years from Closing. Pursuant to the SPA, the Target Company and its subsidiaries shall cease to use, display or incorporate the trade or service name or mark, business name, logo or domain name used or held by the Seller or its affiliates and which are used by the Target Company and its subsidiaries within such time from the Closing as mentioned in the SPA.

vii. From the date of execution of the SPA until the earlier of termination of SPA or Closing, the Seller undertakes subject to applicable law, to have its representatives consult the representatives of the Acquirer for a period not exceeding three business days regarding the entry into any new agreement or commitment in respect of any gas supply arrangement for the period up to June 30, 2013 for a value greater than USD 15.4 million (equivalent to ₹ 805.95 million) and for the filing of any tariff filing by the Target Company relating to its Hazira-Ankleshwar transmission pipeline.

viii. The Seller shall cause the resignation of Mr. Sugata Sircar, Mr. Shaleen Sharma and, and Mr. Shahram Jahanbani as the directors of the Target Company and Mr. Hasmukh Shah as Chairman of the Target Company and effect the appointment of Mr. Sugata Sircar and other Acquirer nominee directors, who are eligible to be appointed as directors of the Target Company with effect from Closing.

ix. The SPA shall automatically terminate in 9 (nine) months from the date of execution of the SPA (the "**Long Stop Date**") in case the transaction contemplated under the SPA, including conditions precedent as set out in the SPA, are not concluded prior to such date. The Long Stop Date may be extended by mutual written agreement of the parties to the SPA.

x. The SPA may be terminated by the Acquirer upon the occurrence of any of the following events (each a "**Material Adverse Change**"), each of which events are outside the control of the Acquirer:

- any fundamental warranty given by the Seller, becomes accurate, untrue or misleading in any respect at any time before Closing;

- the authorization for the Target Company's Hazira-Ankleshwar natural gas pipeline or the authorization for the Target Company's local natural gas distribution network in the Geographic Area under Regulation 18(1) of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008, or the Gas Sales and Transportation Contract entered into by the Target Company with GAIL (India) Limited on April 18, 2012 in respect of gas from the Panna-Mukta and Mid and South Tapti Fields, are revoked or terminated; or

- any event which occurs after the execution of the SPA and which has caused a reduction in the value of the Target Company's consolidated net assets in excess of 20% when compared to the Target Company's consolidated net assets as at June 30, 2012 or a reduction of total aggregate gas sales volumes in excess of 20% in the last four successive completed quarterly periods prior to Closing when compared to the total aggregate gas sales volumes of the immediately preceding four successive completed quarterly periods, provided that no account shall be taken of any loss, damage, costs or liability arising from the event or events to the extent that such loss, damage, costs or liability has been remedied immediately prior to Closing.

(c) In accordance with Regulation 22(1) of the SAST Regulations, the Acquirer intends to complete the acquisition of the Sale Shares, as contemplated under the SPA, as soon as the conditions stipulated in the SPA are satisfied.

(d) The proposed control of Target Company is not through any scheme of arrangement

(e) The PAC will not acquire any Equity Shares being tendered and accepted in this Offer. All the Equity Shares validly tendered and accepted in this Offer and pursuant to the SPA will be acquired by the Acquirer only.

(f) After the completion of this Offer and pursuant to the acquisition of Equity Shares under the SPA, the Acquirer shall hold the majority of the Equity Shares by virtue of which it shall be in a position to exercise effective control over the management and affairs of the Target Company and shall consequently replace the Seller as the promoter of the Target Company.

(g) The Acquirer and the PAC have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, or under any of the regulations made under the SEBI Act.

(h) The Acquirer intends to take control over the Target Company and reconstitute the board of directors of the Target Company after the closure of this Offer in accordance with the SAST Regulations, and on closing as per the SPA, by appointing persons nominated by the Acquirer on the board of directors of the Target Company.

(i) Pursuant to Regulation 26(6) of the SAST Regulations, it is proposed that the board of directors of the Target Company proposes to constitute a committee of independent directors on October 17, 2012 to provide their reasoned recommendations on the Offer and such recommendations shall be published in the same newspapers and editions which carried the DPS, at least two working days before the commencement of the Tendering Period in compliance with regulation 26(7) of the SAST Regulations.

2. **Details of the proposed Offer**

(a) The details pertaining to the publication of the Detailed Public Statement on October 10, 2012 are as below:

Newspaper	Language	Editions
Financial Express	English	All
Janasatta	Hindi	All
Mumbai Lakshadeep	Marathi	Mumbai

Financial Express	Gujarati	Ahmedabad

Public Announcement and Detailed Public Statement are also available on SEBI's website: www.sebi.gov.in

(b) Pursuant to the Offer, the Acquirer will acquire the Offer Shares under the SAST Regulations making a cash payment at a price of ₹ 314.17/- (Rupees Three Hundred Fourteen and Seventeen Paise Only) per equity share.

(c) This Offer is being made to all the shareholders of the Target Company (other than the parties to the SPA). The Equity Shares to be acquired under the Offer must be free from all lien, charges and encumbrances and will be acquired together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof. All Equity Shares validly tendered by the Equity Shareholders will be accepted at the Offer Price by the Acquirer in accordance with the terms and conditions contained in the PA, DPS and the Letter of Offer.

(d) This Offer is subject to the receipt of the statutory approvals and fulfillment of other conditions as mentioned in paragraph VI (4) of this Draft Letter of Offer. In terms of regulation 23 of the SAST Regulations, in the event that any of the conditions mentioned in paragraph II (1) (b) of this Draft Letter of Offer are not met or are finally refused or are otherwise not met with for reasons outside the reasonable control of the Acquirer, this Offer shall stand withdrawn. In the event of such withdrawal, a public announcement will be made, within two working days of such withdrawal, in the same newspapers in which the DPS has been published and such public announcement will also be sent to SEBI, Stock Exchanges and to the Target Company at its registered office.

(e) Neither the Acquirer nor the PAC has acquired any Equity Shares of the Target Company after the date of the PA and up to the date of this DLOF.

(f) There are no partly paid up Equity Shares in the Target Company.

(g) This Offer is not a competing offer in terms of Regulation 20 of the SAST Regulations.

(h) This Offer is not subject to any minimum level of acceptance. Further there is no differential pricing for this Offer.

3. **Object of the acquisition / Offer**

(a) The Acquirer believes that the Target Company offers an attractive investment opportunity and provides synergies in gas sourcing and marketing. The Acquirer is committed to continue to run the existing businesses and to grow the same in the long term through organic or inorganic opportunities and by leveraging on the Acquirer's resources.

(b) In terms of regulation 25(2) of the SAST Regulations, the Acquirer does not currently propose to alienate any material assets of the Target Company or of any of its subsidiaries whether by way of sale, lease, encumbrance or otherwise outside the ordinary course of business, for a period of two years from the closure of the Offer. The Acquirer further undertakes that in the event such alienation of assets of the Target Company or its subsidiaries is required, such alienation shall not be undertaken without a special resolution passed by shareholders of the Target Company, by way of a postal ballot, wherein the notice for such postal ballot shall inter alia contain reasons as to why such alienation is necessary. Post completion of the Offer, the Acquirer along with the PAC, may explore possible means to strategically integrate the business of the Target Company within the GSPC group to maximize synergy of operations. The Acquirer hereby confirms that presently, it does not have any intention of delisting the Equity Shares of the Target Company.

III. BACKGROUND OF THE ACQUIRER AND PAC

1. GSPC DISTRIBUTION NETWORKS LIMITED (ACQUIRER)

(a) The Acquirer is a public limited company incorporated on February 21, 2012 under the Companies Act, 1956 (the "**Companies Act**"). The name of the Acquirer has not been changed since its incorporation. The registered office of the Acquirer is situated at 3rd Floor, Block No. 15, Udyog Bhavan, Sector –11, Gandhinagar – 382010, Gujarat, India.

(b) The Acquirer is a promoted by GSPC Gas Company Limited and belongs to the GSPC group.

(c) The main objects of the Acquirer include carrying on the sale, purchase, supply, distribution, transportation of and trading in natural gas, compressed natural gas ("**CNG**"), liquefied natural gas ("**LNG**"), liquefied petroleum gas ("**LPG**"), and other gases through pipelines, trucks/trains or such other suitable mode for transportation and distribution.

(d) As the Acquirer has been recently incorporated, the provisions with regard to disclosures under Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto are not applicable to the Acquirer. Further, as the Acquirer does not hold any shares in the Target Company, the provisions with regard to disclosures under Chapter V of the SAST Regulations are not applicable.

(e) The shareholding pattern of the Acquirer is as under:

Name of the Shareholder	**Number of Shares**	**% age of Shareholding**
Promoter – GSPC Gas Company Limited	49,940	100
Nominee Shareholders - Shri P.P.G Sarma - Shri Ravindra Agrawal - Shri Ahmed Khan - Shri Manish Seth - Shri Sandeep Dave - Shri Sanjay Sengupta	 10 10 10 10 10 10	 Nil Nil Nil Nil Nil Nil
FIIs / Mutual Funds / FIs / Banks	Nil	Nil
Public	Nil	Nil
Total	**50,000**	**100**

(f) The details of the directors of the Acquirer are as follows. None of the directors of the Acquirer are on the board of directors of the Target Company:

Name	**Date of appointment**	**Qualification**	**Experience**
Shri. Tapan Ray, IAS (DIN: 00728682)	February 21, 2012	BE (IITD), P.G.(Public Policy), L.L.B., MBA	Presently working as Managing Director of GSPC and GSPL. He is a senior IAS officer having administrative and corporate experience of more than 31 years. He was Principal Secretary (Economic Affairs), Finance Department in Government of Gujarat from June 2006 to November 2009
Shri Bose Babu Nallapaneni (DIN: 03617497)	February 21, 2012	Bachelor of Engineering (Production) from Nagpur University	He has more than 21 years of experience in areas of cross country pipelines. He is working with GSPL as General Manager (Technical and O&M) and is responsible for the designing, implementing, reviewing of Gas Grid and maintaining various cross country pipelines
Shri Ravindra Agarwal (DIN:00157236)	February 21, 2012	BE(Electrical Engineering), MBA finance	He has more than 16 years of experience in areas of gas marketing, transmission contracts and tariff design and is responsible for GSPC's downstream business

Name	Date of appointment	Qualification	Experience
			developments. Currently, he is working with GSPC as General Manager (Commercial) and is responsible for the gas business including procurement and sales of LNG.
Shri P.P.G Sarma (DIN: 05199653)	September 20, 2012	B.E. (Mechanical)	He is currently working as the CEO of GSPC Gas. Prior to joining GSPC Gas in April, 2006, he was working as Director (Business Development), Gujarat Gas Company Limited
Shri Manish Verma (DIN: 01804936)	September 20, 2012	B.A. (Economics), CAIIB	Presently, he is Executive Director (Finance), GSPC group. He has also worked with RBI in various areas like Forex Management, Treasury Bill Operations, Banking Regulations and Internal Debt Management. He also served as Additional Secretary in the Finance Department of Gujarat Government. Since February, 2007, he has also been working as Joint Managing Director (Additional Charge) of Gujarat State Financial Services Limited

(g) The brief financial information of the Acquirer from the date of incorporation, being February 21, 2012 up to June 30, 2012 as derived from its limited reviewed financial statements is as under:

Particulars	**(Amount in ₹)**
<u>Profit & Loss Statement</u>	
Income from Operations	-
Other Income	-
Total Income	-
Total Expenditure	63,098
Profit/(Loss) Before Depreciation Interest and Tax	(63,098)
Depreciation	-
Interest Expense/(Income)	-
Profit / (Loss) Before Tax	(63,098)
Provision for Tax	-
Profit / (Loss) After Tax	**(63,098)**

Particulars	**(Amount in ₹)**
<u>Balance Sheet Statement</u>	
Equity and Liabilities	
Shareholders' funds	
Share capital	500,000
Reserves and surplus	(63,098)
	436,902
Non-current liabilities	
Long-term borrowings	-
Deferred Tax Liabilities (net)	-

Other long-term liabilities	-
Long-term provisions	-
Current liabilities	
Trade payables	63,098
Other current liabilities	-
Short-term provisions	-
TOTAL	**500,000**
<u>Assets</u>	
Non-current assets	
Fixed assets	-
Tangible assets	-
Intangible assets	-
Capital work-in-progress	-
Non-current investments	-
Long term loans and advances	-
Other non-current assets	-
Current assets	
Inventories	-
Trade receivables	-
Cash and Bank Balances	-
Short term loans and advances	500,000
Other current assets	-
TOTAL	**500,000**

Other Financial Data	
Dividend (%)	Nil
Basic and Diluted Earnings Per Share (₹)	(1.26)*
Return on Networth	(14.44%)*
Book Value Per Share (₹)	8.74

**Not Annualized*

Source: Based on certificate dated October 3, 2012 from M/S Ashok Chhajed and Associates, Chartered Accountants, who are the statutory auditors

(h) The Acquirer has no contingent liabilities as on June 30, 2012.

(i) The shares of the Acquirer are not listed on any stock exchange.

2. **GUJARAT STATE PETROLEUM CORPORATION LIMITED (PAC 1)**

(a) The PAC 1 is a public company limited by shares originally incorporated as Gujarat State Petrochemicals Corporation Limited on January 29, 1979 under the Companies Act. Subsequently, on November 10, 1994, its name was changed to Gujarat State Petroleum Corporation Limited. The registered office of the GSPC is situated at GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar - 382010, Gujarat, India.

(b) GSPC is one of the largest integrated energy companies based in India with a significant presence in the state of Gujarat. GSPC has presence across the entire energy value chain through its upstream and gas marketing businesses and through its subsidiaries and joint ventures in other businesses including gas transmission, power generation, city gas distribution and LNG terminal. GSPC has grown from a small oil and gas producing company in Gujarat into a vertically integrated energy company.

(c) GSPC is promoted by the Government of Gujarat acting through the Governor of Gujarat.

(d) GSPC does not hold any Equity Shares and has never held Equity Shares of the Target Company in the past. Hence the provisions with regard to disclosures under Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto or Chapter V of the SAST Regulations are not applicable as far as the Target Company is considered.

(e) The shareholding pattern of GSPC as on October 3, 2012 is as under:

Name of the Shareholder	**Common Shares**	
	Number of Shares	**% Shareholding**
Promoter – Government of Gujarat acting through Governor of Gujarat	2,007,221,400	87.42
FIIs / Mutual Funds / FIs / Banks	67,901,130	2.96
Public (Bodies Corporate including Government of Gujarat entities)	220,968,895	9.62
Total	**2,296,091,425**	**100.00**

(f) The details of the directors of GSPC are as follows and none of them are on the board of directors of the Target Company:

Name	**Date of appointment**	**Qualification**	**Experience**
Shri Achalkumar Kishorchand Joti, IAS (DIN:01468434)	March 8, 2010	Bachelor Degree in Science, Masters Degree in Chemistry	He has a wide experience of 37 years in various departments including revenue, finance, home, water supply and education. He also served as Chairman of Kandla Port Trust and Managing Director of Sardar Sarovar Narmada Nigam Limited. Presently, he is Chief Secretary, Government of Gujarat and Chairman of Gujarat Narmada Valley Fertilizers Company Limited, Gujarat State Fertilizers and Chemicals Limited and Gujarat Alkalies and Chemicals Limited and also the chairman of Gujarat State Petroleum Corporation Limited since March, 2010
Shri Varesh Sinha, IAS (DIN:03259880)	August 24, 2012	B.Sc. (Physics & Maths), Masters in Mathematical Statistics, MBA and Ph.D. (Statistics)	He is a senior officer belonging to the Indian Administrative Service having more than 35 years of experience in public service. He has held key position at the State Government level. He has held several important positions in the Government of Gujarat and has also worked in various sectors like Tourism, Agri-business, Energy, Education, Panchayat, Urban, Labour, Home, Finance etc. Presently, he is heading the Finance Department in the State

			Government of Gujarat.
Shri Kuniyil Kailashnathan, IAS (DIN:00587901)	August 31, 2006	Post Graduate in M.Sc. (Chemistry), M.A. (Economics, U.K.)	He is a senior IAS officer having administrative and corporate experience of over 31 years. He has been associated with industrial development and privatization of ports in Gujarat, in his capacity as Industries Commissioner, Vice Chairman and Chief Executive Officer of Gujarat Maritime Board. He has also worked in the urban sector, as municipal commissioner of Ahmedabad and principal secretary, Urban Development. Currently, he is working as Additional Chief Secretary to the Chief Minister, Government of Gujarat and the Managing Director of Gujarat State Financial Services Limited.
Shri D. J. Pandian, IAS (DIN:00015443)	October 30, 2001	MBA	He is a senior IAS officer having administrative and corporate experience of more than 30 years. He was the Managing Director of Gujarat State Petroleum Corporation Limited from October 16, 2001 to November 9, 2009 and he has also worked on deputation with the World Bank in Washington, D.C. from 1998 to 2001. He was Director, External Commercial Borrowing, Ministry of Finance, Department of Economic Affairs from 1994 to 1997, Government of India. At present, he is the Principal Secretary, Energy and Petrochemicals Department, Government of Gujarat.
Shri Urjit Ravindra Patel (DIN:00175210)	June 23, 2006	Ph.D in Economics	He has an experience of over 16 years in economics, infrastructure finance and the energy sector. From 1995 to 1997 he was a consultant to the RBI on deputation from the International Monetary Fund, providing advice on banking sector reforms and development of foreign exchange market. From 1998 to 2001, he served as a consultant to the Ministry of Finance, Department of Economic Affairs, New Delhi and was also appointed as an executive director and member of Management Committee at Infrastructure Development Finance Company Limited.
Shri Yogesh Behari Sinha (DIN:02902722)	December 21, 2009	M.Sc (Geology)	He has over 41 years of experience in oil and gas exploration and development and LNG business. He was Director (Exploration) of Oil and Natural Gas Corporation Limited and also worked as board member of Petronet LNG Limited and ONGC Videsh Limited from the year 2000 to 2005.Currently, he is an independent

			exploration and production consultant and also a member of the Board of Energy Institute, India and Energy Think Tank, India.
Shri Ravichandran Narasimhan (DIN:02065298)	December 21, 2009	M.Sc. (Mathematics), Ph. D (Mathematics)	He was a professor, production and qualitative methods area at the Indian Institute of Management, Ahmedabad and currently he is a director of Indian Institute of Management, Indore.
Shri Harinarayana Tirumalachetty (DIN:02902872)	December 21, 2009	Ph. D (Electromagnetic) from UK and Ph. D (Electromagnetic) from Indian School of Mines, Dhanbad, M.Sc. (Tech.) Geophysics	Presently, he is a Director Gujarat Energy Research and Management Institute, Gandhinagar. He is a fellow member of Russian Akademi of Natural Science (RANS), Moscow, Indian Geophysical Union, Geological Society of India, Andhra Pradesh Academy of Sciences and also an executive member, Association of Exploration Geophysicists. He is a member of various international associations including American Geophysical Union. Currently, he is an Executive Member of International Association of Geomagnetism and Aeronomy. He has over 33 years of experience of working with National Geophysical Research Institute as Scientist "G".
Shri Tapan Ray, IAS (DIN: 00728682)	October 27, 2006	B.E. (IITD), P.G.(Public Policy), L.L.B., MBA	Presently working as Managing Director of GSPC and GSPL. He is a senior IAS officer having administrative and corporate experience of more than 31 years. He was Principal Secretary (Economic Affairs), Finance Department in Government of Gujarat from June 2006 to November 2009

(g) The brief standalone audited financials of GSPC for the last three financial years ended March 31, 2012 and standalone financials based on limited review for the quarter ended June 30, 2012, are as under

(₹ In Million)

Particulars	**Quarter Ended June 30, 2012 (Unaudited)**	**Year Ended March 31, 2012 (Audited)**	**Year Ended March 31, 2011 (Audited)**	**Year Ended March 31, 2010 (Audited)**
Profit and Loss Statement				
Income from Operations	28,358.24	84,897.19	47,673.96	38,685.54
Other Income	61.56	450.72	386.52	269.74
Total Income	**28,419.80**	**85,347.91**	**48,060.48**	**38,955.28**
Total Expenditure	24,280.49	74,204.91	42,309.17	33,132.64
Profit Before Depreciation Interest and Tax	**4,139.31**	**11,143.00**	**5,751.31**	**5,822.64**
Depreciation	301.07	1,097.89	1,301.46	1,540.64
Interest	124.39	629.67	416.57	271.46
Profit Before Tax	**3,713.85**	**9,415.44**	**4,033.28**	**4,010.54**

Provision for Tax	1,202.84	3,338.07	803.82	833.92
Profit After Tax	**2,511.01**	**6,077.37**	**3,299.46**	**3,176.62**
Balance Sheet Statement				
Sources of Funds				
Paid up Share Capital			2,234.36	2,197.33
Reserves and Surplus (Excluding Revaluation Reserves)			34,994.07	29,387.59
Networth			**37,228.43**	**31,584.92**
Employees' Stock Options Outstanding			5,000.00	-
Secured Loans			41,463.52	32,044.48
Unsecured Loans	**Separately provided as per revised Schedule-VI format**	**Separately provided as per revised Schedule-VI format**	29,803.22	31,793.76
Deferred tax liability (Net)			613.55	640.84
Total			**114,108.72**	**96,064.00**
Uses of Funds				
Net Fixed Assets			7,832.76	8,727.63
Capital Work in Progress			94,345.91	76,901.92
Investments			4,509.55	4,235.35
Net Current Assets			7,180.15	6,138.58
Total Miscellaneous Expenditure not written off			240.35	60.52
Total			**114,108.72**	**96,064.00**

(₹ in Million)

Particulars	**Quarter Ended June 30, 2012 (Unaudited)**	**Year Ended March 31, 2012 (Audited)**
Balance Sheet Statement		
Equity and Liabilities		
Shareholders' funds		
Share capital	2,296.09	2,296.09
Reserves and surplus	49,302.31	46,030.91
	51,598.40	**48,327.00**
Non-current liabilities		
Long-term borrowings	53,154.66	55,167.07
Deferred Tax Liabilities (net)	941.90	919.06
Trade Payable	0.19	0.19
Other long-term liabilities	235.12	235.73
Long-term provisions	520.92	520.92
	54,852.79	**56,842.97**
Current liabilities		
Short Term Borrowings	46,852.07	37,900.08
Trade payables	4,241.16	9,423.87
Other current liabilities	18,139.82	10,462.36
Short-term provisions	1,372.35	1,178.25
	70,605.40	**58,964.56**

TOTAL	**177,056.59**	**164,134.53**
Assets		
Non-current assets		
Fixed assets		
Tangible assets	8,667.74	8,807.75
Intangible assets	68.48	76.00
Capital work-in-progress	136,767.56	123,801.31
Non-current investments	4,592.46	4,592.46
Long term loans and advances	13,331.29	13,062.76
Other non-current assets	787.35	778.90
	164,214.88	**151,119.18**
Current assets		
Inventories	1,457.91	2,300.45
Trade receivables	6,264.98	5,833.78
Cash and Bank Balances	2,148.65	2,579.84
Short term loans and advances	2,953.00	2,284.11
Other current assets	17.17	17.17
	12,841.71	**13,015.35**
TOTAL	**177,056.59**	**164,134.53**

Other Financial Data				
Particulars	**Quarter Ended June 30, 2012 (Unaudited)**	**Year Ended March 31, 2012 (Audited)**	**Year Ended March 31, 2011 (Audited)**	**Year Ended March 31, 2010 (Audited)**
Dividend (%)	Nil	20%	20%	20%
Basic and Diluted Earnings Per Share (₹)	1.09*	2.72	1.45	1.50
Return on Networth	4.87%*	12.58%	8.67%	10.06%
Book Value Per Share (₹)	22.47	21.05	16.83	14.35

**Not Annualized*
Source: Based on certificate dated October 5, 2012 from M/S Talati & Talati, Chartered Accountants, who are the statutory auditors

(h) As on June 30, 2012, GSPC has the following contingent liabilities:

	Particulars	**(₹ In Million)**
	Claims against GSPC not acknowledged as debts	
A	In respect of Income Tax matters	6,591.34
B	Others including joint ventures	8,300.98
	Bank Guarantees, Letter of Credit and Performance Guarantees given by GSPC	
A	Letter of Credits	14,052.85
B	Financial Guarantees to Ministry of Petroleum and Natural Gas	1,974.63

C	Other Bank Guarantees*	11,084.10

**This also includes the counter guarantee given by GSPC to the banks and bank guarantees given for overseas blocks*
Source: Based on certificate dated October 5, 2012 from M/S Talati & Talati, Chartered Accountants, who are the statutory auditors

(i) The shares of GSPC are not listed on any stock exchange.

3. **GUJARAT STATE PETRONET LIMITED (PAC 2)**

(a) The PAC 2 is a public limited company incorporated on December 23, 1998 under the Companies Act. There has been no name change since incorporation. The registered office of GSPL is situated at GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382010, Gujarat, India.

(b) GSPL is into the business of development and operation of natural gas transmission pipeline. GSPL owns and operates the second largest natural gas transmission network with over 2,065 kms in Gujarat and is also a co-developer for the purpose of developing pipeline infrastructure in the Dahej Special Economic Zone and the Panoli Special Economic Zone. GSPL has also set up wind power project of 52.5 MW in the state of Gujarat.

(c) GSPL is promoted by GSPC and is part of the GSPC group. GSPL is one of the promoters of GSPC Gas, which in turn has promoted GDNL.

(d) GSPL does not hold any Equity Shares and has never held Equity Shares of the Target Company in the past. Hence the provisions with regard to disclosures under Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto or Chapter V of the SAST Regulations are not applicable as far as the Target Company is considered.

(e) The shareholding pattern of GSPL as on October 12, 2012 is as under:

Name of the Shareholder	**Common Shares**	
	Number of Shares	**% Shareholding**
Promoter – GSPC	212,305,270	37.73
FIIs / Mutual Funds / FIs / Banks	155,499,541	27.63
Public (including Bodies Corporate)	194,895,729	34.64
Total	**562,700,540**	**100.00**

(f) The details of the directors of GSPL are as follows and none of them are on the board of directors of the Target Company:

Name	**Date of appointment**	**Qualification**	**Experience**
Shri M. M. Srivastava Retd. (IAS) (DIN: 02190050)	August 24, 2012	B.Sc., M.Sc. (Physics), MBA (Marketing), I.A.S.	He had retired as a Senior IAS officer having wide administrative and corporate experience of more than 31 years. He has held various positions in Government departments including Member (Finance), Gujarat Electricity Board, Managing Director of Gujarat Agro Industries Corporation, Secretary in Finance Department, Commissioner of Commercial Tax Department, Principal Secretary of Energy and Petrochemicals Department and Additional Chief Secretary, Finance Department, Government of Gujarat. Presently, he is the Chairman of GSPL.

Shri Varesh Sinha, IAS (DIN:03259880)	August 24, 2012	B.Sc. (Physics & Maths.), Masters in Mathematical Statistics, MBA and Ph.D. (Statistics)	He is a senior officer belonging to the Indian Administrative Service having more than 35 years of experience in public service. He has key position at the State Government level. He has held several important positions in the Government of Gujarat and has also worked in various sectors like Tourism, Agri-business, Energy, Education, Panchayat, Urban, Labour, Home, Finance etc. Presently, he is heading the Finance Department in the State Government of Gujarat.
Shri D. J. Pandian, IAS (DIN:00015443)	December 18, 2001	MBA	He is a senior IAS officer having administrative and corporate experience of more than 30 years. He was the Managing Director of Gujarat State Petroleum Corporation Limited from October 16, 2001 to November 9, 2009 and he has also worked on deputation with the World Bank in Washington, D.C. from 1998to 2001. He was Director, External Commercial Borrowing, Ministry of Finance, Department of Economic Affairs from 1994 to 1997, Government of India. At present, he is the Principal Secretary, Energy and Petrochemicals Department, Government of Gujarat.
Shri Vaidyanathan Ramamurthy (DIN: 00221577)	March 12, 2010	B.Sc., M.Sc., Ph.D. (Management)	He is Professor of Finance and Control at the IIM, Bangalore and UTI Chair Professor in the area of Capital Markets. He was also a visiting Fulbright Fellow at the Georgia State University at Atlanta and International Insurance Foundation at Washington D. C. during 2003 and studied the Pension Systems in the USA. He has been appointed as a Trustee for the New Pension System by the Pension Fund Regulatory and Development Authority of India.
Shri Niladri Kumar Mitra (DIN: 00747338)	March 30, 2010	B.Sc. (Honours), Petroleum Engineering	He has served the upstream oil & gas industry for more than 38 years. He was associated with Oil and Natural Gas Corporation Limited from 1973 and was holding senior positions like Chief Engineer (Production), General Manager (Production) and Executive Director (Offshore). His contribution in managing offshore infrastructures, logistics, inputs and manpower, early exploitation of oil & gas from small, marginal and deep water fields are well acknowledged in industry circle. He has superannuated as the Director (Offshore) as well as Director-I/c Marketing of Oil and Natural Gas Corporation Limited
Shri Tapan Ray, IAS (DIN: 00728682)	January 31, 2007	B.E. (IITD), P.G.(Public Policy), L.L.B., MBA	Presently working as Managing Director of GSPC and GSPL. He is a senior IAS officer having administrative and corporate experience of more than 31 years. He was Principal Secretary (Economic Affairs), Finance Department in Government of Gujarat from June 2006 to November 2009

(g) The brief audited financials of GSPL for the last three financial years ending March 31, 2012 and standalone financials based on limited review for the quarter ended June 30, 2012 are as under:

(₹ In Million)

Particulars	Quarter Ended June 30, 2012 (Unaudited)	Year Ended March 31, 2012 (Audited)(1)	Year Ended March 31, 2011 (Audited)	Year Ended March 31, 2010 (Audited)
Profit and Loss Statement				
Income from Operations	2,700.36	11,232.78	10,465.18	9,919.74
Other Income	151.20	488.68	216.34	247.45
Total Income	**2,851.56**	**11,721.46**	**10,681.52**	**10,167.19**
Total Expenditure	210.69	936.35	771.61	604.65
Profit Before Depreciation Interest and Tax	**2,640.87**	**10,785.11**	**9,909.91**	**9,562.54**
Depreciation	439.34	1,819.04	1,299.24	2,364.88
Interest	317.39	1,301.95	990.73	928.76
Profit Before Tax	**1,884.14**	**7,664.12**	**7,619.94**	**6,268.90**
Provision for Tax	635.67	2,469.86	2,556.12	2,131.20
Profit After Tax	**1,248.47**	**5,194.26**	**5,063.82**	**4,137.70**
Balance Sheet Statement				
Sources of Funds	**Separately provided as per revised Schedule-VI format**	**Separately provided as per revised Schedule-VI format**		
Paid up Share Capital			5,625.83	5,624.49
Reserves and Surplus (Excluding Revaluation Reserves)			14,424.17	10,013.75
Networth			**20,050.00**	**15,638.24**
Employees' Stock Options Outstanding			15.73	0.00
Secured Loans			14,781.95	12,565.47
Unsecured Loans			53.00	30.00
Deferred tax liability (Net)			2,640.60	1,405.31
Total			**37,541.28**	**29,639.02**
Uses of Funds				
Net Fixed Assets			31,816.78	24,367.90
Capital Work in Progress			3,545.92	6,490.73
Investments			765.75	665.75
Net Current Assets			1,410.36	-1,888.83
Total Miscellaneous Expenditure not written off			2.47	3.47
Total			**37,541.28**	**29,639.02**

(₹ in Million)

Particulars	Quarter Ended June 30, 2012 (Unaudited)	Year Ended March 31, 2012 (Audited)(1)
Balance Sheet Statement		
Equity and Liabilities		
Shareholders' funds		

Share capital	5,626.99	5,626.89
Reserves and surplus	20,294.15	19,982.70
	25,921.14	**25,609.59**
Non-current liabilities		
Long-term borrowings	10,962.03	10,950.96
Deferred Tax Liabilities (net)	3,349.75	3,243.34
Other long-term liabilities	153.07	132.90
Long-term provisions	31.35	29.79
	14,496.20	**14,356.99**
Current liabilities		
Trade payables	67.29	69.52
Other current liabilities	4,539.61	5,033.43
Short-term provisions	1,155.06	659.47
	5,761.96	**5,762.42**
TOTAL	**46,179.30**	**45,729.00**
Assets		
Non-current assets		
Fixed assets		
Tangible assets	30,551.55	30,290.12
Intangible assets	1,139.23	1,112.17
Capital work-in-progress	3,890.59	4,427.11
Non-current investments	1,264.16	1,705.24
Long term loans and advances	1,301.88	847.08
Other non-current assets	81.63	78.60
	38,229.04	**38,460.32**
Current assets		
Inventories	644.68	661.83
Trade receivables	823.31	814.36
Cash and Bank Balances	5,937.84	5,415.57
Short term loans and advances	410.12	259.75
Other current assets	134.30	117.17
	7,950.26	**7,268.68**
TOTAL	**46,179.30**	**45,729.00**

(1) During the financial year ended March 31, 2012, two subsidiary companies have been incorporated and accordingly accounts have been prepared on a consolidated basis for FY 2011-2012

Other Financial Data				
Particulars	**Quarter Ended June 30, 2012 (Unaudited)**	**Year Ended March 31, 2012 (Audited)(1)**	**Year Ended March 31, 2011 (Audited)**	**Year Ended March 31, 2010 (Audited)**
Dividend	Nil	10%	10%	10%
Basic Earnings Per Share (₹)	2.22*	9.69	9.00	7.36

Diluted Earnings Per Share (₹)	2.22*	9.68	8.97	7.35
Return on Networth	4.82%*	20.28%	25.26%	26.46%
Book Value Per Share (₹)	46.07	45.51	35.64	27.80

**Not Annualized*

Source: Based on certificate dated October 4, 2012 from M/S P. Singhvi & Associates, Chartered Accountants, who are the erstwhile statutory auditors. GSPL received a letter on August 13, 2012 from Office of the Comptroller and Auditor General of India, for appointment of M/s. Jain Seth & Co., Chartered Accountants as the statutory auditors for the financial year 2012-2013

(1) During the financial year ended March 31, 2012, two subsidiary companies have been incorporated and accordingly accounts have been prepared on a consolidated basis for FY 2011-2012

(h) As on March 31, 2012, GSPL has the following contingent liabilities:

	Particulars	**(₹ in Million)**
A	In respect of Income Tax matters	56.35
B	In respect of Excise and Service Tax Matters	2,894.45
C	Other Matters	
	i) Ascertainable Claims against GSPL :	
	(a) by certain land owners seeking enhancement	254.48
	(b) by other parties	3.99
	ii) Bank Guarantee/Letter of Credit issued and outstanding	689.23
	iii) Other claims against GSPL not acknowledged as debt (Associate)	0.24
	iv) Other money for which GSPL is contingently liable (Associate)	65.64
	TOTAL	**3,964.38**

Source: Audit Report for the Financial Year March 31, 2012

(i) The shares of GSPL are listed on BSE and NSE. The closing price of the shares of GSPL as quoted on NSE on October 16, 2012 is ₹ 82.05 and on BSE on October 16, 2012 is ₹ 81.80.

(j) The compliance officer of GSPL is Ms. Reena Desai, Company Secretary, who will be available at the registered office of GSPL at GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382010, Gujarat, India (Tel: +91 79 66701001Fax: +91 79 23236477, Email Id: reena@gspc.in; Website: www.gspcgroup.com) and attends to all investor grievances of GSPL.

(k) GSPL has complied with all the provisions under the Listing Agreement relating to corporate governance except clause 49I(A). GSPL is in the process of appointing requisite independent directors within the time stipulated under the listing agreement.

4. GSPC GAS COMPANY LIMITED(PAC 3)

(a) The PAC 3 is a public limited company originally incorporated as Gujarat State Fuel Management Company Limited on March 11, 1999 under the Companies Act. Subsequently, on December 14, 2005, its name was changed to GSPC Gas Company Limited. The registered office of GSPC Gas is situated at Block No. 15, 3rd floor, Udyog Bhavan, Sector - 11, Gandhinagar - 382010, Gujarat, India.

(b) GSPC Gas was established to complete the presence of GSPC group in the energy value chain by having presence in downstream activities also. GSPC Gas supplies natural gas to domestic households, commercial and non-commercial segments and industrial customers. GSPC Gas also supplies natural gas in the form of CNG in the state of Gujarat.

(c) GSPC and GSPL are the major shareholders and promoters of GSPC Gas, holding 98.56% of the equity capital of GSPC Gas. GSPC Gas is the promoter of the Acquirer.

(d) GSPC Gas does not hold any Equity Shares and has never held Equity Shares of the Target Company in the past. Hence the provisions with regard to disclosures under Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto or Chapter V of the SAST Regulations are not applicable as far as the Target Company is considered.

(e) The shareholding pattern of GSPC Gas as on October 3, 2012 is as under:

Name of the Shareholder	Common Shares	
	Number of Shares	**% Shareholding**
Promoter – GSPC	36,692,358	61.97
Promoter – GSPL	21,666,666	36.59
Public (Bodies Corporate)	850,000	1.44
Total	**59,209,024**	**100.00**

(f) The details of the directors of GSPC Gas are as follows and none of them are on the Board of Directors of the Target Company:

Name	Date of appointment	Qualification	Experience
Shri D. J. Pandian, IAS (DIN:00015443)	November 9, 2009	MBA	He is a senior IAS officer having administrative and corporate experience of more than 30 years. He was the Managing Director of Gujarat State Petroleum Corporation Limited from October 16, 2001 to November 9, 2009 and he has also worked on deputation with the World Bank in Washington, D.C. from 1998 to 2001. He was Director, External Commercial Borrowing, Ministry of Finance, Department of Economic Affairs from 1994 to 1997, Government of India. At present, he is the Principal Secretary, Energy and Petrochemicals Department, Government of Gujarat.
ShriTapan Ray, IAS (DIN – 00728682)	November 9, 2009	BE (IITD), P.G.(Public Policy), L.L.B., MBA	Presently working as Managing Director of GSPC and GSPL. He is a senior IAS officer having administrative and corporate experience of more than 31 years. He was Principal Secretary (Economic Affairs), Finance Department in Government of Gujarat from June 2006 to November 2009
ShriAtanu Chakraborty, IAS (DIN – 01469375)	September 6, 2011	B.Sc. (Elec. & Comm.) PG Diploma (Business Finance)	Has experience of more than two decades of working in various State as well as Central Government Departments and Public Sector Undertakings. He has served in the districts of Vadodara, Sabarkantha and was Collector of Amreli district. At Gandhinagar, he has served in Finance, Home, Tribal Development and Labour Departments. He has held positions of Managing Director, Gujarat State Financial Services Limited, Chief Executive Officer, Gujarat Infrastructure Development Board, CEO of Gujarat Maritime Board. In the Central Government, he served as Joint Secretary in the Ministry of Finance. Presently, he is the Managing Director of Gujarat State Fertilizers

Name	Date of appointment	Qualification	Experience
			and Chemicals Limited.
Ms. S. Aparna, IAS (DIN – 03631971)	November 28, 2011	M.Phil, M.Sc., MBA	Currently she is the Secretary (Economic Affairs) in the Finance Department, Government of Gujarat. Prior to this, she served at administrative positions in Gujarat Government and Textile and Urban Development Ministries, Government of India.
Shri K. D. Chatterjee (DIN – 00421999)	November 4, 2006	B.Sc., AICWAI	He has worked with Dunlop India Limited and Gujarat State Fertilizers & Chemicals Limited. He was Executive Director (Finance) of Gujarat Narmada Valley Fertilizers Company Limited. He has experience in the field of Finance, Human Resources Development, Marketing, Information Systems and Administration functions.

(g) The brief standalone audited financial details of GSPC Gas for the last three financial years ending March 31, 2012 and financials based on limited review for the quarter ended June 30, 2012 are given below:

(₹ In Million)

Particulars	Quarter Ended June 30, 2012 (Unaudited)	Year Ended March 31, 2012 (Audited)	Year Ended March 31, 2011 (Audited)	Year Ended March 31, 2010 (Audited)
<u>Profit & Loss Statement</u>				
Income from Operations	10,383.38	32,354.12	18,618.12	11,921.56
Other Income	22.26	20.52	451.61	449.27
Total Income	**10,405.64**	**32,374.64**	**19,069.73**	**12,370.83**
Total Expenditure	9,974.01	29,674.45	16,088.18	11,216.79
Profit/(Loss) Before Depreciation Interest and Tax	**431.63**	**2,700.19**	**2,981.55**	**1,154.04**
Depreciation	141.33	482.83	423.66	251.27
Interest Expense/(Income)	139.03	476.60	367.03	264.29
Profit Before Tax	151.27	1,740.77	2,190.86	638.49
Provision for Tax	30.35	680.13	719.32	298.99
Profit After Tax/(Loss)	**120.92**	**1,060.64**	**1,471.54**	**339.50**
<u>Balance Sheet Statement</u>				
Sources of Funds	**Separately provided as per the revised Schedule VI Format**	**Separately provided as per the revised Schedule VI Format**		
Paid Up Equity Share Capital			592.09	592.09
Reserves and Surplus (Excluding Revaluation Reserves)			2,980.02	1,594.50
Net worth			**3,572.11**	**2,186.59**
Share Application Money pending allotment			1,260.24	984.20
Secured Loans			3,624.99	3,289.78
Unsecured Loans			816.67	620.03
Deposit from Customers			578.20	221.88
Deferred Tax Liability (Net)			662.08	393.63
Total			**10,514.29**	**7,696.11**

Particulars	Quarter Ended June 30, 2012 (Unaudited)	Year Ended March 31, 2012 (Audited)	Year Ended March 31, 2011 (Audited)	Year Ended March 31, 2010 (Audited)
Uses of Funds				
Net Fixed Assets			9,282.32	6,071.14
Capital Work In Progress			2,049.14	1,834.25
Investments (At Cost)			1.76	1.75
Net Current Assets			(818.93)	(211.04)
Total			**10,514.29**	**7,696.11**

(₹ in Million)

Particulars	Quarter Ended June 30, 2012 (Unaudited)	Financial Year Ended 31st March 2012 (Audited)
<u>Balance Sheet Statement</u>		
Equity and Liabilities		
Shareholders' funds		
Share capital	592.09	592.09
Reserves and surplus	4,092.77	3,971.85
	4,684.86	**4,563.94**
Share Application Money pending allotment	1,760.24	1,760.24
Non-current liabilities		
Long-term borrowings	3,795.53	3,908.52
Deferred Tax Liabilities (net)	993.10	993.10
Other long-term liabilities	-	-
Long-term provisions	16.51	15.55
	4,805.13	**4,917.17**
Current liabilities		
Short-term borrowings	285.00	-
Trade payables	1,510.68	1,719.66
Other current liabilities	4,281.05	3,596.54
Short-term provisions	493.16	268.01
	6,569.89	**5,584.21**
Total	**17,820.13**	**16,825.55**
<u>Assets</u>		
Non-current assets		
Fixed assets		
Tangible assets	10,869.68	10,571.07
Intangible assets	839.48	793.65
Capital work-in-progress	2,872.83	2,816.23
Non-current investments	1.58	1.08

Long term loans and advances	270.28	217.29
Other non-current assets	0.09	0.19
	14,853.94	**14,399.50**
Current assets		
Inventories	33.18	31.02
Trade receivables	2,491.77	2,060.55
Cash and Bank Balances	125.05	146.95
Short term loans and advances	158.08	85.14
Other current assets	158.11	102.40
	2,966.19	**2,426.06**
Total	**17,820.13**	**16,825.55**

Other Financial Data				
Particulars	**Quarter Ended June 30, 2012 (Unaudited)**	**Year Ended March 31, 2012 (Audited)**	**Year Ended March 31, 2011 (Audited)**	**Year Ended March 31, 2010 (Audited)**
Dividend %	Nil	10%	12.5%	10%
Basic and Diluted Earnings Per Share (₹)	2.04*	17.91	24.85	5.73
Return on Networth (%)	2.56%*	23.24%	41.20%	15.53%
NAV (₹)	79.64	77.08	60.33	36.93

**Not Annualized*

Source: Based on certificate dated October 3, 2012 from M/S A.R. Sulakhe & Co., Chartered Accountants, who are the statutory auditors of GSPC Gas

(h) As on June 30, 2012, GSPC Gas had the following contingent liabilities

	Particulars	**(₹ in Million)**
	Contingent Liabilities	
A	Claims against GSPC Gas not acknowledged as debt	0.65
B	Guarantees	6.23
C	In respect of Excise related matters	2.37
D	In respect of Income Tax related matters	176.23
E	Civil Petitions filed before various District Consumer Forum against GSPC Gas for delay in giving the gas connection	0.81

Source: Based on certificate dated October 3, 2012 from M/S A.R. Sulakhe & Co., Chartered Accountants, who are the statutory auditors of GSPC Gas

(i) The shares of GSPC Gas are not listed on any stock exchange.

IV. BACKGROUND OF THE TARGET COMPANY

1. Gujarat Gas Company Limited (CIN: L23203GJ1980PLC003623) is a public limited company originally incorporated as Gujarat Amino Chem Limited on January 17, 1980 under the Companies Act. Subsequently, on June 8, 1988, its name was changed to Gujarat Gas Company Limited. The registered office of the Target Company is situated at 2, Shantisadan Society, Near Parimal Garden, Ellisbridge, Ahmedabad 380006, Gujarat, India(Tel: +91 79 26462980 Fax: +91 79 26466249, Email Id: rajeshwari.sharma@gujaratgas.com; Website: **www.gujaratgas.com**).

2. The share capital structure of Gujarat Gas Company Limited as on the date of this Draft Letter of Offer is set forth below:

Paid Up Equity Shares of the Target Company	No. of Equity Shares / Voting Rights as on the date of this Draft Letter of Offer	% of Equity Shares / Voting Rights as on the date of this Draft Letter of Offer
Fully Paid Up Equity Shares	128,250,000	100%
Partly Paid Up Equity Shares	Nil	Nil
Total Paid Up Equity Shares	128,250,000	100%
Total Voting Rights in the Target Company	128,250,000	100%

3. All shares of the Target Company are currently listed on BSE, NSE, ASE and VSE. The shares of the Target Company are not currently suspended from trading on any of the Stock Exchanges.

4. As per the letter dated October 11, 2012 provided by the Target Company, it has complied with listing requirements and no penal / punitive actions have been initiated against it by the Stock Exchanges where the Equity Shares are listed and there has not been any non-listing of any Equity Shares of the Target Company at the Stock Exchanges.

5. As on the date of PA, there are no partly paid up equity shares, no outstanding convertible securities, warrants or instruments, issued by the Target Company, convertible into Equity Shares of the Target Company. The Target Company has 835,500 employee stock options outstanding as on October 8, 2012, of which 145,000 are vested and not exercised as on October 8, 2012. In accordance with the Gujarat Gas Company Limited Employee Stock Option Plan 2008, no shares are required to be allotted against exercise of options and subsequently no dilution shall occur pursuant to exercise of the options.

6. Target Company's joint venture, Petroleum Infrastructure Limited (incorporated in India with 50% stake being held by the Target Company), has been liquidated on March 27, 2012 as per the order of the Gujarat High Court. A filing in Form 21 has been made with Registrar of Companies pursuant to Gujarat High Court order.

   The assets of Sensus Metering Systems India Limited (incorporated in India with 49% stake being held by the Target Company) have been liquidated and all liabilities have been paid off and the resultant proceeds have been distributed to the Company during the financial year ended on December 31, 2010. Pursuant to an order of the Hon'ble High Court of Bombay, Sensus Metering Systems India Limited has been wound up with effect from January 20, 2012.

   Other than as stated above, there were no mergers, de-mergers and spin offs involving the Company during last three years.

7. The current Board of Directors of the Target Company is as under:

Name and DIN No.	Date of Appointment	Designation
Mr. Hasmukh Shah (DIN : 00152195)	January 13, 1999	Promoter Chairman and Non-Executive Director
Mr. Jal Patel (DIN: 00065021)	March 1, 2001	Independent and Non-Executive Director
Prof. Pradip Khandwalla (DIN: 00064643)	March 1, 2001	Independent and Non-Executive Director
Mr. Ajit Kapadia (DIN : 00065081)	July 24, 2003	Indepednent and Non-Executive Director
Mr. Shahram Jahanbani (DIN: 05339758)	July 26, 2012	Promoter Director and Non-Executive

Name and DIN No.	Date of Appointment	Designation
Mr. Sugata Sircar (DIN: 01119161)	July 1, 2012	Managing Director
Mr. Sudhir Mankad (DIN : 00086077)	January 10, 2012	Independent and Non-Executive Director
Mr. Shaleen Sharma (DIN: 00202295)	July 1, 2007	Promoter Director and Non-Executive

None of the above directors are the representatives of the Acquirer or the PAC as on the date of the PA, DPS and this Draft Letter of Offer.

8. The brief consolidated audited financial details of the Target Company for the last three years ending December 31, 2011 and consolidated limited reviewed financials for six months ended June 30, 2012 are as under:

(₹ in Million)

Particulars	Six months ended June 30, 2012 (Unaudited)	Year ended December 31, 2011 (Audited)	Year ended December 31, 2010 (Audited)	Year ended December 31, 2009 (Audited)
Profit & Loss Statement				
Income from operations	14,965.18	24,185.91	18,493.26	14,196.73
Other Income	376.40	564.87	223.99	266.32
Total Income	**15,341.58**	**24,750.78**	**18,717.25**	**14,463.05**
Total Expenditure	13364.08	20,216.54	14,337.19	11401.53
Profit Before Depreciation Interest and Tax	**1,977.50**	**4,534.24**	**4,380.06**	**3,061.52**
Depreciation	314.49	602.04	542.05	473.82
Interest	0.81	1.49	4.62	1.36
Profit Before Tax	1,662.20	3,930.71	3,833.39	2,586.34
Provision for Tax	483.00	1,182.46	1,243.24	836.11
Profit After Tax	**1,179.20**	**2,748.25**	**2,590.15**	**1,750.23**
Balance Sheet Statement				
Sources of Funds				
Paid up Share Capital	256.50	400.50	400.50	400.50
Stock Options Outstanding Account	-	48.51	37.96	21.29
Reserves and Surplus(excluding Revaluation Reserves)	8,781.87	7,582.81	8,152.92	7,375.23
Minority Interest	83.48	74.40	63.00	51.72
Networth	**9,121.85**	**8,106.22**	**8,654.38**	**7,848.74**
Deferred tax liability	780.96	738.99	669.08	560.26
Deposits	-	2,563.88	2,073.50	1,553.50
Other non-current liabilities	2,771.97	-	-	-
Secured Loans	-	-	-	-
Unsecured Loans	-	-	-	-
Total	**12,674.78**	**11,409.09**	**11,396.96**	**9,962.50**
Uses of Funds				
Net Fixed Assets	8,373.09	8,327.10	7,740.08	7,164.51
Investments		5,011.79	5,487.74	4,237.57
Non-current investments	10.00	-	-	-
Other non-current assets	362.66	-	-	-
Amount recoverable from ESOP trust	-	302.42	343.02	243.00
Net Current Assets	3,929.03	(2,232.22)	(2,173.88)	(1,683.47)
Total Miscellaneous Expenditure not written off	-	-	-	0.89
Total	**12,674.78**	**11,409.09**	**11,396.96**	**9,962.50**
Other Financial Data				

Dividend (%)	Nil	1100%	600%	400%
Basic and Diluted Earnings Per Share (₹)	9.10*	21.23	20.00	13.48
Return on Networth (%)	13%*	34%	30%	22%
Book Value Per Share (₹)	71.13	63.21	67.48	61.20

**Not Annualized*

Notes:

1. *Numbers in balance sheet as on 30 June 2012 reflect revised schedule VI format, whereas the balance sheets of 2011, 2010 and 2009 reflect old schedule VI format*
2. *Dividend percentage reflects the dividend declared by the Target Company and not by the Group*

Source: Based on certificate dated October 5, 2012 from M/S Shah & Shah, Chartered Accountants

9. The shareholding pattern of the Target Company prior to the date of SPA / PA and the proposed shareholding pattern after this Offer is as follows:

Shareholding Structure Assuming Full Acceptance by Equity Shareholders								
Shareholders' Category	**Shareholding Prior to Agreement / PA which triggered the Regulations(1)**		**Sale Shares agreed to be acquired which triggered the SAST Regulations**		**Equity Shares to be acquired in this Offer**		**Shareholding after the acquisition and this Offer**	
	(A)		**(B)**		**(C)**		**(A) + (B) + (C) = (D)**	
	Number	**% of Voting Capital**	**Number**	**% of Voting Capital**	**Number**	**% of Voting Capital**	**Number**	**% of Voting Capital**
1. Promoters Group								
a. Parties to the SPA								
BG Asia Pacific Holdings Pte Limited	83,518,750	65.12	(83,518,750)	(65.12)	Nil	Nil	Nil	Nil
b. Promoters other than (a) above	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total (1) (a + b)	**83,518,750**	**65.12**	**(83,518,750)**	**(65.12)**	**Nil**	**Nil**	**Nil**	**Nil**
2.Acquirers								
a. Acquirer	Nil	Nil	83,518,750	65.12	33,345,000	26.00	116,863,750	91.12
b. PAC	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total (2) (a + b)	**Nil**	**Nil**	**83,518,750**	**65.12**	**33,345,000**	**26.00**	**116,863,750**	**91.12**
3. Parties to SPA other than (1) (a) and (2)								
BG Energy Holdings Limited	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
4. Public (other than parties to SPA, Acquirer and PAC)								
a. FIs / MFs / FIIs / Banks / SFIs *	30,026,251	23.41	Nil	Nil	This will depend on the response from and within each category of (4)			
b. Others #	4,143,846	3.24	Nil	Nil				
c. Indian Public ^	10,561,153	8.23	Nil	Nil				
Total(4) (a + b + c)	**44,731,250**	**34.88**	Nil	Nil	**(33,345,000)**	**(26.00)**	**11,386,250**	**8.88**
Total (1+2+3+4)	**128,250,000**	**100.00**	**Nil**	**Nil**	**Nil**	**Nil**	**128,250,000**	**100.00**

(1) Based on the shareholding pattern of the Target Company as on September 30, 2012

*Includes Mutual Funds / UTI, Financial Institutions / Banks, Insurance Companies, FIIs

#Includes Bodies Corporate, NRIs, Clearing Members, Trusts, Foreign Mutual Funds and HUFs

^Includes Indian Individuals
The total number of public shareholders of the Target Company as on September 30, 2012 is 30,808

V. OFFER PRICE AND FINANCIAL ARRANGEMENTS

1. Justification of Offer price

(a) The Offer is a mandatory offer, being made pursuant to the execution of the SPA for the acquisition of Equity Shares from the Seller by the Acquirer.

(b) The Equity Shares of the Target Company are frequently traded within the meaning of regulation 2(1)(j) of the SAST Regulations. The annualized trading turnover of the Equity Shares traded during the twelve calendar months preceding October 2012, the month in which the PA was made, is as given below:

Stock Exchange	Total No. of Equity Shares traded during the 12 calendar months prior to the month the PA was made	Total No. of listed Equity Shares	Annualized trading turnover (as a % of total listed Equity Shares)
BSE	7,810,529	128,250,000	6.09%
NSE	26,506,724	128,250,000	20.67%
ASE(1)	N.A	N.A	N.A
VSE(1)	N.A	N.A	N.A

(1) Trading data is not available
Source: BSE and NSE websites

(c) Since the Equity Shares of the Target Company have been frequently traded on the NSE, during the 12 calendar months preceding the month in which the PA has been issued, and since the maximum volume of trading is recorded on the NSE during 60 trading days immediately preceding the date of PA, the Offer Price is justified, taking into account, the following parameters, as set out under Regulation 8(2) of the SAST Regulations:

A	The highest negotiated price per Sale Share (as per the SPA)attracting the obligation to make the Offer	₹ 295/-(1)
B	The volume weighted average price paid by the Acquirer during the fifty two weeks immediately preceding the date of the Public Announcement	N.A.
C	The highest price paid for any acquisition by the Acquirer in the twenty six weeks preceding the date of the Public Announcement	N.A.
D	The volume weighted average market price of Equity Shares of the Target Company for a period of sixty trading days immediately preceding the date of the PA as traded on the NSE, being the stock exchange where the maximum volume of trading in the shares of the Target Company are recorded during such period, the shares being frequently traded	₹ 314.17/-

1. *Being the per share Agreed Purchase Amount, calculated based on the Agreed Purchase Amount of ₹ 24,638,031,250/- to be paid to the Seller, as stated in the SPA, divided by 83,518,750 Equity Shares being the number of Equity Shares proposed to be acquired from the Seller*

(d) Calculation of the volume – weighted average market price of the Equity Shares for a period of sixty (60) trading days immediately preceding the date of PA i.e. October 3, 2012 as traded on the NSE (as the maximum volume of trading in the Equity Shares was recorded on the NSE during such period) as per Regulation 8 (2) (d) of the SAST Regulations is as follows:

S No.	Date	Volume Traded	Total Turnover (In Millions)
1	6th July, 2012	17,322	5.42
2	9th July, 2012	81,704	25.60
3	10th July, 2012	21,568	6.69
4	11th July, 2012	1,76,234	55.48
5	12th July, 2012	78,323	24.63
6	13th July, 2012	29,680	9.27
7	16th July, 2012	12,270	3.81
8	17th July, 2012	19,274	5.95
9	18th July, 2012	11,707	3.58
10	19th July, 2012	19,475	5.98
11	20th July, 2012	9,135	2.79
12	23rd July, 2012	13,357	4.04
13	24th July, 2012	17,395	5.29
14	25th July, 2012	51,017	15.45
15	26th July, 2012	83,819	26.14
16	27th July, 2012	2,23,766	69.58
17	30th July, 2012	38,753	12.00
18	31st July, 2012	13,217	4.06
19	1st August, 2012	18,401	5.65
20	2nd August, 2012	6,546	2.01
21	3rd August, 2012	29,412	9.08
22	6th August, 2012	1,06,783	33.43
23	7th August, 2012	34,215	10.59
24	8th August, 2012	19,774	6.12
25	9th August, 2012	10,818	3.35
26	10th August, 2012	1,95,433	60.93
27	13th August, 2012	19,698	5.99
28	14th August, 2012	97,811	30.19
29	16th August, 2012	22,377	6.83
30	17th August, 2012	62,074	18.87
31	21st August, 2012	11,887	3.60
32	22nd August, 2012	50,012	15.13
33	23rd August, 2012	21,140	6.39
34	24th August, 2012	83,929	25.26
35	27th August, 2012	28,317	8.52
36	28th August, 2012	24,924	7.36
37	29th August, 2012	34,515	10.17
38	30th August, 2012	17,331	5.09
39	31st August, 2012	53,689	15.84
40	3rd September, 2012	13,381	3.94
41	4th September, 2012	14,570	4.26

S No.	Date	Volume Traded	Total Turnover (In Millions)
42	5th September, 2012	33,204	9.74
43	6th September, 2012	21,504	6.37
44	7th September, 2012	20,539	6.12
45	8th September, 2012	1,803	0.54
46	10th September, 2012	13,957	4.12
47	11th September, 2012	40,438	11.87
48	12th September, 2012	22,507	6.64
49	13th September, 2012	33,465	9.90
50	14th September, 2012	77,239	22.95
51	17th September, 2012	58,063	17.31
52	18th September, 2012	44,857	13.23
53	20th September, 2012	1,53,489	44.98
54	21st September, 2012	1,38,585	40.60
55	24th September, 2012	80,917	23.97
56	25th September, 2012	3,21,519	95.26
57	26th September, 2012	2,23,999	68.75
58	27th September, 2012	4,42,141	142.78
59	28th September, 2012	7,88,022	269.35
60	1st October, 2012	2,25,120	77.77
	Total	**46,36,421**	**1,456.61**
	Volume weighted average price (Total turnover divided by the total number of Equity Shares traded)		**314.17**

(e) In view of the parameters considered and presented in table above, in the opinion of the Acquirer and Manager to the Offer, the Offer Price of ₹ 314.17/- (Rupees Three Hundred Fourteen and Seventeen Paise Only) per Equity Share being the highest of the prices mentioned above is justified in terms of Regulation 8 of the SAST Regulations.

(f) There have been no corporate actions undertaken by the Target Company warranting adjustment of any of the relevant price parameters.

(g) There has been no revision in the Offer Price or to the size of this Offer as on the date of this Draft Letter of Offer. An upward revision in the Offer Price or to the size of this Offer, if any, on account of competing offers or otherwise, will be done at any time up to three working days prior to the opening of the Tendering Period in accordance with Regulation 18(4) of the SAST Regulations. In the event of such revision, the Acquirer shall (i) make corresponding increase to the Escrow Amount, as more particularly set out in paragraph V (2) (b) of this Draft Letter of Offer; (ii) make a public announcement in the same newspapers in which the DPS has been published; and (iii) simultaneously with the issue of such announcement, inform SEBI, BSE, NSE, ASE, VSE and the Target Company at its registered office of such revision.

(h) In the opinion of the Manager to the Offer and the Acquirer, the Offer Price is justified. The Offer price of₹ 314.17/- (Rupess Three Hundred Fourteen and Seventeen Paise Only) per fully paid Equity Share of Face Value ₹ 2/- is equal to the volume weighted average price for the Equity Shares of the Target Company during the 60 trading days preceding the public announcement. There are no partly paid up shares in the share capital of the Target Company.

2. **Financial arrangements:**

(a) Assuming full acceptance of the offer, the total funds requirements is₹ 10,475,998,650/-(Rupees Ten Billion Four Hundred Seventy Five Million Nine Hundred Ninety Eight Thousand Six Hundred and Fifty only) and the same is not subjected to differential pricing.

(b) The Acquirer has provided a bank guarantee dated October 4, 2012 for an amount of ₹ 1,800,000,000/- (Rupees One billion and eight hundred million only) from Yes Bank Limited, having its corporate headquarters at Nehru Centre, 9th Floor, Discovery of India, Dr. A.B. Road, Worli, Mumbai – 400018 and acting through its branch at 102 / 103, C.G. Centre, C.G. Road, Ahmedabad, Gujarat - 380009, in favor of the Manager to the Offer (the "**Bank Guarantee**") in terms of regulation 17(3)(b) of the SAST Regulations, which is greater than the minimum prescribed amount of 25% of the first ₹ 5,000,000,000/- (Rupees Five Billion only) of the Maximum Consideration and 10% of thereafter on the balance of consideration payable under this Offer, calculated in accordance with regulation 17(1) of the SAST Regulations. The Bank Guarantee is valid until July 3, 2013. The Manager of the Offer has been duly authorized in terms of the SAST Regulations to realize the Bank Guarantee. The Acquirer undertakes that in case the Offer process is not completed within the validity of Bank Guarantee i.e. by July 3, 2013, then the Bank Guarantee will be further extended at least up to thirty (30) days from the date of completion of payment of consideration to shareholders who have validly tendered the Equity Shares held by them in the Target Company in this Offer.

(c) In accordance with regulation 17(4) of the SAST Regulations, the Acquirer has also opened a cash escrow account in the name and style of "GDNL GGCL Open Offer Escrow A/c" ("**Escrow Account**") with Yes Bank Limited having its corporate headquarters at Nehru Centre, 9th Floor, Discovery of India, Dr. A.B. Road, Worli, Mumbai – 400018 acting through its branch at Indiabulls Finance Centre, Tower 2, 23rd Floor, Senapati Bapat Marg, Elphinstone West, Mumbai – 400013 ("Escrow Bank") and made a cash deposit of an amount of ₹ 105,000,000/- (Rupees One hundred and five million only) being more than 1% of the Maximum Consideration ("**Cash Escrow Amount**"). The Manager to the Offer has been duly authorized to realize the value of the aforesaid Escrow Account in terms of the SAST Regulations.

(d) The Acquirer has made firm financial arrangement for financing the acquisition of Equity Shares under the Offer, in terms of Regulation 25(1) of the SAST Regulations. The Acquirer proposes to fund the Offer out of borrowings and/or equity infusion from the PAC.

(e) M/s Agarwal Maheshwari & Nayata, Chartered Accountants (Firm Registration No.: 130095W, Tel. No.: 09426390570), having office at 308, Vrundavan Enclave, Near Reliance Petrol Pump, AEC Cross Road, Naranpura, Ahmedabad, vide certificate dated October 3, 2012, have certified that adequate and firm financial resources are available with the Acquirer to enable it to fulfill its financial obligations under this Offer.

(f) In case of any upward revision in the Offer Price or the size of this Offer, the Bank Guarantee Amount and Cash Escrow Amount shall be increased by the Acquirer and the PAC prior to effecting such revision, in terms of regulation 17(2) of the SAST Regulations.

(g) The Manager to the Offer is satisfied about the ability of the Acquirer and PAC to implement the Offer in accordance with the SAST Regulations.

VI. TERMS AND CONDITIONS OF THE OFFER

1. Operational Terms and Conditions

(a) As per the tentative schedule, the Tendering Period will commence on November 30, 2012 and will close on December 13, 2012.

(b) The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, of all rights of dividends, bonuses or rights from now on and declared hereafter.

(c) This is not a conditional Offer and there is no stipulation on any minimum level of acceptance.

(d) The Identified Date for this Offer as per the tentative schedule of activity is November 15, 2012.

(e) The marketable lot for the Equity Shares of the Target Company for the purpose of this Offer shall be 1(one only).

(f) In terms of Regulation 23(1) of the SAST Regulations, if any of the conditions precedent and other conditions as stated in the SPA mentioned in paragraph II (1) (b) are not satisfactorily complied with or any of the statutory approvals set out in paragraph VI (4) are refused, the sale and purchase of Sale Shares under the SPA shall not be consummated and the Acquirer has a right to withdraw the Offer. In the event of withdrawal, a public announcement will be made within 2 working days of such withdrawal, in the same newspapers in which the DPS has been published and such public announcement will also be sent to SEBI, the Stock Exchanges and the registered office of the Target Company.

In addition to the above, this Offer shall stand withdrawn in the event of a binding order of a court or governmental authority of competent jurisdiction directing the withdrawal of this Offer.

(g) In terms of Regulation 18(9) of the SAST Regulations, the Equity Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period.

2. **Locked in Equity Shares**

To the best of our knowledge, the Target Company has no Equity Shares which are locked in.

3. **Eligibility for accepting the Offer**

(a) The Letter of Offer shall be sent to all Equity Shareholders / Beneficial Owners holding Equity Shares in dematerialized form (except the present promoter group shareholders, and the Acquirer and persons acting in concert) whose names appear in register of Target Company as on November 15, 2012, the Identified Date. The Letter of Offer shall be only sent to the Indian addresses of the Equity Shareholders. Equity Shareholders holding shares in dematerialized form are required to update their Indian addresses with their DP and Equity Shareholders holding shares in physical form with Registrar to the Offer.

(b) This Offer is also open to persons who own Equity Shares in the Target Company but are not registered Shareholders as on the Identified date.

(c) All Equity Shareholders/Beneficial Owners who own Equity Shares of the Target Company and are able to tender such Equity Shares in this Offer at anytime before the closure of the Offer, are eligible to participate in this Offer.

(d) The Acceptance Form and other documents required to be submitted, herewith, will be accepted by Registrar to the Offer between 10:00 am to 5:00 pm on working days (Monday to Friday) during the Tendering Period.

(e) The Public Announcement, the Detailed Public Statement, the Letter of Offer, the Acceptance Form and the Form of Withdrawal will also be available on the SEBI's website: www.sebi.gov.in. In case of non-receipt of the Letter of Offer, all Equity Shareholders including those who have acquired Equity Shares of the Target Company after the Identified Date i.e. November 15, 2012, if they so desire, may download the Letter of Offer, the Acceptance Form or Form of Withdrawal from the SEBI's website for applying in the Offer.

(f) Those Equity Shareholders who have not received this Letter of Offer and those who apply in plain paper will not be required to provide any indemnity. They must follow the same procedure mentioned above for registered Equity Shareholders.

(g) The acceptance of this Offer by the Equity Shareholders of the Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.

(h) The acceptance of this Offer is entirely at the discretion of the Equity Shareholder(s) /Beneficial owner(s) of the Target Company.

(i) The Acquirer, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Offer Acceptance Forms, Share Transfer Deed etc. during transit and the Equity Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

(j) The acceptance of Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.

(k) The instructions, authorizations and provisions contained in the Acceptance Form constitute part of the terms of the Offer.

(l) The Manager to the Offer shall submit a final report to SEBI within 15 working days from the expiry of the Tendering Period in accordance with Regulation 27(7) of the SAST Regulations confirming status of completion of various Offer Requirements.

(m) For any assistance please contact JM Financial Institutional Securities Private Limited, Manager to the Offer or the Registrar to the Offer.

4. **Statutory Approvals:**

(a) This Offer is subject to receipt of the following statutory / regulatory approvals:

i. the acquisition of the Sale Shares under the SPA and the acquisition of the Equity Shares pursuant to this Offer shall be subject to the CCI or any other appellate authority having either i) declined jurisdiction; ii) granted clearance; or iii) deemed to have granted clearance through the expiration of time period available for their investigation; and

ii. written approval from the RBI permitting purchase of Sale Shares at the Negotiated Amount.

(b) The acceptance by the Acquirer of Offer Shares tendered by OCBs pursuant to this Offer is subject to the approval of the RBI under the Foreign Exchange Management Act, 1999 and the regulations made thereunder ("**FEMA**"), wherever required.

(c) The Acquirer shall make an application to the RBI seeking its approval in relation to paragraph VI (4) (a) (ii) above. The Acquirer shall, shortly, file a notification with the CCI seeking its approval for the acquisition of the Sale Shares pursuant to the SPA and the acquisition of the Equity Shares pursuant to this Offer.

(d) To the best knowledge and belief of the Acquirer and PAC as of the date of this Draft Letter of Offer, there are no other statutory approvals required to implement this Offer other than those mentioned above. If any other statutory approvals are required or become applicable prior to completion of this Offer, this Offer would also be subject to the receipt of such other statutory approvals.

(e) In terms of Regulation 23(1) of the SAST Regulations, if any of the conditions precedent and other conditions as stated in the SPA mentioned in paragraph II (1) (b) above are not satisfactorily complied with or any of the statutory / regulatory approvals set out in this paragraph VI (4) are refused, the sale and purchase of Sale Shares under the SPA shall not be consummated and the Acquirer has a right to withdraw the Offer. In the event of withdrawal, a public announcement will be made within 2 working days of such withdrawal, in the same newspapers in which the Detailed Public Statement has been published and such public announcement will also be sent to SEBI, the Stock Exchanges and the registered office of the Target Company.

In addition to the above, this Offer shall stand withdrawn in the event of a binding order of a court or governmental authority of competent jurisdiction directing the withdrawal of this Offer.

(f) Subject to the receipt of statutory approvals and there having been no Material Adverse Change as mentioned in paragraph II (1) (b) (x), the Acquirer and PAC shall complete all procedures relating to this Offer within 10 working days from the date of closure of the tendering period to those Equity Shareholders whose share certificates and/ or other documents are found valid and in order and are accepted for acquisition by the Acquirer.

(g) In terms of Regulation 18(11) the Acquirer shall be responsible to pursue all statutory approvals required by the Acquirer in order to complete this Offer without any default, neglect or delay.

(h) In case of delay in receipt of any statutory approval, SEBI may, if satisfied that such delay in receipt of the requisite statutory approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer to diligently pursue such approval, and subject to such terms and conditions as specified by SEBI, including payment of interest in accordance with Regulation 18(11) of the SAST Regulations, permit the Acquirer and the PAC to delay the commencement of the Tendering Period for the Offer pending receipt of such statutory approvals or grant extension of time to the Acquirer and the PAC to make the payment of the consideration to the Equity Shareholders whose Equity Shares have been accepted in this Offer.

(i) Where any statutory approval extends to some but not all the Equity Shareholders, the Acquirer shall have the option to make payment to such Equity Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

VII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

1. This Letter of Offer with the Acceptance Form will be mailed to the Equity Shareholders, whose names appear on the register of members of the Target Company and to the beneficial owners of the Equity Shares whose names appear in the beneficial records of the respective depositories as of the close of business on November 15, 2012, i.e. the Identified Date.

2. Equity Shareholders can also download this Letter of Offer and the Acceptance Form from SEBI website at www.sebi.gov.in, or obtain it from the Registrar to the Offer and send in their acceptances to the Registrar to the Offer by filling the same.

3. Equity Shareholders who wish to accept this Offer can hand-deliver the Acceptance Form along with the other documents required to accept this Offer, at any of the collection centers mentioned below so as to reach the Registrar to the Offer during business hours on or before 5.00 pm on December 13, 2012, i.e. the Closure of the Tendering Period, in accordance with the procedure as set out in this Letter of Offer:

S. No.	Collection Centre	Address	Contact Person	Tel. No., Fax No. and Email Id	Mode of delivery
1.	Chennai	Karvy Computershare PrivateLimited, Flat No F-11, 1st Floor Akshaya Plaza, No.108 Adhidhanar SalaiEgmore, Chennai – 600002	Mr. K.Gunasekhar	Tel. No.: +91 44 28587781 Fax No.: N.A. Email:chennaiirc@karvy.com	Hand Delivery
2.	Bengaluru	Karvy Computershare Private Limited, No.59, Skanda, Putana Road, Basavanagudi Bengaluru – 560004	Mr. S. K. Sharma/ Mr. Mahadev	Tel. No.: +91 80 26621192 Fax No.: +91 80 26621169 Email:ircbangalore@karvy.com	Hand Delivery
3.	Mumbai	Karvy Computershare Private Limited, 24-B, Rajabahudur Mansion, Ground Floor, 6 Ambalal Doshi Marg, Behind BSE Limited, Fort Mumbai – 400001	Ms.Nutan Shirke	Tel. No.: +91 22 66235412 / 27 Fax No.: +91 22 66331135 Email: ircfort@karvy.com nutan.shirke@karvy.com	Hand Delivery

4.	New Delhi	Karvy Computershare Private Limited, 305, New Delhi House,27, Barakhamba Road, Connaught Place, New Delhi – 110001	Mr. Rakesh K. Jamwal / Vinod Singh Negi	Tel. No.: +91 11 43681700 / 1798 Fax No.: +91 11 41036370 Email: rakeshj@karvy.com jmathew@karvy.com	Hand Delivery
5.	Ahmedabad	Karvy Computershare Private Limited, 201-203, Shail, Opp. Madhusudhan House, Behind Girish Cold Drinks, Off C G Road, Ahmedabad – 380006	Mr.Aditya Gupta/ Robert Joeboy	Tel. No.: +91 79 66614772 / 26400527 Fax No.: N.A. Email: ahmedabad@karvy.com robert.joeboy@karvy.com	Hand Delivery
6.	Hyderabad	Karvy Computershare Private Limited, Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad – 500081	Ms. Bhakta Singh	Tel. No.: +91 40 44655000 / 23420818 - 23 Fax No.: +91 40 23431551 Email: ircmadhapur@karvy.com	Hand Delivery/ Registered Post
7.	Kolkatta	Karvy Computershare Private Limited, 49, Jatin Das Road, Near Deshpriya Park, Kolkatta – 700029	Mr. Sujit Kundu/ Mr. Debnath	Tel. No.: +91 33 24644891 Fax No.: +91 33 24644866 Email: sujitkundu@karvy.com nilkanta@karvy.com	Hand Delivery
8.	Vadodara	Karvy Computershare Private Limited, SB – 5, Mangaldeep Complex, Opp. Masonic Hall, BPC Road, Alkapuri, Vadodara – 390007	Mr. Rahul Patel	Tel. No.: +91 265 6640870 / 871 Fax No.: N.A. Email: Rahul.patel@karvy.com	Hand Delivery
9.	Surat	Karvy Computershare Private Limited, G-16, Empire State Building, Near Udhana Darwaja, Ring Road, Surat – 395002	Mr. Jawahar Sharma / Ravi / Twinkle	Tel. No.: +91 261 3017158 / 3081178 - 79 Fax No.: N.A. Email: jawahar.sharma@karvy.com suratis@karvy.com	Hand Delivery

All of the centres mentioned above will be open on all the working days (Monday to Friday) during the business hours from 10.00 am to 5.00 pm

4. Equity Shareholders who cannot hand deliver their documents at the collection center referred to above, may send the same by registered post with acknowledgement due or by courier, at their own risk and cost, to the Registrar to the Offer at its address, Karvy Computershare Private Limited, Plot nos. 17-24, Vithalrao Nagar Madhapur, Hyderabad – 500081, Tel. No.: +91 40 44655000 / 23420818 - 23, Fax No.: +91 40 23431551, Email: murali@karvy.com, Contact Person: Mr. M. Murali Krishna / Mr. R. Williams

5. Beneficial Owners who wish to tender their Equity Shares will be required to send their Acceptance Form along with a photocopy of the delivery instructions in "Off–market" mode or counterfoil of the delivery instruction in "Off–market" mode, duly acknowledged by the DP in favor of a Special Depository Account opened by the Registrar to the Offer, in accordance with instructions specified in the Letter of Offer and in the Acceptance Form. The credit for the delivered shares should be received in the Special Depository Account on or before the close of the Offer, i.e. December 13, 2012. The details of the Special Depository Account are given below:

Depository Participant Name	Karvy Stock Broking Limited
DP ID	IN300394
Beneficiary Account Number / Client ID	18507565
Special Depository Account Name	Gujarat Gas – Open Offer Escrow Demat Account

ISIN	INE374A01029
Depository	National Securities Depositories Limited
Mode of Instruction	Off-Market

Shareholders having their beneficiary account with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their Equity Shares of the Target Company in favor of the Special Depository Account with NSDL.

6. Equity Shareholders who wish to tender their Equity Shares, held in physical form, will be required to send the Acceptance Form, original share certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer, either by hand delivery or registered post on weekdays, at their sole risk, so as to reach the Registrar to the Offer, on or before the closure of the Tendering Period, i.e., not later than December 13, 2012 in accordance with the instructions to be specified in the Letter of Offer and in the Acceptance Form.

7. The Acceptance Form along with Share Certificates / copy of delivery instruction to DP and other relevant documents shall be sent to the Registrar to the Offer only. The same shall not be sent to the Acquirer, PAC, Target Company or Manager to the Offer.

8. **Procedure for acceptance of this Offer by Equity Shareholders/owners of Equity Shares who have sent Equity Shares for transfer or those who did not receive the Letter of Offer:**

(a) In case of non-receipt of the Letter of Offer, beneficial owners holding Equity Shares in dematerialized form, may send their applications in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Equity Shares held, number of Equity Shares offered, DP name, DP ID, beneficiary account number and photocopy of the delivery instruction in "Off-market", or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favor of the Special Depository Account, so as to reach the Registrar to the Offer on or before the date of closure of the Offer. Also, alternatively, the Equity Shareholders may apply on the Acceptance Form obtained from SEBI website (**www.sebi.gov.in**).

(b) In case of non-receipt of the Letter of Offer, the eligible person(s), holding Equity Shares of the Target Company in physical form, may send his / her / their consent on plain paper stating the name, address, number of Equity Shares held, distinctive numbers, certificate numbers and the number of Equity Shares offered along with the share certificates, duly signed transfer forms and other required documents to the Registrar to the Offer so as to reach them on or before the date of closure of the Offer. Also, alternatively, the Equity Shareholders may apply on the Acceptance Form obtained from SEBI website (**www.sebi.gov.in**).

(c) In case the share certificate(s) and transfer deeds are lodged with the Target Company / its share transfer agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) the copy of share transfer deed(s) and (ii) the acknowledgement of the lodgment with, or receipt issued by the Target Company / its share transfer agent, for the share certificate(s) so lodged. Where the transfer deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate / limited company, a certified copy of the memorandum and articles of association together with a certified true copy of the resolution along with the specimen signatures of the authorized signatories duly certified, shall also be sent.

9. For Equity Shares held in physical mode, Equity Shareholders should enclose:

(a) Acceptance Form duly completed and signed in accordance with instructions contained therein, by all Equity Shareholders whose names appear on the share certificates;

(b) Original share certificates;

(c) Valid share transfer deeds as received from the market. The details of the buyer should be left blank. If the details of buyer are filled in, the tender will not be valid under the Offer. All other requirements for valid transfer will be pre-conditions for acceptance; and

(d) Self-attested copy of the PAN card of the proposed transferee.

10. For Equity Shares held in dematerialized form, Equity Shareholders should enclose:

(a) Acceptance Form duly completed and signed in accordance with instructions contained therein, by all the Beneficial Owners as per the records of the DP

(b) Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP

11. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the shareholders' sole risk. Unaccepted Equity Shares held in dematerialized form will be credited back to the Beneficial Owners' depository account with the respective DP as per details received from their DP. It will be the responsibility of the Equity Shareholders to ensure that the unaccepted Equity Shares are accepted by their respective DP when transferred by the Registrar to the Offer. Equity Shareholders holding Equity Shares in dematerialized form are requested to issue the necessary standing instruction for the receipt of the credit, if any, in their DP. Equity Shareholders should ensure that their depository account is maintained and active till the Offer formalities are completed.

12. The share certificate(s) and the transfer form(s), or Equity Shares transferred to the Special Depository Account together with the Acceptance Form submitted by the Equity Shareholders pursuant to the Offer, will be held by the Registrar to the Offer in trust for such Equity Shareholders until the Acquirer pays the Offer Price.

13. In case the number of Equity Shares validly tendered in the Offer by the Equity Shareholders are more than the Equity Shares to be acquired under the Offer, the acquisition of Equity Shares from each shareholder will be on a proportionate basis in such a way that the acquisition from any shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. The minimum marketable lot for the Equity Shares is 1 (one).

14. While tendering Equity Shares under this Offer, non-resident Equity Shareholders will be required to submit the previous approvals from the RBI (specific or general) that they would have obtained for acquiring the Equity Shares. In case the previous approvals from the RBI are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered.

15. **Settlement / Payment of Consideration**

(a) The Acquirer shall arrange to pay the consideration payable to the Equity Shareholders whose Equity Shares have been accepted on or before December 28, 2012.

(b) Equity Shareholders tendering their Equity Shares in the dematerialized form are advised to immediately update with their DP, their bank account details, i.e. nine digit Magnetic Ink Character Recognition Code (MICR) as appearing on their cheque leaf and also their bank's Indian Financial System Code (IFSC), which will get linked to their bank branch. Please note that failure to do so could result in delays in dispatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the equity shareholder's sole risk and neither the Acquirer, the PAC, the Manager to the Offer, Registrar to the Offer nor the Escrow Bank shall be liable to compensate such equity shareholder for any losses caused due to any such delay or any interest for such delay.

Payment of consideration to the Equity Shareholders would be done through various modes in the following order of preference:

i. **Real Time Gross Settlement ("RTGS") / National Electronic Clearing Service ("NECS") / Electronic Clearing Services ("ECS") / National Electronic Fund Transfer ("NEFT")** - Payment shall be undertaken through any of the above modes wherever the equity shareholder's bank has been assigned the IFSC, which can be linked to an MICR, if any, available to that particular bank branch or wherever the Equity Shareholders have registered their nine digit MICR number and their bank account number with their DP.

ii. **Direct Credit** – Equity Shareholders having bank accounts with the Escrow Bank, as mentioned in the Acceptance Form, shall be eligible to receive payments through direct credit. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirer.

iii. For all other Equity Shareholders, including Equity Shareholders holding Equity Shares in physical from and those who have not updated their bank particulars with the MICR code, the payments will be dispatched through ordinary post for value up to ₹ 1,500 and through speed post / registered post for value above ₹ 1,500. Such payments will be made by cheques, pay orders or demand drafts drawn on the Escrow Bank and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Equity Shareholders.

Applicants to whom payments are made through electronic transfer of funds will be sent a letter (Payment advice) through ordinary post intimating them about the mode of credit / payment on or before December 28, 2012. The Registrar to the Offer shall ensure dispatch of consideration, if any, by RTGS / NECS / ECS / NEFT / Direct Credit / Cheques / Pay orders / Demand Drafts only in the name of the sole or first equity shareholder and all communication will be addressed to the person whose name appears on Acceptance Form on or before December 28, 2012 and adequate funds for making payments as per the mode(s) disclosed above shall be made available to the Registrar by the Acquirer. Tax at applicable rate(s) will be deducted, in those cases where Tax Deduction at Source (TDS) is applicable.

VIII. COMPLIANCE WITH TAX REQUIREMENTS:

1. General

(a) As per the provisions of section 195(1) of the Income Tax Act, 1961, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess, as applicable). Since the consideration payable under the Offer would be chargeable to capital gains or as business profits or interest income (if any), as the case may be, under the provisions of Income Tax Act, Acquirer Company is required to deduct taxes at source (including surcharge and education cess), as applicable.

(b) Tax is not required to be deducted at source from the payment of consideration made to resident public shareholders in respect of capital gains. However, Acquirer Company is required to deduct the tax at the stipulated rates on interest, if any, payable to resident Shareholders, if amount of interest payable is in excess of ₹ 5,000 (Rupees Five Thousand only) as per the provisions of section 194A of the Income Tax Act.

(c) In a case where tax is deductible at source, position summarized below is applicable in case of shareholders who have obtained Permanent Account Number ("**PAN**") under the Act and furnish PAN in the Bid Form. Self-attested copy of PAN card is also required to be attached as evidence. In case where tax is required to be deducted at source but PAN is not submitted (including where such PAN has been applied for but not obtained), or is invalid or does not belong to the Shareholder, Acquirer Company will deduct tax at the rate of 20% (twenty percent) or applicable rate of tax (including applicable surcharge and education cess), whichever is higher.

(d) In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer Company, and taxes shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, on the gross consideration towards acquisition of Shares and interest, if any, payable to such Shareholder under the Offer.

(e) In case where the shares are held as investment / capital asset, the Acquirer Company shall determine the nature of gain (i.e. long term capital gain or short term capital gain) considering the information provided to it by the Target Company based on Register of Members maintained by it and accounts maintained by the shareholders with the Depositories.

(f) The tax deducted under this Offer is not the final liability of the Shareholders or in no way discharges the obligation of Shareholders to disclose the amount received pursuant to this Offer. All Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take.

(g) Securities transaction tax will not be applicable to the Shares accepted in this Offer.

2. **Withholding tax implications for Non-resident Shareholders or Foreign Company**

(a) *Withholding tax if the shares are held as Investment / Capital Asset:* Every shareholder would be required to declare and certify whether the shares in the Target Company are held by him as Investment / Capital Asset or not. If the shares are held as Investment / Capital Asset and shareholder certifies to that effect in the Bid Form, tax shall be deducted at source on the sale consideration as follows (or tax may be deducted at higher rate if relevant information / documents have not been provided as mentioned above):

i. Non-resident Indians (NRI): The Acquirer Company will deduct tax at source at 30% of consideration where the gain is determined as short term capital gain or 20% of consideration where the gain is determined as long-term capital gains. In addition to the above, education cess at 3% would be levied on the tax amount. If the shares, being long term capital asset, have been acquired with convertible foreign exchange, tax shall be deducted at 10% (plus education cess of 3% of tax) of the consideration. If NRI claims that the shares were acquired with convertible foreign exchange, it would be required to attach the appropriate evidence and certification in that regard, otherwise it shall be presumed that the shares were not acquired with convertible foreign exchange.

ii. Overseas Unincorporated Bodies: The Acquirer Company will deduct tax at source at 30% of consideration where the gain is determined as short term capital gain or 20% of consideration where the gain is determined as long-term capital gains. In addition to the above, education cess at 3% would be levied on the tax amount.

iii. Overseas Corporate Bodies / Non-domestic companies: The Acquirer Company will deduct tax at source at 40% of consideration where the gain is determined as short term capital gain or 20% of consideration where the gain is determined as long-term capital gains. In case the sale consideration exceeds ₹ 1,00,00,000 surcharge would be levied at 2% on the tax amount. Education Cess at 3% would be levied on aggregate of tax and surcharge, if any.

iv. Foreign Institutional Investors (FII): FIIs enjoy exemption from tax deduction at source on capital gains under Section 196D(2) of the Act and hence no tax shall be deducted on sale consideration payable to FIIs. FIIs should enclose a self-attested copy of its SEBI registration certificate failing which payment of the consideration shall be subject to deduction of tax at source.

(b) *Withholding tax in other cases:* If the shareholder fails or omits to certify in the Bid Form that the equity shares are held by it on investment/capital account, the equity shares will be considered to have been held as stock in trade. If the equity shares are considered to be held as stock in trade or FIIs fail to attach the SEBI registration certificate, then the Acquirer Company will deduct tax at source on consideration towards sale at the rate of 40 % in case of Corporate shareholder and 30% in case of any other shareholder. In addition to the above, in case of corporate shareholder, surcharge would be levied at 2% on the tax in case the consideration exceeds ₹ 1,00,00,000. Education Cess at 3% would be levied on the aggregate of tax and surcharge, if any, in all cases.

(c) *Withholding tax on Interest Income:* Acquirer Company will deduct tax at source on the amount of interest at the rate of 40 % in case of corporate shareholder and 30% in case of any other shareholder. In addition to the above, in case of corporate shareholder, surcharge would be levied at 2% on the tax in case aggregate sum payable to it exceeds ₹ 1,00,00,000. Education Cess at 3% would be levied on the aggregate of tax and surcharge, if any, in all cases.

(d) *Deduction of tax at lower rate:* In the event the aforementioned categories of shareholders require the Acquirer Company not to deduct tax or to deduct tax at a lower rate or on a lower amount, they would need to obtain a Certificate under Section 195(3) or Section 197 from the income tax authorities to that effect, and submit the same to the Acquirer Company. Such certificate should be valid and effective as of the date on which tax is required to be deducted and it should be submitted along with the Bid Form. On failure to produce such certificate from the income tax authorities, the Acquirer Company will deduct tax as aforesaid.

Under any circumstances, the acquirer will not accept any request from any shareholder for no deduction of tax at source or deduction of tax at lower rate on the basis of any self-computation / computation by any tax consultant of capital gain and tax payable thereon.

3. **Withholding tax implications for Resident Shareholders**

(a) *No withholding tax on sale consideration:* In absence of any specific provision under the Income Tax Act, the Acquirer Company will not deduct tax on the consideration payable to resident Shareholders for acquisition of Shares under this Offer.

(b) *Withholding tax on Interest, if any:* Acquirer Company will deduct the tax at 10% on the gross amount of interest, if any, payable to resident Shareholders, if amount of interest payable is in excess of ₹ 5,000 (Rupees Five Thousand only) as per the provisions of section194A the Income Tax Act.

(c) *Deduction of tax at lower rate:* The resident Shareholder claiming no tax is to be deducted or tax to be deducted at a lower rate on interest amount, should submit along with the Bid Form a Certificate under Section 197 from the income-tax authorities indicating the amount of tax to be deducted by the Acquirer. In the case of resident Shareholder not being a company or firm, a self-declaration in Form 15G or Form15H as may be applicable may also be furnished to receive the interest amount without deduction of tax at source. The self-declaration in Form 15G or Form 15H would not be valid unless the Shareholder furnishes PAN in such declaration.

4. **Issue of Certificate for Deduction of Tax at Source**

The Acquirer Company will issue a certificate in the prescribed form to the Shareholders (resident and non-resident) who have been paid the consideration and interest, if any, after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of section 203 of the Income Tax Act read with the Income-tax Rules, 1962.

Shareholders are advised to consult their respective tax advisors for assessing the tax liability, pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take.

The Acquirer, the PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth herein above.

IX. DOCUMENTS FOR INSPECTION

1. Copies of the following documents will be available for inspection at the registered office of the Manager to the Offer at 141, Maker Chambers III, Nariman Point, Mumbai – 400021 (Tel: +91 22 66303030 Fax: +912222042137). The documents can be inspected during normal business hours (11.00 AM to 4.00 PM) on all working days (except Saturdays and Sundays) during the period from the date of Offer Opening till Offer Closing.

(a) Certificate of Incorporation and Memorandum and Articles of Association of GSPC Distribution Networks Limited, the Acquirer.

(b) Copy of certificate dated October 3, 2012, from Mr. Abhishek Nayata (Membership No. 128255) Partner, M/s. Agarwal Maheshwari and Nayata, Chartered Accountants, Firm Registration No. 130095W (Tel. No.: 09426390570 Email: ca.amn2009@gmail.com), certifying that the Acquirer has adequate liquid resources to fulfill its obligations under this Offer.

(c) The brief standalone financials of the Acquirer, which have been subjected to limited review by M/s. Ashok Chhajed & Associates, Chartered Accountants, from the date of incorporation to June 30, 2012.

(d) Audited annual reports of Gujarat Gas Company Limited, the Target Company, for the last three years, i.e. the financial years ending December 31, 2009, 2010 and 2011.

(e) A letter from Yes Bank Limited dated October 4, 2012 confirming the amount kept in the Escrow Account and a lien in favor of the Manager to the Offer

(f) A copy of Public Announcement dated October 3, 2012, copy of the DPS published on October 10, 2012 and copy of issue opening PA published on [•]

(g) Copy of the Share Purchase Agreement dated October 3, 2012 entered into between the Acquirer, Seller and Seller Guarantor.

(h) A copy of the recommendation made by the committee of the independent directors of the Target Company, to be published on [•].

(i) SEBI Observation letter No. [•] dated [•] on this Draft Letter of Offer

(j) Copy of the agreement with the DP for opening the Special Depository Account for this Offer.

X. DECLARATION BY THE ACQUIRER AND PAC

The Acquirer and PAC accept full responsibility for the information contained in this Draft Letter of Offer (except for information pertaining to the Target Company which has been obtained from publicly available sources and / or from the information provided by the Target Company) and also for fulfillment of the obligations of the Acquirer as laid down in the SAST Regulations and subsequent amendments thereof.

The Acquirer and PAC shall be jointly and severally responsible for ensuring compliance with the SAST Regulations.

For GSPC Distribution Networks Limited **Sd/-**	**For Gujarat State Petroleum Corporation Limited** **Sd/-**	**For Gujarat State Petronet Limited** **Sd/-**	**For GSPC Gas Company Limited** **Sd/-**
Authorized Signatory	**Authorized Signatory**	**Authorized Signatory**	**Authorized Signatory**

Place: Gandhinagar
Date: October 16, 2012