PROSPECTUS

Please read Section 60B of the Companies Act, 1956

Dated February 1, 2006

100% Book Built Issue

GUJARAT STATE PETRONET LIMITED

(Incorporated under the Companies Act, 1956 on December 23, 1998 as Gujarat State Petronet Limited)
Registered Office: GSPC Bhavan, Sector 11, Gandhinagar, Gujarat-382 011, India
(For changes in registered office, see section titled "History and Certain Corporate Matters" on page 67 of this Prospectus).
Tel: +91 79 5570 1604; Fax +91 79 2323 6477. Contact Person: Mr. Sandeep Dave; Tel: +91 79 5570 1005/1312/1320
E-mail: sandeep@gujaratpetro.com; Website: www.gujpetronet.com

PUBLIC ISSUE OF 138,000,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. 27 PER EQUITY SHARE AGGREGATING RS. 3,726 MILLION (HEREINAFTER REFERRED TO AS THE "ISSUE") BY GUJARAT STATE PETRONET LIMITED ("GSPL", "THE COMPANY" OR "THE ISSUER").

THE ISSUE WILL CONSTITUTE 25.45 % OF THE FULLY DILUTED POST-ISSUE CAPITAL OF OUR COMPANY.

ISSUE PRICE OF RS. 27 PER EQUITY SHARE OF FACE VALUE RS. 10 EACH.

ISSUE PRICE IS 2.7 TIMES THE FACE VALUE.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding/Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and at the terminals of the Syndicate.

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is 2.7 times of the face value. The Issue Price (as determined by the Company in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares allotted pursuant to the Issue are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page xii of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on BSE and NSE. We have received in-principle approval from BSE and NSE for the listing of our Equity Shares pursuant to letters dated November 17, 2005 and November 16, 2005, respectively. For purposes of the Issue, NSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE ISSUE
KOTAK MAHINDRA CAPITAL COMPANY LIMITED Bakhtawar, 3rd Floor, 229, Nariman Point, Mumbai 400 021, India. Tel.: +91 22 5634 1100 Fax. : +91 22 2284 0492 E-mail: gspl.ipo@kotak.com Website: www.kotak.com	**HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED** 52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001, India Tel: +91 22 2267 4921 Fax: +91 22 2263 1984 Email: gspl.ipo@hsbc.co.in Website: www.hsbc.co.in	**ICICI SECURITIES LIMITED** ICICI Centre H.T. Parekh Marg, Churchgate, Mumbai - 400 020, India Tel: +91 22 2288 2460 Fax: +91 22 2283 7045 E-mail: gspl_ipo@isecltd.com Website: www.iseconline.com	**KARVY COMPUTERSHARE PRIVATE LIMITED** Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034, India Tel.: +91 40 2331 2454 Fax: +91 40 2343 1551 E-mail: gspl.ipo@karvy.com Website: www.karvy.com

BID/ ISSUE PROGRAMME	
BID/ ISSUE OPENED ON: JANUARY 24, 2006	**BID/ ISSUE CLOSED ON: JANUARY 28, 2006**

TABLE OF CONTENTS

	Page
DEFINITIONS AND ABBREVIATIONS	i
PRESENTATION OF FINANCIAL AND MARKET DATA	x
FORWARD-LOOKING STATEMENTS	xi
RISK FACTORS	xii
SUMMARY	1
THE ISSUE	3
SUMMARY FINANCIAL AND OPERATING INFORMATION	4
GENERAL INFORMATION	7
CAPITAL STRUCTURE	17
OBJECTS OF THE ISSUE	25
TERMS OF THE ISSUE	33
BASIS FOR ISSUE PRICE	36
STATEMENT OF TAX BENEFITS	38
INDUSTRY	44
OUR BUSINESS	49
REGULATIONS AND POLICIES	63
HISTORY AND CERTAIN CORPORATE MATTERS	67
OUR MANAGEMENT	71
OUR PROMOTER AND GROUP COMPANIES	81
DIVIDEND POLICY	90
FINANCIAL STATEMENTS	91
SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP	113
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	119
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	144
GOVERNMENT AND OTHER APPROVALS	150
OTHER REGULATORY AND STATUTORY DISCLOSURES	170
ISSUE STRUCTURE	178
ISSUE PROCEDURE	181
MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY	201
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	241
DECLARATION	243

DEFINITIONS AND ABBREVIATIONS

Definitions

Term	Description
"GSPL" or "the Company" or "our Company" or "Issuer" or "we" or "us" or "our"	Gujarat State Petronet Limited, a public limited company incorporated under the Indian Companies Act, 1956.
Expansion	Proposed expansion of the Company's existing gas transmission network to new identified areas, as described in the section titled "Objects of the Issue" on page 25 of this Prospectus.

Company/Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Allottee	The successful Bidder to whom the Equity Shares are/have been allotted.
Article/Articles of Association	Articles of Association of the Company.
Auditors	T. N. Shah & Co., Chartered Accountants.
Banker(s) to the Issue	Kotak Mahindra Bank Limited, Hongkong and Shanghai Banking Corporation Limited, ICICI Bank Limited, UTI Bank Limited, Corporation Bank, State Bank of India and Industrial Development Bank of India.
Bid	An indication to make an offer during the Bidding/Issue Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder pursuant to the Bid in the Issue.
Bid/Issue Closing Date	The date after which the Syndicate Members will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper and in a regional newspaper.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to/purchase the Equity Shares and which will be considered as the application for Allotment in terms of the Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Prospectus and the Bid cum Application Form.
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which the Bidders can submit their Bids.
Bid/Issue Opening Date	The date on which the Syndicate Members shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper and Hindi national newspaper and in a regional newspaper.
Board of Directors/Board	The board of directors of the Company or a committee constituted thereof.
Book Building Process	The book-building route as provided in Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made.

Term	Description
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being Kotak Mahindra Capital Company Limited, HSBC Securities and Capital Markets (India) Private Limited and ICICI Securities Limited.
CAN/Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off Price	Any price within the Price Band finalized by us in consultation with the BRLMs.
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Accounts to the Issue Account after the Prospectus is filed with the RoC, following which the Board allots Equity Shares to successful Bidders.
Designated Stock Exchange	NSE.
Director(s)	Director(s) of GSPL, unless otherwise specified.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated October 21, 2005 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. Upon filing with the RoC at least three days before the Bid/Issue Opening Date, it will be termed as the Red Herring Prospectus. It will be the Prospectus upon filing with the RoC after the Pricing Date.
ESOP	GSPL Employees Stock Option Plan 2005.
Eligible NRIs	NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Prospectus constitutes an offer to sell and an invitation to subscribe to Equity Shares offered hereby.
Equity Shares	Equity shares of the Company of face value of Rs. 10 each, unless otherwise specified in the context thereof.
Escrow Accounts	Accounts opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement entered into among the Company, the Registrar, the Escrow Collection Bank(s), the BRLMs, and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account will be opened and in this Issue comprising Kotak Mahindra Bank Limited, Hongkong and Shanghai Banking Corporation Limited, ICICI Bank Limited, UTI Bank Limited, Corporation Bank, State Bank of India and Industrial Development Bank of India Limited.

Term	Description
Financial Year/ Fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
Issue	Public issue of 138,000,000 Equity Shares at the Issue Price.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Issue Price	The final price at which Equity Shares will be allotted in the Issue, as determined by the Company in consultation with the BRLMs, on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may be 10% or 100% of the Bid Amount.
Memorandum/ Memorandum of Association	The memorandum of association of the Company.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Issue being at least 20,700,000 Equity Shares available for allocation to Non-Institutional Bidders on a proportionate basis.
Non-Resident	Non-Resident is a person resident outside India, as defined under FEMA.
NRI/Non-Resident Indian	A person resident outside India, who is a citizen of India or a person of Indian origin, as such terms are defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly, as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time. OCBs are not permitted to invest in this Issue.
Pay-in Date	The Bid/Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date.

Term	Description
Price Band	The price band with a minimum price (Floor Price) of Rs. 23 per Equity Share and the maximum price (Cap Price) of Rs. 27 per Equity Share.
Pricing Date	The date on which the Company in consultation with the BRLMs finalizes the Issue Price.
Promoter/Principal Shareholder	Gujarat State Petroleum Corporation Limited.
Prospectus	The prospectus, filed with the RoC containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
QIB Margin	An amount representing 10% of the Bid Amount payable by QIBs.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, FVCIs registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
QIB Portion	The portion of the Issue, being up to 69,000,000 Equity Shares, available for allocation to QIBs on a proportionate basis.
Registrar/Registrar to the Issue	Karvy Computershare Private Limited.
Retail Individual Bidders	Individual Bidders who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000.
Retail Portion	The portion of the Issue, being at least 48,300,000 Equity Shares, available for allocation to Retail Individual Bidder(s) on a proportionate basis.
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The Red Herring Prospectus dated January 9, 2006 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/ Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
Stock Exchanges	BSE and NSE.
Stock Option Employees	Permanent employees and directors of the Company and GSPC who are eligible to receive options under the ESOP.
Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among the Company and the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	Kotak Securities Limited, ICICI Brokerage Services Limited and Meghraj Financial Services (India) Private Limited, and GSFS Capital & Securities Ltd.
TRS or Transaction Registration Slip	The slip or document issued by the BRLMs/Syndicate Members to the Bidder as proof of registration of the Bid.

Term	Description
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date but prior to the filing of the Prospectus with SEBI.

Conventional/General Terms

Term	Description
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended from time to time.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Draft Pipeline Policy	Draft Policy for Development of Natural Gas Pipelines Network.
Environment Act/EPA	The Environment (Protection) Act, 1986, as amended from time to time.
FCNR Account	Foreign Currency Non-Resident Account.
Forest Act	The Forest (Conservation) Act, 1980, as amended from time to time.
Factories Act	The Factories Act, 1948, as amended from time to time.
Gujarat Water and Gas Pipeline Act	The Gujarat Water and Gas Pipeline (Acquisition of Right of User in Land) Act, 2000, as amended from time to time.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Industrial Policy	The industrial policy and guidelines issued thereunder by the Ministry of Industry, Government of India, from time to time.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
Petroleum and Mineral Pipelines PMP Act	The Petroleum and Mineral Pipelines (Acquisition of Right of User in Land) Act, or 1962, as amended from time to time.
Regulator	A regulator envisaged under the Draft Pipeline Policy.
Regulatory Board	The Petroleum and Natural Gas Regulatory Board.
Regulatory Board Bill	The Draft Petroleum and Natural Gas Regulatory Board Bill, 2005, (As Revised in May 2005).
P/E Ratio	Price/Earnings Ratio.
Public Insurance Act	The Public Liability Insurance Act, 1991, as amended from time to time.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI ESOP and ESPS Guidelines	SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

Term	**Description**
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI MAPIN Regulations	SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
Securities Act	U.S. Securities Act, 1933, as amended from time to time.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Water Act	The Water (Prevention and Control of Pollution) Act, 1974, as amended from time to time.
Wealth Act	The Wealth Act, 1957, as amended from time to time.

Industry Related Terms

Term	Description
ASME	American Society of Mechanical Engineers
CNG	Compressed Natural Gas.
DGH	Directorate General of Hydrocarbons.
E&PD	Energy & Petrochemicals Department, Gandhinagar, Gujarat.
EPC	Engineering, Procurement and Construction.
GSA	Gas Sales Agreement.
GTA	Gas Transmission Agreement.
GTAA	Gas Transmission Arrangement Agreement.
LNG	Liquefied Natural Gas.
MCC	Master Control Centers.
mmscmd	Million Metric Standard Cubic Metres per Day.
MoPNG	Ministry of Petroleum and Natural Gas, Government of India.
NELP	New Exploration Licensing Policy.
RoU	Right of Use.
RoW	Right of Way.
SCADA	Supervisory Control And Data Acquisition.

Abbreviations

Abbreviation	Full Form
AGM	Annual General Meeting.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BPCL	Bharat Petroleum Corporation Limited.
BSE	The Bombay Stock Exchange Limited.
CAG	The Comptroller and Auditor General of India.
CDSL	Central Depository Services (India) Limited.
CIT	Commissioner of Income Tax.
CIT (A)	Commissioner of Income Tax (Appeals).
CWIP	Capital Work in Progress.
EPS	Earnings per share.
ESOP	GSPL Employees Stock Option Plan 2005.
FDI	Foreign Direct Investment.
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time.
GACL	Gujarat Alkalies and Chemicals Limited.
GAIL	GAIL (India) Limited.
GGCL	Gujarat Gas Company Limited.
GIDB	Gujarat Infrastructure Development Board.
GIDC	Gujarat Industrial Development Corporation.
GIPCL	Gujarat Industries Power Company Limited.
GIR	General Index Registry.
GMB	Gujarat Maritime Board.
GNFC	Gujarat Narmada Valley Fertilizers Company Limited.
GoG	Government of Gujarat.
GoI	Government of India.

Abbreviation	Full Form
GPCB	Gujarat Pollution Control Board.
GPEC	Gujarat Paguthan Energy Corporation Private Limited.
GSAL	Gujarat Science at Action Limited.
GSEC	Gujarat State Electricity Company Limited.
GSEG	Gujarat State Energy Generation Limited.
GSPC	Gujarat State Petroleum Corporation Limited.
GUVN	Gujarat Urja Vikas Nigam (erstwhile Gujarat Electricity Board).
HSBC	HSBC Securities and Capital Markets (India) Private Limited.
HUF	Hindu Undivided Family.
IAS	Indian Administrative Service.
ICAI	Institute of Chartered Accountants of India.
IDBI	Industrial Development Bank of India Limited.
IDF	India Development Fund, a unit scheme of IDFC Infrastructure Fund, a trust created under the Indian Trust Act, 1882 and a venture capital fund registered under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 which is managed by IDFC Private Equity.
IDFC	Infrastructure Development Finance Company Limited.
IDF SHA	The Shareholders Agreement dated November 4, 2004 by and among GSPL, IDF and GSPC.
IDBI/IDFC/UTI SHA	The Shareholders Agreement dated October 18, 2005 by and among GSPL, GSPC, IDBI, IDFC and UTI Bank.
IOCL	Indian Oil Corporation Limited.
IPO	Initial Public Offering.
I-Sec	ICICI Securities Limited.
ITAT	Income Tax Appellate Tribunal
KMCC	Kotak Mahindra Capital Company Limited.
kms	Kilometers (Unit for measurement of distance).
MAT	Minimum Alternate Tax.
MCA	Ministry of Company Affairs, Government of India.
MoEF	Ministry of Environment and Forest, Government of India.
MW	Mega Watt.
NAV	Net Asset Value.
NIKO	NIKO Resources Limited.
NOC	No Objection Certificate.

Abbreviation	Full Form
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
ONGC	Oil and Natural Gas Corporation Limited.
p.a.	per annum.
PAN	The permanent account number allotted under the I.T. Act.
RBI	The Reserve Bank of India.
RoC	The Registrar of Companies, State of Gujarat, located at Ahmedabad.
RoNW	Return on Net Worth.
Rs.	Rupees.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time.

PRESENTATION OF FINANCIAL AND MARKET DATA

Financial Data

The Company has no subsidiaries. Unless stated otherwise, the financial data in this Prospectus is derived from our restated financial statements as of and for the years ended March 31, 2001, 2002, 2003, 2004 and 2005 and as of and for the six months ended September 30, 2005 are prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with applicable SEBI Guidelines. The financial data is also derived from the financial statements as of and for the six months ended September 30, 2004, which are audited in accordance with Indian GAAP and the Companies Act but have not been restated.

Our fiscal year commences on April 1 and ends on March 31, so all references to a particular "fiscal year" or "Fiscal" are to the twelve-month period ended March 31 of that year, unless otherwise specified. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practice, Indian GAAP, the Companies Act and the SEBI Guidelines. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to quantify the impact of the differences included herein, and we urge you to consult your own advisors regarding such impact on our financial data.

Currency of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

Market Data

Unless stated otherwise, industry data used throughout this Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. The data used from these sources may have been reclassified by us for the purpose of presentation. Although we believe industry data used in this Prospectus is reliable, it has not been verified by any independent source.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward looking statements”. These forward looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions.

Similarly, statements that describe the Company’s objectives, strategies, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from the Company’s expectations include, among others:

- General economic and business conditions in India and in the State of Gujarat in particular;
- Supply and demand of natural gas in India and in the State of Gujarat in particular;
- The ability to successfully implement our strategy, and our growth and expansion plans;
- Changes in laws and regulations, or any interpretation thereof, that apply to our business;
- Increasing competition in the gas pipeline industry;
- The loss of any significant customer or supplier;
- Changes in the Indian and international interest rates;
- Any adverse outcome in the legal proceedings in which the Company is involved;
- Changes in any global conditions and situations affecting India and the Indian oil and gas industry; and
- Changes in political conditions in India and the State of Gujarat.

For further discussion of factors that could cause our actual results to differ, see the sections “Risk Factors”, “Our Business” and Management’s Discussion of Financial Condition and Results of Operations” beginning on pages xii, 49 and 119, respectively, of this Prospectus.

Neither the Company, the Promoter, or their respective directors and officers nor any Underwriter, nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

RISK FACTORS

An investment in equity shares involves a degree of risk. You should carefully consider all information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks occur, our business, results of operations and financial condition could suffer, the price of the Equity Shares could decline and you may lose all or part of your investment in the Equity Shares.

Internal Risk Factors

Risks Related to Our Company

Our construction of new gas transmission pipelines have significant capital expenditure requirements and, if we are unable to obtain the necessary funds for such capital expenditure in a timely manner, our business may be adversely affected. Further, our capital expenditure plans may not yield the benefits intended and have not been appraised by any bank or financial institution.

We intend to make substantial additional investments to expand our existing gas transmission network to new identified areas in the State of Gujarat by approximately 742 kms (the "Expansion"), which will require significant capital expenditure. If we do not have sufficient internal resources to fund our capital expenditure requirements in the future, we may be required to incur additional debt or equity financing which may not be available on commercially reasonable terms or at all. Lack of capital resources may inhibit our ability to implement the Expansion and limit our ability to expand our revenues in future periods. For details see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" on page 131 of this Prospectus.

We plan to spend approximately Rs.14,500 million for the Expansion of our gas transmission network. For more details on our planned capital expenditure, see the section titled "Objects of the Issue" on page 25 of this Prospectus. The figures in our capital expenditure plans are based on management estimates and have not been appraised by any bank, financial institution or other independent organization.

In addition, our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; receipt of critical governmental and other approvals; availability of financing on acceptable terms; and changes in management's views of the desirability of current plans, among others. The actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen or weather-related delays, cost overruns, unanticipated expenses, regulatory changes and engineering design and technological changes.

If we experience significant delays or mishaps in the implementation of our capital expenditure plans or if there are significant cost overruns, then the overall benefit of the Expansion to our revenues and profitability may be less than expected or may not be realized.

We are subject to risks associated with delays in the construction and commissioning of our new gas transmission pipelines.

We are implementing the construction of new gas transmission pipelines as part of the Expansion and our efforts to build a state-wide gas transmission network in Gujarat. Though we plan to complete the Expansion by July 2007, Expansion involves engineering, construction and other normal commercial risks, and may be delayed or may not be entirely successful for many reasons, including our reliance on third party contractors, failure to obtain necessary governmental and other approvals, failure to acquire land required for the Expansion and failure of our customers to construct gas-receiving facilities that connect to our gas transmission network. The gas transmission pipelines that we plan to construct may not be completed as planned or on schedule and we may not achieve our planned increase in network coverage or our targeted return on investment.

- We rely upon third party engineering, procurement and construction ("EPC") contractors that undertake turnkey contracts for our gas transmission pipeline projects. Our reliance on EPC contractors to complete the Expansion may subject us to construction delays, which are beyond our control. EPC contractors may allocate their manpower and other resources to service other clients ahead of us. Any delay in completion of a construction project may also cause a delay in the receipt of projected operating revenues from our operations or cause us to lose customers.
- We require numerous approvals, licenses, registrations and permissions to operate our business, including Right of Uses ("RoUs") and Right of Ways ("RoWs") for the land traversed by our pipelines. We are in the process of obtaining or making an application for obtaining a license or approval for RoUs and RoWs. For more information, see the section titled "Government and other Approvals" on page 150 of this Prospectus. If we fail to obtain any of these rights, approvals or licenses, in a timely manner, or at all, it could cause our Expansion plans to fall behind schedule or cause us to change our pipeline routes to less desirable alternatives.
- We are yet to acquire some of the land required for the Expansion, specifically for the spur lines and certain segments of our pipelines including land for sectionalizing valve stations, metering stations and control centers. We may fail to acquire land for the Expansion if landowners refuse to sell their land or our acquisition of land may be delayed if negotiations are longer than expected, which may also cause delays in completing the Expansion.
- In order to deliver natural gas to our customers, our gas transmission network must be connected to various gas-receiving facilities built by our customers. In some cases, our customers construct these gas-receiving facilities simultaneously with our construction of natural gas transmission pipelines. As a result, any failure or delay in the construction of the gas-receiving facility by our current or proposed customers may delay our delivery of gas to such customers or limit the number of new customers that we obtain.

Any delay in completing the Expansion of our gas transmission network, whether caused by delays or failures by our EPC contractors, delays in obtaining government or other approvals, failures by our existing or potential customers to construct facilities to receive natural gas, or failures or delays in acquiring land could limit or reduce the benefits that we hope to achieve from the Expansion. Further, such delays could have an adverse effect on our efforts to grow our revenues and profitability.

Our operations are subject to engineering and design risks which could expose us to material liabilities, loss in revenues and increased expenses.

Our operations are subject to hazards inherent in the transportation of natural gas, such as the risk of engineering and design defects in our gas transmission pipelines. These hazards include faults in pipe material, manufacturing processes that cause pipeline defects and welding defects. Such defects can cause our pipelines to leak or rupture, which may result in injury, loss of life, severe damage to property and equipment, environmental damage, suspension of our operations and the imposition of civil and criminal liabilities. The occurrence of any accidents caused by design failures may disrupt our business operations and may adversely affect public perception about our operations and employees, leading to an adverse effect on our business.

Our EPC contractors may not comply with our construction specifications. For example, EPC contractors may purchase pipes that are unable to withstand our previously specified pressure levels resulting in disputes or potential litigation between us and our EPC contractors or third parties. Any failure by EPC contractors to construct our pipeline projects according to our specifications could cause them not to operate properly or at optimal capacity and result in construction delays as we attempt to effect corrections or repairs.

We transport a significant quantity of natural gas for a limited number of customers.

We transport natural gas principally for customers that operate power and fertilizer plants, which collectively accounted for approximately 70.3% of our operating revenues in the six months ended September 30, 2005. Our five largest customers accounted for approximately 68.4% of our operating revenues in the six months ended September 30, 2005 with our largest customer, Gujarat Paguthan Energy Corporation Private Limited ("GPEC") accounting for approximately 30.1% of our operating revenues. Our GTA with GPEC is for a period of five years and expires in September 2007. We transport gas for such customers pursuant to gas transmission agreements ("GTAs") with tenures between one and fifteen years. Any adverse developments in the industries in which our key customers operate may adversely affect their business and financial condition, and ability to meet their obligations to us under the GTAs. Such developments, any disruption in the businesses of our customers or the loss of one or more of our key customers, could adversely affect our business.

There are two criminal cases involving the Company and employees of the Company.

There are two criminal cases involving the Company and employees of the Company in respect of a motor accident and alleged failure to register the establishment under the provisions of the Contract Labour Act. In relation to the motor accident matter, there is a claim for a value of Rs. 0.4 million as compensation. For more information regarding these cases, see "Outstanding Litigation and Material Developments" on page 144 of this Prospectus.

The failure of our operations and maintenance procedures to adequately maintain our gas transmission pipelines and equipment or disruptions in our telecommunications and basic infrastructure may adversely affect our business, financial condition and results of operations.

Although we have established comprehensive operations and maintenance procedures to monitor and maintain the health of our gas transmission network, our gas transmission pipelines may be subject to corrosion, unwanted materials may enter our pipelines, and our gas filtration, pressure reduction, flow measurement, gas analysis and other testing equipment may malfunction or entirely fail. In addition, we rely on our supervisory control and data acquisition ("SCADA") system to process data along the length of our entire gas transmission network regarding all critical parameters including pressure, flow and temperature. Data transfer between our SCADA system and master control centers monitored by our operations and maintenance personnel may be disrupted for reasons outside our control. Any failure of our operations and maintenance procedures to adequately maintain operation of our gas transmission pipelines and equipment or disruptions in obtaining data through our SCADA system may inhibit our ability to supply gas to our customers and have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with third party intrusions and damage to our gas transmission pipelines caused by third parties.

Our natural gas transmission network currently traverses 433 kms from Hazira to Kalol and our existing and proposed natural gas pipelines under the Expansion crosses numerous utility infrastructure, bridges, railway lines, highways, roads, canals, other pipelines and private lands. Although our operations and maintenance program includes field inspections and foot patrolling to monitor third party encroachments along the route of our gas transmission network, third party intrusions over which we have no control may nevertheless occur. Third parties may damage our natural gas transmission pipelines causing ruptures in our pipelines, gas leaks and disruption to our SCADA system and other business operations, which may cause localized disruptions in our ability to transport natural gas and require us to incur repair expenses and additional operations and maintenance costs. Conversely, third party claims may be brought against us for potential damage caused to the property of others while we are engaged in the Expansion and operation of our gas transmission network. Any such third party intrusions or damage caused to our natural gas transmission pipelines, or claims brought against us by third parties, may temporarily cause delays in our ability to transport gas to our customers and harm our relationships with affected customers as well as increase our operating expenses.

The diversification of our customer base to include small to medium industrial customers may expose us to greater credit risks.

The majority of our current customers are large and established businesses including power, fertilizer, steel and chemical plants. We intend to diversify our customer base to include small to medium industrial customers, which may expose us to greater credit risk. Small to medium industrial customers generate less revenues and cash flows compared to larger and more established customers and may be more likely to default on their payments despite provisions in our GTAs requiring customers to provide for bank guarantees and letters of credit to secure payment. In addition, customers for whom natural gas has not been integral to their business operations may be more likely to fail to renew their contracts for delivery of natural gas and prevent us from earning expected returns on the investment we make to connect their facilities to our pipeline network. As a result of the diversification of our customer base we are exposed to greater credit risk, which may adversely affect our revenues and results of operations.

Our management will have significant flexibility in applying the proceeds of the Issue.

We intend to use the proceeds of the Issue for capital expenditure described in the sections titled "Objects of the Issue" and "Management's Discussion and Analysis of Financial Condition and Results of Operation" on pages 25 and 119, respectively, of this Prospectus. While we have entered into several EPC contracts in connection with certain segments of the Expansion, we are yet to award construction contracts with respect to several spur lines, and have yet to acquire land for our Expansion, specifically for Spur Lines and certain segments or our pipeline, including land required for installation of sectionalizing valve stations, metering stations and control centers. As a result, our management will have considerable discretion in entering into additional EPC and other construction contracts and acquisition of land required to complete the Expansion. Pending utilization of the Net Proceeds of the Issue as described in "Objects of the Issue" on page 25 of this Prospectus, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdraft. The utilization of the Net Proceeds will be monitored by our Board and will not be subject to any monitoring by any independent agency.

There are restrictive covenants in agreements we have entered into with certain banks and financial institutions for long term borrowings. Future debt financing may place additional restrictions on our operations.

We have entered into agreements with certain banks and financial institutions for long term borrowings. Some of these agreements contain restrictive covenants that require us to obtain the prior consent of our lenders to take certain actions, including declaration of dividends, alteration of our capital structure, expenditure in new projects, and making changes to key personnel or in our constitutional documents. In addition, certain of these agreements require us to maintain various financial ratios, and may provide certain lenders with the right to appoint a nominee director on our Board. For example, pursuant to the terms of our Rupee Loan Agreement in the amount of Rs.2,000 million with Infrastructure Development Finance Company Limited ("IDFC") dated March 29, 2004, IDFC has the right to nominate one member of our Board and in case of a default under the term of the loan, IDFC has the right to appoint and remove from time to time, one or more whole-time director(s) on the Board. Further, under the terms of the sanction letter with the State Bank of India dated November 10, 2003 in the amount of Rs. 750 million, such bank has the right to nominate a member on our Board.

Any additional financing we require to fund our planned capital expenditures, if met by way of additional debt financing, may place restrictions on us which may, among other things:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to pursue our growth plans;
- require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt,

thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements and use for other general corporate purposes; and

- limit our flexibility in planning for, or reacting to, changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise.

For more information regarding restrictive covenants in loan agreements, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations-Indebtedness" on page 133 of this Prospectus.

Future sales or issuances of Equity Shares may dilute shareholdings and adversely affect the market price of the Equity Shares.

Future sales by us or our existing shareholders of substantial amounts of our Equity Shares in the public markets after this offering could adversely affect market prices prevailing from time to time. Certain number of the Equity Shares currently outstanding will be available for sale immediately after this offering, with the others subject to lock-up arrangements due to legal restrictions on resale. Nevertheless, after these restrictions lapse or if these restrictions are waived, future sales of substantial amounts of our Equity Shares, or the possibility of such sales, could negatively impact the market price of our Equity Shares.

In addition to IDF's ability to sell its Equity Shares in the market after the completion of the Issue as discussed below, the Equity Shares to be issued to the Stock Option Employees upon exercise of the options granted to them after vesting shall be available for sale in the market. Some of the options granted to Stock Option Employees vest after the expiry of one year from October 18, 2005, the date of grant of options. Future sales of substantial amounts of our Equity Shares by IDF, GSPC, Stock Option Employees or our other existing shareholders, or the perception that such sales may occur, may adversely affect the trading price of the Equity Shares, and might make it more difficult to sell the Equity Shares in the future at a time and at a price that you deem appropriate. In addition, to the extent that we conduct any future equity offerings, you may experience dilution to your shareholding and the trading price of the Equity Shares may be adversely affected.

Our second largest shareholder, IDF, will own 13.28% of the Equity Shares after the completion of the Issue and may sell all of its Equity Shares immediately after the completion of the Issue.

India Development Fund ("IDF") is a unit scheme of IDFC Infrastructure Fund, a trust created under the Indian Trust Act, 1882 and a venture capital fund registered under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996. IDF, our second largest shareholder with 17.81% of our Equity Shares prior to the Issue, will own 13.28% of our Equity Shares upon completion of the Issue. IDF is not subject to the lock-in requirements under the SEBI Guidelines and is permitted to sell its Equity Shares immediately following the Issue. In addition, there are no contractual restrictions on IDF's ability to sell any of its Equity Shares immediately after the completion of the Issue. Such sales, or the possibility of such sales, could negatively impact the market price of our Equity Shares.

The regulatory framework in India is evolving and regulatory changes could have a material adverse effect on our business, results of operations and financial condition.

The Ministry of Petroleum and Natural Gas ("MoPNG") is the primary administrator of the Indian oil and gas industry. As of the date of this Red Herring Prospectus, there is no policy in force specifically relating to the transmission of natural gas through pipelines in India. However, two new regulatory proposals are under consideration and other regulatory proposals may be introduced in the future that if adopted, would create significant changes to the current state of affairs.

The first proposal is the Draft Petroleum and Natural Gas Regulatory Board Bill, 2005 (the "Regulatory Board Bill"), which proposes the establishment of the Petroleum and Natural Gas Regulatory Board (the "Regulatory Board") to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas (excluding production of crude oil and natural gas). The second proposal is a Draft Policy for Development of Natural Gas Pipelines Network ("Draft Pipeline Policy"), which envisages the appointment of a regulator for regulating transmission, distribution, supply and storage system for natural gas and LNG. For more information on these policies refer to the section titled "Regulations and Policies" on page 63 of this Prospectus.

It is expected that the two draft policies will be finalized after consideration of the various comments and suggestions received by the GoI. Currently, it is not certain how the regulatory changes envisaged by the Regulatory Board Bill and Draft Pipeline Policy will affect our organization and operations but any new legislation or regulation, including the appointment of a new regulator, could have a material impact on our business. For example we may experience delays in obtaining authorization to construct new pipelines or we may not be able obtain such authorizations at all. Additionally, the mechanism by which tariffs will be assessed has not been determined. If tariff levels are set below those currently prevailing, our operating revenues would be adversely affected. Technical operating parameters for our gas transmission network may also be regulated and if we are not in compliance with any such new regulations, we may lose customers, be required to restructure our business or be required to pay fines.

The timing and content of any new regulation is not in our control and could be more extensive or restrictive than is currently envisaged in the Regulatory Board Bill and the Draft Pipeline Policy. As a result, our past financial performance may not be a clear indicator of what our future results will be. In addition, on-going regulatory changes make it more difficult to predict what the regulatory environment and market will be in the future and more difficult to plan for the medium and long-term.

The interests of the Government of Gujarat may conflict with your interests as a shareholder.

Our Articles of Association provide that the Government of Gujarat ("GoG") may, from time to time, issue such directions or instructions as it may consider necessary in regard to our financial and business affairs, and we are required to comply with and give immediate effect to the directions or instructions of the GoG. In particular, the GoG has powers to: (1) call for returns, accounts, and other information with respect to our property and activities, (2) approve our proposed five-year and annual plans, and (3) approve appointments, extensions in service and re-employment of our employees beyond the age of 58 years. In exercising administrative control over our Company, the interest of the GoG may be different from our interests or the interests of our other shareholders. From time to time, we may be called upon to implement policies or take actions imposed by the GoG that may not be consistent with our commercial objectives.

GSPC and some of our existing shareholders will continue to have the right to appoint certain directors even after the completion of this Issue and in the future other financing companies may be granted rights to appoint directors.

Our Articles of Association provide that so long as GSPC holds not less than 26% of the share capital, directly or indirectly through its subsidiaries or associates, GSPC is entitled to nominate and appoint majority of the directors on our Board, the GoG shall have the right to appoint, nominate, remove or retire two directors, and Gujarat Infrastructure Development Board ("GIDB") has the right to appoint, nominate, remove or retire one director on our Board. One third of the directors appointed by GSPC and the directors appointed by GIDB shall serve on a full time basis and will not be liable to retire by rotation.

Our Articles of Association also provide that for so long as any money remains due by our company to certain finance or credit corporation or to any financing company or any body or bank (each such entity, the "Financing Company") out of the loans granted by them to our Company and until (a) the Financing Company continues to hold debentures in the Company by direct subscription or private placement, (b) the Financing Company continues to hold shares in the Company as a result of underwriting or direct subscription, or (c) any liability of the Company arising out of guarantee furnished by the Financing Company on behalf of the Company remains outstanding, such Financing Company shall have the right to appoint from time to time any person as director on the Board and remove such person so appointed. In addition, at the option of such Financing Company, such director(s) shall not be required to hold any share qualification or be liable to retire by rotation of directors. As of the date of this Prospectus, other than as described herein, no Financing Company has appointed a director on our Board.

In addition, during the term of our Shareholders' Agreement dated November 4, 2004 with India Development Fund ("IDF SHA") and GSPC, so long as IDF holds 7.5% of the equity share capital of our Company, we may not take any action or make any decision relating to certain matters specified in our Articles of Association, without the written consent or affirmative vote from IDF. The matters over which IDF has approval rights, among others, include our ability to alter our authorized share capital, enter into transactions with an affiliate, borrow funds or issue guarantees, enter into a merger, acquisition or joint venture, declare or pay any dividend and appoint or terminate our chief operating officer. Under our IDF SHA, IDF is also entitled to appoint a nominee director on our Board who is liable to retire by rotation. These provisions are also incorporated into our Articles of Association.

As a result of the rights granted to GSPC, the GoG, GIDB and IDF and rights that may be granted to a Financing Company in the future, these entities or individuals may take actions with respect to our business that may not be in our or our other shareholders' best interests.

Conflicts of interest exist and may arise among us, certain members of our management and certain members of our Board who are also members on the Board or management of GSPC, our promoter.

Conflicts of interest exist and may arise in the future as a result of the relationships among us, Mr. Balwant Singh, our Chairman, Mr. D.J. Pandian, our Managing Director, Mr. P.K. Pujari our Director Mr. Singh, Mr. Pandian, and Mr. Pujari also hold the positions of Chairman, Managing Director, and Director, respectively, at GSPC, our promoter. The Board of Directors, pursuant to its resolution passed at its meeting held on July 23, 2004, appointed Mr. D.J. Pandian, IAS as Managing Director of our Company for a period not exceeding five years. Mr. D.J. Pandian is not liable to retire by rotation and has been authorized to hold office of the Managing Director of our Company for so long as he continues to be the Managing Director of GSPC. Consequently, these individuals may encounter situations in which their fiduciary obligations to GSPC, on the one hand, and us, on the other hand, are in conflict. The resolution of these conflicts may not always be in our best interest or that of our shareholders. Mr. Singh, Mr. Pandian, and Mr. Pujari may also encounter time-allocation constraints among us and GSPC. As a result, these individuals may face conflicts which may adversely affect our business, results of operations and financial condition.

Our business may be severely disrupted if we lose the services of our key executives and employees or fail to add new senior and mid-level managers to our management.

Our future success is heavily dependent upon the continued service of our Board of Directors and key executives. Our future success is also dependent upon our ability to attract and retain qualified senior and mid-level managers to our management team. If one or more of our key executives and employees are unable or unwilling to continue in their present positions, we may not be able to easily replace them, and our business may be severely disrupted. In addition, if any of these key executives or employees joins a competitor, we could lose customers and incur additional expenses to recruit and train personnel. We do not maintain life insurance for any of our key executives. Our inability to retain and attract qualified personnel in the future, or delays in hiring additional such personnel, could make it difficult to meet key objectives, such as the timely Expansion of our gas transmission network.

We regularly work with volatile and hazardous materials that subject us to risks that may impact our operations.

Due to the nature of our business we handle highly flammable and explosive materials. Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards associated with using, storing, transporting and disposing such materials, including:

- explosions;
- fires;
- severe weather and natural disasters;
- mechanical failure;
- discharges or releases of hazardous substances or gases;
- other environmental risks; and
- terrorist attacks.

These hazards can cause personal injury and loss of life, catastrophic damage to or destruction of property and equipment and environmental damage and could result in a suspension of operations and the imposition of civil or criminal penalties. The loss or shutdown over an extended period of operations at any of our major operating facilities would have a material adverse effect on us.

Compliance with, and changes in, safety, health and environmental laws and regulations impose additional costs and may adversely affect our results of operations and our financial condition.

Compliance with applicable safety, health and environmental laws and regulations creates costs for us that are an inherent part of our business. We, like other developers and operators of gas transmission pipelines in India, are subject to a broad range of safety, health and environmental laws and regulations which impose controls on the storage, handling and transportation of natural gas, employee exposure to hazardous substances, planting trees and ensuring that the top soil of the land acquired is not adversely affected and other aspects of our operations. We may also incur environmental liabilities in respect of our operations even for environmental damage caused by acts or omissions of our third party contractors.

Further, the adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require that we make additional capital expenditures or incur additional operating expenses in order to maintain our current or future operations or take other actions that could have a material adverse effect on our financial condition, results of operations and cash flow, or affect our ability to transmit gas to customers. These laws and regulations are increasingly more stringent and may in the future create substantial environmental compliance or remediation liabilities and costs. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and our compliance costs may significantly exceed current estimates. If we fail to meet environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as orders that could limit or halt our operations.

We may become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which may be material. Clean-up and remediation costs of our gas transmission pipelines and related litigation could adversely affect our cash flow, results of operations and financial condition. For more details, see "Business—Safety and Environment" on page 60 of this Prospectus.

Our insurance may not be adequate to protect us against all potential losses to which we may be subject.

We maintain insurance for damage caused by floods, fires and earthquakes on our facilities, as well as third party liability insurance, which we believe is in accordance with relevant regulations and customary industry practices in India. However, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materialize. Further, there are many events that could cause significant damages to our operations, or expose us to third party liabilities, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

In addition, our policy of covering third party risks through contractual limitations of liability, indemnities and insurance may not always be effective. Our third party contractors may not have adequate financial resources to meet their indemnity obligations to us. Losses may derive from risks not addressed in our indemnity agreements or insurance policies, or it may no longer be possible to obtain adequate insurance against some risks on commercially reasonable terms. Failure to effectively cover ourselves against engineering and design risks for any of these reasons could expose us to substantial costs and potentially lead to material losses.

We are defendants in a number of legal proceedings that if determined against us, could have a material adverse impact on our results of operation and financial condition.

42 cases have been filed against the Company by certain land owners seeking enhancement of compensation awarded to them by the competent authority in connection with the RoUs acquired by the Company under the Gujarat Water and Gas Pipeline Act and the PMP Act for construction of gas pipeline. The cumulative value of the claims is approximately Rs. 146 million. These matters are currently pending before the District Courts of Bharuch, Baroda, Nadiad and Valsad. We have also received show cause notices (Nos. 15-73/2005), dated February 11, 2005, filed before the District Judge, Surat, for condonation of delay in filing appeals against the order of the competent authority determining compensation.

234 cases have also been filed against GSPC by certain land owners for enhancement of compensation in respect of the RoUs acquired by GSPC under the PMP Act. Pursuant to an agreement dated May 21, 2001, between GSPC and GSPL, GSPC has permitted GSPL to enter upon the land in respect of the RoUs acquired by GSPC and do all necessary acts for laying pipelines. The agreement also provides that GSPL shall have the sole responsibility to pay consideration for RoUs, crop compensation to land owners or any levies and duties to authorities in respect of those RoUs. The cumulative value of these claims is approximately Rs. 3,966 million. These matters are currently pending before the District Court of Bharuch, Aamod and Surat.

As of the date of this Prospectus, no adverse decision has been rendered against the Company or GSPC in any of these land compensation cases. However, since the underlying facts in all these cases are the same, an adverse decision in one case could result in a determination against us in all of the other cases, and we may be required to pay all or a portion of the disputed amount. We cannot, at this stage, predict the outcome of these cases or make an assessment of the potential liability arising from these cases.

Should any new developments arise, such as a change in Indian law or a ruling against us by courts or tribunals, we may need to establish reserves in our financial statements, which could increase our expenses and our current liabilities. Furthermore, if a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have a material adverse affect on our results of operations. See also the section titled “Regulations and Policies” on page 63 of this Prospectus.

For more information regarding litigation involving us, our Directors, our Promoter and group companies, see “Outstanding Litigation and Material Developments” on page 144 of this Prospectus.

The allocation of Equity Shares pursuant to our ESOP may result in a charge to our income statement and may adversely impact our net income.

We have adopted an ESOP for granting options to the Stock Option Employees. Any issuance of Equity Shares pursuant to the ESOP may result in a charge to our income statement equal to the product of such number of Equity Shares issued and the difference between the market price of our Equity Shares as on the date of their issue and the price at which Stock Option Employees will exercise the option to purchase the Equity Shares, which will be Rs.14 per share. For indicative purposes only, the charge based on the upper end of the Price Band of Rs. 27 and assuming that we issue shares representing 2% of our pre-Issue paid-up capital, would be approximately Rs. 105.10 million. We expect that such charge will be reflected in our Indian GAAP financial statements in the financial year in which the options are vested.

Some of our associate companies have incurred losses in recent fiscal periods.

Some of our associate companies have incurred losses in previous fiscal years as set out in the table below:

	Profit After Tax/(Loss) (Rs. million)		
Name of the Company	**Fiscal 2003**	**Fiscal 2004**	**Fiscal 2005**
Gujarat Science at Action Limited	(0.05)	(0.03)	(1.16)
GSPC Gas Company Limited (erstwhile, Gujarat State Fuel Management Co. Ltd.)	(5.69)	(4.53)	(5.06)
Guj Info Petro Limited	(8.96)	(2.26)	5.28

For more information on these companies, please refer to the section titled “Our Promoter and Group Companies” on page 81 of this Prospectus.

We do not currently own nor have we leased the premises at which our registered office is located.

We do not currently own or have a lease for the premises at which our registered office and our corporate office is located. We have an arrangement with GSPC through which we pay rent for the occupation of these premises. In the event that GSPC requires us to vacate the premises, we will have no recourse to any relief or remedy and will be required to vacate the premises and seek new premises at short notice, which may affect our ability to conduct our business or increase our operating costs.

We have not registered any trademarks, and our failure to protect our intellectual property rights may adversely affect our business.

We have not registered the GSPL trademark or logo, nor have we made any application to register the same. We operate in a competitive environment, where generating brand recognition will be a significant element of our business strategy. If we fail to successfully obtain or enforce our trademark rights with respect to our logo, we may need to change our logo. Any such change could require us to incur additional costs and may adversely impact our business, financial condition and results of operations.

Some of our GTAs require us to pay liquidated damages if we fail to supply natural gas at specified quantities.

Generally, if for any reason (other than *force majeure*) we are unable to take delivery of natural gas at the designated receipt points and transport the gas to the designated delivery point at the quantities contracted and scheduled for delivery, our customers are entitled to a reduction in capacity charge and capacity relief whereby any shortfall in delivered natural gas will be made up on delivery the following day. In addition, some of the GTAs require us to pay liquidated damages where there is a shortfall in quantity of natural gas shipped not caused by *force majeure* or breach of the GTA by the customer. Any disruption in our ability to supply gas to our customers resulting in the payment of liquidated damages may adversely affect our revenues, financial condition and results of operations.

As at September 30, 2005, we had contingent liabilities as disclosed in our Schedule of Contingent Liabilities and Capital Commitments under Indian GAAP, and our results of operations could be adversely affected if any of these contingent liabilities materializes.

Our contingent liabilities, as of September 30, 2005 comprised the following:

- Letter of Credit issued and outstanding in an amount of Rs.35.52 million.
- Claims against our Company not acknowledged as debt relating to gas transportation charges in an amount of Rs.30.4 million, of which amount the Company has paid Rs.13.1 million under protest.

If any of these contingent liabilities materializes, our results of operations could be adversely affected. In addition, estimated amount of contracts amounting to Rs. 7,541.72 million to be executed on capital account and not provided for as at September 30, 2005 formed part of the outstanding capital commitments.

GSPC, our principal shareholder, and certain other persons have been issued shares at a price lower than the issue price within the last 12 months.

In the last twelve months GSPC, our principal shareholder, GMB, IDF, GNFC, GIDC, IDBI, IDFC and UTI Bank have been issued equity shares at a price that may be lower than the issue price. In addition, the Stock Option Employees have been granted options to purchase Equity Shares at an exercise price of Rs. 14, which may be lower than the Issue Price. For details of the issuance of Equity Shares to the Promoter and other shareholders, see the section titled "Capital Structure – Notes to the Capital Structure" on page 18 of this Prospectus.

We are yet to apply for and receive certain statutory approvals required in the ordinary course of business.

We require numerous approvals, licenses, registrations and permissions to operate our business, including Right of Uses ("RoUs") and Right of Ways ("RoWs") for the land traversed by our pipelines. We apply for approvals and renewals in the ordinary course of business.

- We are yet to receive certain forest approvals, approvals for non-agricultural use of land and approvals and renewals under Factories Act, applications for which have been submitted by us to the concerned authorities or we are in the process of making such applications.
- In respect of the Expansion, we require to obtain RoUs and RoWs for the land traversed by our pipelines. We are in the process of obtaining or making applications for obtaining such RoUs and RoWs.

For more information, see the section titled "Government and Other Approvals" on page 150 of this Prospectus. Failure to obtain these approvals or renewals, which have been regularly obtained in the past, would adversely affect our business.

External Risk Factors

Fluctuations in the supply of and demand for natural gas may result in reduced operating revenues and may cause operating losses in the future.

Because we act as a link between gas suppliers and users, the success of our operations depends on the availability of natural gas supplies and the demand for natural gas from our customers. Although we estimate that the current and future demand for natural gas exceeds supply and believe that the capacity of our gas transmission network will be sufficient to service new and existing customers, the expected future demand for our services may never materialize. The supply of and demand for natural gas is subject to several factors which may adversely affect our operations. Factors affecting supply include decreases in natural gas exploration and development activities, declines in the volume of natural gas wells or reserves, declines in importation of LNG and government regulations affecting allocation of gas supplies. Factors affecting demand include the growth and development of industries utilizing natural gas as a primary fuel source, gas prices and availability of competing alternative fuels. Each or all of these factors could materially adversely affect our operating revenues, financial condition and prospects. In addition, our pipelines are currently connected to gas supplies from the collection points near the natural gas fields of Cairn Energy, GSPC, and GSPC-Niko, all located in Hazira and re-gasified LNG from the Hazira LNG terminal and the Petronet LNG terminal. Any disruption for any reason in the supply of natural gas from these gas sources may harm our operating revenues if the gas suppliers are unable to supply gas to our customers and as a result our customers default on their GTAs with us. Such disruptions in gas supply may also limit our future growth.

Demand for natural gas may decrease due to competition from alternative fuels, which may adversely affect demand for our gas transportation services.

Natural gas competes with alternative primary fuels such as coal, liquefied petroleum gas, naphtha, high speed diesel, light diesel oil and fuel oil. These alternative fuels are currently widely used and although we believe that natural gas offers advantages over these fuels, consumers may not be aware of these advantages. There can also be no assurance that increased awareness would lead to greater adoption of natural gas by customers where we operate our gas transmission network. Further, while natural gas may be currently priced competitively against some alternative fuels, a reduction in the prices of alternative fuels may adversely impact the demand for natural gas and correspondingly adversely affect demand for our gas transportation services and as a result our profitability and financial condition may decline.

Our industry is highly competitive, and increased competition could adversely affect our competitive positions and operating results.

Currently, there are competing gas transportation pipelines operated by GAIL (India) Limited ("GAIL") and Gujarat Gas Company Limited ("GGCL") in the regions of Baroda, Baruch and Surat. GAIL is the largest natural gas transmission company in India and has greater financial resources and more extensive pipeline networks than we do. Our ability to renew or replace existing GTAs with our customers at rates sufficient to maintain current revenues and cash flows could be adversely affected by the activities of our competitors in these regions. In addition, our competitors may build or expand their gas transmission networks into other areas that we currently service or intend to service, which would create additional competition for our services. Increased competition may have a material adverse effect on our results of operations and financial condition.

Our performance is linked to the performance of the Indian economy and the natural gas industry in India.

Demand for our services can be adversely affected by Indian and global macroeconomic performance. All of our natural gas transmission services are provided to customers in Gujarat. Our performance and the growth of our business are dependent on the health of the overall Indian economy and in particular, the economy in and around Gujarat. A lower level of economic activity could result in a decline in the supply of and demand for natural gas and our services, which could adversely affect our operating revenues and margins and limit our future growth prospects.

You may not receive the Equity Shares you purchase in this Issue until several days after you pay for them, which will subject you to market risk.

Under the SEBI Guidelines, we are permitted to allot equity shares within fifteen days of the closure of the public issue. Consequently, the Equity Shares you purchase in this Issue may not be credited to your demat account with depository participants until approximately fifteen days from the Bid Closing Date. You can start trading your Equity Shares only after they have been credited to your demat account and listing and trading permissions are received from the Stock Exchanges

Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence, within the specified time periods.

We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, financial condition and results of operations.

Changes in interest rates could significantly affect our financial condition and results of operations. We are exposed to interest rate risk on our floating rate debt and on additional debt financing that may be periodically needed for the capital expenditures associated with our future expansion plans. Upward fluctuations in interest rates increase the cost of both existing and new debt. The interest rate that we will be able to secure in a future debt financing will depend on market conditions at the time, and may differ from the rates on our existing debt. This may adversely impact our results of operations, planned capital expenditures and cash flows. Although we may in the future enter into hedging arrangements against interest rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in interest rates.

The price of our Equity Shares may be highly volatile.

After listing, the prices of our Equity Shares on the stock exchanges may fluctuate as a result of several factors, including:

- volatility in the Indian and global securities market;
- our results of operations and performance;
- performance of our competitors, the Indian natural gas industry and the perception in the market about investments in the natural gas sector;
- changes in the estimates of our performance or recommendations by financial analysts;
- changes in factors affecting general market valuations of companies in the gas industry, including changes in the price of gas;
- announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- significant developments in India's liberalization, deregulation, fiscal, environmental and any other policies and regulations.

The prices of our Equity Shares may fluctuate after this Issue. There can be no assurance that the Issue Price will correspond to the prices at which our Equity Shares will trade in the market subsequent to this offering.

Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in loss of customer confidence, and adversely affect our business, operational and financial results.

Terrorist attacks, such as the one that occurred in Gandhinagar on September 24, 2002 where our registered offices are located, in which terrorists attacked the Akshardham Temple complex and communal riots in Gujarat, as well as terrorist attacks that occurred in New York and Washington, D.C. on September 11, 2001, New Delhi on December 13, 2001 and October 29, 2005, Bali on October 12, 2002 and October 1, 2005, Madrid on March 11, 2004 and London on July 7, 2005 and other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition.

More generally, any of these events could adversely affect natural gas and other fuel prices, cause consumer spending to decrease, cause increased volatility in the financial markets and have an adverse impact on the economies of India and other countries, including economic recession.

Political instability and significant changes in the Government of India's policy on liberalization of the Indian economy and nationalization could impact economic conditions in India generally our financial results and prospects.

All of our operations are located in Gujarat, and in Fiscal 2005 all of our operating revenues were derived from the domestic market. Our business, and the market price and liquidity of our Equity Shares may be affected by foreign exchange rates and controls, interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India and the State of Gujarat in particular.

The role of Indian central and state governments in the Indian economy and their effect on producers, consumers and regulators has remained significant over the years. The GoI continues to exercise substantial control over the oil and gas industry sector, especially in matters pertaining to environmental protection, controls and restrictions on production, and also potentially via nationalization policies. Since 1991, successive Indian Governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The current coalition-led Government, which came to power in May 2004, has announced policies and undertaken initiatives that continue the economic liberalization policies pursued by previous governments. However, there can be no assurance that these liberalization policies and the political stability will continue in the future. The rate of economic liberalization could change, and specific laws and policies affecting the petroleum industry and gas transmissions by companies including nationalization policies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any significant change in liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular. If the GoI passes a nationalization policy with respect to gas transmission companies this may have a material adverse impact on our business, results of operations and financial condition.

Since 1996, the GoI has changed many times. The current Indian government is a coalition of many parties, some of which are communist and others far left parties in India. The withdrawal of one or more of these parties or any dispute between groups of these political parties could result in political instability. Any political instability could delay or otherwise adversely affect the reform of the Indian economy and could have a material adverse effect on the market for our Equity Shares and on our results of operations.

Regional conflicts in Asia and other foreign markets could adversely affect the Indian economy and cause our business to suffer.

The Asian region has from time to time experienced instances of civil unrest and hostilities among neighboring countries, including between India and Pakistan. Since May 1999, military confrontations between India and Pakistan have occurred in Kashmir. Also, since 2003, there have been military hostilities and civil unrest in Iraq. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares, and on the market for natural gas and LNG.

Notes to Risk Factors

- The net worth of our Company was Rs. 4,283.84 million and Rs.4,205.97 million, as of September 30, 2005 and March 31, 2005, respectively, as per our restated financial statements under Indian GAAP.
- Public Issue of up to 138,000,000 Equity Shares of Rs.10 each, all of which is a fresh Issue, at a price of Rs.27 for cash aggregating up to Rs.3,726 million.
- The average cost of acquisition of our Equity Shares by our Promoter is Rs. 10.05 and the book value per Equity Share as of September 30, 2005 and March 31, 2005, was Rs.12.09 and Rs. 11.50 per Equity Share, respectively.

- In case of over-subscription in all categories, up to 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category would be met with spill-over from other categories. At our sole discretion, in consultation with the BRLMs and the Designated Stock Exchange.
- Except as specified in the section titled "Capital Structure" on page 17 of this Prospectus, our Promoters, our Directors and Group companies have not undertaken transactions in the securities of the Company during the last six months preceeding the date on which the Prospectus is filed with SEBI.
- For any clarification or information relating to the Issue, investors are free to contact the BRLMs, who will be obliged to provide the same to the investors.
- Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Issue.
- Investors are advised to refer to the section titled "Basis for Issue Price" on page 36 of this Prospectus.
- Related Party Transactions as per Auditor's Report dated December 15, 2005:

Transaction and balances with related parties

(Rs. Millions)

	Holding company	Associates	
	GSPCL	GSEGL	GIPL
Transactions for the year ended March 31, 2003			
Rent paid	0.46		
Gas Transportation Charges received	4.92	72.98	
Interest on Bonds paid		1.43	
Interest on Security Deposit paid		11.25	
Bandwidth charges paid			3.47
Website maintenance charges paid			0.10
Operation and Maintenance of Systems paid			0.90
Balance as at March 31, 2003			
Unsecured Loans		90.00	
Loans & Advances			0.11
Debtors	1.51		
Creditors		1.45	
Share Capital	1,483.05		

(Rs. Millions)

	Holding company	Associates	
	GSPCL	GSEGL	GIPL
Transactions for the year ended March 31, 2004			
Rent paid	0.16		
Gas Transportation Charges received	23.89	41.32	
Interest on Bonds paid		0.29	
Interest on Security Deposit paid		9.23	
Bandwidth charges paid			3.56
Website maintenance charges paid			0.10
Operation and Maintenance of Systems paid			0.97
Balance as at March 31, 2004			
Unsecured Loans		67.50	
Loans and Advances			
Debtors	0.91	1.54	
Creditors	0.04	0.31	0.03
Share Capital	1,733.05		
Transactions for the year ended March 31, 2005			
Rent paid	0.16		
Gas Transportation Charges received	32.95	46.32	
Connectivity charges paid	113.36		
Usage charges for GSPC Bhavan paid	6.95		
Interest on share application money paid	2.93		
Interest on Bonds paid		0.14	
Interest on Security Deposit paid		6.92	
Bandwidth charges paid			2.78
Operation & Maintenance of Systems paid			0.98
Balance as at March 31, 2005			
Unsecured Loans		45.00	
Loans and Advances			
Debtors	5.64	2.46	
Creditors	12.37	0.90	0.34
Share Capital	2,083.05		

(Rs. Millions)

	Holding company	Associates	
	GSPCL	GSEGL	GIPL
Transactions for the year ended September 30, 2005			
Rent paid	0.08		
Gas Transportation Charges received	13.67	27.95	
Connectivity charges paid	106.58		
Usage charges for GSPC Bhavan paid	1.81		
Interest on Bonds paid		0.14	
Interest on Security Deposit paid		2.31	
Bandwidth charges paid			1.25
Operation & Maintenance of Systems paid			0.47
Balance as at September 30, 2005			
Unsecured Loans	-	45.00	-
Loans and Advances	-	-	-
Debtors	3.67	2.79	-
Creditors	49.65	0.60	0.28
Share Capital	2,123.05	-	-

SUMMARY

The following summary is qualified in its entirety by the more detailed information and the financial statements of the Company that appear elsewhere in this Prospectus.

We own and operate the second largest natural gas transmission network in India. We are the first and only pure natural gas transmission company in India and we believe we were the first company in India to transport natural gas on an "open access" basis, which means that we make our gas transmission capacity available to any shipper on a nondiscriminatory basis. Currently, our gas transmission network exclusively serves the State of Gujarat and is connected to all the major natural gas supply sources as well as most of the major users and demand centers in Gujarat. Most of our customers are natural gas end-users that purchase natural gas from upstream suppliers, such as marketers, producers and importers, and use our gas transmission network to transport such natural gas to their location, although occasionally our customers are the natural gas suppliers who arrange to supply natural gas to the purchasers at their location. We do not own the natural gas that we transmit and therefore we do not assume any natural gas commodity price risk.

We were established by our principal shareholder, the Gujarat State Petroleum Corporation Limited ("GSPC") for the purpose of constructing and managing a statewide gas transmission network in the State of Gujarat. In addition to GSPC, our other shareholders include state government corporations, such as Gujarat Maritime Board ("GMB"), Gujarat Urja Vikas Nigam Limited ("GUVN"), Gujarat State Electricity Company Limited ("GSEC"), Gujarat Narmada Valley Fertilizers Company Limited ("GNFC") and Gujarat Industrial Development Corporation ("GIDC"), and private investors such as India Development Fund ("IDF"), a unit scheme of IDFC Infrastructure Fund, which is managed by IDFC Private Equity, IDFC, Industrial Development Bank India Limited ("IDBI") and UTI Bank.

We commenced transporting natural gas following completion of the first segment of our gas transmission network in November 2000. We currently operate a medium-to-high pressure gas transmission network comprising approximately 433 kms of natural gas pipeline from Hazira to Kalol. We are continuing to expand and extend our network of natural gas transmission pipelines and plan to construct additional natural gas transmission pipelines totaling approximately 742 kms in length by July 2007. We currently transport more than 13.0 million metric standard cubic metres per day ("mmscmd") of natural gas out of the 34.8 mmscmd that is the total amount of natural gas transported by pipelines for consumption in Gujarat.

The State of Gujarat is presently the primary origination or entry point for both domestic natural gas and imported liquefied natural gas ("LNG") for Western and Northern India. This is because of its strategic location and oceanic access to LNG producing countries in the Middle East and Asia. Our pipelines are connected to all the major supply sources in Gujarat including designated collection points near the natural gas fields of Cairn Energy (India) Private Ltd. ("Cairn Energy"), GSPC and GSPC-NIKO, all located in Hazira, and re-gasified LNG from the LNG terminal promoted by Shell and Total located in Hazira, which is known as the Hazira LNG terminal, and the Petronet LNG terminal located in Dahej. We are also constructing a spur line that will connect our network to the land fall point of gas from Panna Mukta Tapti located in Hazira, which we expect will be completed by the last quarter of Fiscal 2006. The majority of our customers are power, fertilizer, chemical and steel plants that purchase natural gas from suppliers such as Bharat Petroleum Corporation Limited ("BPCL"), Cairn Energy, GSPC-Niko and Indian Oil Corporation Limited ("IOCL"). We also transport natural gas for onward distribution by local distribution companies who supply natural gas to retail consumers in the cities of Ahmedabad and Baroda.

In Fiscal 2003, 2004, 2005 and the six months ended September 30, 2005, our revenues were Rs.912.27 million, Rs.1,420.88 million, Rs.2,055.01 million and Rs.1,256.46 million, respectively. Our revenues grew at a compounded annual growth rate of 50.1% between Fiscal 2003 and Fiscal 2005. In Fiscal 2003, 2004, 2005 and the six months ended September 30, 2005, we earned restated net profits of Rs.50.95 million, Rs.122.21 million, Rs.160.87 million and Rs.258.71 million, respectively.

Competitive Strengths

We believe that we benefit from certain competitive strengths that have enabled us to achieve significant growth and profitability:

- First pure natural gas transmission company in India.
- First mover advantage in Gujarat.
- Connection to all major natural gas suppliers and most demand centers in Gujarat.

- Strong Parentage.
- Project management expertise and strong management team.
- Advanced engineering practices that provide efficient natural gas transportation.

Business Strategy

We seek to further expand our natural gas transmission business. The following are the key elements of our strategy:

- Extend and expand our gas transmission network.
- Fast time to market.
- Manage gas transmission network to maximize profitability.
- Increase and diversify our customer base.
- Maximize capacity utilization.

On December 23, 1998, we were incorporated under the Companies Act, 1956 as Gujarat State Petronet Limited and obtained a certificate of commencement of business on April 7, 1999. Our registered office is located at GSPC Bhavan, Sector – 11, Gandhinagar, Gujarat – 382 011, India. Our telephone number is +91 79 5570 1001.

THE ISSUE

Equity Shares Offered by the Company	:	138,000,000 Equity Shares
Of which Qualified Institutional Buyers Portion[1]	:	Up to 69,000,000 Equity Shares (allocation on proportionate basis)
Of which		
Available for Allocation to Mutual Funds	:	3,450,000 Equity Shares (allocation on proportionate basis)
Balance for all Qualified Institutional Buyers including Mutual Funds	:	65,550,000 Equity Shares (allocation on proportionate basis)
Non-Institutional Portion	:	Minimum of 20,700,000 Equity Shares (allocation on proportionate basis).
Retail Portion	:	Minimum of 48,300,000 Equity Shares (allocation on proportionate basis).
Equity Shares outstanding prior to the Issue	:	404,243,270 Equity Shares.
Equity Shares outstanding after the Issue	:	542,243,270 Equity Shares.
Objects of the Issue:	:	Please see the section titled "Objects of the Issue" on page 25 of this Prospectus.

1 *As per recent amendments to the SEBI Guidelines, allocation to QIBs is proportionate as per the terms of this Prospectus. 5% of the QIB Portion shall be available for allocation to mutual funds registered with SEBI. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.*

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following summary financial and operating information is derived from the restated financial statements of the Company as of and for the six months ended September 30, 2005, and as of and for the years ended March 31, 2001, 2002, 2003, 2004 and 2005 as described in the Auditors Report in the section titled "Financial Statements" beginning on page 91 of this Prospectus. These financial statements have been prepared in accordance with Indian GAAP and the Companies Act and have been restated under applicable SEBI Guidelines.

The summary financial and operating information presented below should be read in conjunction with the financial statements and the notes thereto included in the section "Financial Statements", and the section "Management's Discussion & Analysis of Financial Condition and Results of Operations", beginning on pages 91 and 119 respectively, of this Prospectus. Indian GAAP differs in certain significant respects from U.S. GAAP. For more information on these differences, see "Summary of Significant Differences between Indian GAAP and U.S. GAAP", which appears on page 113 of this Prospectus.

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. Millions)

	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Six Months ended September 30, 2005
Income						
Operating Revenues	19.60	194.09	907.11	1,401.64	2,034.88	1,250.69
Non-operating Revenues	22.07	33.32	5.16	19.24	20.13	5.77
Total Revenues	**41.67**	**227.41**	**912.27**	**1,420.88**	**2,055.01**	**1,256.46**
Expenditure						
Employees Remuneration and Benefit	2.55	9.48	19.87	24.41	25.91	12.63
Gas Transportation Charges	-	-	275.10	478.38	453.69	140.45
Connectivity Charges	-	-	-	-	113.36	106.58
O&M expense of pipelines & compressors	0.76	15.10	35.50	50.62	77.15	30.55
Administrative & Other expenses	23.01	79.61	38.72	47.15	71.60	39.42
Sub-total	**26.32**	**104.19**	**369.19**	**600.56**	**741.71**	**329.63**
Profit/(Loss) before Depreciation, Interest & Tax	**15.35**	**123.22**	**543.08**	**820.32**	**1,313.30**	**926.83**
Depreciation	18.82	101.05	247.41	397.89	656.42	394.50
Interest and Financial Charges	18.56	76.79	180.83	254.83	363.44	191.67
Sub-total	**37.38**	**177.84**	**428.24**	**652.72**	**1,019.86**	**586.17**
Profit/(Loss) before taxation	(22.03)	(54.62)	114.84	167.60	293.44	340.66
Current Tax	-	-	13.65	1.48	14.75	23.92
Deferred Tax	-	-	(56.48)	158.32	118.59	57.39
Fringe Benefit Tax	-	-	-	-	-	0.64

(Rs. Millions)

	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Six Months ended September 30, 2005
Profit/(Loss) after taxation before prior period adjustments	**(22.03)**	**(54.62)**	**157.67**	**7.80**	**160.10**	**258.71**
Prior period adjustment	(0.36)	13.40	1.97	9.93	0.36	0.99
Profit/(Loss) after taxation and prior period adjustments as per audited accounts (A)	**(22.39)**	**(41.22)**	**159.64**	**17.73**	**160.46**	**259.70**
Adjustment on account of changes in accounting policies and prior period adjustments						
Depreciation	0.10	1.63	1.17	1.31	0.31	-
Interest expense	13.33	3.19	1.58	(2.54)	0.02	-
Deferred Tax	8.03	19.20	(114.43)	114.43	-	-
Prior period adjustment	(2.75)	(10.71)	2.99	(8.72)	0.08	(0.99)
Total of adjustments (B)	**18.71**	**13.31**	**(108.69)**	**104.48**	**(0.41)**	**(0.99)**
Net Profit/(Loss), as restated (A+B)	**(3.68)**	**(27.91)**	**50.95**	**122.21**	**160.87**	**258.71**
Profit and Loss Account at the beginning of the period	-	(3.68)	(31.59)	1.86	106.57	170.13
Profit/(Loss) available for appropriation, as restated	**(3.68)**	**(31.59)**	**19.36**	**124.07**	**267.44**	**428.84**
Dividend:						
Proposed on Equity Share Capital	-	-	-	-	(69.99)	-
Income Tax on Dividend	-	-	-	-	(9.82)	-
Transfer to Bond Redemption Reserve	-	-	(17.50)	(17.50)	(17.50)	-
Balance Carried Forward as Restated	**(3.68)**	**(31.59)**	**1.86**	**106.57**	**170.13**	**428.84**

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. Millions)

		As at March 31, 2001	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at September 30, 2005
A. Fixed Assets							
Gross Block		601.05	1,805.16	3,087.44	4,779.92	8,730.14	9,040.20
Less: Accumulated Depreciation		18.89	118.30	364.55	760.38	1,416.59	1,811.09
Net Block		**582.16**	**1,686.86**	**2,722.89**	**4,019.54**	**7,313.55**	**7,229.11**
Add: Capital Work in Progress		592.18	927.24	1,302.68	2,716.20	1,078.60	2,355.49
Total	**(A)**	**1,174.34**	**2,614.10**	**4,025.57**	**6,735.74**	**8,392.15**	**9,584.60**
B. Investments	(B)	-	-	-	-	-	-
C. Deferred Tax Assets	(C)	**30.72**	**125.83**	**190.53**	**326.10**	**525.39**	**416.32**
D. Current Assets, Loans and Advances							
a) Inventories		-	4.73	55.57	57.48	116.07	106.06
b) Sundry Debtors		1.73	4.83	2.24	2.06	107.46	147.27
c) Cash and Bank Balances		850.75	212.01	76.47	74.47	426.12	71.15
d) Other Current Assets		9.44	66.92	156.01	250.04	84.24	82.62
e) Loans and Advances		16.19	10.41	35.45	53.38	100.65	109.85
Total	**(D)**	**878.11**	**298.90**	**325.74**	**437.43**	**834.54**	**516.95**
E. Liabilities and Provisions							
a) Current Liabilities & Provisions		16.97	139.65	267.21	219.61	570.52	434.79
b) Deferred Tax Liability		22.69	98.60	221.25	400.71	718.59	666.92
c) Secured Loans		395.69	899.00	1,330.25	3,962.01	4,258.76	4,960.38
d) Unsecured Loans		461.08	590.53	609.76	336.77	177.27	171.94
Total	**(E)**	**896.43**	**1,727.78**	**2,428.47**	**4,919.10**	**5,725.12**	**6,234.03**
F. Net Worth	**F = (A+B+C+D-E)**	**1,186.74**	**1,311.05**	**2,113.37**	**2,580.17**	**4,026.96**	**4,283.84**
Net Worth Represented by -							
G. Share Capital							
Equity Capital		1,201.55	1,351.55	1,851.55	2,101.55	3,499.55	3,542.43
Share Application Money		-	-	250.00	350.00	53.60	-
Total	**(G)**	**1,201.55**	**1,351.55**	**2,101.55**	**2,451.55**	**3,553.15**	**3,542.43**
H. Reserves and Surplus							
Bond Redemption Reserve		-	-	17.50	35.00	52.50	52.50
Share Premium		-	-	-	-	262.00	272.72
General Reserve		-	-	-	-	-	-
Profit & Loss Account		(3.68)	(31.59)	1.86	106.57	170.13	428.84
Miscellaneous Expenditure (to the extent not written off)		(11.13)	(8.91)	(7.54)	(12.95)	(10.82)	(12.65)
Total	**(H)**	**(14.81)**	**(40.50)**	**11.82**	**128.62**	**473.81**	**741.41**
I. Net Worth (G+H)		**1,186.74**	**1,311.05**	**2,113.37**	**2,580.17**	**4,026.96**	**4,283.84**

GENERAL INFORMATION

Registered Office of the Company

Gujarat State Petronet Limited
GSPC Bhavan
Sector 11, Gandhinagar
Gujarat-382 011, India
Registration Number: 04 - 35188

The Company is registered at the Registrar of Companies, State of Gujarat, located at RoC Bhawan, Opposite Rupal Park, Naranpura, Ahmedabad, Gujarat-380013, India.

Board of Directors

The following persons constitute our Board of Directors:

1. Shri Balwant Singh, IAS, Chairman
2. Shri H K Dash, IAS, Non-Executive Director
3. Shri P K Pujari, IAS, Non-Executive Director
4. Shri Jayant Parimal, IAS, Non-Executive Director
5. Shri N.J. Jhaveri, Non-Executive Additional Director (Independent)
6. Shri U. Sundarajan, Non-Executive Additional Director (Independent)
7. Shri Luis Miranda, Non-Executive Additional Director
8. Shri Suresh Mathur, Non-Executive Additional Director (Independent)
9. Shri D.J. Pandian, IAS, Managing Director

For further details of our Chairman, Managing Director and directors, see "Our Management" on page 71 of this Prospectus.

Company Secretary and Compliance Officer

Mr. Sandeep Dave, Company Secretary
Gujarat State Petronet Limited
GSPC Bhavan, 3rd Floor
Sector 11, Gandhinagar
Gujarat-382 011, India
Tel: +91 79 5570 1005/1312/1320
Fax: + 91 79 5570 1331
E-mail: sandeep@gujaratpetro.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account or refund orders, etc.

Book Running Lead Managers

Kotak Mahindra Capital Company Limited
Bakhtawar, 3rd Floor
229, Nariman Point
Mumbai 400 021, India
Tel: + 91 22 5634 1100
Fax: + 91 22 2284 0492
E-mail: gspl.ipo@kotak.com
Website: www.kotak.com
Contact Person: Mr. Sunil Amin

HSBC Securities and Capital Markets (India) Private Limited
52/60, Mahatma Gandhi Road, Fort
Mumbai 400 001, India
Tel: + 91 22 2267 4921
Fax: + 91 22 2263 1984
E-mail: gspl.ipo@hsbc.co.in
Website: www.hsbc.co.in
Contact Person: Mr. Tejas Bhatt

ICICI Securities Limited
ICICI Centre
H.T. Parekh Marg
Churchgate
Mumbai - 400 020, India
Tel: + 91 22 2288 2460
Fax: + 91 22 2283 7045
E-mail: gspl_ipo@isecltd.com
Website: www.iseconline.com
Contact Person: Mr. Saurabh Vijayvergia

Syndicate Members

Kotak Securities Limited
Bakhtawar, 1st Floor
229, Nariman Point
Mumbai 400 021, India.
Tel: + 91 22 5634 1100
Fax: + 91 22 2284 0492
E-mail: ulhas.sawant@kotak.com
Website: www.kotaksecurities.com
Contact Person: Mr.Ulhas Sawant

ICICI Brokerage Services Limited
ICICI Centre
H.T. Parekh Marg, Churchgate
Mumbai 400 020
Tel: + 91 22 2288 2460
Fax: + 91 22 2283 7045
E-mail: gspl_ipo@isecltd.com
Website: www.iseconline.com
Contact Person: Mr. Anil Mokashi

Meghraj Financial Services (India) Private Limited
3rd Floor, Khanna Construction House,
44, Dr. R. G. Thandani Marg,
Worli, Mumbai – 400 018, India
Tel: + 91 22 24931764
Fax: +91 22 24931765
Email: rajesh@meghrajindia.com
Website: www.meghrajindia.com
Contact Person: Mr. Rajesh Sonkusare

GSFS Capital and Securities Limited (Also Advisors to the Issue)
84, City Centre, C.G. Road,
Near Swastik Char Rasta
Navrangpura, Ahmedabad 380 009, India
Tel: + 91 79 26447180/81
Fax: +91 79 26561563
Email: gsfscaps@icenet.net
Contact Person: Mr. Avichal Khera

Legal Advisors

Domestic Legal Counsel to the Company
Amarchand & Mangaldas & Suresh A. Shroff & Co.
Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013, India
Tel: + 91 22 2496 4455
Fax: + 91 22 2496 3666

Domestic Legal Counsel to the Underwriters

S&R Associates
K 40, Connaught Circus
New Delhi - 110 001
India
Tel: + 91 11 5289 8000
Fax: + 91 11 5289 8001

International Legal Counsel to the Underwriters

(Advising on matters pertaining to the laws of the State of New York and the Federal laws of the United States of America)

Jones Day
31/F Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong
Tel: + 852 2526 6895
Fax: + 852 2868 5871

Registrar to the Issue

Karvy Computershare Private Limited
Karvy House, 46, Avenue 4, Street No.1
Banjara Hills, Hyderabad 500 034, India
Tel: + 91 40 2331 2454
Fax: + 91 40 2343 1551
E-mail: gspl.ipo@karvy.com
Website: www.karvy.com
Contact Person: Mr. M. Murali Krishna

Banker to the Issue and Escrow Collection Banks

Kotak Mahindra Bank Limited
36-38 A, Nariman Bhavan
227, Nariman Point
Mumbai-400021
Tel: + 91 22 56596022
Fax: + 91 22 22817527
E-Mail: ibrahim.sharief@kotakbank.com
Website: www.kotak.com
Contact Person: Mr. Ibrahim Sharief

ICICI Bank Limited
Capital Markets Division
30, Mumbai Samachar Marg
Fort
Mumbai 400 001
Tel: +91 22 22655285
Fax:+ 91 22 22611138
E-Mail: sidhartha.routray@icicibank.com
Website:www.icicibank.com
Contact Person: Mr. Sidhartha Sankar Routray

The Hongkong and Shanghai Banking Corporation Limited
52/60, Mahatma Gandhi Road
Mumbai-400001
Tel: +91 22 22681673
Fax: +91 22 22734388
E-Mail: dhirajbajaj@hsbc.co.in
Website: www.hsbc.co.in
Contact Person: Mr. Dhiraj Bajaj

Corporation Bank
Veena Chambers
Dalal Street, Fort
Mumbai-400023
Tel: + 91 22 22671001/22671862
Fax: +91 22 22651744
E-Mail: cb024@corpbank.co.in
Website: www.corpbank.co.in
Contact Person: Mr. U. Sripathi

UTI Bank Limited
Controlling Branch
"TRISHUL", Law Garden
Ahmedabad 380 006
Tel: +91 79 55306117
Fax: +91 79 55306109
E-Mail: ahmedabad.branchhead@utibank.co.in
Website: www.utibank.com
Contact Person: Mr. Kedar Singh

Industrial Development Bank of India Limited
IDBI Complex, Near Lal Bunglow
Off C.G. Road
Ahmedabad-380 006
Tel: +91 79 26465245
Fax: +91 79 26565106
E-Mail: utpal_mehta@idbibank.com
Website: www.idbibank.com
Contact Person: Mr. Utpal Mehta

State Bank of India
Mumbai Main Branch
Mumbai Samachar Marg
Post Box No. 13
Mumbai 400 023
Tel: +91 22 22662133/22651579
Fax: +91 22 22670745
E-mail: anuradha.kurma@sbi.co.in
Website: www.statebankofindia.com
Contact Person: Ms. A. Kurma

Auditors

T. N. Shah & Co.
503, Abhishek
Opp. Hotel Haveli
Sector 11, Gandhinagar
Gujarat-382 011, India
Tel: 91 79 2322 2152
Fax: 91 79 2324 1432
E-mail: tnshah_2002@rediffmail.com

Bankers to the Company

Allahabad Bank
Opp. Sardar Patel Seva Samaj Bhavan
Ahmedabad 380 006, India
Tel: 079-2646035-265651054
Fax: 079-26468450
E-mail: ahmspnrm@allahabadbank.co.in

Bank of Baroda
57, Shrimali Society
Netaji Road, Navrangpura
Ahmedabad 380 009, India
Tel: 079-26564410
Fax: 079- 26560008
E-mail: corahm@bankof baroda.com

Bank of India
Ahmedabad Corporate Banking Branch
2nd Floor, Bank of India Building, Bhadra
Ahmedabad – 380 001, India
Tel: 079-25394965
Fax: 079-25396193
E-mail: ahmedabadacbb@bankofindia.co.in

Corporation Bank
GIDC Udyog Bhavan
Sector-11, Block No. 16, 2nd Floor
Gandhingar 382 011, India
Tel: 079-23227185
Fax: 079-23221424
E-mail: cb583@corpbank.co.in

Dena Bank
Dena Laxmi Building
Ground Floor
188-A Ashram Road
Ahmedabad, India
Tel: 079-26584729
Fax: 079-26580624
E-mail: ashram@denabank.co.in

HDFC Bank Ltd.
HDFC House
1st Floor, Nr, Mithakhali Six Road
Navarangpura
Ahmedabad, India
Tel: 079-26427917
Fax: 079-26563464
E-mail: jayesh.menon@hdfcbank.com

IDBI Bank Ltd.
IDBI Complex, Lal Bunglow
Off C.G. Road,
Ahmedabad -380 006, India
Tel: 079-26431902/1909
Fax: 079-26565105
E-mail: utpal_mehta@idbibank.com

Karur Vysya Bank
Motilal Centre
Ashram Road,
Ahmedabad, India
Tel: 079-27546704
Fax: 079-7546087
E-mail: ahmedabad@kvbmail.com

Oriental Bank of Commerce
"Neel Kamal", Opp. Sales India
Ashram Road Branch
Ahmedabad, India
Tel: 079-27541843
Fax: 079-2754113
E-mail: bm0170@obc.co.in

South Indian Bank Limited
B J House
Ashram Road
Ahmedabad, India
Tel: 079-26580858
Fax: 079-26583048
E-mail: sibahmdad1@sancharnet.in

State Bank of India
58, Shrimali Society
Navrangpura
Ahmedabad, India
Tel: 079-26561395
Fax: 079-26561178
E-mail: sbicaga@icenet.net

State Bank of Bikaner and Jaipur
10/11, Empire Tower
Nr Associated Petrol Pump
Panchvati, C G Road
Ahmedabad, India
Tel: 079-26407547
Fax: 079-26565322
E-mail: sbbj1276@sbbj.co.in

State Bank of Travancore
Ground Floor, Kaivanna
Ambavadi, Ellisbridge
Ahmedabad, India
Tel: 079-26569984
Fax: 079-26569972
E-mail: ahmedabad@sbt.co.in

UCO Bank
Plot No. 445
Sector-16
Gandhinagar, India
Tel: 079-23221909
Fax: 079-23242992
E-mail: ucogandhinagar@sancharnet.in

Union Bank of India
Industrial Finance Branch
CU Shah Chambers
Ashram Road, Ahmedabad, India
Tel: 079-27542123
Fax: 079-27540524
E-mail: ubizoahd@ad1.vsnl.net.in

Vijaya Bank
Industrial Finance Branch
Kamdhenu Complex
Panjrapole, Ambavadi
Ahmedabad, India
Tel: 079-26307221
Fax: 079-26307221
E-mail: vbahdifb7328@vsnl.net

Central Bank of India
Sectior-16
Nr GH-5
Gandhingar, India
Tel: 079-23221983
Fax: 079-23237923
E-mail: bmahme1364@centralbank.co.in

UTI Bank Limited
Opp. Samartheswar Temple
Law Garden, Ellisbridge
Ahmedabad– 380 006, India
Tel: 079-5530611
Fax: 079-55306109/10
E-mail: ahmedabad.admin@utibank.co.in

Punjab National Bank
Sector – 16, GGH – 4,
Gandhinagar, India
Tel: 079-23221967
Fax: 079-23237631
E-mail: pnbgandhinagar@yahoo.co.in

Statement of Inter se Allocation of Responsibilities for the Issue

The following table sets forth the inter-se allocation of responsibilities for various activities among KMCC, I-Sec, and HSBC as Book Running Lead Managers for the IPO of the Equity Shares of Gujarat State Petronet Limited:

S.No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as type of instruments etc.	KMCC I-Sec HSBC	KMCC
2.	Due diligence of the Company's operations/management/ business plans/legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI.	KMCC I-Sec HSBC	KMCC
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	KMCC I-Sec HSBC	KMCC
4.	Appointment of other intermediaries viz. Registrars to the Issue, printers, advertising agency and Bankers to the Issue.	KMCC I-Sec, HSBC	KMCC
5.	Institutional marketing for the IPO including finalization of the list and division of investors for one to one meetings, deciding pricing and institutional allocation in consultation with the Company, finalization of Prospectus and RoC filing.	KMCC I-Sec HSBC	KMCC
6.	Retail marketing of the Issue, which will cover *inter alia* formulating marketing strategies, preparation of publicity budget, finalization of media and PR strategy, finalizing centers for holding conferences for brokers etc., finalizing collection centers, follow-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the issue material.	KMCC I-Sec HSBC	I-Sec
7.	The post Bidding activities including management of escrow accounts, coordination of non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post-Issue activities for the Issue will involve essential follow up steps, which include the finalization of listing of instruments and dispatch of certificates and demat delivery of Equity Shares, with the various agencies connected with the work such as the Registrars to the Issue, Bankers to the Issue and the Bank handing refund business. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	KMCC I-Sec HSBC	HSBC

Credit Rating

As the Issue is of equity shares, credit rating is not required.

Trustees

As the Issue is of equity shares, the appointment of Trustees is not required.

Book Building Process

Book Building Process refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid Closing Date.

The principal parties involved in the Book Building Process are:

(1) The Company;

(2) The Book Running Lead Managers;

(3) The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs; and

(4) The Registrar to the Issue.

The SEBI Guidelines have permitted an issue of securities to the public through the 100% Book Building Process, wherein up to 50% of Issue shall be allocated on a proportionate basis to QIBs. Of the QIB Portion, 5% would be available for allocation to Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid/ Issue Closing Date. **In addition, as per the recent amendments to the SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis**. For further details see section titled "Issue Structure" on page 178 of this Prospectus.

The Company shall comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, the Company has appointed Kotak Mahindra Capital Company Limited, HSBC Securities and Capital Markets (India) Private Limited and ICICI Securities Limited as the Book Running Lead Managers to manage the Issue and to procure the subscriptions to the Issue.

The process of Book Building under the SEBI Guidelines is relatively new and is subject to change, from time to time. Accordingly, investors are advised to make their own judgment about investment through this process of Book Building prior to making a Bid.

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

Bidders can Bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five Bids from Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the Bidding Period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	27.77%
1,000	23	1,500	83.33%
1,500	22	3,000	166.67%
2,000	21	5,000	277.78%
2,500	20	7,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the issue is subscribed, i.e., Rs. 22 in the above example. The issuer, in consultation with the Book Running Lead Managers, will finalize the issue price at or below such cut-off price, i.e., at or below Rs. 22. All Bids at or above this issue price and cut-off bids are valid Bids and are considered for allocation in the respective categories.

Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid" on page 181 of this Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form (see section titled "Issue Procedure - 'PAN' or 'GIR' Number" on page 194 of this Prospectus);
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Prospectus and in the Bid cum Application Form; and
5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section "Issue Procedure-Bidder's Bank Account Details" on page 191 of this Prospectus) given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfill its underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
Kotak Mahindra Capital Company Limited Bakhtawar, 3rd Floor 229, Nariman Point Mumbai 400 021, India	45,999,867	1,241.99
HSBC Securities and Capital Markets (India) Private Limited 52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001, India	45,999,867	1,241.99
ICICI Securities Limited ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020, India	45,999,867	1,241.99
Kotak Securities Limited Bakhtawar, 1st Floor, 229, Nariman Point, Mumbai 400 021, India	100	0.003
ICICI Brokerage Services Limited ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020, India	100	0.003

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
Meghraj Financial Services Private Limited 3rd Floor, Khanna Construction House, 44, Dr. R. G. Thandani Marg, Worli, Mumbai – 400 018, India	99	0.003
GSFS Capital and Securities Limited 84, City Centre, C.G. Road, Near Swastik Char Rasta Navrangpura, Ahmedabad 380 009, India	100	0.003

The above-mentioned amount is indicative and this would be finalized after determination of Issue Price and actual allocation of the Equity Shares. The above Underwriting Agreement is dated February 1, 2006.

In the opinion of the Board of Directors (based on certificates given to them by the BRLMs and the Syndicate Members), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The above Underwriting Agreement has been accepted by the Board of Directors and the Company has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/ subscribe to the extent of the defaulted amount.

As per recent amendments to the SEBI Guidelines, allocation to QIBs is proportionate as per the terms of this Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

CAPITAL STRUCTURE

Our share capital as at the date of filing this Prospectus with SEBI (before and after the Issue) is set forth below.

(Rs. million, except share data)

			Aggregate nominal value	Aggregate Value at Issue Price
A.	**Authorized Equity Share Capital[1]**			
	700,000,000	Equity Shares of Rs.10 each	7,000.00	
B.	**Issued, Subscribed and Paid-Up Equity Share Capital before the Issue**			
	404,243,270	Equity Shares of Rs.10 each fully paid-up	4,042.43	
C.	**Present Issue in terms of this Prospectus**			
	138,000,000	Equity Shares of Rs.10 each fully paid-up	1,380.00	3,726.00
D.	**Equity Share Capital after the Issue**			
	542,243,270	Equity Shares of Rs.10 each fully paid-up	5,422.43	
E.	**Share Premium Account**			
		Before the Issue	772.72	
		After the Issue	3,118.72	

I. The authorized share capital of the Company was increased from Rs. 1,000 million divided into 100 million Equity Shares of Rs. 10 each to Rs. 2,000 million divided into 200 million Equity Shares of Rs. 10 each through a resolution passed by the shareholders of the Company at a general meeting held on September 29, 2000.

II. The authorized capital of the Company was then increased to Rs. 2,110 million divided into 211 million Equity Shares of Rs. 10 each through a resolution of the shareholders passed at an extraordinary general meeting held on March 3, 2003.

III. The authorized share capital of the Company was further increased to Rs. 3,500 million divided into 350 million Equity Shares of Rs. 10 each through a resolution of the shareholders passed at an extraordinary general meeting held on March 31, 2004.

IV. The authorized share capital of the Company was further increased to Rs. 7,000 million divided into 700 million Equity Shares of Rs.10 each through a resolution of the shareholders passed at an extraordinary general meeting held on August 23, 2005.

Notes to the Capital Structure

1. Share Capital History of the Company

The following is the history of the equity share capital of our Company:

Date of Allotment	Number of Equity Shares (of face value of Rs. 10)	Issue Price per Share (Rs.)	Face Value per Equity Share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)
December 23, 1998	70	10	10	Cash	Subscription on of signing Memorandum of Association	NIL	700
July 22, 1999	3,474,200	10	10	Cash	Allotment to GSPC	NIL	34,742,700
March 27, 2000	49,500,000	10	10	Other than cash	Allotment to GSPC in consideration for transfer of 36" Hazira-Mora Pipeline	NIL	553,052,700
	2,331,000	10	10	Cash	Allotment to GSPC	NIL	
March 31, 2000	8,000,000	10	10	Cash	Allotment to GSPC	NIL	633,052,700
August 11, 2000	15,000,000	10	10	Cash	Allotment to GSPC	NIL	783,052,700
August 11, 2000	10,000,000	10	10	Cash	Allotment to GMB	NIL	883,052,700
October 3, 2000	500,000	10	10	Cash	Allotment to GSEC	NIL	888,052,700
January 11, 2001	10,000,000	10	10	Cash	Allotment to GMB	NIL	988,052,700
March 31, 2001	10,000,000	10	10	Cash	Allotment to GSPC	NIL	1,088,052,700
March 31, 2001	11,350,000	10	10	Cash	Allotment to GUVN	NIL	1,201,552,700
May 22, 2001	5,000,000	10	10	Cash	Allotment to GSEC	NIL	1,251,552,700
September 28, 2001	10,000,000	10	10	Cash	Allotment to GSPC	NIL	1,351,552,700
December 26, 2002	25,000,000	10	10	Cash	Allotment to GSPC	NIL	1,601,552,700
February 28, 2003	25,000,000	10	10	Cash	Allotment to GSPC	NIL	1,851,552,700
November 11, 2003	25,000,000	10	10	Cash	Allotment to GSPC	NIL	2,101,552,700
April 1, 2004	35,000,000	10	10	Cash	Allotment to GSPC	NIL	2,451,552,700
November 4, 2004	72,000,000	12.50	10	Cash	Allotment to IDF[1]	180,000,000	3,171,552,700
January 3, 2005	8,000,000	12.50	10	Cash	Allotment to GNFC	200,000,000	3,251,552,700
January 11, 2005	8,000,000	12.50	10	Cash	Allotment to GIDC	220,000,000	3,331,552,700
February 18, 2005	16,800,000	12.50	10	Cash	Allotment to GMB	262,000,000	3,499,552,700
September 20, 2005	4,000,000	12.50	10	Cash	Allotment to GSPC[2]	272,000,000	3,539,552,700
September 20, 2005	288,000	12.50	10	Cash	Allotment to GMB[2]	272,720,000	3,542,432,700
October 18, 2005	15,000,000	20.00	10	Cash	Allotment to IDFC[3]	422,720,000	3,692,432,700
October 18, 2005	22,500,000	20.00	10	Cash	Allotment to IDBI[3]	647,720,000	3,917,432,700
October 18, 2005	12,500,000	20.00	10	Cash	Allotment to UTI Bank[3]	772,720,000	4,042,432,700

1. Pursuant to the Share Subscription Agreement dated November 4, 2004 among IDF, the Company and GSPC, the Company issued 72,000,000 Equity Shares to IDF for a consideration of Rs. 900 million, representing 22.70% of the paid-up equity share capital of the Company at the time of such allotment.

2. The Company received the share application money with respect to these Equity Shares from GSPC and GMB on July 16, 2004 and February 17, 2005, respectively. Equity Shares were allotted to GSPC and GMB on September 20, 2005, after the authorized share capital of the Company was increased to 700 million Equity Shares on August 23, 2005.

3. GSPL, GSPC, IDBI, IDFC and UTI Bank entered into a Shareholders' Agreement on October 18, 2005, ("IDBI/IDFC/UTI SHA") pursuant to which the Company issued and allotted 22,500,000, 15,000,000 and 12,500,000 Equity Shares to IDBI, IDFC and UTI Bank (the "Investing Institutions"), respectively, for an aggregate consideration of Rs. 1,000 million.

2. Promoter's Contribution and Lock-in

The Equity Shares, which are being locked-in, are not ineligible for computation of Promoter's contribution under Clause 4.6 of the SEBI Guidelines.

(a) Details of Promoter's contribution, by GSPC, locked-in for three years are as follows:

Date of Allotment/Acquisition	Consideration	No. of Equity Shares (Face Value Rs.10)	% of Post-Issue paid-up capital
April 1, 2004	Cash	35,000,000	6.45%
November 11, 2003	Cash	25,000,000	4.61%
February 28, 2003	Cash	25,000,000	4.61%
December 26, 2002	Cash	23,920,000	4.41%
Total		**108,920,000**	**20.09%**

(b) Details of Share Capital locked-in for one year are as follows:

In addition to the lock-in of the promoter's contribution specified above, the entire pre-Issue equity share capital of the Company, other than the Equity Shares which are held by IDF, will be locked-in for a period of one year from the date of allotment in this Issue. The total number of Equity Shares, which are locked-in for one year from the date of Allotment in this Issue, is 223,743,270, representing 41.26% of the post-Issue paid-up capital. IDF, a unit scheme of IDFC Infrastructure Fund, which is a venture capital fund registered with SEBI and therefore the Equity Shares held by them are not subject to lock-in as per the SEBI Guidelines.

The locked-in Equity Shares held by the Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

Further, under Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and among the Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations.

Under Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeovers Regulations.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Guidelines, as amended from time to time.

3. **Shareholding Pattern of our Company**

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue:

Name of Shareholder	**Pre-Issue (As on the date of filing of this Prospectus with RoC)**		**Post-Issue [1]**	
	Number of Equity Shares	**Percentage of equity share capital (%)**	**Number of Equity Shares**	**Percentage of equity share capital (%)**
Promoter				
GSPC[2]	212,305,270	52.52%	212,305,270	39.15%
Other Shareholders				
GMB	37,088,000	9.17%	37,088,000	6.84%
GUVN	11,350,000	2.81%	11,350,000	2.09%
GSEC	5,500,000	1.36%	5,500,000	1.01%
GIDC	8,000,000	1.98%	8,000,000	1.48%
GNFC	8,000,000	1.98%	8,000,000	1.48%
IDF	72,000,000	17.81%	72,000,000	13.28%
IDFC	15,000,000	3.71%	15,000,000	2.77%
IDBI	22,500,000	5.57%	22,500,000	4.15%
UTI Bank	12,500,000	3.09%	12,500,000	2.31%
Public in the Issue	Nil	Nil	138,000,000	25.45%
Total	404,243,270	100.00%	542,243,270	100.00%

[1] *Does not include any increase due to the exercise of ESOPs.*

[2] Includes 60 Equity Shares held by nominees of GSPC.

4. Neither we nor our Directors nor our Promoter nor the Promoter group nor their respective directors and the BRLMs have entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.

5. The list of top ten shareholders of the Company and the number of Equity Shares held by them is as under:

(a) The top ten shareholders of the Company as of the date of the filing of this Prospectus with RoC are as follows:

S. No.	Name of Shareholders	Number of Equity Shares on the date of RoC filing	Percentage Shareholding
1.	GSPC	212,305,270	52.52%
2.	GMB	37,088,000	9.17%
3.	GUVN	11,350,000	2.81%
4.	GSEC	5,500,000	1.36%
5.	GIDC	8,000,000	1.98%
6.	GNFC	8,000,000	1.98%
7.	IDF	72,000,000	17.81%
8.	IDFC	15,000,000	3.71%
9.	IDBI	22,500,000	5.57%
10.	UTI Bank	12,500,000	3.09%

(b) The top seven shareholders of the Company as of ten days prior to the filing of this Prospectus with RoC are as follows:

S. No.	Name of Shareholders	Number of Equity Shares on the date of RoC filing	Percentage Shareholding
1.	GSPC	212,305,270	59.93%
2.	GMB	37,088,000	10.47%
3.	GUVN	11,350,000	3.20%
4.	GSEC	5,500,000	1.55%
5.	GIDC	8,000,000	2.26%
6.	GNFC	8,000,000	2.26%
7.	IDF	72,000,000	20.33%

(c) The four shareholders of the Company as of two years prior to the date of the filing of this Prospectus with RoC are as follows:

S. No.	Name of Shareholders	Number of Equity Shares on the date of RoC filing	Percentage Shareholding
1.	GSPC	148,305,270	80.10%
2.	GMB	20,000,000	10.80%
3.	GSEC	5,500,000	2.97%
4.	GUVN	11,350,000	6.13%

6. Other than the outstanding options granted under the ESOP, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments on our Equity Shares. For further details of our ESOP, see Note 8 below.

7. Our Promoter, our Promoter group, or the directors of our Promoter or our Directors have not purchased or sold any Equity Shares, during a period of six months preceding the date on which this Prospectus is filed with SEBI, except that GSPC has been issued and allotted 4,000,000 Equity Shares, for cash at a price of Rs.12.50 per Equity Share on September 20, 2005, and except that directors of our Promoter and our Directors have been granted options pursuant to the GSPL Employees Stock Option Plan 2005. For details see note 8 below.

8. **GSPL Employees Stock Option Plan 2005 ("ESOP"):**

A special resolution was passed at the general meeting of our shareholders held on October 18, 2005 authorizing the Board to issue employee stock options to the Stock Option Employees under the ESOP.

We have instituted the ESOP to provide an incentive to attract, retain and reward the employees and to enable them to participate in our future growth and financial success. As per the ESOP, the employee stock options shall be exercisable for Equity Shares and such issue shall not exceed 8,084,865 Equity Shares, which represent 2% of the pre-Issue paid up equity capital of the Company. Each such option shall confer a right upon the Stock Option Employee to apply for one Equity Share of the Company. The Compensation Committee shall administer the ESOP and determine questions of interpretation relating to the ESOP.

On October 18, 2005, we granted options in respect of 2,327,940 Equity Shares of Rs. 10 each, representing 0.58% of the pre- Issue paid-up share capital of the Company to the Stock Option Employees.

The following table sets forth the particulars of options granted under the ESOP as of October October 18, 2005:

A.	Options granted	:	2,327,940 of which 888,640 options granted to Stock Option Employees of GSPL and 1,439,300 options granted to Stock Option Employees of GSPC
B.	Exercise Price	:	Rs. 14/-
C.	Option vested	:	Nil
D.	Options exercised	:	Nil
E.	Total number of Equity Shares arising as a result of exercise of Options	:	2,327,940
F.	Option forfeited/lapsed	:	Nil
G.	Extinguishment or modifications of Options	:	Nil
H.	Money realized by exercise of Options	:	Nil
I.	Total number of options in force	:	2,327,940
J.	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option	:	Rs. 0.47 per Equity Share
K.	Person-wise details of options granted to:		
	i. Directors and key managerial employees		314,050
	ii any other employee who received a grant in any one year of options amounting to 5% or more of option granted during that year		Nil
	iii. identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant		Nil

L.	Vesting Schedule	:	Year of vesting (from the date of grant) No. of options 1st year 1,154,985 2nd year 390,985 3rd year 390,985 4th year 390,985
M.	Lock-in	:	No lock-in, subject to vesting schedule above
N.	Method and assumptions for estimation of the fair value of the options	:	Based on the certificate from Mr. Yamal A. Vyas, Chartered Accountant, dated September 15, 2005 and certificate from our statutory auditor, T. N. Shah & Co., Chartered Accountants, dated October 20, 2005.

For details on options granted to Directors and Key Managerial Employees of our Company, see section titled "Our Management" on page 71 of this Prospectus.

None of the options have vested and therefore none of the holders of option are in a position to sell any Equity Shares underlying the options within three months from the date of listing of the Equity Shares under the Issue.

Currently none of the directors, senior managerial personnel and employees hold Equity Shares arising out of the ESOP amounting to more than 1% of the issued capital of the Company. There are no other persons who hold Equity Shares arising out of the ESOP amounting to more than 1% of the issued capital of the Company.

The options granted to our employees and directors of the Company and GSPC under our ESOP are in compliance with the SEBI ESOP and ESPS Guidelines.

9. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
10. In case of over-subscription in all categories, up to 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category would be met with spill-over from other categories, at our sole discretion, in consultation with the BRLMs and the Designated Stock Exchange.
11. Except as disclosed in this Prospectus, none of our Directors and key managerial employees hold any Equity Shares.
12. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
13. Except for the grant of options pursuant to the ESOP, we do not presently intend or propose to alter our capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, during such period or at a later date we may issue Equity Shares or securities convertible into Equity Shares solely to finance an acquisition, joint venture, or merger by us or as consideration for such acquisition, joint venture or merger.
14. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

15. As of the date of the Prospectus, the total number of holders of Equity Shares is 16.
16. We have not raised any bridge loans against the proceeds of the Issue.
17. Except as disclosed in this Prospectus, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
18. An oversubscription to the extent of 10% of the Issue can be retained for purposes of rounding off to the nearest multiple of 250 while finalizing the basis of Allotment.
19. The Company has received the approval of the FIPB on November 30, 2005, to issue up to 138,000,000 Equity Shares, representing 25.45% of its post-issue capital, through an initial public offering to non-resident investors such as FIIs, FVCIs and multilateral and bilateral financial institutions that are classified as QIBs, and to non-resident Indians on a repatriation basis.

OBJECTS OF THE ISSUE

The objects of the Issue are to achieve benefits of listing and raising capital for financing our expansion project as discussed below. We believe that the listing of our Equity Shares will enhance our brand name and provide liquidity to our shareholders.

We intend to utilize the proceeds of the Issue, after deducting underwriting and management fees, selling commissions and other expenses associated with the Issue ("Net Proceeds"), for financing the expansion of our existing gas transmission network by approximately 742 Kms into new identified areas in the State of Gujarat (the "Expansion"). Certain of our fund requirements are based on management estimates only at this stage.

The main object clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing and proposed Expansion.

Total fund requirement of Rs.14,500 million for the Expansion as estimated by us is proposed to be funded as set forth in the following table:

Means of Finance	**Rs. Million**
Equity	4,569.60
- Subscribed by and allotted to	
1. GSPC	50.00
2. GMB	3.60
3. IDFC	300.00
4. IDBI	450.00
5. UTI Bank	250.00
Sub-Total	1053.60
- Net Proceeds of this Issue	3,516.00
Debt	8757.15
Internal Accruals	1,173.25
Total	**14,500.00**

Out of the total fund requirement, we have already spent Rs.3098.24 million, as of December 5, 2005 (as per the certificate from Pandya & Mehta, Chartered Accountants, dated December 10, 2005). Further, on October 18, 2005, we have allotted 50,000,000 Equity Shares to IDFC, IDBI and UTI Bank, in the aggregate amount of Rs. 1,000 million. As of December 5, 2005, we have received sanction letters from banks and financial institutions for rupee denominated long-term debt for an amount of Rs. 7,580 million.

Based on the above, we confirm that firm arrangements for 75% of the stated means of finance, excluding Net Proceeds of the Issue, have been made.

In case of a shortfall in the Net Proceeds of the Issue, we may explore a range of options including utilizing our internal accruals or seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfall.

Description of the Expansion

We plan to construct and implement gas transmission pipelines and spur lines of approximately 742 kms. The sections of the gas transmission pipeline to be constructed are Mora-Vapi section, Kalol-Himmatnagar section, Kalol-Mehsana section and Anand-Rajkot section. The spur lines of approximately 200 kms will be constructed at various locations including Palej, Karjan, Morai, Morbi and Kadi ("Spur Lines"). The Expansion would enable us to reach new customers in Vapi, Saurashtra, Mehsana and Himmatnagar among other markets. We plan to complete the Expansion by July 2007.

The details of the Expansion are as set forth below:

Pipeline Section	Mora – Vapi#	Kalol – Himmatnagar#	Kalol – Mehsana &	Anand – Rajkot	Spur Lines
Approximate length of the pipeline (kms)	138	63	47	294	Approx. 200
Diameter (inches)	30	12	18	Range of 18 – 24	Range of 6-24
Areas covered	Vapi, Valsad and Surat	Himmatnagar	Mehsana, Kadi and Chatral	Rajkot, Morbi and Wankaner	At various sites including Palej, Karjan, Morai, Morbi, Vapi, Sarigam and Kadi
Date of issue of Notice to proceed to EPC Contractor	January 7, 2005	June 27, 2005	September 27, 2005	July 7, 2005	N.A.
Expected month and year of commissioning	April 2006	February 2006	July 2006	July 2006	Up to July 2007
Total estimated cost (Rs. Million.)	4,714.05	828.20	781.22	5,236.53	2,940.00

 # Includes 10 kms of spur line in respect of which Letter of Intent and EPC contract are yet to be issued.

& Includes 5 Kms of spur line for which EPC contract is yet to be awarded.

The estimated year wise break up of expenditure expected to be incurred on the Expansion is set forth below:

Periods	Rs. million
December 6, 2005 – March 31, 2006	5,033.66
Fiscal 2007	5,780.10
Fiscal 2008	588.00
Total	**11,401.76**

The break-up of the Expansion cost estimated by us is set forth below:

Expansion Cost	Rs. Million
Land and RoU and RoW acquisition cost	1,274.19
EPC	8,668.90
Implementing SCADA system	206.00
Fees payable to technical consultants	181.00
Metering and filteration skid cost	179.00
Implementation of spur lines	2,940.00
Provision for contingencies	1,050.91
Total	**14,500.00**

Expansion Cost – Sectionwise

The details of the Expansion cost on a sectionwise basis are set forth below:

(In Rs. Millions)

Pipeline Section	Mora – Vapi	Kalol – Himmatnagar	Kalol – Mehsana	Anand – Rajkot	Total
Land and ROU and RoW acquisition cost	452.50	110.19	91.50	620.00	1,274.19
EPC	3,663.00	585.72	549.70	3,870.48	8,668.90
Implementing SCADA system	54.00	16.00	16.00	120.00	206.00
Fees payable to technical consultants	56.00	22.00	33.00	70.00	181.00
Metering and filteration skid cost	60.00	19.00	20.00	80.00	179.00
Provision for contingencies	428.55	75.29	71.02	476.05	1,050.91
Total	**4,714.05**	**828.20**	**781.22**	**5,236.53**	**11,560.00**

In addition, we expect to incur Rs. 2,940 million in constructing spur lines of approximately 200 kms in length.

Land, RoU and RoW acquisition cost

The total estimated cost for purchase of land and acquiring RoUs and RoWs is Rs. 1,274.19 million. As of December 5, 2005, we have incurred Rs. 339.30 million in acquiring land, RoUs and RoWs.

We have purchased land at various locations for setting up sectionalizing valve stations and control centers along the route of the Expansion. The land acquired by us are free from all encumbrances, have a clear title and have been duly registered. The details of the land acquired by us as of December 5, 2005 are as set forth below:

Sr. No.	Name of Pipeline Section	Total Area (Hectare-Acre-Sq. Meters)	Cost of Land (Rs.)
1.	Kalol - Mehsana	00-86-85	2,272,949
2.	Mora - Vapi	07-21-78	19,456,521
3.	Kalol - Himatnagar	02-17-60	5,375,173
4.	Anand - Rajkot	05-81-96	5,890,086

We are required to obtain RoUs for accessing the route of pipeline, which passes through fields, and other private lands. We have received the RoUs for constructing 542 kms of the gas transmission network relating to the pipeline sections of Mora-Vapi, Kalol-Himmatnagar, Kalol-Mehsana and Anand-Rajkot. We are also required to obtain RoW approvals from various authorities such as Indian Railways, NHAI, Canal Authorities and other authorities to construct pipelines passing underneath bridges, railway lines, national and state highways, roads or public utilities. We are in the process of obtaining RoWs in respect of pipelines relating to the Expansion.

EPC

The total estimated EPC contract value is Rs. 8,668.90 million. We have issued letters of intent for the Mora-Vapi, Kalol-Himmatnagar, Kalol-Mehsana and Anand-Rajkot sections. The aggregate value of the letters of intent is Rs. 8407.78 million. The EPC contracts in respect of Mora-Vapi, Kalol-Himmatnagar, Kalol-Mehsana and Anand-Rajkot have been executed. For details on the EPC contracts, see the section titled "Our Business" on page 49 of this Prospectus. The EPC contract value for the spur line relating to the Mora – Vapi & Kalol – Himatnagar and the Kalol- Mehsana spur line sections is estimated to be Rs. 186.62 million and Rs. 74.5 million, respectively. In respect of Kalol – Himatnagar spur line, we have received commercial bids from EPC contractors but have not awarded the contract. Based on the commercial bids received, the most competitive bid received from EPC contractor for the Kalol – Himatnagar spur line is Rs. 42.62 million. In respect of Mora – Vapi spur line, we are yet to invite commercial bids. We have estimated the EPC cost for the Mora – Vapi spur line as Rs. 144.00 million which is based on similar pipeline section executed by us in the past. In respect of Kalol – Mehsana spur line, the EPC contract value has been finalized as Rs. 74.5 million but the contract is yet to be awarded.

We engage third party engineering consultants to undertake detailed study of the project parameters to determine desired technical specifications for each section of the pipeline. The technical specifications as finalized by the third party engineering consultants forms the basis for preparation of tender documents or request for proposals. Based on these tender documents, bids are invited through open tender or from a pre-selected list of contractors. The bids so received are screened for technical qualifications. Technically qualified bidders are invited to submit commercial bids. The EPC contract is awarded based on the commercial bid and pre-determined criteria.

The EPC contracts executed by us for the Expansion are as set forth below:

Pipeline Section	Mora – Vapi	Kalol – Himmatnagar	Kalol – Mehsana	Anand – Rajkot	
EPC contractor	Larsen & Toubro Limited	Jay Somnath Iron Works Limited	HCC-Nova Joint Venture	Larsen & Toubro Limited	STG – Essar Consortium
EPC Cost (Rs. Million.)	3,519.00	543.10	475.20	1,764.82	2,105.66
Date of issuance of Letter of Intent	January 7, 2005	June 27, 2005	September 27, 2005	July 7, 2005	July 7, 2005
Date of EPC contract	February 3, 2005	September 19, 2005	October 7, 2005	September 19, 2005	September 19, 2005
Period for completion of EPC contract from the date of issuance of Letter of Intent	15 months	8 months	9 months	12 months	12 months

Implementing SCADA system and supporting telecommunications infrastructure

The SCADA system enables acquisition of data from remote locations across the pipeline route. All the critical parameters like pressure, flow, temperature are captured by remote terminal units and communicated to the control centers through the telecommunication system. The telecommunication infrastructure includes a dedicated optic fiber cable laid along the pipeline.

The total estimated cost for implementing SCADA system and telecommunications system is Rs. 206 million. The break-up for the SCADA components is as set forth below:

SCADA and Telecom Components	No. of Units	Value per unit (Rs. In million)	Total Value (Rs. In million)
RTU and Telecom for metering [(1)]	11	2.04	22.48
Synchronous Transport Modules [(1)]	11	2.80	30.80
RTU and Telecom for Sectionalizing Valve Stations	20	3.73	74.50
RTU and Telecom for Tap-off point [(1)]	21	3.73	78.22
Total			206.00

[(1)] Based on the rates as per the quotations received from Invensys India Private Limited and Commtel Networks Private Limited.

As of December 5, 2005, we have issued letters of intent to Invensys India Private Limited and Commtel Networks Private Limited for Rs. 104.41 million for implementing SCADA system and telecommunications system.

Fees payable to technical consultants

We have appointed engineering consultants, such as Tractebel Engineering, Dorsch Consult and Valdel Engineers and Constructors, for carrying out basic and detailed engineering design, project management and construction supervision for the Expansion. We have also engaged third party inspection agencies, such as Germanischer Lloyd, Velosi Certification Services (I) Private Limited, Certification Engineers International Limited and ABS Industrial Verification (I) Private Ltd., to oversee and certify that the quality of project construction activities are in conformity with technical codes.

We have estimated a total cost of Rs.181.00 million with respect to the services to be rendered by these agencies for the Expansion. The break-up of the fees payable by us to the technical consultants is as set forth below:

Components of the fees	Estimated Cost (Rs. Million)
Engineering and Project Management Consultancy	57.83
Construction Supervision	71.66
Third Party Inspection Agency	51.51
Total	**181.00**

Metering and filteration skid cost

The Company installs metering and filteration skids at all points where custody transfer of natural gas takes place. We have two configurations of skid for the Expansion. One of the configuration is 8 inch Filteration Module, 6 inch Let Down module and 8 inch Metering module with a per unit cost of Rs. 19.89 million and the other configuration is 4 inch Filteration Module, 2 inch Let Down module and 3 inch Metering module with a per unit cost of Rs. 9.96 million. These per unit cost of skids are based on the rates as per the rate contract from the approved vendors – Daniel Measurement and Control (India) Private Ltd. and Multitex Filtration Engineers Ltd. We expect to utilise eleven skids of the above mentioned configurations in the Expansion with an estimated cost of Rs.179.00 million. As of December 5, 2005, we had not incurred any cost on procurement of metering and filteration skid.

Implementation of Spur Lines

We plan to construct several Spur Lines aggregating approximately 200 kms across various sections of our pipelines including Palej, Karjan, Morai, Morbi, Vapi, Sarigam and Kadi. Presently, we are undertaking construction of Spur Lines for connecting our gas transmission network to PMT-ONGC at Hazira and Palej, Vadu and Karjan.

The total cost for constructing the Spur Lines is expected to be Rs. 2,940 million. The components forming a part of total cost of the Spur Line are acquisition of RoU, RoW and land, pipeline procurement, procurement of valve fittings, construction cost, Engineering, project management consultancy, construction supervision and third party inspection costs, cost for metering and filtration skids and SCADA & Telecom. The break-up of the total cost for the Spur Line implementation is as set forth below:

Cost Components	Value (in Rs. Million)
Acquiring RoU, RoW and Land	323.71
Pipeline procurement cost (1)	1,138.09
Construction order(2)	463.21
Engineering, project management consultancy, construction supervision and third party inspection costs	73.65
Valve and other fittings	264.60
Metering and filtration skids (3)	497.95
SCADA and telecom	178.80
Total	**2,940.00**

[1] *Estimation based on quotation received from line pipe vendor – Welspun Gujarat Stahl Rohren Ltd. and purchase order given to Essar Steel Ltd.*

[2] *Estimation based on work order given to Larsen & Toubro for construction of one section of the Spur Line i.e. ONGC PMT Spur Line.*

[3] *These per unit cost of skids are based on the rates as per the rate contract from the approved vendors – Daniel Measurement and Control (India) Private Ltd. and Multitex Filtration Engineers Ltd.*

We are in the process of progressively acquiring RoU and RoW for the Spur Lines. For the PMT-ONGC Spur Line we have procured line pipes and awarded construction contract to Larsen & Toubro. For the PMT-ONGC Spur Line, the construction supervision is being undertaken by Tractebel Engineers and Constructors and the third party inspection is being undertaken by Velosi Certification Services (India) Limited. For other Spur Lines, we have appointed Bax Counsel Inspection Bureau Private Limited as the third party inspection agency.

We have also entered into contracts for procurement of line pipes with Welspun Gujarat Stahl Rohren Limited for Rs. 218.21 million and Surya Roshini Limited for Rs. 163.82 million.

Provision for contingencies

We have estimated provision for contingencies for the Expansion of Rs. 1,050.91 million. The contingencies for which provision has been made include increase in pipeline length due to re-routing, new and additional requirements during the Expansion, change in specifications during the Expansion, delay in implementation schedules of the Expansion etc.

Working Capital Requirement

The net proceeds of the Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals to meet our existing working capital requirements.

Expenditure already incurred on the Expansion

M/s Pandya & Mehta, chartered accountants, have certified vide their letter dated December 10, 2005 that up to December 5, 2005, the total expenditure incurred on the Expansion are Rs. 3098.24 million. The break-up of cost and means of finance for the same are as follows:

Expenditure item	**Rs. million**
Land and RoU and RoW acquisition cost	339.30
EPC	2,556.52
Implementing SCADA system	Nil
Fees payable to technical consultants	39.81
Metering and filteration skid cost	Nil
Implementation of spur lines	114.56
Others	48.06
Total	**3098.24**

Means of Finance	**Rs. Million**
Equity	932.53
Debt	1,075.80
Current Liabilities	43.99
Internal Accruals	1045.92
Total	**3098.24**

Details of financing arrangements

Equity Component: We have issued 54,288,000 Equity Shares to GSPC, GMB, IDFC, IDBI and UTI Bank for total proceeds of Rs. 1,053.60 million. For details, refer to the section titled "Capital Structure" on page no. 17 of this Prospectus.

Debt Component: We received sanction letters from banks and financial institutions to the extent of Rs. 7,580.00 million towards available funding for the Expansion. As of December 5, 2005, the break-up of the sanction amount from banks and financial institutions towards the Expansion is as set forth below:

Name of Bank/ Financial Institution	Sanction Amount (Rs. Million)	Sanction Letter Date
Bank of Baroda	1,290.00	June 27, 2005
Union Bank of India	1,000.00	July 29, 2005
IDBI	1,000.00	July 09, 2005
Corporation Bank	1,000.00	August 20, 2005
UCO Bank	290.00	September 12, 2005
UCO Bank	500.00	July 06, 2005
Bank of India	500.00	June 16, 2005
Oriental Bank of Commerce	500.00	June 09, 2005
State Bank of Travancore	500.00	May 30, 2005
Vijaya Bank	500.00	June 09, 2005
Allahabad Bank	500.00	July 22, 2005
Total	**7,580.00**	

Some of the terms and conditions of the sanction letters are as set forth below:

Security	• First pari passu charge and mortgage of all the Company's immovable properties, present and future; • First pari passu charge by way of hypothecation of all the Company's movables, including movable machinery, machinery spares, tools and accessories, present and future; • First pari passu charge on Company's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future; • A first pari passu charge on all intangibles of the Company including but not limited to goodwill, uncalled capital, present and future;
Assignment	• A first pari passu charge by way of assignment or creation of charge of (i) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents (like GTAs, Construction Contract, O&M Contracts); (ii) all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in the Clearances; (iii) all the right title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee, performance bond provided by any party to the Project Documents and (iv) all Insurance Contracts/Insurance Proceeds;
Repayment	• 2 years moratorium followed by quarterly repayments in 24 to 28 installments;

Financial covenants	• To Open a Default Trust & Retention Account (TRA) into which the Company shall deposit all its cash inflows from the Project. From the date of occurrence of any default, the cash deposited in the TRA shall be utilised / applied in a manner and priority stipulated in the Trust and Retention Account Agreement. For this purpose, the Company shall have appointed an acceptable scheduled commercial bank as a Trust and Retention Agent and enter into a Trust and Retention Account Agreement; • GSPL has to open a Debt Service Reserve Account (DSRA) to meet the debt service requirements and create a debt service reserve for the amount equivalent to the ensuing one quarter principal and interest payment. All available cash flows after meeting debt service obligations shall be applied towards the Debt Service Reserve till it reaches an amount equivalent to ensuing one quarter principal and interest payment. The amounts accumulated in the DSRA shall not be used for any purpose other than for servicing of Rupee Debt. The amount in the DSRA would be utilised only in case of a shortfall in cash flows for meeting debt service requirements from time to time. GSPL can substitute the Debt Service Reserve Account by a Letter of Credit from a bank for an equivalent amount;
Dividend restrictions	• No payments of dividend to equity shareholders, interest or repayments to the providers of subordinate debt, if any, shall be made until the required appropriations / replenishments are made to the DSRA, to the satisfaction of the Lender;
Negative covenants	• Consent required before undertaking major decisions like capital restructuring, merger, liquidation etc.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Expense (Rs. millions)
Lead management, underwriting and selling commission	90.00
Advertisement and marketing expenses	33.58
Printing, stationery including transportation of the same	38.21
Others (Registrar's fees, legal fees, listing fees, etc.)	48.21
Total estimated Issue expenses	210.00

Interim Use of Net Proceeds

The management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds of the Issue. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdraft.

Monitoring of Utilisation of Funds

Our Board will monitor the utilization of the Net Proceeds of the Issue. We will disclose the utilization of the net proceeds of the Issue under a separate head in our Balance Sheet for fiscal 2006 and 2007 and 2008, clearly specifying the purposes for which such Net Proceeds have been utilized. We will also, in our Balance Sheet for fiscal 2006, 2007 and 2008, provide details, if any, in relation to all such net proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized Net Proceeds of the Issue. No part of the net proceeds of the Issue will be paid by us as consideration to our Promoters, our Directors, Key Managerial employees or companies promoted by our promoters except in the course of the normal business.

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, GoI, the Stock Exchanges, the RBI, RoC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Board of Directors has, pursuant to resolution passed at its meeting held on September 20, 2005, authorized the Issue subject to the approval by the Shareholders of the Company under Section 81(1A) of the Companies Act.

The Shareholders have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the annual general meeting of the Company held on September 29, 2005 at Gandhinagar.

The Company had applied to the FIPB for approval to issue the Equity Shares in this Issue to non-resident investors. On November 30, 2005, the Company received the approval of the FIPB to issue up to 138,000,000 Equity Shares, representing 25.45% of its post-issue capital, through an initial public offering to non-resident investors such as FIIs, FVCIs and multilateral and financial institutions that are classified as QIBs, and to non-resident Indians on a repatriation basis.

The Company had written to the GoG on July 12, 2005 seeking its approval for the Issue. The E&PD, by its letter dated October 11, 2005, has granted in-principle approval for the Issue subject to certain conditions, including that (i) the Company has to obtain policy level approvals from the GoG through the E&PD, wherever required; (ii) the equity holding in the Company by the government and government owned entities shall not be diluted below 51% without the prior permission of the GoG; and (iii) IDF shall not participate in the Issue, directly or indirectly. The Company has, by its letter dated December 13, 2005, confirmed to the GoG that it has complied with the conditions in the GoG's in-principle approval.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. See "Main Provisions of the Articles of Association" beginning on page 201 of this Prospectus for a description of the Articles of Association of the Company. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. 27 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

The face value of the shares is Rs. 10 and the Issue Price is 2.7 times of the face value.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, recision, transfer and transmission and/ or consolidation/ splitting, see "Main Provisions of Articles of Association of the Company" on page 201 of this Prospectus.

Market Lot and Trading Lot

Under existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors and hence, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form in multiples of one Equity Share subject to a minimum allotment of 250 Equity Shares.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

a. to register himself or herself as the holder of the Equity Shares; or
b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

Further, in accordance with clause 2.2.2 A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Ahmedabad, India.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 2.3 times the face value at the lower end of the Price Band and 2.7 times the face value at the higher end of the Price Band.

Qualitative Factors

The qualitative factors, which may form the basis for computing the price, are:

- First pure natural gas transmission company in India;
- First mover-advantage in Gujarat;
- Connection to all major natural gas suppliers and demand centers in Gujarat;
- Strong parentage;
- Project management expertise and strong management team; and
- Advanced engineering practices that provide efficient natural gas transportation.

Quantitative Factors

Some of the quantitative factors, which may form the basis for computing the price, are:

1. Adjusted Earnings per Share (EPS)

Period Ended	EPS (Annualized) (Rs.)	Weight
March 31, 2003	0.35	1
March 31, 2004	0.62	2
March 31, 2005	0.57	3
Weighted Average	0.55	

i) EPS has been calculated as per the following formula:

(Net Profit attributable to equity shareholders)/(Weighted average number of equity shares outstanding during the year/ period)

ii) Restated Net Profit is as per on the "Summary Restated Financial Statements" of the Company.

iii) EPS calculations have been done in accordance with the Accounting Standard 20 – "Earnings per share" issued by the Institute of Chartered Accountants of India.

2. Price Earning Ratio (P/E) in relation to the Issue Price of Rs. 27

a) Based on Weighted Average EPS of Rs 0.55 is 49.1

3. Average Return on Net Worth (RoNW)

Period Ended	RoNW (Annualized) (%)	Weight
March 31, 2003	2.41	1
March 31, 2004	4.74	2
March 31, 2005	3.97	3
Weighted Average	3.97	

i. Average RONW has been calculated as per the following formula:

(Net Profit after tax)/(Net Worth excluding revaluation reserve at the end of the year/period)

ii. Restated Net Profit is as per on the "Summary Restated Financial Statements" of the Company.

4. Minimum Return on Total Net Worth* after Issue needed to maintain Pre-Issue EPS of Rs. 0.74 (For half year ended September 2005) is 4.45%

5. Net Asset Value (NAV)

NAV as at March 31, 2005 (Rs.)	:	Rs. 11.50
NAV as at September 30, 2005 (Rs.)	:	Rs. 12.09
NAV after the Issue (Rs.)*	:	Rs. 16.62
Issue Price	:	Rs. 27

NAV per equity share has been calculated as per the following formula:

(Net worth excluding revaluation reserve at the end of the year/period)/(Total number of Equity Shares outstanding during the year/period)

The Issue Price of Rs. 27 has been determined on the basis of the demand from investors through the Book-Building Process and is justified based on the above accounting ratios.

* Post Issue Networth calculated as networth as on September 30, 2005 plus share premium added on account of shares allotted on October 18, 2005 & share premium resulted from Issue.

6. Comparison with other listed companies

Particulars	EPS	P/E (times)	Book Value (Rs.)
GSPL	0.57	47.4	11.50
GAIL(1)	22.00(2)	9.4(4)	102.00
GGCL(1)	50.80(3)	18.1(4)	208.90

(1) *Source: Capital Market December 19, 2005 - January 1, 2006 Volume XX/21*

(2) *As of the year ended March 31, 2005*

(3) *As of the year ended December 31, 2004*

(4) *Price as on December 12, 2005*

Since comparable listed companies are catagorised under industry head 'Miscellenous'(Source: Capital Market), industry P/E, (High, Low and Average) for this industry classification is not comparable with our Company and therefore not included.

STATEMENT OF TAX BENEFITS

The Board of Directors
Gujarat State Petronet Limited
GSPC Bhavan
Behind Udyog Bhavan, Sector 11
Gandhinagar 382 011

Dear Sirs,

We hereby certify that the enclosed annexure states the tax benefits available to Gujarat State Petronet Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 and other direct tax laws presently in force.

The contents of this annexure is based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

A shareholder is advised to consider in his/her/it's own case, the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislations may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

For T.N. SHAH & CO.
Chartered Accountants

T.N. Shah

Membership No: 42748

Place: Gandhinagar

Date: October 15, 2005

The following tax benefits shall be available to the Company and the prospective shareholders under the Direct Tax Laws.

To the Company

A1. Under the Income Tax Act, 1961

- **Deduction u/s 35 of the Act:**

  In accordance with and subject to the provisions of Section 35, the Company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business

- **Dividend exempt under section 10(34)**

  Under section 10(34) of the Act, dividend income referred to in section 115-O of the Act, will be exempt from tax in the hands of the Company.

- **Income from specified mutual fund exempt under section 10(35)**

  In accordance with and subject to the provision of section 10(35) of the Act, the following income shall be exempt in the hands of the company –

  a) Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

  b) income received in respect of units from the Administrator ("Administrator" means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002) of the specified undertaking; or income received in respect of units from the specified company ("specified company" means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002);

- **Exemption from Capital Gain u/s 10(38) of the Act:**

  In terms of section 10(38) of the Act, any long term capital gains arising to a Company from transfer of long term capital asset being equity shares in any other company or a unit of an equity oriented fund would not be liable to tax if the following conditions are satisfied:

  a) The transaction of sale of such equity share is entered into on or after 1 October 2004

  b) The transaction is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004.

To the Members of the Company

B1. Under the Income Tax Act, 1961

1. **Resident Members**

   - In terms of section 10(23D) of the Income Tax Act, 1961, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India subject to the conditions specified therein are eligible for exemption from income tax on their entire income, including income from investment in the shares of the company.
   - By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from domestic company referred to in Section 115-O of the IT Act, are exempt from tax in the hands of the shareholders.
   - In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being equity shares in the company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:

     a) The transaction of sale of such equity share is entered into on or after 1 October 2004

     b) The transaction is chargeable to securities transaction.
   - Under section 48 read with section 2(29B) of the Act, if the company's shares are sold after being held for more than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition/improvement and expenditure incurred wholly and exclusively in connection with the transfer. However,

in terms of the fifth proviso to section 48, no deduction of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

- Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the Company shall not be chargeable to capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer in long-term specified assets and held for a period of at least 3 years.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced.

- Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of shares of the Company, as and when it is listed shall not be chargeable to capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible issue of capital, within a period of 6 months after the date of such transfer and are held for a period of at least one year. Eligible issue of capital means issue of equity shares which satisfies the following conditions, namely -

  a) the issue is made by a public company formed and registered in India;

  b) the shares forming part of the issue are offered for subscription to the public.

  Further, the public issue of shares of the Company would also qualify as an eligible issue of capital and long-term capital gains would qualify for the benefit of section 54ED if the capital gains are invested in shares of the Company.

- Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company shall not be chargeable to capital gain tax subject to other conditions, if the net consideration from such shares are utilised for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. Such benefit will not be available if:

  (a) the individual or Hindu Undivided Family-

    i. owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

    ii. purchases another residential house within a period of one year after the date of transfer of the shares; or

    iii. Constructs another residential house within a period of three years after the date of transfer of the shares and

  (b) the income from such residential house, other than the one residential house owned on the date of transfer of the shares, is chargeable under the head "Income from house property".

- In terms of section 111A of the Act and other relevant provisions of the Act, any short term capital gains arising to a shareholder from transfer of short term capital asset being equity shares in the Company would be liable to tax at the rate of 10% (plus applicable surcharge and education cess) if the following conditions are satisfied:

  a) The transaction of sale of such equity share is entered into on or after October 1, 2004

  b) The transaction is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004

- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the Company held for more than twelve months, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48. The amount of such tax could however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares]

2. Non Resident Indians/Members other than FIIs and Foreign Venture Capital investors)

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from domestic company referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the shareholders..
- In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being equity shares in the company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
  - a) The transaction of sale of such equity share is entered into on or after October 1, 2004
  - b) The transaction is chargeable to securities transaction tax.
- Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the company shall not be chargeable to capital gains tax if the capital gains are invested within a period of 6 months from the date of such transfer in long-term specified assets and held for a period of at least 3 years.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced.

- Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of shares of the company, as and when it is listed shall not be chargeable to capital gains tax if the capital gain are invested in shares of an Indian company forming part of an eligible issue of capital, within a period of 6 months after the date of such transfer and are held for a period of at least one year. Eligible issue of capital means issue of equity shares which satisfies the following conditions, namely-
  - a) the issue is made by a public company formed and registered in India;
  - b) the shares forming part of the issue are offered for subscription to the public.
  - (a) the individual or Hind Undivided Family-
    - i. owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
    - ii. purchases another residential house within a period of one year after the date of transfer of the shares; or
    - iii. Constructs another residential house within a period of three years after the date of transfer of the shares and
  - (b) the income from such residential house, other than the one residential house owned on the date of transfer of the shares, is chargeable under the head "Income from house property".

  Further, the public issue of shares of the Company would also qualify as an eligible issue of capital and long-term capital gains would qualify for the benefit of section 54ED if the capital gains are invested in shares of the Company.
- Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of a company shall not be chargeable to capital gain tax subject to other conditions, if the net consideration from such shares are utilised for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. Such benefit will not be available if:
- In terms of section 111A of the Act and other relevant provisions of the Act, any short term capital gains arising to a shareholder from transfer of short term capital asset being equity shares in the Company would be liable to tax at the rate of 10% (plus applicable surcharge and education cess) if the following conditions are satisfied:
  - a) The transaction of sale of such equity share is entered into on or after October 1, 2004
  - b) The transaction is chargeable to securities transaction tax.

- Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the company held for more than twelve months, shall be taxed at a rate of 20% (plus applicable surcharge and education cess). The amount of such tax should however, be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
- Under section 115-I of the Act, a non-resident Indian (i.e. an individual being a citizen of India or person of Indian origin who is not a "resident") shareholder has an option to be governed by the provisions of Chapter XII-A of the Income-tax Act, 1961 viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:-
  a) Under section 115E of the Act, where shares in the company are acquired or subscribed for in convertible foreign exchange by a Non Resident Indian, capital gains arising to the non-resident Indian on transfer of shares held for a period exceeding 12 months, shall, in cases not covered under section 10(38) of the Act, be concessionally taxed at the rate of 10% (plus applicable surcharge and education cess). (Investors may also refer to the provisions of section 115D)
  b) Under the provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall not be chargeable to Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
- Under provisions of Section 115G of the Income Tax Act, 1961, it shall not be necessary for a Non-Resident Indian to furnish his return of Income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

3. Foreign Institutional Investors (FIIs)

- In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempt from tax.
- In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long term capital asset being equity shares in the company would not be liable to tax in the hands of the investor if the following conditions are satisfied:
  a) The transaction of sale of such equity share is entered into on or after 1 October, 2004
  b) The transaction is chargeable to such securities transaction tax as explained below.
- In terms of section 111A of the Act and other relevant provisions of the Act, any short term capital gains arising to a shareholder from transfer of short term capital asset being equity shares in the Company would be liable to tax at the rate of 10% (plus applicable surcharge and education cess) if the following conditions are satisfied:
  a) The transaction of sale of such equity share is entered into on or after 1 October 2004
  b) The transaction is chargeable to securities transaction tax.
- Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the Company shall not be chargeable to capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer in long-term specified assets and held for a period of at least 3 years.
- Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of shares of the company, as and when it is listed, shall not be chargeable to capital gains tax if the capital gain are invested in shares of an Indian company forming part of an eligible issue of capital, within a period of 6 months after the date of such transfer and are held for a period of at least one year. Eligible issue of capital means issue of equity shares which satisfies the following conditions, namely-

a) the issue is made by a public company formed and registered in India;

b) the shares forming part of the issue are offered for subscription to the public.

Further, the public issue of shares of the Company would also qualify as an eligible issue of capital and long-term capital gains would qualify for the benefit of section 54ED if the capital gains are invested in shares of the Company.

- Under Section 115AD of the Act, where the total income of a Foreign Institutional Investor ("Foreign Institutional Investor" means such investor as the Central Government may, by notification in the Official Gazette, specify in this behalf) includes dividend (other than dividends referred to in section 115-O) received in respect of shares of the Company, or income by way of Short-Term or Long-Term Capital Gains arising from the transfer of such securities, the income-tax payable shall be the aggregate of:

  a. the amount of income-tax calculated on dividends at the rate of twenty per cent;

  b. the amount of income-tax calculated on the income by way of short-term capital gains at the rate of thirty per cent. However, the amount of income-tax calculated on the income by way of short-term capital gains referred to in section 111A shall be at the rate of ten per cent; and

  c. the amount of income-tax calculated on the income (calculated in the specified manner) by way of Long Term Capital Gains included in the total income, at the rate of ten per cent.

  Further, as per section 196D of the Act, where any dividend income (other than dividends referred to in section 115-O) is payable to a Foreign Institutional Investor, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof deduct income-tax thereon at the rate of twenty per cent. However, no deduction of taxshall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Institutional Investor.

  The above provisions will be further subject to benefits under the Double Taxation Avoidance Agreements, if any, between India and country in which the non-resident has fiscal domicile.

4. Venture Capital Companies / Funds

In terms of section 10(23FB) of the Act, all Venture Capital Companies/Funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from investment in the shares of the company.

B2. Under the Wealth Tax Act, 1957

Shares of the company held by the shareholder are not treated as an asset within the meaning of section 2(ea) of the Wealth Tax Act 1957, hence the shares are not liable to Wealth Tax,

B3. Under the Gift Tax Act, 1958

Gifts made after 1 October 1998 are not liable for any gift tax and hence gift of shares of the company would not be liable for any gift tax.

Notes

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2005.
2. In respect of a non-resident, the liability to tax and the tax rates mentioned above are subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident is a tax resident.
3. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment
4. The tax benefits listed above are not exhaustive.

INDUSTRY

Unless otherwise indicated, the information in this section has been derived from various Indian Government publications as well as private publications and industry reports prepared by CRISIL Infrastructure Advisory, BP Statistical Review of World Energy, June 2005 and EIA International Energy Outlook 2004, and has not been prepared or independently verified by us, the BRLMs, or any of their respective affiliates or advisors. The information may not be consistent with other information compiled within or outside India. The information derived from the CRISIL Infrastructure Advisory report issued in September 2005, on Natural Gas Industry has been reproduced with permission from CRISIL Infrastructure Advisory.

Overview

Natural gas is a naturally occurring gaseous mixture of hydrocarbons, principally methane, and non-hydrocarbons found in porous rock formations. Natural gas and its components can be used in a variety of domestic and industrial applications as fuel and feedstock. Natural gas is used as fuel in home or industrial space heating, in electrical power generation and in the manufacturing of steel, textile, ceramic, glass and other industrial products and as feedstock in the petrochemical industry in the manufacture of products such as fertilizer, ammonia, methane and ethane. According to the CRISIL Infrastructure Advisory Report on the Gujarat Gas Market dated September 2005 (the "CRISIL Report"), the power and fertilizer segments contributed to approximately 71% of the entire natural gas demand in India in 2005.

As a fuel, natural gas competes with a range of alternatives such as coal and petroleum products including liquefied petroleum gas, naphtha, high speed diesel, light diesel oil and fuel oil. However, differing characteristics can give natural gas advantages over other alternative fuels in certain applications. For example, natural gas-fired power generation can offer advantages in terms of environmental impact when compared with coal-fired power generation as its combustion produces fewer harmful emissions, and gas-fired power plant typically cost less to build per mega watt of generating capacity.

Reserves

Proved world natural gas reserves and world demand for natural gas have increased significantly in the past two decades. According to BP Statistical Review of World Energy, June 2005, proved natural gas reserves increased from 96.4 trillion cubic meters in 1984 to 179.5 trillion cubic meters in 2004.

At the end of 2004, approximately 0.5% of the world's natural gas reserves, a total of 0.92 trillion cubic meters of proved reserves, were located in India according to BP Statistical Review of World Energy, June 2005. India's natural gas reserves remain relatively undeveloped, with an estimated reserve to production ratio of approximately 31.3 years at current production levels. Most of these natural gas reserves are located in the western region of India with offshore fields in the Arabian Sea and onshore fields in the State of Gujarat. In 1997, the GoI introduced the New Exploration Licensing Policy ("NELP") to promote domestic exploration and production of natural gas. Under the NELP, new exploration blocks were opened and additional fiscal concessions were proposed for companies undertaking exploration in deep waters and frontier areas in India for a period of seven years. All companies, whether in the private or public sector, compete on an equal footing for obtaining exploration licenses from the GoI. Several new discoveries have been made since the NELP was implemented. In the next three to five years, major domestic supplies are expected to come from the Krishna-Godavari Basin, which is located offshore from Andhra Pradesh along India's southeast coast.

Supply of and Demand for Natural Gas

According to EIA International Energy Outlook 2005, world consumption of natural gas is expected to increase at an average of 2.3% annually from 2002 to 2025. India's natural gas consumption is projected to grow at an average annual rate of 5.1%, from 0.9 trillion cubic feet (25.2 billion cubic meters) in 2002 to 2.8 trillion cubic feet (78.4 billion cubic meters) in 2025, according to EIA International Energy Outlook 2005. Much of this anticipated growth is expected to come from fuel for power generation. In India, natural gas is a minor fuel in the overall energy mix, representing only 7.7% of the total primary energy consumption in 2004, according to BP Statistical Review of World Energy, June 2005. The following table illustrates the percent of natural gas in the primary energy consumption in India and other regions.

Region	NATURAL GAS (%) AS A PRIMARY ENERGY
India	7.7
North America	25.4
South & Central America	22.0
Europe and Eurasia	33.7
Africa	19.8
Middle East	45.2
Asia Pacific*	10.7
World (average)	23.7

**Excludes India.*
Source: BP Statistical Review of World Energy, June 2005.

Historically, demand for natural gas in India has far exceeded supply. As a result of this supply shortage, the Ministry of Petroleum and Natural Gas has allocated natural gas produced by ONGC's and Oil India Limited's gas fields to potential users and given priority to the power and fertilizer sectors. As per the CRISIL Report's estimates, the demand for gas in India has the potential to almost double between 2005 and 2010. This projected increase reflects general increases in energy requirements due to increased industrial growth in India during this period and because natural gas usage may offer economic and environmental advantages over alternative fuels to meet some of this increased demand. For instance, coal-fired power generation plants currently constitute the backbone of India's thermal electrical power generation sector. This looks likely to continue, by virtue of India's high domestic coal reserves, but natural gas may capture a proportionately larger part of India's power sector as new electrical power-generation plants are constructed to meet India's increasing requirements. We expect natural gas to be favored as a fuel because gas-fired power plants generally take a shorter time to build, have lower capital and operating costs and have environmental advantages when compared to the conventional coal-fired plants.

The following table depicts the historical trends in natural gas production and consumption patterns in India from 1994 to 2004:

Year	Production (billion cubic meters)	Consumption (billion cubic meters)
1994	16.6	16.6
1995	19.4	19.4
1996	20.5	20.5
1997	23.0	23.0
1998	24.7	24.7
1999	25.9	25.9
2000	26.9	26.9
2001	27.2	27.2
2002	28.7	28.7
2003	29.9	29.9
2004	29.4	32.1

Source: BP Statistical Review of World Energy, June 2005.

Until March 2004, India relied solely on its domestic resources to meet demand for natural gas. India's total natural gas production was approximately 87 mmscmd in 2004-2005, with the western region (offshore fields in the Arabian Sea and onshore fields in Gujarat and Rajasthan) accounting for approximately 83.7% of India's total natural gas production, as per the CRISIL Report. However, with existing natural gas supplies falling short of demand, efforts were made to tap new supply sources, most notable of which are imports in the form of liquefied natural gas ("LNG"). The commissioning of Petronet LNG Limited's re-gasification terminal at Dahej in March 2004 and the LNG re-gasification terminal at Hazira, promoted by Shell and Total, which is known as the Hazira LNG terminal, in May 2005 heralded the entry of imported LNG into the Indian energy market.

Supply of natural gas is expected to increase significantly in the near to medium term from the import of LNG and from increases in domestic production encouraged under the NELP. The GoI has also engaged in discussions to build trans-country pipelines, which if completed are also expected to contribute to long term growth in natural gas supply. With the discovery of new natural gas fields and the expansion in capacity of LNG Terminals, demand is expected to increase rapidly as shown in the following table:

Year	Demand (mmscmd)
2006-2007	231
2011-2012	313
2024-2025	391

Source: Hydrocarbon Vision 2025

Gujarat – The Natural Gas Capital of India

Gujarat is one of the largest oil and natural gas producing states in the country, with onshore natural gas discoveries at Ankleshwar and Mehsana being among the earliest natural gas field discoveries in the country, as per the CRISIL Report. Today, Gujarat has the most developed natural gas market in India. The State of Gujarat is presently the primary origination or entry point for both domestic natural gas and imported LNG for Western and Northern India. This is because of its strategic location and oceanic access to LNG producing countries in the Middle East and Asia. Gujarat not only has competing natural gas suppliers but also has competing pipeline network operators. The natural gas suppliers in Gujarat include: (i) GAIL (which is currently marketing the natural gas produced by ONGC and joint venture companies); (ii) Panna Mukta Tapti joint venture; (iii) GSPC-NIKO; (iv) Indian Oil Corporation Limited; (v) Bharat Petroleum Corporation Limited; (vi) Cairn Energy (India) Pvt. Ltd; (vii) Petronet LNG terminal and (viii) Hazira LNG terminal. The sources of natural gas in Gujarat include Western offshore natural gas fields (transported to the landfall point at Hazira) and onshore natural gas fields located within the state (in the regions of Gandhar, Hazira and Mehsana).

Gujarat has one of the most well-developed natural gas supply infrastructure in India today, according to the CRISIL Report. The pipeline network in Gujarat comprises of the North Gujarat and South Gujarat network of GAIL, which is a part of the Hazira-Vijaipur-Jagdishpur ("HVJ") pipeline network, the Dahej to Vijaipur ("DVPL") pipeline network, and our pipeline network and the pipeline network of GGCL. Gujarat has the only two operational LNG terminals in India. Supplies to Gujarat are expected to increase, with the expansion of the re-gasification capacity of the Petronet and Hazira LNG terminals. Industrialization, proximity to supply sources and developed natural gas transportation infrastructure have resulted in Gujarat emerging as the largest natural gas consuming state in the country. Approximately 35% of India's total natural gas is consumed in Gujarat, according to the CRISIL Report. Over the years, there has been a significant increase in natural gas demand in Gujarat, particularly by the power, fertilizers and petrochemicals industries.

The demand for natural gas in key natural gas consuming regions in Gujarat are indicated in the following table:

Location	**Demand in 2005 (mmscmd)**	**Estimated Demand in 2010 (mmscmd)**
Ahmedabad	2.4	3.4
Vadodara	6.4	7.6
Bharuch	12.6	18.1
Mehsana	1.6	2.0
Surat	21.0	46.3
Ankaleshwar	0.7	0.8
Anand	2.7	3.5

Source: From the CRISIL Report.

With the expansion of the natural gas transmission network across Gujarat, it is expected that new demand centers will develop. The regions in Gujarat which are likely to exhibit high demand with the availability of natural gas supply are indicated in the following table:

Location	**Demand in 2005 (mmscmd)**	**Estimated Demand in 2010 (mmscmd)**
Rajkot	1.3	2.5
Valsad/Vapi	3.6	6.8
Himatnagar	0.6	1.1
Gandhinagar	–	1.3

Source: From the CRISIL Report.

The demand for natural gas in a particular location is a function of the price of alternative fuels (particularly liquid fuels), natural gas price and the availability of natural gas at pre-specified pressure levels. Demand for natural gas in various industrial sectors in Gujarat is set forth in the following table:

Sector	**Demand in 2005 (mmscmd)**	**Estimated Demand in 2010 (mmscmd)**
Power	16.7	41.6
Fertilizer	9.1	11.6
Distribution	3.3	5.4
Steel	5.0	7.0
Others (Industry)	19.9	29.0
Total	**54.1**	**94.5**

Source: From the CRISIL Report.

According to the CRISIL Report's estimates, the supply of natural gas in Gujarat is expected to increase from approximately 34.8 mmscmd in 2005 to 58.0 mmscmd in 2010. The key supply sources of natural gas in Gujarat and the expected supply scenario is described in the table below:

Source	Supply in 2005 Volume (mmscmd)	Supply in 2010 Volume (mmscmd)
ONGC	13.0	9.0
GSPC	4.5	5.0
Cairn Energy	3.3	4.0
Petronet LNG	8.5	16.0
Hazira LNG	0.7	14.0
Panna Mukta Tapti (PMT)	4.8	N/A
Reliance (KG Basin)	–	10.0
Total	**34.8**	**58.0**

Source: From the CRISIL Report.

The total demand-supply deficit in Gujarat for 2005 and 2010 are as set forth in the following table:

Year	Natural Gas Demand (mmscmd)	Natural Gas Supply (mmscmd)	Deficit (mmscmd)
2005	54.1	34.8	19.3
2010	94.5	58.0	36.5

Source: Reproduced from the CRISIL Report with permission from CRISIL Infrastructure Advisory.

Natural Gas Transmission Networks in Gujarat

Gujarat has the most well-developed natural gas transmission infrastructure among all states in India. The following table describes the gas transmission networks originating in Gujarat:

Network	Location	Length (kms)	Volume (mmscmd)	No. of Customers	Gas source
South Gujarat (GAIL)	Covering Bharuch and Vadodara districts	509	3.4	41	ONGC (onshore fields in the region)
North Gujarat (GAIL)	Covering Mehsana, Kheda districts	142	0.9	41	ONGC (onshore fields in the region)
HVJ Network (GAIL)	Covering Gujarat, Madhya Pradesh, Rajasthan, Uttar Pradesh, Haryana, Delhi	2800 (300 kms in Gujarat)	33.4 (out of which 10.0 consumed in Gujarat)	77	Western offshore fields
DVPL pipeline (GAIL)	From Petronet LNG terminal to Vijaipur in MP for distribution in Rajasthan and NCR of Delhi through the existing HVJ pipeline	610 (250 kms in Gujarat)	17.5 (out of which 5.0 goes to GSPL)	N/A	Petronet LNG terminal
GSPL	Hazira-Vadodara-Ahmedabad-Kalol	433	13.0	18*	Domestic fields and Petronet LNG and Hazira LNG
GGCL	Hazira-Ankaleshwar, Surat	93	3.2	N/A	GAIL and GSPC- NIKO consortium

Source: Reproduced from the CRISIL Report with permission from CRISIL Infrastructure Advisory.

**Based on company records.*

OUR BUSINESS

Overview

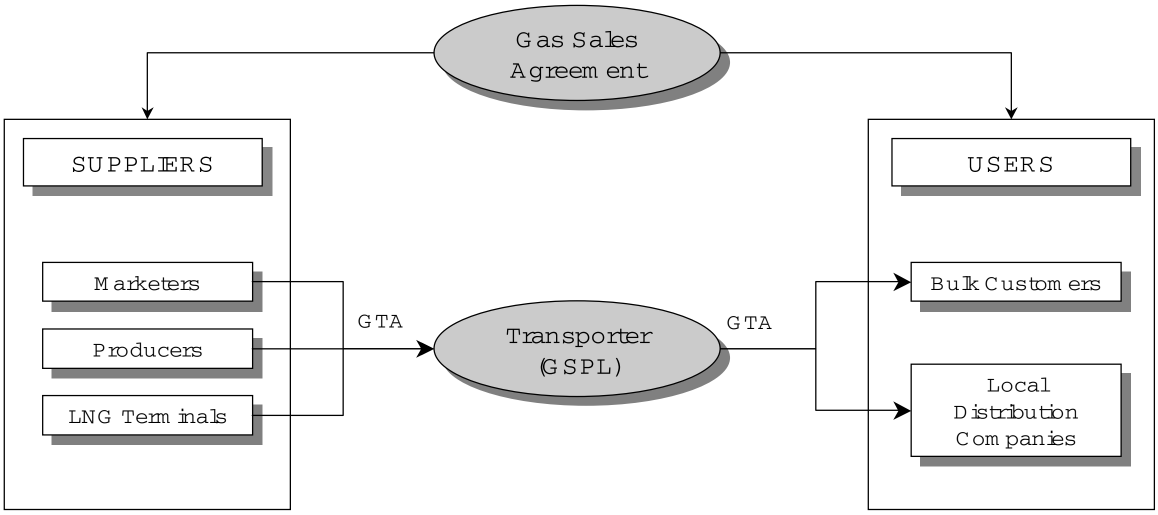
We own and operate the second largest natural gas transmission network in India. We are the first and only pure natural gas transmission company in India and we believe we were the first company in India to transport natural gas on an "open access" basis, which means that we make our gas transmission capacity available to any shipper on a nondiscriminatory basis. Currently, our gas transmission network exclusively serves the State of Gujarat and is connected to all the major natural gas supply sources as well as most of the major users and demand centers in Gujarat. Most of our customers are natural gas end-users that purchase natural gas from upstream suppliers, such as marketers, producers and importers, and use our gas transmission network to transport such natural gas to their location, although occasionally our customers are the natural gas suppliers who arrange to supply natural gas to the purchasers at their location. We do not own the natural gas that we transmit and therefore we do not assume any natural gas commodity price risk.

We were established by our principal shareholder, GSPC, for the purpose of constructing and managing a statewide gas transmission network in the State of Gujarat. In addition to GSPC, our other shareholders include state government corporations, such as GMB, GUVN, GSEC, GNFC and GIDC, and private investors such as IDF, IDFC, IDBI and UTI Bank.

We commenced transporting natural gas following completion of the first segment of our gas transmission network in November 2000. We currently operate a medium-to-high pressure gas transmission network comprising approximately 433 kms of natural gas pipeline from Hazira to Kalol. We are continuing to expand and extend our network of natural gas transmission pipelines and plan to construct additional natural gas transmission pipelines totaling approximately 742 kms in length by July 2007. We currently transport more than 13.0 mmscmd of natural gas out of the 34.8 mmscmd that is the total amount of natural gas transported by pipelines for consumption in Gujarat.

The State of Gujarat is presently the primary origination or entry point for both domestic natural gas and imported LNG for Western and Northern India. This is because of its strategic location and oceanic access to LNG producing countries in the Middle East and Asia. Our pipelines are connected to all the major supply sources in Gujarat including designated collection points near the natural gas fields of Cairn Energy, GSPC and GSPC-Niko all located in Hazira, and re-gasified LNG from the LNG terminal promoted by Shell and Total located in Hazira, which is known as the Hazira LNG terminal, and the Petronet LNG terminal located in Dahej. We are also constructing a spur line that will connect our network to the land fall point of gas from Panna Mukta Tapti located in Hazira, which we expect will be completed by the last quarter of Fiscal 2006. The majority of our customers are power, fertilizer, chemical and steel plants that purchase natural gas from suppliers such as BPCL, Cairn Energy, GSPC, GSPC-Niko and IOCL. We also transport natural gas for onward distribution by local distribution companies who supply natural gas to retail consumers in the cities of Ahmedabad and Baroda.

The following diagram summarizes the commercial and contractual structure of our natural gas transportation business:



The suppliers of natural gas include marketers, producers and LNG terminals. Marketers purchase natural gas from producers and/or LNG terminals for resale to users and include companies such as BPCL, GAIL, GSPC, GSPC-NIKO and IOCL. Producers engage in natural gas exploration and production and include companies like Cairn Energy, GSPC, ONGC, Reliance Industries Limited, British Gas and Niko Resources. LNG terminals, including the Hazira LNG and Petronet LNG terminals, import LNG and supply re-gasified LNG. Bulk customers comprise industries such as power, fertilizer, steel and chemical plants which require natural gas as fuel or feedstock for their operations. Local distribution companies supply natural gas to retail consumers and include BPCL, Gujarat Adani Energy Limited and GGCL. Suppliers and users enter into a gas sales agreement ("GSA") that specifies the quantity of natural gas, price and other commercial terms. Since large quantities of natural gas can only be transported by pipelines while it is in gaseous form, either the user or the natural gas supplier must enter into a gas transmission agreement ("GTA") with a natural gas transportation company such as us to transport the natural gas from the supply source to a point where it can be utilized.

The GTAs that we enter into with our customers designate the entry and exit points for the natural gas as it travels through our gas transmission network and provide for terms such as tariffs, tenure and capacity reserved in our gas transmission network. Tariffs primarily consist of capacity charges, which are fixed fees for the reservation of capacity and typically cover 90% of the customer's tariff commitment, and commodity charges, which are linked to the actual transportation of natural gas through our gas transmission network. Our GTAs include "ship or pay" provisions, which require our customers to pay the capacity charge for the capacity reserved by them regardless of the amount of natural gas they transport. Our GTAs also include provisions for payment security mechanisms such as bank guarantees and letters of credit.

In Fiscal 2003, 2004, 2005 and the six months ended September 30, 2005, our revenues were Rs.912.27 million, Rs.1,420.88 million, Rs.2,055.01 million and Rs.1,256.46 million, respectively. Our revenues grew at a compound annual growth rate of 50.1% between Fiscal 2003 and Fiscal 2005. In Fiscal 2003, 2004, 2005 and the six months ended September 30, 2005, we earned restated net profits of Rs.50.95 million, Rs.122.21 million, Rs.160.87 million and Rs.258.71 million, respectively.

Competitive Strengths

We believe that we benefit from certain competitive strengths that have enabled us to achieve high growth and profitability:

- **First and only pure natural gas transmission company in India.** We are the first and only pure natural gas transmission company in India as we exclusively transport natural gas on an open access basis and do not purchase or sell natural gas. Open access enables natural gas users to separately negotiate their natural gas supplies from a number of suppliers, which ensures that they pay competitive prices. Because we are neutral to the supply source of natural gas and do not promote any particular natural gas supplier, customers enjoy the benefits from competition among natural gas suppliers. In addition, operating on an open access basis allows us to target both natural gas suppliers and users resulting in increased revenues from a broader customer base. Operating as a pure natural gas transmission company helps to minimize our risks associated with fluctuations in natural gas commodity prices because we do not own the natural gas transported through our gas transmission network. Because the Draft Pipeline Policy provides for an arm's-length relationship between transporters and sellers of natural gas, we believe that future government regulations of the natural gas transmission industry in India may require unbundled natural gas supply and transmission services. Since we already operate as a pure natural gas transmission company, we believe that the implementation of such new government regulations, as currently proposed, will not require us to unbundle or restructure our business or contractual arrangements with our customers.

- **First mover advantage in Gujarat.** We were the first company to build natural gas transmission pipelines in a number of areas in Gujarat making natural gas available to users for the first time. There are no competing natural gas pipelines over various segments of our existing natural gas transmission network, including the Baroda-Ahmedabad-Kalol pipeline, and we are presently the only pipeline operator serving most of the regions proposed to be covered by our gas transmission network under construction. This first mover advantage enables us to partner with our customers to build strong business relationships. We believe our gas transmission network has sufficient capacity to satisfy future growth in demand for natural gas in new and existing markets, which may discourage potential competitors from building competing natural gas transmission pipelines in the markets that we service.
- **Connection to all major natural gas suppliers and most demand centers in Gujarat.** Our location in Gujarat provides us with access to large sources of natural gas supply. Our gas transmission network is connected to all the key natural gas supply sources in Gujarat including designated collection points near the natural gas fields of Cairn Energy, GSPC and GSPC-Niko, which are located in Hazira, and re-gasified LNG from the Hazira LNG terminal located in Hazira and the Petronet LNG terminal located in Dahej. We are also constructing a spur line that will connect our network to the land fall point of gas from Panna Mukta Tapti located in Hazira, which we expect will be completed by the last quarter of Fiscal 2006. We are also connected to most of the large demand centers in Gujarat including cities like Ahmedabad, Bharuch, Gandhinagar, Surat, Vadodara, and various industrial estates in Hazira and Dahej. Our new pipelines under construction will connect natural gas supply for the first time to potentially high demand centers such as Himatnagar, Morbi, Vapi and the cities of Mehsana, Rajkot and Valsad.
- **Strong Parentage.** Our largest shareholder is GSPC, which is approximately 95% owned by the GoG. GSPC is the nodal agency of the GoG for exploration and production of oil and natural gas. GSPC has collaborated with Indian and international oil companies such as GAIL, Geo Global, HOEC, Jubliant Enpro, ONGC and Niko Resources for the purpose of oil and gas exploration and production. GSPC has strong financial resources, with profit after tax of Rs.2,808 million in Fiscal 2005. GSPC has indicated that it will use our gas transmission network for the transportation of natural gas wherever our pipelines are laid and that if GSPC intends to implement construction of new pipelines upon discovery of new natural gas reserves it will do so through GSPL. In addition to being sponsored by GSPC, we have equity investment from other state government corporations such as GMB, GUVN, GSEC, GNFC and GIDC and private equity investments from IDF, IDBI, IDFC and UTI Bank.
- **Project management expertise and strong management team.** We have demonstrated strong project management capabilities. We obtained the requisite government approvals, arranged financing and managed the construction of our existing gas transmission network within internally budgeted cost and time. We have developed a track record of close coordination with numerous local authorities and management of various EPC contractors. Our management team is experienced and knowledgeable in the natural gas sector, which we believe will be an important competitive advantage as we enter new markets and expand our customer services. Our management is actively involved in developing the natural gas market in Gujarat and therefore has a strong understanding of customer needs and how to offer services that meet these needs. Seven of the nine current members of our management team have been with our company since Fiscal 2001 when our first gas transmission pipeline was commissioned.
- **Advanced engineering practices that provide efficient natural gas transportation.** Our gas transmission network is the first in India engineered to allow flow of natural gas in two directions in each segment of our natural gas transmission network. Bi-directional natural gas flow allows us to determine the most efficient route of transporting natural gas through our pipelines based on available entry and exit points. Such efficient transportation of natural gas increases the transportation capacity in our gas transmission network without requiring us to make additional capital expenditures to add new or bigger pipelines. We believe this will remain a competitive advantage as our competitors currently have pipelines with natural gas flow in only one direction. We have also developed systems and procedures for operation and maintenance of our gas transmission network which have been certified by Det Norske Veritas as being in conformity with the ISO 9001:2000 quality management system standard.

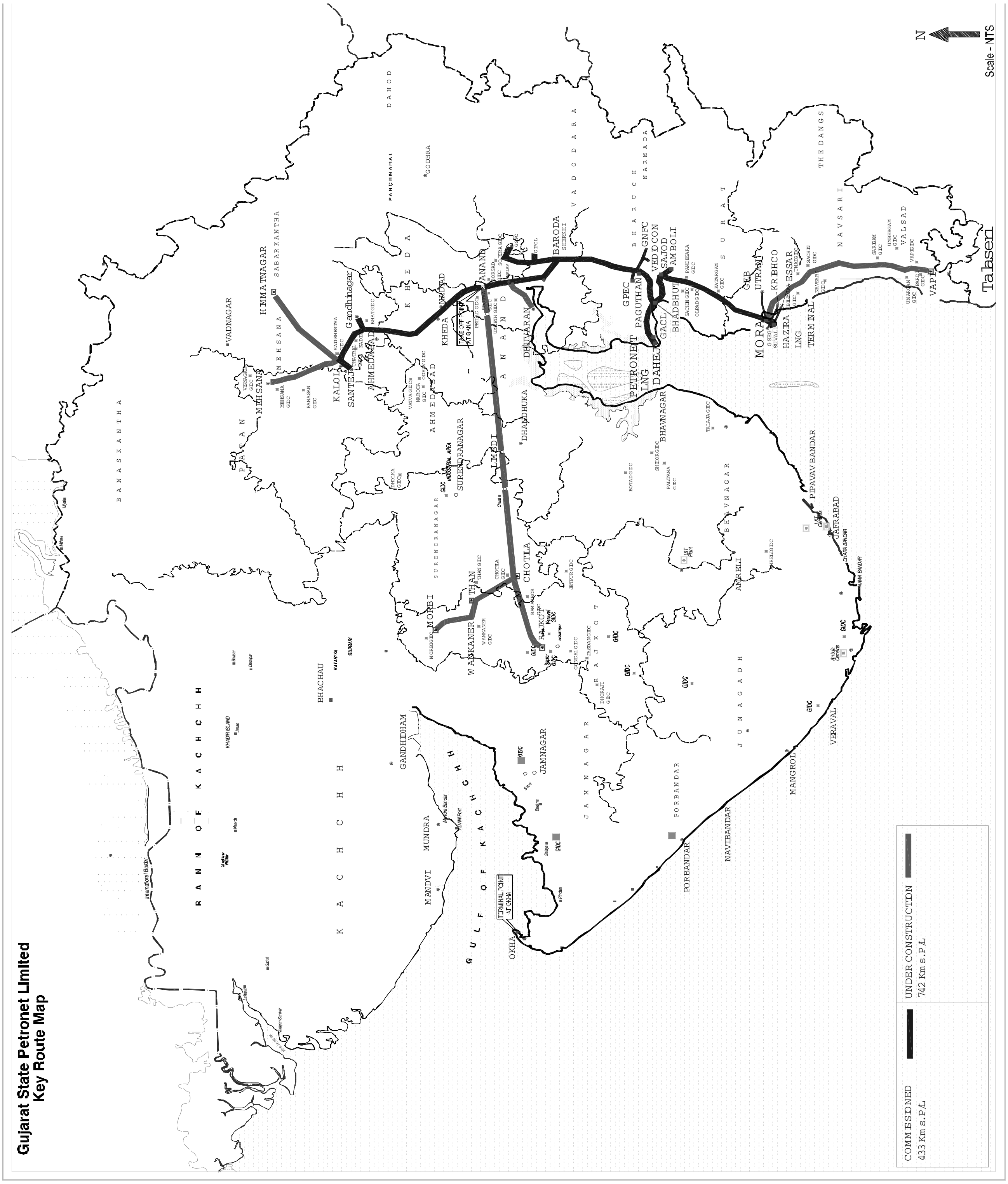
Business Strategy

- **Extend and expand our gas transmission network.** We are proactively developing new markets through the extension and expansion of our gas transmission network. Natural gas is an attractive fuel source for many industrial applications, but the lack of a natural gas transportation infrastructure coupled with insufficient supply throughout India has resulted in potential natural gas users resorting to the use of alternative fuels. We intend to expand our gas transmission network to markets where we have identified significant demand for natural gas and that are not otherwise serviced. We may explore the possibility of developing pipelines outside the state of Gujarat. We expect to benefit from a significant first mover advantage as the first company to transport natural gas to these underserved markets because building natural gas pipeline infrastructure is capital intensive and as a result creates a significant barrier to entry for potential competitors.
- **Fast time to market.** We have a strong track record of managing third party contractors to quickly expand our gas transmission network in a cost-effective manner. We award turnkey EPC contracts through a competitive bidding process after pre-screening bidder qualifications. EPC contractors are responsible for the entire construction project. Implementing turnkey EPC projects enables us to have multiple segments of our gas transmission network under construction simultaneously resulting in a fast time to market.
- **Manage gas transmission network to maximize profitability.** We plan to transport natural gas via the most efficient route through our pipelines based on available entry and exit points by leveraging our ability to transport natural gas in a bi-directional manner. We expect this to maximize our profitability because natural gas transportation efficiency will increase the capacity in our gas transmission network without requiring us to make additional capital expenditures. In addition, we plan to continue outsourcing routine maintenance and other services to minimize our expenses.
- **Increase and diversify our customer base.** We intend to increase our customer base by selectively expanding our gas transmission network to areas of high demand. Prior to selecting new pipeline routes, we carry out or obtain demand surveys to assist us in determining the markets with significant natural gas demand. We also intend to diversify our customer base by targeting small-to-medium industrial users and users in a variety of industries. Upon completion of various pipeline segments that are under construction, our natural gas transmission network will reach the cities of Himmatnagar, Mehsana, Navsari, Rajkot, Sabakantha and Valsad where there are concentrations of manufacturing businesses in industries such as textiles, ceramics, pharmaceuticals and chemicals, among others.
- **Maximize capacity utilization.** We proactively work with natural gas suppliers to create awareness among potential users about the availability and advantages of using natural gas as a fuel. We work closely with potential customers who are in the early stages of developing new industrial projects or expanding an existing project to encourage selection of gas based equipment and to facilitate natural gas procurement by providing logistics solutions. We also transport short-term and/or interruptible natural gas supply volumes to maximize the capacity utilization of our gas transmission network as well as facilitate the trading of natural gas. We have implemented advanced information technology solutions to facilitate natural gas trading and efficient use of our gas transmission network. We believe short-term trading of natural gas will result in increased capacity utilization of our natural gas transmission network.

Natural Gas Transmission Network

Our existing gas transmission network consists of medium-to-high pressure pipelines connecting natural gas supply points at Hazira and Dahej to consumption points currently covering the districts of Ahmedabad, Anand, Baroda, Bharuch, Gandhinagar and Surat. This area is commonly known as the “golden corridor” in which a large number of industries in Gujarat are concentrated.

The following map shows our existing and planned gas transmission network infrastructure including the sources of supply:



The table below sets forth information regarding our existing gas transmission network as of December 5, 2005.

Pipeline Name	Total Pipeline Length (Kilometers)	Diameter	Date of Commissioning
Hazira – Mora	14.0	36"	November 2000
Amboli – Dahej	45.0	18"-24"	November 2001
Mora – Utran	25.0	12"	June 2002
Bhadbhut – Paguthan	26.0	24"	August 2002
Cairn – Mora	6.0	24"	November 2002
GNFC Spur Line	5.0	12"	November 2002
Videocon Spur Line	1.0	12"	December 2002
Mora Kribhco Spur Line	3.0	12"	January 2003
Paguthan – Baroda	83.5	12"-24"	June 2003
GACL – Petronet	8.5	24"	April 2004
Baroda – Ahmedabad – Kalol	143.0	12"-24"	May 2004
Mora – Sajod	58.0	24"	December 2004
Kalol Santej	14.5	12"	December 2004
Total	**433.0**		

In addition to the above, we have constructed a 15.5 kms natural gas transmission pipeline from Ambapur to Gandhinagar, which is ready to be commissioned upon the successful completion of the customer's gas-receiving facilities. We have also commissioned ca 30 kms spur line from Anklav to Dhuvaran on January 27, 2006.

In September 2001, we entered into a gas transmission arrangement agreement ("GTAA") with GGCL for utilization of capacity on their pipeline from Hazira to Ankleshwar. Under the GTAA, we pay a capacity charge for the gas transmitted through their networks on a "ship or pay" basis. In December 2004, we completed construction of our own pipeline for transportation of natural gas over the same area, and no longer transport natural gas through GGCL's pipeline. However, under our GTAA with GGCL, we are obligated to continue paying capacity charges until the expiration of the subcontracts (three of which have already expired and two of which will expire on September 9, 2007 and November 6, 2011, respectively), We are currently renegotiating the terms of these contracts with GGCL and have an interim agreement with GGCL for a 30% reduction in their charges that became effective on April 16, 2005. If future negotiations are successful, there may be a further reduction in our payment obligations.

To connect our gas transmission network to the Petronet LNG terminal we have entered into a connectivity agreement with GSPC to use the connection point operated by GAIL. GAIL has the sole connection to the Petronet LNG terminal, and is charging certain "connectivity charges" for delivering gas to our gas transmission network. These charges are paid or reimbursed by the marketer of the gas, such as BPCL, GSPC and IOCL, to GAIL. We recover most of these connectivity charges from our customers as part of the transmission tariff and reimburse the same to GSPC under the connectivity agreement. We began paying connectivity charges to GSPC in Fiscal 2005.

We own a 36" diameter, 14 kms pipeline from Hazira to Mora that connects the GSPC-Niko natural gas field at Hazira to our facilities at Mora and is primarily used to transmit natural gas to Essar Steel Ltd. and GSEG. Our Board, on September 13, 2002, and our shareholders at the fourth annual general meeting held on December 31, 2002, approved the sale of this pipeline along with related assets to GSPC/ GSPC-Niko Joint Venture. For details on the proposed transfer of the Hazira-Mora pipeline, see the section titled "Outstanding Litigation and Material Developments" on page 144 of this Prospectus. However, no asset transfer has occurred as of the date of this Prospectus. Prior to any asset transfer related to the Hazira to Mora pipeline, we expect that we would be appointed as the operations and maintenance operator for the pipeline and that we would be granted rights to access the capacity on this pipeline. We do not expect that our operations would be affected by this transfer, but expect that our operating revenues would decline as we will no longer accrue tariffs payable under the GTAs with Essar Steel Ltd. and GSEG, which amount to approximately Rs.100.00 million annually.

We track the existing and potential markets for natural gas in Gujarat on an ongoing basis as part of our plan to expand our gas transmission network. We directly survey or appoint market research agencies to survey potential markets and estimate the potential demand for natural gas in a particular region. In many instances large customers directly approach us to discuss how they might use our natural gas transportation services. The information collected from such potential customers is used to estimate the demand for natural gas in various markets. Feasibility studies are also conducted and investment proposals developed that contain comprehensive details on all major aspects of the proposed pipeline project including natural gas demand and supply, ability to obtain rights of use ("RoUs") and rights of way ("RoWs") approvals, requirements for other government approvals, projected cash flows, sources of funding, potential risks and risk mitigation measures.

Based on this information, we hold internal discussions with management to develop preliminary project proposals. If a proposal is determined to be viable, it is then reviewed by our managing director and Board of Directors. If approved, we appoint external consultants to conduct land surveys and determine an optimal pipeline route based on the location of supply and demand points. We consider, among other factors, the terrain, optimal cost, population density and environmental factors in finalizing the pipeline route. Once the pipeline route is finalized we obtain RoUs and RoWs for the land that will be traversed by our pipeline. Simultaneously with this process, we engage one or more third party engineering consultants, such as Tractebel Engineers and Constructors, Dorsch Consult and Valdel Engineers and Constructors, among others, to undertake detailed study of the project parameters to determine desired technical specifications for each section of the pipeline and to prepare tender documents and requests for proposals for EPC contracts. These engineering consultants are also responsible for project management until the pipeline is commissioned. Based on these tender documents, preliminary bids are invited through open tender or from a pre-selected list of contractors. The preliminary bids that are received are screened for technical qualifications. Technically qualified bidders are invited to submit commercial bids.

EPC contractors submit commercial bids on a turnkey basis, and are responsible for detailed engineering, procurement of materials, construction and commissioning for the pipeline projects that they are awarded. The commercial bids that we receive from EPC contractors are reviewed by our Board of Directors who award the EPC contract based on the commercial bid and pre-determined criteria. This turnkey model is advantageous compared to the conventional implementation models we used in the past where problems with project coordination and allocation of accountability arose because we undertook individual activities, such as procurement of materials, and were also required to manage multiple third party contractors and agencies. Under the EPC model, the EPC contractor bears full responsibility and accountability for the entire pipeline project that has been awarded. If any problems arise in connection with the project, we are able to hold the EPC contractor responsible through security mechanisms such as guarantees. EPC contractors that we have awarded contracts include Gammon India Limited and Engineers India Limited Consortium, HCC-Nova Joint Venture, Jay Somnath Iron Works Limited, Larsen & Toubro Limited and STG-Essar Construction Limited consortium. When an EPC contractor begins construction, we also appoint third party inspection agencies, such as Germanischer Lloyd, Velosi Certification Services (I) Private Limited and Certification Engineers International Limited, to supervise and certify the quality of construction performed by the EPC contractor conforms with technical codes.

The EPC contracts that we have entered into are fixed lump-sum price contracts with defined completion schedules. Under the terms of the EPC contracts, single point responsibility is fixed on the contractor for timely completion of work and we can claim liquidated damages for any delay in the commissioning of pipelines. There is a post-commissioning defect liability period of 24 months, during which the contractor is responsible for any defect with respect to the pipeline. Further, the contractor has to furnish a performance bank guarantee which is typically valid during the defect liability period.

We also pay a mobilization advance to the contractor at the time of signing of the contract against the bank guarantee to be furnished by the contractor and this advance is adjusted against the work to be performed by the contractor.

The table below sets forth information regarding segments of the pipeline network that are a part of our current Expansion plan as of December 5, 2005 as described in greater detail under "Objects of the Issue" on page 25 of this Prospectus.

Pipeline Name	Total Proposed Pipeline Length (Kilometers)	Diameter	Expected Date of Commissioning
Mora – Vapi	138	30″	April 2006
Kalol – Himmatngar	63	12″	February 2006
Kalol – Mehsana	47	18″	July 2006
Anand – Rajkot	294	18-24″	July 2006
Total	**542**		

In addition, we plan to construct spur lines totaling approximately 200 kms to connect small to medium industrial customers at various sites including Palej, Karjan, Morai, Morbi, Vapi, Sarigam and Kadi.

Infrastructure

Our gas transmission network is constructed using line pipes of American Petroleum Institute grade ranging in size from 12 to 36 inches in diameter that are welded together. Determination of the pipeline wall thickness is made in conformity with the American Society of Mechanical Engineers Code and after consideration of the types and numbers of buildings intended for human occupancy along the pipeline route. To prevent external corrosion, our pipeline has a three layer coating consisting of epoxy, adhesive and polyethylene in accordance with the DIN 30670 international standard and has been cathodically protected using an impressed current system. We conduct radiographic inspection of all welded joints using x-rays and gamma rays, and perform ultrasonic testing on all tie-in joints. Our pipelines are buried at least one meter below ground and we install sectionalizing valves at regular intervals according to ASME B 31.8 standards. We have also installed pressure safety valves at the intermediate pigging stations along the line.

We have entry terminals located near supply sources where suppliers introduce natural gas into our gas transmission network and exit terminals where users off take natural gas. The entry and exit terminals are comprised of facilities for natural gas filtration, pressure reduction and flow measurement for custody transfer including flow control valves. On-line natural gas analysis and laboratory facilities and automatic natural gas sampler equipment are also present. The entry and exit terminals have been designed to permit the uninterrupted supply of natural gas and, since commissioning, our gas transmission network has had 100% availability other than stoppage for planned maintenance. We have emergency closure valves in place at entry and exit points in the trunk lines that can be remotely closed within 10-15 seconds if our control centers detect pressure imbalances or leaks.

Our gas transmission network is monitored by a SCADA system, which we use for the remote supervision, control, and processing and storage of data along the length of our entire gas transmission network. We also have two compressor stations installed at each of the Gujarat State Energy Generation Limited (“GSEG”) Hazira power plant and at Gujarat Alkalies and Chemicals Limited, two of our customers, for boosting the pressure of the natural gas to satisfy their requirements. Currently, these compression stations are not under operation and are on standby because of the availability of high-pressure natural gas that is sufficient to satisfy the pressure requirements of these customers.

We have strategically designed our gas transmission network without the use of non-return valves to allow bi-directional flow of natural gas through our gas transmission network. A non-return valve is a flange inserted along the pipeline that includes a gate flap to block the reverse flow of natural gas. Pig receiving and launching systems are also designed to handle bi-directional natural gas flows.

Customers

Our gas transmission network currently serves 18 customers. Approximately 56.5% of our operating revenues in the six months ended September 30, 2005 were derived from contracts with power generation plants and 13.8% were derived from contracts with fertilizer plants, while steel plants accounted for 13.0%, of operating revenues and chemical plants accounted for 4.8% of operating revenues. In the six months ended September 30, 2005, our five largest customers accounted for approximately 68.4% of our operating revenues, including Gujarat Paguthan Energy Corporation Private Ltd. (“GPEC”), which accounted for 30.1%, Essar Steel Ltd., which accounted for 13.0%, Essar Power Ltd., which accounted for 9.9%, IFFCO, which accounted for

8.5%, and AEC, which accounted for 6.8%, of our operating revenues. Our GTA with GPEC is for a period of five years and expires in September 2007. We believe that we will continue to have a strong relationship with GPEC, despite GPEC's existing connection to GAIL's pipeline, because our transmission pipeline is the only one connected to the natural gas supplies of GSPC-Niko and Cairn Energy, from whom GPEC purchases natural gas.

The following table illustrates certain operating data relating to the expansion of our gas transmission network and acquisition of new customers during the past three fiscal years.

	As of March 31,			As of September 30,
	2003	2004	2005	2005
Cumulative length of pipeline in operation (kms)	125	209	433	433
New Markets Covered	Hazira, Mora, Utran, Bharuch, Dahej	Baroda	Ahmedabad, Kalol	Ahmedabad, Kalol
Major Customers added during the year	GPEC, GUVN, Videocon, GNFC	GSFC, GIPCL	Essar Power, Essar Steel, Arvind Mills, IFFCO, GAEL, Torrent Power AEC	BPCL
Volume of natural gas transported during the year (mmscm)	1,193.4	2,391.5	3,017.6	1,825.1

The following table indicates our customers, volumes contracted per day and contract tenure for our GTAs as of December 5, 2005.

Customer	Volume (mmscmd)	Total Tenure (Years)
Gujarat Adani Energy Limited	0.38	10
Torrent Power AEC	0.50	3
Arvind Mills Limited	0.17	5
Bharat Petroleum Corporation Limited (for distribution)	0.11	10
Bharat Petroleum Corporation Limited (Kribhco)	0.30	4
Charotar Sahakari Gas Mandali	0.02	4
Essar Power Ltd.	1.30	4
Essar Steel Ltd. -1	0.73	5
Essar Steel Ltd.-2	2.88	4
Gujarat Alkalies and Chemicals Limited	0.50	10
Gujarat Gas Company Limited	1.27	5
Gujarat Industries Power Corporation Limited	0.15	5
Gujarat Narmada Vallery Fertilizer Company Limited	0.10	3
Gujarat Paguthan Energy Corporation Private Limited -1	2.30	5

Customer	Volume (mmscmd)	Total Tenure (Years)
Gujarat Paguthan Energy Corporation Private Limited - 2	0.25	5
Gujarat Paguthan Energy Corporation Private Limited - 3	0.40	4
Gujarat State Electricity Company Limited	0.50	3
Gujarat State Energy Generation Limited	0.78	15
Gujarat State Fertilizer Corporation-1	0.16	1
Gujarat State Fertilizer Corporation-2	0.25	3
Indian Farmers Fertilizer Cooperative (LNG)	0.85	4
Gujarat State Petroleum Corporation (Kribhco)	0.30	2
Gujarat State Petroleum Corporation (HPCL)	0.01	3
Gujarat State Petroleum Corporation (Raymond)	0.02	3
Gujarat State Petroleum Corporation (Welspun)	0.07	10
Videocon International Limited	0.15	3
Total	**14.45**	

GTAs and Tariffs

The GTAs that we enter into with our customers typically provide for commercial terms, such as quantity, quality, schedule, payment terms, security terms, events of default and remedies for the transportation arrangements. Our GTAs also include an operating code, which provides operating parameters and minimum natural gas quality requirements at gas entry and exit points to ensure grid discipline. The terms of our GTAs range from one to fifteen years.

Tariffs primarily consist of capacity charges, which is a fixed charge for the reservation of a designated amount of capacity, and commodity charges, which are linked to the actual transportation of natural gas through our gas transmission network. Our GTAs also provide for "ship or pay" minimum guaranteed off take requirements typically covering 90% of the customer's tariff commitment, which require our customers to pay the capacity charge for the capacity of natural gas reserved by them regardless of the amount of natural gas they transport. We also charge customers overrun, variance and imbalance charges when a customer off takes more gas than they have contracted and scheduled for delivery. Our tariffs are determined based on independent contract negotiations with our customers and are based on various factors, including distance, capacity reserved, and tenure of the GTA.

Generally, if for any reason (other than *force majeure*) we are unable to take delivery of natural gas at the designated receipt points and transport the gas to the designated delivery point at the quantities scheduled for delivery, our customers are entitled to a reduction in capacity charge and capacity relief whereby any shortfall in delivered natural gas will be made up through delivery the following day. Some of the GTAs provide that we will pay liquidated damages where there is a shortfall in quantity of natural gas shipped not caused by *force majeure* or breach of the GTA by the customer. We bill our customers on a fortnightly basis and minimize our credit risk by requiring bank guarantees and letters of credit typically equal to two billing cycles from our customers as provided in our GTAs. Upon invoicing, our customers are generally required to pay within seven days.

When we enter new markets where there are no existing competitors, we conduct a market survey to determine the level of tariffs that the market will support. In setting new tariffs, we also consider the tariff amount that will yield a sustainable return on investment, current cost of natural gas and the total cost of delivered natural gas to the customer. In addition, we compare the total cost of delivered natural gas to the customer to the cost of alternative fuels in order to maintain the competitiveness of our services.

Supply Sources

Our pipelines collect natural gas from all the major supply sources in Gujarat near the natural gas fields of Cairn Energy, GSPC and GSPC-Niko, all located in Hazira, and re-gasified LNG from the Petronet LNG terminal. We are also constructing a spur line that will connect our network to the land fall point of gas from Panna Mukta Tapti located in Hazira, which we expect will be completed by the last quarter of Fiscal 2006. Petronet LNG has announced plans to expand the capacity of its LNG terminal from 5 million tonnes per annum to 10 million tonnes per annum with projected completion by 2010.

The following table summarizes the natural gas supply sources that are connected to our gas transmission network and the volume of gas that they supply to our customers as of December 5, 2005.

Supply Source	Location	Customer Contracted Supply (mmscmd)
Cairn Energy	Hazira	3.6
GSPC-Niko	Hazira	4.0
Panna Mukta Tapti	Hazira	1.0*
Petronet LNG Terminal	Dahej	5.4

* We currently expect to commence transporting natural gas from this source in the last quarter of Fiscal 2006.

Sales and Marketing

Our sales and marketing team is responsible for conducting business development activities and managing existing customer relationships. In determining the new markets in which to target our sales and marketing efforts, it conducts demand surveys to ascertain the demand for natural gas in various industrial clusters. We also review demand surveys from reputable external agencies for various industrial regions such as Rajkot, Surat and Vapi.

Our sales and marketing team tracks potential customers who may benefit from access to natural gas supply and focuses on developing relationships with these potential customers by educating them on the economic and environmental advantages of using natural gas versus other fuel sources. If there is interest, we work collaboratively with these potential customers to develop a plan to implement the use of natural gas in their operations. We also collaborate with natural gas suppliers to ensure that supply and demand is sufficient to justify the required capital expenditures in infrastructure.

Our sales and marketing team proactively discusses entering into GTAs with potential customers, in many cases, before the customer has even begun discussions with natural gas suppliers for purchase of natural gas. We may also assist the customer with the natural gas purchase agreements by guiding them through the process of identifying natural gas suppliers. We believe that this proactive approach and our marketing efforts have built tremendous good will in the market.

In markets where our gas transmission network is already operational, we focus on managing existing relationships and providing competitive prices and high quality service, especially where competing pipelines exist, to retain our customers. In some cases we may target customers based on information obtained from natural gas suppliers regarding customers who have entered into GSAs, but who have not entered into a GTA or who may need to renew a GTA.

Operations and Maintenance

We have established a comprehensive operations and maintenance procedure to monitor, control and maintain the health of our gas transmission network. This procedure includes 24-hour supervision of the entire pipeline through the SCADA system, monthly and quarterly field inspections of the pipeline subsystems, and yearly foot patrolling of the entire length of the pipeline to monitor soil erosion, possible encroachments and detection of pipeline leakage. We conduct routine pigging activity to clean the pipeline. We also utilize “intelligent pigging” to monitor internal corrosion of the pipeline.

We place emphasis on training our operations and maintenance personnel and providing them with the resources to ensure safe and efficient natural gas transportation through our gas transmission network. In the past, we utilized Tractebel Engineering, a European engineering consultancy, to train our operations and maintenance employees. We have developed systems and procedures for operation and maintenance of our gas transmission network in accordance with international standards (e.g. ISO: 9001:2000).

For effective monitoring of operations, we have two master control centers ("MCCs") located at Sherkhi, Baroda and Mora, Surat. These MCCs are equipped with redundant servers to collect data from remote terminal units that are installed along the gas transmission network at intervals of approximately 15 to 24 kms. The SCADA system sends data to the MCCs from the gas transmission network and associated systems. We have installed optical fiber cable along the length of our gas transmission network that provides us with dedicated data transfer.

In order to streamline and optimize efficiency of our operations, we are in the process of implementing various software programs. Our parent company, GSPC, appointed Tata Consultancy Services to implement SAP R/3 enterprise resource planning ("ERP") software to integrate key business and management processes. This ERP software is being integrated for use by GSPC's subsidiaries including us. We will reimburse GSPC for the software implementation when it is completed.

We have hired Energy Solutions International (India) Pvt. Ltd., an Indian subsidiary of Energy Solutions, a U.S. company with over 25 years experience in pipeline management solutions, to develop integrated applications software for our gas transmission network to enable us to model the physical parameters of our pipeline, conduct hydraulic simulation and manage commercial matters. The software uses the physical description and instrument measurements received from SCADA to provide a complete picture of pipeline operations including pressure, flow, temperature and composition profiles, pipeline efficiencies, leak detection, pressure and inventory violations. This software also includes a predictive model for analysis of future trends and operating strategies.

The hydraulic simulation software assists us in determining the volumetric capacity and pressure parameters at various supply and exit points along the pipeline. The commercial business system included in the software allows us to manage the GTAs and fortnightly customer invoicing by administering nominated transportation volumes, automated invoicing that includes calculating and allocating penalty charges.

We have appointed Secon Private Ltd., Bangalore, to design software to manage our RoU approvals. The software maintains cadastral data on the land through which our pipeline passes and helps in generating notices under Sections 3(1) and 6(1) of the Petroleum and Mineral Pipelines (Acquisition of Right of User in Land) Act, 1962 and the Gujarat Water and Gas Pipeline (Acquisition of Right of User in Land) Act, 2000. We have also appointed Secon Private Ltd., Bangalore to develop software to assist us in maintaining disaster management protocol and other operations and maintenance activities along with relevant route maps, alignment and station drawings.

Safety and Environment

We are committed to the health and safety of our employees, the environment and enriching the quality of community life. We intend to expand and manage our business operations in a safe and environmentally sustainable manner and have formulated a health, safety and environmental policy designed to achieve this goal. This policy is integrated into the design, construction and commissioning of our gas transmission network to provide for the safety for our facilities, local community and the environment. In addition, our health, safety and environmental policy has been communicated to all employees and they are actively involved in implementing the procedures outlined by the policy. We established and appointed qualified personnel to our safety department to oversee and implement safety policies and to conduct regular inspections of our facilities. To ensure the effectiveness of our health, safety and environment systems, our safety department also conducts regular audits and reviews of our policy and performance.

We also have a disaster management plan in place, which has been reviewed and updated with respect to the commissioning of new pipelines in the Expansion. There have been no material accidents since the commissioning of our gas transmission network.

We have obtained all material licenses and approvals required by the Ministry of Forest and Environment. For more information regarding these licenses and approvals see "Government and Other Approvals" on page 150 of this Red Herring Prospectus.

Insurance

We have insurance policies to cover our assets, projects and operations, including third party liabilities. The assets covered by these policies insure us against losses from fire and other risks to our property, plant and machinery, equipment both below and above the ground in respect of our gas transmission network and our SCADA system. Additional coverage includes insurance against losses arising from earthquakes and terrorism. We also carry business disruption insurance.

Our third party contractors are required to carry insurance during the construction of the expansion of our transmission pipelines and we assume insurance for operation of the pipelines once it is commissioned.

We also have statutorily required insurance for public liability, general insurance for group personal insurance and maintain directors' and officers' liability insurance.

Competition

Our natural gas pipelines currently under operation run parallel with the pipelines of GGCL and GAIL in several locations. GAIL is the largest natural gas transmission company in India and operates a natural gas transmission pipeline network of approximately 1,200 kms in Gujarat that begins in Hazira. However, GAIL is not able to transport sufficient volumes to meet the entire demand for natural gas in Gujarat because many of its natural gas pipelines are dedicated to transmission of natural gas to northern India. GAIL charges a uniform transportation charge on its pipelines regardless of distance over which gas is transported. In addition, GAIL engages in the sale of natural gas from which it derives a majority of its revenues while using its natural gas pipeline network to transmit the natural gas sold to its customers. In contrast, our tariffs are distance-based and we are a pure transmission company operating on an open access principle, which is preferred by many of our customers because this allows them to choose the natural gas supplier and negotiate the cost of natural gas separately from the gas transportation costs.

We are connected to all the major natural gas supply sources in Gujarat and at some of these sources we are the only network that has a connection, which minimizes our competition with GAIL. GAIL's natural gas supply is allocated by the GoI and since GAIL is unable to satisfy all of the natural gas demand in Gujarat, gas users purchase natural gas from the suppliers with whom our gas transmission network is connected. The areas that we intend to service in connection with the Expansion are not currently serviced by any other gas transporters and as a result we expect to benefit from a first mover advantage.

GGCL has an 18" diameter, 73 kms long natural gas transmission pipeline that runs from Hazira to Ankleshwar and provides natural gas distribution services in the regions of Ankleshwar, Bharuch and Surat. GGCL purchases natural gas from GSPC-Niko, Niko Resources, Cairn Energy, GAIL and Panna Mukta Tapti. As GGCL focuses on distribution services to retail customers, we do not consider them to be a principal competitor.

Existing and other competitors may build or expand their gas transmission networks into areas that we currently service or intend to service, which would create additional competition for our services.

Litigation

In the ordinary course of our business we are party to a number of legal proceedings that we believe are incidental to the operation of our business. Except as disclosed in this Prospectus, as of the date hereof, we are not a party to any proceeding that, if finally determined against us, would result in a material adverse effect on our business and operating results. See "Risk Factors—We are defendants in a number of legal proceedings that if determined against us, could have a material adverse impact on our results of operation and financial condition" and "Outstanding Litigation and Material Developments" on page xii and 144, respectively, of this Prospectus for a summary of litigation to which we are a party.

Properties

We have RoUs and RoWs for the land traversed by our pipeline. Such rights have been obtained pursuant to statutory notification procedures established by the Government of Gujarat and the Government of India, and after payment of compensation to the relevant landowners. For more information see "Government and Other Approvals" on page 150 of this Prospectus.

We have purchased property along the route of our pipelines for maintenance purposes, including the property on which our sectionalizing valve stations, metering stations and MCCs are located.

We have an arrangement with GSPC under which we pay rent for the use of our corporate offices in Gandhinagar, which comprise approximately 20,139 square feet. We have one-year renewable leases for guest houses at Anand, Rajkot, Vapi, Gandhinagar and Vadodora that are used by our operations and maintenance employees stationed at our MCCs. We also have an arrangement with GSPC for the use of some of its apartments in Hazira for our operations and maintenance employees.

Employees

We had 56, 79 and 78 employees as of March 31, 2003, 2004 and 2005, respectively. As at December 5, 2005, we had 85 employees. In Fiscal 2004, the number of employees increased by 23 because of the expansion of our gas transmission network and the addition of personnel primarily in our operations and maintenance and projects departments. We have granted options to the permanent employees and directors of the Company and of GSPC under our ESOP. For details see "Capital Structure" on page 17 of this Prospectus. We believe our relations with our employees are good.

REGULATIONS AND POLICIES

Government Company

The Company is a Government Company, as defined under Section 617 of the Companies Act. The CAG appoints the auditors of Government Companies and statutorily undertakes a review of Government owned companies under Section 619 of the Companies Act.

The Articles of Association authorize the GoG to issue such directions or instructions as it may consider necessary in regard to the finance and business affairs of the Company. In particular, the GoG has powers to: (1) call for returns, accounts and other information with respect to the property and activities of the Company, (2) approve the Company's five year and annual plans, and (3) approve appointments, extensions in service and reemployments in respect of certain employees of the Company who have attained the age of 58 years.

GIDB, a state level agency according approval for infrastructure projects in the State of Gujarat, appointed GSPC as the nodal agency for the implementation of the gas grid project in the state of Gujarat on October 28, 1998. GIDB also approved the incorporation of the Company for developing the gas grid project in the State.

Ministry of Petroleum and Natural Gas, Government of India

The MoPNG oversees the entire chain of activities in the oil industry: exploration and production of crude oil and natural gas; refining, distribution and marketing of petroleum products and natural gas; and exports and imports of crude oil and petroleum products. DGH was set up in 1993 under the administrative control of the MoPNG, with the objective of ensuring correct reservoir management practices, reviewing and monitoring exploratory programmes, development plans for national oil companies and private companies, and monitoring production and optimum utilization of gas fields. Other organizations in the Indian petroleum and natural gas sector include the Oil Industry Safety Directorate, which develops, among other things, standards and codes for safety and fire fighting, training programmes, information dissemination; and the Oil Industry Development Board

Licensing Policy

Under the New Industrial Policy, all industrial undertakings are exempt from licensing except for certain products such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and those reserved for the small scale sector. Natural gas is exempt from compulsory licensing. An industrial undertaking exempted from licensing needs only to file information in the Industrial Entrepreneurs Memorandum (IEM) with the SIA, which will issue an acknowledgement. No further approvals are required.

FDI in Gas Sector

Foreign investment in Indian securities is regulated through the industrial policy of GoI and FEMA. While the industrial policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the industrial policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the FIPB and the RBI.

As per the sector specific guidelines of the GoI, FDI up to 100% is permitted for natural gas/LNG pipelines with prior Government approval. The Company has received the approval of the FIPB on November 30, 2005, to issue up to 138,000,000 Equity Shares in this Issue to non-resident investors.

Applicable Legislation Relating to Right of User in Land

The applicable legislations relating to right of user in land are The Petroleum and Mineral Pipelines (Acquisition of Right of User in Land) Act, 1962, (the "PMP Act") (a Central Government legislation) and The Gujarat Water and Gas Pipelines (Acquisition of Right of User in Land), Act, 2000, (the "Gujarat Water and Gas Pipelines Act") (a Government of Gujarat legislation), which provide for the acquisition of right of user in land for laying pipelines for transporting gas.

The legislative competence of the GoG to enact laws in respect of natural gas and other related matters was questioned before the courts in India in the following matters:

The GoI moved the President of India, who made a reference under Article 143 of the Constitution of India to the Supreme Court for determining the legislative competence of the GoG with respect to the enactment of the Gujarat Gas (Regulation of Transmission, Supply, and Distribution) Act, 2001. On March 25, 2004, the Supreme Court opined that the State legislature lacked competence to legislate in respect of natural gas. The Supreme Court held that natural gas is a petroleum product, which is a Union of India subject under Entry 53 of List I of the Seventh Schedule of the Constitution of India. Based on this opinion, the Supreme Court dismissed the writ petitions in Association of Natural Gas V. Union of India, which had been filed by the Association of Natural Gas Consuming Industries of Gujarat and others.

In another matter, writ petitions were filed before the High Court of Gujarat against the GoG, our Company and others, *inter alia,* to seek the order for striking down the Gujarat Water and Gas Pipelines Act on the ground that the GoG lacked legislative competence to enact the Gujarat Water and Gas Pipelines Act in view of the decision of the Supreme Court of India in *Association of Natural Gas* v. *Union of India*.

Under the Gujarat Gas and Water Act, the GoG is empowered, *inter alia,* to declare by notification in the official gazette its intention to acquire the right of user in land; to hear objections in respect of such land; after completion of hearing of objections, to declare by notification in the official gazette that the right of user in the land for laying pipelines shall be acquired; and to vest the right so acquired with any corporation proposing to lay the pipeline. The Company has obtained various RoUs under the provisions of Gujarat Water and Gas Pipelines Act.

The High Court of Gujarat, in its decision dated September 5, 2005, held that:

- the Supreme Court in response to the presidential reference and whilst dismissing the writ petitions in *Association of Natural Gas v. Union of India* did not decide on the issue relating to the competence of the GoG to enact laws for the acquisition of property;
- none of the provisions of the Gujarat Water and Gas Pipelines Act relate to the regulation and development of oilfields, mineral oil field resources, petroleum or petroleum products or other liquids and substances declared by the GoI to be dangerously inflammable and therefore is not an encroachment by the State on the GoI's power to legislate on these matters; and
- the Gujarat Water and Gas Pipelines Act was essentially a legislation for partial acquisition of property and falls within the ambit of Entry 42 of List III of the Seventh Schedule of the Constitution of India, which relates to "Acquisition and Requisitioning of Property", in respect of which the GoI as well as the State Governments have the power to enact law.

The High Court of Gujarat dismissed the writ petitions and held that the Gujarat Water and Gas Pipelines Act is within the legislative competence of the GoG and its enactment cannot be said to be an encroachment on the powers conferred on the GoI under the Constitution.

Proposed Regulations and Policies Relating to Gas Transmission in India

As of the date of this Prospectus, there is no policy in force specifically relating to the transmission of gas through pipelines in India. However, the following draft policies and legislation have been proposed:

1. Draft Petroleum and Natural Gas Regulatory Board Bill, 2005 (Revised as in May 2005)

The Regulatory Board Bill proposes the establishment of the Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas (excluding production of crude oil and natural gas) so as to protect the interests of consumers and specified entities and to further ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country.

The Regulatory Board will consist of a Chairperson and four other members to be appointed by the Central Government. The Regulatory Board is expected to have the following functions and powers:

- protecting the interest of consumers by fostering fair trade and competition among entities;
- registering entities to market notified petroleum and petroleum products and establish and operate the LNG terminals;
- authorizing entities to operate a common carrier distribution network;
- declaring pipelines as common carrier or contract carrier;
- regulating access to common carrier or contract carrier and transportation rates for common carrier and contract carrier;
- ensuring adequate availability and equitable distribution of notified petroleum, petroleum products and natural gas and monitoring prices and taking corrective measures to prevent profiteering by the entities;
- monitoring transporting rates charges by natural gas pipelines by common carrier or contract carrier and the price charged by the local distribution company and taking corrective action to prevent profiteering by provider entities; and
- laying down the technical standards and specifications including safety standards.

The Regulatory Board Bill provides that no entity shall market any notified petroleum, petroleum products or natural gas, establish or operate a LNG terminal or lay, build, operate or expand any pipeline as a common contract carrier or distribution network without obtaining prior registration or authorizations from the Regulatory Board and that any entity carrying out such activity before the appointed date shall be deemed to have such authorization or registration subject to the provisions of the bill. Further, the Regulatory Board may declare a pipeline for transportation of petroleum, petroleum products and natural gas or authorize an entity to lay, build and operate or expand a pipeline as common carrier after inviting objections and suggestions from entities likely to be affected by such authorizations.

The entity laying, building, operating or expanding a pipeline for transportation of petroleum, petroleum products and LNG has the right of first use for its own requirement and the remaining capacity is to be used among the entities as decided by the Regulatory Board having regard to the needs of fair competition in marketing and availability of petroleum and petroleum products throughout the country.

The Regulatory Board also has powers to specify the terms and conditions for determining the transportation tariff for pipelines calculated on the basis of cost of service, internal rate of return, net present value. The contravention of the directions of the Regulatory Board, are punishable with fine.

The Regulatory Board has investigative powers and powers to decide disputes.

The Regulatory Board Bill also envisages the establishment of the Petroleum and Natural Gas Appellate Tribunal by the Central Government to hear appeals against the orders and decisions of the Regulatory Board. Any appeal against the order of the Appellate Tribunal lies with the Supreme Court.

The Regulatory Board Bill is not in effect as on the date of this Prospectus and it may undergo further changes before it finally becomes effective.

2. Draft Policy for Development of Gas Pipelines Network

The GoI has also circulated a Draft Pipeline Policy and invited comments and suggestions regarding the draft policy from various interested parties. The objective of the Draft Pipeline Policy is to promote investment in gas pipelines to provide inter-connectivity between regions, consumers and producers. It aims to secure equitable access to, and distribution of, natural gas, by increasing gas supply, broad-basing the transmission and distribution networks, promoting competition among entities, as well as securing consumer interest.

The Draft Pipeline Policy further proposes the linking of all regions of the country through the gas pipeline infrastructure and to work towards supplying gas from different sources to all regions to meet present and potential demand.

The Draft Pipeline Policy envisages the appointment of a Regulator for regulating transmission, distribution, supply and storage system for natural gas and LNG for promoting development of the sector. The Regulator will oversee access to the gas pipeline on non-discriminatory 'open access' basis with level playing field for all users. It will approve ceiling on tariff rates for gas transmission in all cases where gas is transported on open access principle and a tariff has not been finalized by the users with the owners of the pipeline. Until a Regulator is appointed, the GoI will perform the functions of the Regulator.

As per the Draft Pipeline Policy, transportation of all gas will be done through a network of pipelines laid in accordance with authorization granted by the Regulator. While deciding on the authorization, the Regulator will consider the long-term plan for development of the pipeline network, early monetization of gas, increasing availability of gas to consumers, impact on efficiency and interconnectivity of the gas transportation system. Any entity interested in taking capacity in the pipeline would express its interest to the Regulator and will enter into a 'take or pay' or any other mutually agreeable contract with the company laying the pipeline. If any issue arises relating to the operation of the pipeline on a nondiscriminatory basis or the tariff of the pipeline, the parties may approach the Regulator for resolution of dispute. If more than one entity applies for transmission pipelines along the same route, the Government/Regulator will decide the grant of authorization to one or more pipelines considering the long-term plan priorities, including the establishment of a national gas grid, source of gas and the markets that these pipelines will serve, proposed terms of the transmission tariff and timeframe for completion of the pipeline project. The Draft Pipeline Policy provides that all the existing and approved transmission pipelines before the notification of this policy will be deemed to have been authorized.

The RoU acquisitions under the Petroleum and Mineral Pipelines Act will be subject to such conditions as may be deemed fit by the Government in public interest. The RoU applications will only be considered after the authorization for the pipeline has been granted by the Government/Regulator. Any entity desirous of applying for RoU acquisitions and laying transmission pipelines will have to give an undertaking that its sole business activity is transportation of natural gas and it does not have any business interest in the marketing or exploration of gas.

The tariff for the transmission pipeline would be approved by the Government/Regulator so as to provide a reasonable rate of return as may be fixed by the Regulator. This tariff should be applied as a cap to enable lower negotiated rates based on market prices. The Draft Pipeline Policy provides that mutually negotiated tariff should be promoted.

The Draft Pipeline Policy provides that the pipeline capacity should be at least 25% more than the capacity requirement based on aggregated demand. The pipeline capacity would be finalized taking into consideration the aggregated demand and the requirement of building 25% extra capacity.

To ensure grid expansion and grid connectivity, the Regulator or the Government through the Regulator may issue appropriate directions for operations of any pipeline network existing on the date of this policy or for which any authorization has been granted but the pipeline is yet to become operational and such direction may include advice on the managerial and operational aspects of the transmission pipeline.

The Draft Pipeline Policy also envisages setting up of a Central Gas Authority and a National Advisory Council to promote and develop the gas sector in the country. The Central Gas Authority will act as the technical arm of the Government/Regulator and will work towards developing a comprehensive set of technical and safety standards as well as a code for grid connectivity. The National Advisory Council shall advise the Government or the Regulator on issues relating to the gas sector.

The Draft Pipeline Policy has not yet been notified by the Government and is not in effect as on the date of filing of this Prospectus. The Draft Pipeline Policy may undergo further changes before it is notified by the Government.

Other Applicable Laws and Regulations

(1) The Company is also subject to a broad range of safety, health and environmental laws and regulations, including compliance with the EPA (including the Environment (Protection) Rules, 1986, and the Environment Impact Assessment Notification, 1994, issued thereunder), the Forest Act, the Water Act, the Air Act, and the Public Liability Insurance Act. These laws and regulations impose controls on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances, planting trees and ensuring that the top soil of the land acquired is not adversely affected and other aspects of our operations. For the specific approvals obtained by the Company pursuant to the environment regulations, please see the section titled "Government and Other Approvals" on page 150 of this Prospectus.

(2) The Company is registered with the Ministry of Communication & Information Technology, Department of Telecommunications, GoI, as Infrastructure Provider Category I to establish and maintain assets including dark fibres, RoW, duct space, for granting on lease/rent/sale basis to the licensees of telecom services licensed under the Indian Telegraph Act, 1885.

HISTORY AND CERTAIN CORPORATE MATTERS

The Company was incorporated under the Companies Act, 1956 on December 23, 1998 as Gujarat State Petronet Limited and obtained its certificate of commencement of business on April 7, 1999.

The registered office of the Company was shifted from Block No. 15, 2nd Floor, Udyog Bhavan, Sector - 11, Gandhinagar, Gujarat - 382 011, India, to GSPC Bhavan, Sector - 11, Gandhinagar, Gujarat - 382 011, India by a Board resolution dated May 14, 2004.

Major Events:

Financial Year	Event
2000-2001	We completed and commissioned the Hazira-Mora pipeline, our first pipeline. The grid was 14 kms long. We acquired this pipeline from GSPC in exchange for issue of shares of our Company to GSPC.
2001-2002	We commissioned 45 kms of the Amboli-Dahej pipeline and the total grid length increased to 59 kms.
2002-2003	We commissioned 66 kms of grid pipeline, which included Mora-Utran, Cairn-Mora and Bhadhut-Paguthan pipelines, and GNFC, Videocon and Mora Kribhco spur lines. The total grid length increased to 125 kms.
2003-2004	We commissioned the Paguthan-Baroda pipeline. The total grid length increased to 209 kms.
2004-2005	We commissioned the Baroda-Ahmedabad-Kalol pipeline, the GACL-Petronet pipeline, the Mora-Sajod pipeline and the Kalol-Santej pipeline, extending the network by an additional 224 kms. The total gas transmission network length increased to 433 kms.
	We awarded EPC contract for Mora-Vapi.
	We completed the Gandhinagar spur line, which was 15.5 kms in length. The total network length increased to 448.5 kms.
	The Company, GSPC and IDF executed the Share Subscription and Shareholders Agreement, pursuant to which IDF agreed to subscribe for Equity Shares for an amount of Rs.900 million.
	We demonstrated the reverse flow capability.
2005-2006	We commissioned the Mora gas terminal.
	We awarded EPC contracts for Anand-Rajkot, Kalol-Himmatnagar, Kalol - Mehasana and Anklav-Dhuvaran pipelines.
	The Company, GSPC, IDBI, IDFC and UTI Bank executed the Shareholders Agreement, pursuant to which IDFC, IDBI and UTI Bank agreed to subscribe for Equity Shares for an aggregate amount of Rs.1,000 million.
	The Company's operation and maintenance systems and procedures were certified by Det Norske Veritas as being in conformity with the ISO 9001:2000 quality management system standard.

Our Main Objects

Our main objects as contained in our Memorandum of Association are:

(i) To procure, transport, distribute, process, import, export, convert, buy, acquire, store, sell and dispose of all types of natural gas, gaseous fuels, naphtha, crude, Coal Bed Methane, chemicals, heavy chemicals, acids, alkalies, agro chemicals, explosives and their by-products, derivatives and mixtures thereof and distribution of all form of conventional and non conventional type of fuels including gaseous fuel and products derived from natural gas for domestic, industrial, agriculture, lighting, heating or any other purpose through underground and surface pipeline and maintaining and rendering assistance and services of all and every kind of description for selling, distributing, converting, exchanging, altering, improving whether required for domestic, civil, commercial, agricultural, industrial or military purpose and requirements;

(ii) To lay, design, develop, construct, fabricate, install and maintain gas processing/liquefication/regasification plants, metering station/compressing facility, distribution centers, installation including gas storages, machinery apparatus, pipes, valves, fittings, meters and allied accessories necessary and useful for transportation, distribution, storage of gas in any form or other materials as mentioned in (i) above;

(iii) To act as technical advisors, consultants for undertaking pre-feasibility/market survey, techno economics feasibility reports, detailed project reports, basic know how, design, detailed engineering including engineering procurement, construction, testing, revamping, design, development, fabrication, installation, maintaining gas processing/ liquefication/regasification plants, distribution centers, gas terminals, gas storages; and

(iv) To encourage public and private partnership in setting up and operating pipeline projects.

The main objects clause and the objects incidental or ancillary to the main objects of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of Amendment	Amendment
September 29, 2000	The authorized share capital of the Company was increased from Rs.1,000 million to Rs. 2,000 million.
December 18, 2001	Insertion of Clause 47 in the objects clause of the Memorandum of Association.
March 3, 2003	The authorized share capital of the Company was increased from Rs. 2,000 million to Rs. 2,110 million.
March 31, 2004	The authorized share capital of the Company was increased from Rs. 2,110 million to Rs. 3,500 million.
August 23, 2005	The authorized share capital of the Company was increased from Rs. 3,500 million to Rs. 7,000 million.

Subsidiaries and Holding Company

We have no subsidiaries. Our holding company is GSPC. For details regarding our holding company, please refer to the section titled "Our Promoter and Group Companies" on page 81 of the Prospectus.

Shareholder Agreements

The Company has entered into the following shareholders agreement. The details are as follows:

1. Shareholders Agreement among the Company, GSPC and IDF

The Company, GSPC and IDF entered into the IDF SHA in connection with IDF's investment in the equity share capital of the Company. Pursuant to the Share Subscription Agreement, dated November 4, 2004, the Company issued and allotted 72 million Equity Shares to IDF for a consideration of Rs. 900 million.

The principal terms of the IDF SHA, all of which shall continue to survive upon completion of the Issue, are set forth below. The provisions have also been incorporated in our Articles of Association, and will continue to be in effect after the completion of the Issue:

1. IDF has a right to nominate one director on the Board of the Company, who shall be liable to retire by rotation, so long as IDF continues to maintain 7.5% of the paid-up equity share capital of the Company. Upon IDF's equity share capital falling below 7.5%, IDF's nominee director shall forthwith resign.
2. GSPC has undertaken that it shall not transfer its Equity Shares in the Company except as per the terms of the IDF SHA

and shall at all times during the tenure of the IDF SHA hold at least 26% of the paid up and issued equity share capital of the Company. This clause shall survive for two years after the successful completion of the IPO.

3. GSPC has undertaken that it shall retain management control of the Company at all times. This clause shall survive for two years after the successful completion of the IPO.

4. GSPC shall not either through itself or through the Company's affiliates sponsor/promote directly or indirectly any other company or engage in any activities and/or business, that would be in direct or indirect competition with the Company or detrimental to the interest of the Company. Except in connection with the implementation of pipelines for captive use under the terms of applicable production sharing contracts and if substantial additional benefit accrues to GSPC on account of such implementation which would not have been available to the Company had the project been implemented through the Company, GSPC shall ensure that (i) all ventures/investments of GSPC or the affiliates of the Company, either directly or through the affiliates of the Company, in any entity primarily engaged in the transportation and transmission of natural gas shall be implemented only through the Company, and (ii) it only uses the pipelines of the Company for the transportation and transmission of natural gas marketed and/or sold by GSPC. This clause shall survive for two years after the successful completion of the IPO.

5. In the event the Company decides to issue additional Equity Shares, IDF would have the first right (but not the obligation) to subscribe up to such number of additional Equity Shares as would enable IDF to maintain its percentage of equity shareholding in the Company.

6. IDF shall have tag along rights only if GSPC intends to sell at least 2.5% of the equity shares of the Company in a block sale or by tranches to a person other than an existing shareholder of the Company or to any of Company's affiliates so long as the affiliate or existing shareholder of the Company agrees to sign a deed of adherence to the IDF SHA. This clause shall survive for two years after the successful completion of the IPO.

7. In addition, GSPC has agreed and undertaken not to pledge its shareholding in the Company during the currency of the IDF SHA without the prior consent in writing from IDF save and except to the extent of project loans required by GSPC and/or the Company and subject to the unencumbered shareholding of GSPC not falling below 26% of the paid-up share capital of the Company. This restriction shall survive for two years after the successful completion of the IPO.

8. The Company and GSPC shall jointly and severally indemnify IDF and/or each officer, Director, employee, agent and hold them harmless and keep them at all times fully indemnified from and against all actions, proceedings, claims, liabilities (including statutory liability), losses, expenses, penalties, demands and costs (including reimbursement of any reasonable attorney fees) arising out of legal claims made by third parties relating to the ownership or any other right, title, interest or lien or encumbrance owing to any equity shares of the Company, not exceeding 100% of the amount subscribed by IDF to the equity share capital of the Company.

9. As long as IDF holds 7.5% of the paid-up equity share capital of the Company, no action or decision relating to any of the matters specified hereunder shall be taken by the Company, unless the consent of IDF for such item has been obtained in writing and/or by the positive vote of the IDF director at any Board/General Meeting where the IDF director is present:

   (a) Increasing, decreasing, restructuring or otherwise altering or modifying the authorized share capital including equity shares of the Company;

   (b) Entering into any transactions with an affiliate of the Company or family member of the employees or Directors of the Company or GSPC including issuing or giving any guarantee, bond, indemnity or undertaking any similar transaction by whatever name called, in respect of, or to secure the liabilities or obligations (financial, performance or otherwise) of any such person;

   (c) Availing or borrowing any funds or the issue of any guarantees or other working capital facilities (fund based and non-fund based), such that the total debt-equity ratio is in excess of 2:1;

   (d) Acquiring, creating or investing in any entity, subsidiary or joint venture or permit any capital restructuring thereof;

   (e) Altering or revising the business plan of the Company save and except for any variation recommended by the investment/capex committee;

(f) Any proposal relating to amalgamation, merger, de-merger, restructuring, capital restructuring or re-organizing in any form whatsoever or acquiring any corporation or becoming party to any transaction having similar effect including any merger of the Company with GSPC;

(g) Winding-up and/or liquidating or taking any action in relation thereto or undertaking any transaction having similar effect;

(h) Declaring or paying any dividend or other distribution by whatever name called, directly or indirectly, on account of any shares except to the extent permitted by and in accordance with the dividend policy of the Company;

(i) Amending the charter documents of the Company, except as permitted or contemplated under the IDF SHA;

(j) Appointing or changing the statutory auditor/internal auditor;

(k) Selling, transferring, licensing, creating a lien on or in any way disposing of any substantial assets of the Company save and except a lien created in favour of lenders who have provided/may hereafter provide facilities to the Company in accordance with the IDF SHA;

(l) Making any investments by way of deposits, loans or subscription to shares and debentures other than normal treasury investments made as per the Treasury Management Policy approved by IDF;

(m) Transferring/selling/vesting/sub-contracting any of the contracts entered into by the Company save and except a lien created in favour of lenders who have provided / may hereafter provide facilities to the Company in accordance with the IDF SHA;

(n) Changing the accounting year applicable to the Company;

(o) Any appointment, termination, reappointment of the Chief Operating Officer of the Company;

(p) Any share buy-back by the Company;

(q) Changing the charter of the management committee which affects (a) a right of IDF under the IDF SHA; or (b) the charter of the capex/investment committee, the audit committee or the tariff committee as prescribed under the IDF SHA;

(r) Changing the charter of any other committee mentioned in the IDF SHA; and

(s) Any significant utilization of funds for purposes other than the business of the Company.

10. Even if the shareholding of IDF falls below 7.5% of the paid-up equity share capital of the Company, the affirmative vote of IDF will be required for winding-up and/or liquidating the Company, or amending its charter to take away the right of affirmative vote of IDF with respect to winding-up and/or liquidating the Company.

2. Shareholders Agreement among the Company, GSPC, IDBI, IDFC, and UTI Bank

GSPL, GSPC, IDBI, IDFC and UTI Bank entered into a Shareholders' Agreement on October 18, 2005 ("IDBI/IDFC/UTI SHA") pursuant to which the Company issued and allotted 22,500,000, 15,000,000 and 12,500,000 Equity Shares to IDBI, IDFC and UTI Bank (the "Investing Institutions"), respectively, for an aggregate consideration of Rs. 1,000 million.

The IDBI/IDFC/UTI SHA requires that no action or decision relating to (a) any proposal relating to amalgamation or merger; and (b) winding-up and/or liquidating or taking any action in relation thereto or undertaking any action having similar effect, shall be taken by the Company, unless the consent of the Investing Institutions for such item has been obtained in writing.

OUR MANAGEMENT

Under our Articles of Association we cannot have fewer than 3 directors and more than 12 directors. We currently have 9 directors.

The following table sets forth current details regarding our Board of Directors as of the date of filing of this Prospectus with SEBI:

Name, Designation, Father's Name, Occupation and Term	Age	Address	Other Directorships
Mr. Balwant Singh, IAS. Chairman. Non-Executive. S/o Late Mr. Ram Parvesh Singh. Government Official. Term: Liable to retire by rotation.	54	K-8, Sector 19 Gandhinagar, Gujarat India	• Gujarat State Petroleum Corporation Ltd. • Gujarat State Energy Generation Ltd. • GSPC Gas Company Limited (erstwhile, Gujarat State Fuel Management Company Ltd.) • Gujarat Alkalies & Chemicals Ltd. • Gujarat State Fertilizers & Chemicals Co. Ltd. • Gujarat Power Corporation Ltd. • Gujarat State Investment Ltd. • Gujarat Industries Power Company Ltd. • Gujarat Narmada Valley Fertilizers Company Ltd. • Gujarat Green Revolution Company Ltd.
Mr. H. K. Dash, IAS. Non-Executive Director. S/o Mr. Bipin Bihari Dash. Government Official. Term: Liable to retire by rotation.	50	K-517, Sector 20 Gandhinagar, Gujarat India	• Gujarat Port Infrastructure & Development Company Ltd. • Gujarat Adani Port Ltd. • Alcock Ashdown Gujarat Ltd • Gujarat Chemical Port Company Ltd • Gujarat Pipavav Port Ltd
Mr. D.J. Pandian, IAS. Managing Director. S/o Late Mr. D. Dharmakkan Pandian. Government Official. Term: For so long as he is the Managing Director of GSPC or for a period of five years from the date of appointment, whichever is earlier.	50	KH-214, Sector 19 Gandhinagar, Gujarat India	• Gujarat State Petroleum Corporation. Ltd. • Gujarat State Energy Generation Ltd. • GSPC Gas Company Limited (erstwhile, Gujarat State Fuel Management Company Ltd.) • Gujarat Science at Action Ltd. • Guj Info Petro Ltd.

Name, Designation, Father's Name, Occupation and Term	Age	Address	Other Directorships
Mr. P. K. Pujari, IAS. ***Non-Executive Director.*** S/o Mr. Ram Narayan Pujari. Government Official. Term: Liable to retire by rotation.	48	Flat No. A-4/304 Bageshree Apartment Opp. Fun Republic Satellite Cross Road Ahmedabad, Gujarat India	• Gujarat State Petroleum Corporation Ltd • Gujarat State Energy Generation Ltd. • Gujarat State Petronet Ltd • Gujarat State Financial Services Ltd • GSFS Capital and Securities Limited • Gujarat Toll Road Investment Company Ltd. • Gujarat State Investment Ltd. • Gujarat Narmada Valley Fertilizers Company Ltd. • Birla VXL Ltd. • Gujarat Urja Vikas Nigam Ltd. • Gujarat Green Revolution Company Ltd • Gujarat Informatics Ltd. • Bharuch-Dahej Road Project Ltd. • Gujarat Growth Centre Development Corporation Ltd.
Mr. Jayant Parimal, IAS. Non-Executive Director. S/o Mr. B. N. Singh. Government Official Term: Liable to retire by rotation.	38	Bungalow No. G-24 Sector 9, Gandhinagar Gujarat India	• Guj Info Petro Ltd. • Gujarat State Energy Generation Ltd. • Gujarat State Road Development Corporation Ltd. • Kutch Rail Company Ltd. • Gujarat Toll Road Company Ltd..
Mr. Luis Miranda. Non-Executive Director. S/o Mr. Mario Miranda. Venture Capitalist. Term: To hold office till next AGM.	44	17 Vaswani Mansion, 3rd Floor, Dinshaw Vachha Road, Churchgate, Mumbai 400 020 India	• GMR Energy Ltd. • GMR Power Corporation Private Ltd. • Vemagiri Power Generation Ltd. • Gujarat Pipavav Port Ltd. • Chalet Hotels Ltd. • Hotel Leelaventure Ltd. • Gateways for India Airport Private Ltd. • IDFC Private Equity (Mauritius) Fund II
Mr. N.J. Jhaveri. ***Non-Executive Additional Director (Independent).*** S/o Mr. Jamnadas Ratilal Jhaveri. Retired Corporate Executive. Term: To hold office till next AGM	70	C-42, Samprat Residency Opp. Parivar Society Near Maharaja Farm, Premchandnagar Road, Bodakdev Ahmedabad 380015 India	• Afcons Infrastructure Ltd. • Indian Aluminium Co. Ltd. • National Securities Depository Ltd. • Pidilite Industries Ltd. • Star Paper Mills Ltd. • Usha Martin Ltd. • Voltas Ltd. • Juniper Hotels Private Ltd. • TAIB Capital Corporation Ltd. • Kier Afcons (India) Private Ltd. (Alternate Director) • Siemens Ltd. • SKF India Ltd. • Siemens Information Systems Ltd.

Name, Designation, Father's Name, Occupation and Term	Age	Address	Other Directorships
Mr. U. Sundarajan Non-Executive Additional Director (Independent). S/o Late Mr. Uppiliappan Retired Corporate Executive. Term: To hold office till next AGM.	63	No. 1904-C, Riviera Towers, Akurli Road, Kandivali (East), Mumbai 400 101 India	• ONGC • L & T • Cochin Shipyard Ltd. • Thirumalai Chemicals Ltd.
Mr. Suresh C. Mathur Non-Executive Director (Independent) S/o Late Mr. Nihal Chand Mathur Chartered Accountant. Term: To hold office till next AGM.	65	F-41 Green Park New Delhi India	• Essar Oil Ltd. • Gujarat State Petroleum Corporation Ltd.

Brief Profile of the Directors

Mr. Balwant Singh, IAS

Mr. Singh holds a Master of Science degree from Banaras Hindu University, a Master of Arts degree from University of Reading, U.K. and a Post Graduate Diploma in Management from Indira Gandhi National Open University. He is an IAS officer and has administrative and corporate experience spanning 31 years. He is currently the Principal Secretary, Energy and Petrochemicals Department, GoG. He has held positions in the Ministry of Environment & Forest and the Ministry of Science & Technology, GOI. He was appointed as Chief Electoral Officer, Gujarat, Principal Secretary, Ports and Fisheries Department, GoG, and Chairman, Gujarat Maritime Board. As part of our ESOP, he has been granted options to purchase 23,480 Equity Shares. While the Company has granted the options, the Director may at his sole discretion, decide to accept or reject the said grant.

Mr. H.K. Dash, IAS

Mr. Dash holds a Bachelor of Arts (Honors) degree from Sambalpur University, a Master of Arts degree from Delhi University, and a Master of Business Administration from the University of Hull, U.K. He is an IAS officer and has administrative and corporate experience spanning 25 years. He is currently the Vice Chairman and Chief Executive Officer of the GMB. He has held positions in the Ministry of Non-conventional Energy Sources, GoI, Geology & Mining Department, GoG, and Food, Civil Supplies & Consumer Affairs, GoG. As part of our ESOP, he has been granted options to purchase 23,480 Equity Shares. While the Company has granted the options, the Director may at his sole discretion, decide to accept or reject the said grant.

Mr. D.J. Pandian, IAS.

Mr. Pandian holds degrees in Bachelor of Arts and Master of Business Administration degree from Madras University. He is an IAS officer and has administrative and corporate experience spanning 24 years. Prior to joining the Company, Mr. Pandian was working on deputation with the World Bank in Washington, D.C. He was Director, External Commercial Borrowing, Ministry of Finance, GoI from 1995 until 1997. In addition, Mr. Pandian has also held various appointments in the GoG. He previously headed Gujarat Lease Finance Limited from 1993 until 1994. As part of our ESOP, he has been granted options to purchase 30,060 Equity Shares. While the Company has granted the options, the Director may at his sole discretion, decide to accept or reject the said grant.

Mr. P.K. Pujari, IAS

Mr. Pujari holds a Master of Arts degree in Economics from Delhi University and a Master of Science in Macro Economic Policy and Planning from Bradford University, UK. He is an IAS officer and has administrative and corporate experience spanning 24 years. He is currently the Secretary (Economic Affairs), Finance Department, GoG. He was also appointed Managing Director of Civil Supply Corporation Limited. He has held important positions in the Sales Tax Department, GoG and the Department of Power, GoI. As part of our ESOP, he has been granted options to purchase 29,060 Equity Shares. While the Company has granted the options, the Director may at his sole discretion, decide to accept or reject the said grant.

Mr. Jayant Parimal, IAS

Mr. Parimal holds a Bachelor of Engineering (Electricals) degree from Motilal Nehru Regional Engineering College, Allahabad, a Chartered Financial Analyst degree from Institute of Chartered Financial Analyst of India, Hyderabad, and a Master of International Law and Economics degree from World Trade Institute, Switzerland. He is an IAS officer and has administrative and corporate experience spanning 17 years. He is currently the Chief Executive Officer of GIDB. He was the Managing Director of Gujarat Tourism Corporation Limited. As part of our ESOP, he has been granted options to purchase 20,330 Equity Shares. While the Company has granted the options, the Director may at his sole discretion, decide to accept or reject the said grant.

Mr. Luis Miranda

Mr. Miranda holds a Master of Business Administration degree from the Graduate School of Business, University of Chicago and is a member of the Institute of Chartered Accountants of India. He has experience in dealing with early stage companies and private equity investing. He set up the India Development Fund, one of the largest infrastructure-focussed private equity fund in India which is managed by IDFC Private Equity Company Ltd. Presently, he is the President and Chief Executive Officer of IDFC Private Equity. In the past, he has been a general partner at Chrys Capital, a Mauritius-based private equity and venture capital fund. He was also a member of the team that set up HDFC Bank. He has also worked with HSBC Markets and Citibank. He has been a director of the Fixed Income Money Market and Derivatives Association of India and a member of the Executive Committee of the Foreign Exchange Dealers' Association of India. He is also a member of the Executive Council of Indian Venture Capital Association and a trustee of the Akanksha Foundation. He has recently joined the Global Advisory Board of the Emerging Markets Private Equity Association. On the Board, he is a nominee of IDF and has been appointed pursuant to the terms of the IDF SHA.

Mr. Narendra Jhaveri

Mr. Jhaveri holds masters degrees in Economics from Gujarat University and the London School of Economics and Political Science. He has corporate experience spanning 40 years. He has taught Economics in private colleges in Ahmedabad. In 1965, he joined the RBI as an economist. In 1974, he joined the erstwhile ICICI Limited as Chief Economist and eventually became the Joint Managing Director. In 1993, he joined I-Sec as Executive Chairman. Presently, he is the Chairman of the IMC Economic Research and Training Foundation.

Mr. U. Sundarajan

Mr. Sundarajan is a cost accountant from the Institute of Cost and Works Accountants of India. He has corporate experience spanning 37 years. He was director (finance) of Bharat Petroleum Corporation Limited from 1989 to 1994. He was Chairman and Managing Director of Bharat Petroleum Corporation Limited from 1994 to 2002. Presently, he is advising Hindustan Petroleum Corporation Limited and Oil India Limited.

Mr. Suresh Mathur

Mr. Mathur is a chartered accountant from the Institute of Chartered Accountants of India. He has experience spanning 38 years in the oil industry. He has handled varied assignments in the fields of finance, marketing, operations, strategic planning, international oil trading and execution of projects. He was the Managing Director of Petronet LNG Limited from 1998 until 2005. He was also Director (Finance) of Indian Oil Corporation from 1994 until 1998. Since September 2005, Mr. Mathur is an advisor to the Essar group.

Borrowing Powers of the Directors in the Company

Pursuant to a resolution passed by our shareholders in accordance with provisions of the Companies Act, our Board has been authorized to borrow sums of money for the purpose of the Company upon such terms and conditions and with or without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 18,000 million.

Details of Appointment and Compensation of our Directors

Name of Directors	Contract/Appointment Letter/ Resolution	Term
Mr. Balwant Singh, IAS	September 9, 2004[1]	Liable to retire by rotation
Mr. H. K. Dash, IAS	March 4, 2004	Liable to retire by rotation
Mr. P. K. Pujari, IAS	June 27, 2002	Liable to retire by rotation
Mr. D.J. Pandian, IAS	December 18, 2001[2]	For so long as he is the Managing Director of GSPC or for a period of five years from the date of appointment, whichever is earlier
Mr. Jayant Parimal, IAS	May 11, 2005	Liable to retire by rotation
Mr. N.J. Jhaveri	October 1, 2005	Additional Director to hold office till next Annual General Meeting
Mr. U. Sundarajan	October 13, 2005	Additional Director to hold office till next Annual General Meeting
Mr. Luis Miranda	December 2, 2005	Additional Director to hold office till next Annual General Meeting
Mr. Suresh Mathur	December 2, 2005	Additional Director to hold office till next Annual General Meeting

[1] *Appointed as Chairman with effect from February 28, 2005*

[2] Appointed as Managing Director with effect from July 23, 2004

Except for sitting-fee paid to the Directors (other than the Managing Director), the Directors do not get any remuneration from the Company. No director is entitled to any benefit upon termination of his employment in the Company. Our Managing Director does not receive sitting-fee from us but is paid remuneration by GSPC as per the pay structure for secretary level government officials. For details of the ESOPs granted to the Directors please see the section titled "Our Management – Brief Profile of the Directors" above.

Details of appointment for Mr. D. J. Pandian

The Board of Directors, pursuant to its resolution passed at its meeting held on July 23, 2004, appointed Mr. D.J. Pandian, IAS as Managing Director of our Company for a period not exceeding five years. Mr. D.J. Pandian is not liable to retire by rotation and has been authorized to hold office of the Managing Director of our Company for so long as he continues to be the Managing Director of GSPC.

Corporate Governance

The Company is in compliance with the applicable guidelines issued by SEBI in respect of corporate governance at the time of seeking in-principle listing approval from the Stock Exchanges.

Committees of the Board of Directors

Management Committee

The members of the Management Committee of the Board are Mr. Balwant Singh, Mr. P.K. Pujari, Mr. D.J. Pandian and Mr. Luis.Miranda.

The Management Committee approves capital expenditures and contracts ranging in value from Rs. 10 million to Rs. 100 million, evaluates bids or offers for supply of plant, machinery and spares, offers and allots shares and debentures, approves appointment of consultants, advisors and personnel and takes decisions relating to the personnel policies and remuneration. The Management Committee is also empowered to take investment decisions in respect of the surplus funds or grant loans from surplus funds, open bank accounts, review expansion plans for investment beyond Rs. 500 million, proposed means of financing and progress on projects under implementation, review the tariffs setting framework for GTAs and approve the new tariff, approve any variation in project cost beyond 10% of the cost approved earlier, and review any alteration, amendment, or update of the business plan of our Company.

Audit Committee

The members of the Audit Committee of the Board are Mr. N.J.Jhaveri, Chairman, Mr. U. Sundararajan, Member and Mr. P.K.Pujari, IAS, Member. All the directors of the Audit committee are non-executive directors and a majority are independent directors.

The powers of the Audit Committee as conferred by the Board of Directors are:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee includes the oversight of the company's financial reporting process and related disclosures to ensure that the financials are correct, sufficient and credible. The committee will also undertake the review, with our management, of our annual and quarterly financial statements before submission to the Board for approval. The committee shall also review the adequacy of our internal control systems, internal audit functions, and discuss any significant findings of the internal auditors. The committee shall also discuss with our statutory auditors prior to their commencement of our audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern. The audit committee shall examine the reasons for substantial defaults in the payments by us to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors. The committee shall also review the functioning of our whistle blower mechanism as and when introduced by us.

Shareholders/Investor's Grievances Committee

The members of the Shareholders/Investor's Grievances Committee of the Board are Mr. U. Sundarajan, Mr. J. Parimal and Mr. Pandian.

The shareholders committee shall look into complaints from shareholders, approve the transfer of the Equity Shares and complaints related to non receipt of annual reports, dividend payments by our shareholders.

Compensation Committee

The members of the Compensation Committee of the Board are Mr. U. Sundarajan, Mr. N.J. Jhaveri and Mr. D.J. Pandian.

The Compensation Committee is responsible for administering our ESOP and the issue of options under the ESOP to permanent employees of our Company, our Promoter and their directors.

Shareholding of Directors in the Company

Except in relation to the options to purchase Equity Shares pursuant to the ESOP, as of the date of this Prospectus, none of our Directors hold any Equity Shares of the Company. For details see "Capital Structure" and "Management's Discussion and Analysis of Financial Conditions and Results of Operation" on pages 17 and 119 respectively of this Prospectus. The Articles of Association do not require the Directors to hold any qualification shares in our Company.

Interest of our Directors

Since we are a Government Company, some of our Directors are employees of the Government and are interested to the extent of their remuneration and perquisites payable to them by the Government for services rendered by them.

All our directors, except Mr. D.J. Pandian, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses payable to them.

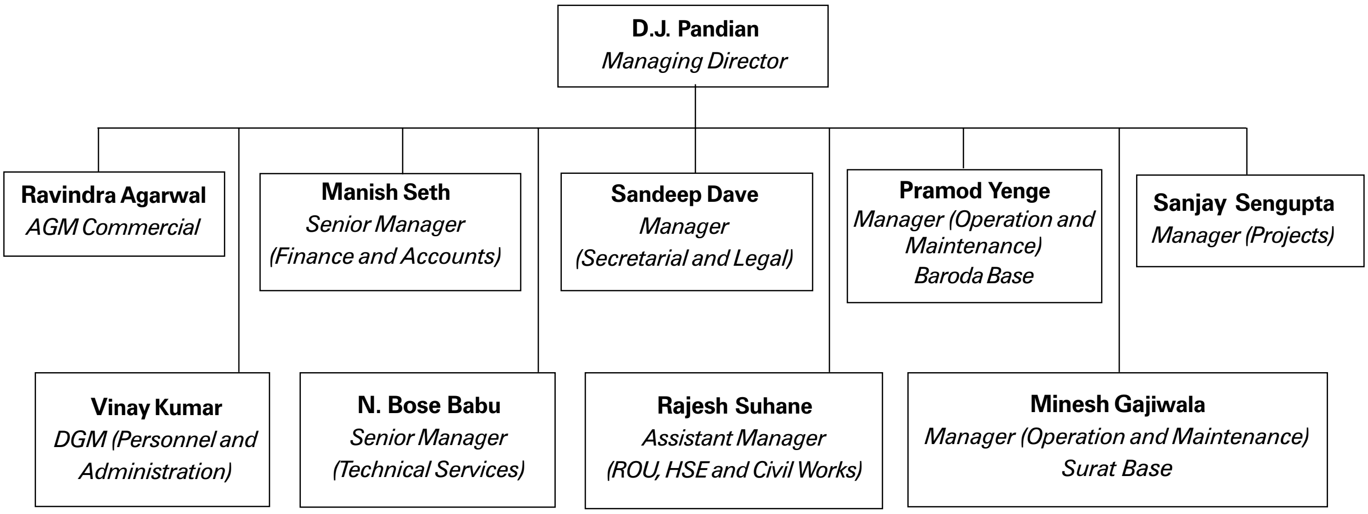
All our Directors may be interested to the extent of the options already held by them pursuant to the ESOP or Equity Shares that may be Allotted to them pursuant to the Issue, or pursuant to the exercise of options granted to them under the ESOP and/or that may be Allotted to companies, firms and trusts in which they are directors, members, partners or trustees, as the case may be.

Changes in our Board of Directors during the last three years

Name	Date of Appointment	Date of Cessation	Reason
Mr. Atanu Chakraborty , IAS	December 23, 1998	May 11, 2005	Resigned from the directorship of the Company
Mr. G. Subba Rao	March 23, 1999	May 13, 2003	Pursuant to the provisions of the Articles of Association, fresh nomination made by GSPC in place of Mr. G. Subba Rao
Mr. Sanjiv Misra	December 23, 1999	November 4, 2004	Resigned from the directorship of the Company
Dr. Manjula Subramaniam	December 18, 2001	September 9, 2004	Resigned from the directorship of the Company
Mr. D. Jagatheesa Pandian, IAS	December 18, 2001	Continuing	Appointment
Mr. P. K. Pujari, IAS	June 27, 2002	Continuing	Appointment
Mr. C. K. Koshy, IAS	May 13, 2003	February 28, 2005	Resigned from the directorship of the Company
Mr. C. L. Meena, IAS	November 27, 2003	March 4, 2004	Pursuant to the provisions of the Articles of Association, fresh nomination by GSPC in place of Mr. C.L. Meena, IAS
Mr. H. K. Dash, IAS	March 4, 2004	Continuing	Appointment
Mr. Balwant Singh, IAS	September 9, 2004	Continuing	Appointment
Mr. Darius Pandole	November 4, 2004	December 2, 2005	Resigned from the directorship of the Company
Mr. Jayant Parimal, IAS	May 11, 2005	Continuing	Appointment
Mr. N.J. Jhaveri	October 1, 2005	Continuing	Appointment
Mr. U. Sunderajan	October 13, 2005	Continuing	Appointment
Mr. Luis Miranda	December 2, 2005	Continuing	Appointment
Mr. Suresh Mathur	December 2, 2005	Continuing	Appointment

Management Organization Structure

Our management organization structure is set forth below:



Key Managerial Employees

Mr. Vinay Kumar, DGM (Personnel and Administration), (45 years), holds a Master of Commerce degree from M.S. University, Baroda, and a Master of Business Administration degree from B.K. School of Management, Ahmedabad. He has over 19 years experience in the field of human resources, administration and public relation. Prior to joining GSPL in July 2000, Mr. Kumar worked with Parekh Platinum Limited and Cadila Pharmaceuticals Limited. He last worked with GSPC as Senior Manager from 1999 to 2000. At GSPL, Mr. Kumar is responsible for formulation and implementation of all human resource and administrative functions and systems for the Company. As part of our ESOP, he has been granted options to purchase 24,630 Equity Shares. In Fiscal 2005, his total remuneration, including benefits, was Rs.527,663.

Mr. Ravindra Agrawal, AGM (Commercial), (34 years) is a Bachelor of Engineering (Electrical) from Malviya National Institute of Technology, Jaipur, and also holds a Master of Business Administration Degree (Finance) from Devi Ahilya University, Indore. He has over 11 years experience in gas marketing and transmission contracts, gas pricing and tariff design. Prior to joining GSPL in October 2001, Mr. Agrawal worked with Gujarat Gas Company Limited. He last worked with GSPC Gas Company Limited (erstwhile, Gujarat State Fuel Management Corporation Limited) as Manager from June 2000 to October 2000. At GSPL, he is responsible for business development, customer management and contract management. As part of our ESOP, he has been granted options to purchase 22,410 Equity Shares. In Fiscal 2005, his total remuneration, including benefits, was Rs.526,379.

Mr. Manish Seth, Senior Manager (Finance and Accounts), (37 years), holds a Bachelor of Engineering (Chemical) degree from University of Roorkee and a Post Graduate Diploma in Business Management (Finance) from Xavier Institute of Management, Bhubaneshwar. Prior to joining GSPL in December 2001, he worked with GAIL, and Larsen and Toubro Limited. He last worked with Gujarat Venture Finance Ltd. as Manager (Projects) from 1997 to 2001. At GSPL, he is responsible for finance and accounting functions, including mobilization of funds for projects. As part of our ESOP, he has been granted options to purchase 17,640 Equity Shares. In Fiscal 2005, his total remuneration, including benefits, was Rs.426,779.

Mr. N. Bose Babu, Senior Manager (Technical Services), (36 years), holds a Bachelor of Engineering (Production) degree from Nagpur University. He has over 15 years experience in the field of pipeline construction and inspection. Prior to joining GSPL in December 2000, he worked with Dodsal Limited, Dodsal Pte, and Narmada Constructions Private Limited. He last worked with Det Norske Veritas as surveyor from 1995 to 2000. At GSPL, he is responsible for implementing and reviewing various specifications of the gas grid and the pipelines and providing support to the internal team for developing and implementing standard procedures. As part of our ESOP, he has been granted options to purchase 17,640 Equity Shares. In Fiscal 2005, his total remuneration, including benefits, was Rs.414,410.

Mr. Pramod Yenge, Manager (Operations and Maintenance - Baroda Base), (36 years), holds a Bachelor of Engineering (Chemical) degree from Pune University. He has over 13 years experience in operation and maintenance of gas pipeline. Prior to joining GSPL in May 2000, Mr. Yenge worked with NRC Limited, and Rama Industries Chemicals Limited. He last worked with Dodsal Ltd. as Senior Engineer and Coordinator from 1996 to 2000. At GSPL, he is responsible for ensuring uninterrupted supply of gas to the various customers and for monitoring the GTAs and their implementation. As part of our ESOP, he has been granted options to purchase 17,500 Equity Shares. In Fiscal 2005, his total remuneration, including benefits, was Rs.433,155.

Mr. Sanjay Sengupta, Manager (Projects) (35 years), holds a Bachelor of Engineering (Mechanical) degree from Tripura Engineering College, Agartala. He has over 11 years experience in Projects. Prior to joining GSPL in January 2000, Mr. Sengupta worked with Newton Engineering and Staselit India Private Limited. He last worked with Gujarat Gas Company Limited as Senior Engineer from 1994 to 2000. At GSPL, he is responsible for ensuring that the project is executed and implemented in time. He is also responsible for developing project manual and ensuring quality standards. As part of our ESOP, he has been granted options to purchase 17,500 Equity Shares. In Fiscal 2005, his total remuneration, including benefits, was Rs.377,600.

Mr. Rajesh Suhane, Assistant Manager (RoU, HSE and Civil Works), (34 years), is a B. Arch. Graduate from Madhav Institute of Technology and Science, Gwalior. He also holds Post Graduation Diploma in Planning from Centre for Environmental Planning and Technology, Ahmedabad. He has over 9 years experience in this industry. He joined the Company in March 2000. At GSPL, he is responsible for acquisition of RoUs and developing and implementing health, safety and environment systems. As part of our ESOP, he has been granted options to purchase 15,550 Equity Shares. In Fiscal 2005, his total remuneration, including benefits, was Rs.283,870.

Mr. Minesh Gajiwala, Manager (Operation and Maintenance) Surat Base, (38 years), holds a Bachelor of Engineering (Mechanical) degree from S.V Regional College of Engineering and Technology, South Gujarat University. He has over 16 years experience in construction, operation and maintenance of oil and natural gas pipeline field. Prior to joining GSPL in October 2001, Mr. Gajiwala worked with Borasara Machine and Mahavir Engineering Works. He last worked with Gujarat Gas Company Ltd. as Manager from 1989 to 2001. At GSPL, he is responsible for ensuring uninterrupted supply of gas to the various customers and for monitoring the GTAs and their implementation. As part of our ESOP, he has been granted options to purchase 15,940 Equity Shares. In Fiscal 2005, his total remuneration, including benefits, was Rs.370,345.

Mr. Sandeep Dave, Manager (Secretarial and Legal) (30 years), holds a Bachelor of Commerce degree from H.L. Commerce College, Ahmedabad, Gujarat, and a Bachelor of Laws degree from Gujarat University. He also holds a company secretary degree from the Institute of Company Secretaries of India, New Delhi, India. He has 7 years experience in secretarial and legal matters. Prior to joining GSPL in January 2001, he worked with GSPC from 1999 to 2000. At GSPL, he is responsible for all secretarial and legal matters, including ensuring corporate governance compliance. As part of our ESOP, he has been granted options to purchase 17,500 Equity Shares. In Fiscal 2005, his total remuneration, including benefits, was Rs.303,724.

All the key managerial personnel as mentioned above are permanent employees of the Company. None of the above mentioned key managerial personnel are related to each other. None of the key managerial personnel are appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers.

Shareholding of the Key Managerial Employees

Except in relation to the option to purchase Equity Shares pursuant to the ESOP, as of the date of this Prospectus, none of our key managerial employees hold any Equity Shares of the Company. For details see "Capital Structure" and "Management's Discussion and Analysis of Financial Conditions & Results of Operation" on pages 17 and 119, respectively, of this Prospectus.

Bonus or Profit Sharing Plan for our Key Managerial Employees

There is no bonus or profit sharing plan for our key managerial employees. The Company has in the past paid bonus to employees as determined by the Company.

ESOP

For a discussion on the ESOP, please see the section "Capital Structure" on page 17 of this Prospectus.

Changes In Our Key Managerial Employees during the last 3 years Prior To Date Of Filing of the Prospectus

There has been no change in our key managerial employees during the last 3 years prior to the date of filing of the Red Herring Prospectus.

Payment or benefit to officers of the Company

On January 1, 2002, the Company set up the Gujarat State Petronet Limited Superannuation Scheme, a scheme for providing pension benefits to managerial and senior level employees of the Company.

The Company has also instituted the Gujarat State Petronet Limited Employees' Group Gratuity Scheme (the "Gratuity Scheme"). Pursuant to the Gratuity Scheme, upon retirement of a member on the normal retirement date or upon death, the benefit payable is 15 days' salary (basic salary and dearness allowance) for each completed year of service, subject to a maximum of Rs.3,50,000. Upon the death of a member before the normal retirement date, the benefit payable is equal to 15 days' salary as on the date of death for each year of the employee's anticipated service, subject to a maximum of Rs.1,75,000. Upon a member leaving the service of the Company after completion of 5 years of service, the benefit payable is 15 days' salary as on the date of leaving service for each year of the service, subject to a maximum of Rs.3,50,000. Pursuant to the Gratuity Scheme, two former employees of the Company, Mr. Nilesh Tanna and Mr. Suresh Attaluri, have been paid Rs. 52,869 and Rs. 39,862, respectively, on July 15, 2005.

OUR PROMOTER AND GROUP COMPANIES

Our Promoter

Our Promoter is Gujarat State Petroleum Corporation Limited ("GSPC"), which owns 52.52% of our pre-Issue equity share capital and will own 39.15% of our post-Issue equity share capital.

Gujarat State Petroleum Corporation Limited

Gujarat State Petroleum Corporation Limited was incorporated on January 29, 1979 under the name of Gujarat State Petrochemicals Corporation Limited to pursue the down stream projects in the State of Gujarat. The name of the Company was changed from Gujarat State Petrochemicals Corporation Limited to Gujarat State Petroleum Corporation Limited on November 10, 1994.

GSPC is a dominant player in the exploration and production ("E&P") of oil and gas in the State of Gujarat. GSPC has focused its efforts on acquiring additional oil and natural gas supplies, by acquiring exploration blocks and entering into strategic alliances for the purchase of natural gas.

The current exploration and production portfolio of GSPC consists of 12 discovered oil and gas fields, 10 exploration blocks and 1 coal bed methane ("CBM") block. In such blocks, GSPC is the operator for one discovered oil and gas field in the Ahmedabad block and 5 exploration blocks. As part of such activities, GSPC has actively focused on acquiring oil and gas blocks offered by the Government of India under its New Exploration Licensing Policy ("NELP"). For example, under NELP-III, GSPC was the successful bidder for the KG-OSN-2001/3 Block on the coastline of the State of Andhra Pradesh, under NELP-IV it was awarded three blocks and under NELP V it was awarded two blocks. In addition, GSPC has acquired one CBM Block in the State of Gujarat in a joint venture arrangement with ONGC.

The sale of natural gas from the Hazira field in the State of Gujarat has been the main source of revenue for GSPC. NIKO, a Canadian company, is the operator of the Hazira field, and GSPC has entered into a joint venture arrangement with NIKO for the E&P activities in the field. The GSPC-NIKO joint venture has undertaken major expansion activities to increase production from the Hazira field.

GSPC discovered oil in the Ahmedabad block in 2004 and is also the operator for this discovered block. As part of its activities in this block, GSPC has installed an early production system and commenced production of crude oil from September 6, 2005.

GSPC has announced a major gas discovery in KG OSN-2001/3 Block on the coast line of the State of Andhra Pradesh. GSPC is actively focusing its efforts to commence production of natural gas in this block.

In addition to its exploration and production activities, GSPC has entered into strategic alliances with IOC, GAIL, BPCL and ONGC for the purchase of natural gas.

GSPC has also set up pilot projects to promote the use of compressed natural gas ("CNG") in the automotive sector in the State of Gujarat. These pilot projects have been set up at Icchapur (Surat) and Gandhinagar and are intended to create awareness and promote use of CNG as an automotive fuel. GSPC has also set up a piped natural gas network in the Hazira region to provide natural gas to residential customers and it currently has 6,800 retail customers.

GSPC has diversified its activities by setting up special purpose vehicles, including subsidiaries and investee companies to develop synergies in the energy sector. GSPC has promoted GSPL to develop a gas transmission network for the transportation of gas. GSPC has also promoted Gujarat State Energy Generation Limited to develop and operate a 156 megawatt gas based power project in the State of Gujarat. In addition, GSPC has promoted Guj Info Petro Limited to provide information technology related activities and sale of bandwidth and has promoted the GSPC Gas Company Limited (erstwhile, Gujarat State Fuel Management Company Limited) to provide fuel advisory services.

GUJARAT STATE PETRONET LIMITED

Board of Directors

As of December 5, 2005, the Board of Directors of GSPC was:

Name	Designation
Balwant Singh, IAS	Chairman
P.V Swaminathan, IAS (retd.)	Director
P.K Pujari, IAS	Director
Hashmukh Adhia, IAS	Director
Suresh Mathur	Independent Director
D J Pandian, IAS	Managing Director

Shareholding

As of December 5, 2005 the shareholding pattern of GSPC was as follows:

Name of the Shareholder	Shareholding Percentage (%)
Government of Gujarat	95.03
Gujarat Industrial Investment Corporation Limited	0.95
Gujarat Mineral Development Corporation Limited	0.95
Gujarat Narmada Valley Fertilizer Company Limited	0.95
Gujarat Alkalies and Chemicals Limited	0.95
Gujarat State Fertilizers and Chemicals Limited	0.24
Gujarat Gas Company Limited	0.95
Total	**100.00**

Financial Performance

The financial performance of GSPC for the last three years is as follows:

(In Rs. Million except per share data)

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Turnover	12,962.5	5,525.93	5,052.3
Profit after tax	2,808.7	2,877.47	2,552.8
Equity share capital	1,056.11	1,056.11	1,056.11
Reserves and Surplus*	9,643.18	6,998.02	4,299.65
Earnings per share	27.1	27.25	24.53
Book value per share (Rs.)	101.05	75.84	50.14

* Excludes revaluation reserves and share application money

Fiscal 2003 figures have been regrouped/reclassified or rearranged wherever necessary to make them comparable with those of Fiscal 2004 and Fiscal 2005.

The Promoter has not disassociated itself with any company in the past three years.

GSPC is not listed on any stock exchange and has not made any public or rights issue in the past. GSPC has not become a sick company under the meaning of SICA and it is not under winding up.

We confirm that the Permanent Account Number, Bank Account Numbers, the Company Registration Number and the address of the Registrar of Companies where the Promoter is registered have been submitted to the Stock Exchanges at the time of filing the Red Herring Prospectus. Further, the Promoter has not been detained as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoter in the past or are pending against the Promoter.

Joint Venture Arrangements

GSPC has joint venture arrangements with various international and national oil and gas companies for carrying out E&P activities in respect of oil and natural gas. These are contractual arrangements only and none of these joint ventures are incorporated entities. The summary of these arrangements is set forth below:

Sr. No.	Field / Block	Partner	Participation and Interest of GSPC (%)
1.	Hazira	NIKO	66.67
2.	Bhandut	NIKO	60.00
3.	Cambay	NIKO	66.67[2]
4.	Sabarmati	NIKO	60.00
5.	Asjol	Hindustan Oil Exploration Company Limited	50.00
6.	North Balol	Heramec UK, Hindustan Oil Exploration Company Limited	45.00
7.	Unawa[1]	Heramec UK	70.00
8.	Dholasan	Heramec UK	70.00
9.	North Kathana	Heramec UK	70.00
10.	Kanawara	Heramec UK	70.00
11.	Allora	Heramec UK	70.00
12.	MB-OSN-2001/1 (Mumbai Off-shore)	ONGC, IOCL	10.00
13.	MB-DWN-2001/2 (Mumbai Deep Water)	ONGC, IOC, GAIL, OIL	10.00
14.	CB-ON-7(Palej)	Hindustan Oil Exploration Company Limited / ONGC	50.00
15.	CB-ON-2(Tarapur)[1]	ONGC	100.00[2]
16.	CB-ONN-2000/1 (Ahmedabad)[1]	GAIL	60.00[2]
17.	KG-OSN-2001/3[1]	Jubilant Offshore Drilling Pvt. Ltd., GeoGlobal group	80.00
18.	CB-ONN-2002/2	Jubilant Oil & Gas Pvt Ltd., GeoGlobal group	60.00
19.	CB-ONN-2002/3[1]	Jubilant Oil & Gas Pvt Ltd. Prize Petroeum, GeoGlobal group	55.00
20.	CY-ONN-2002/1	Jubilant Oil & Gas Pvt Ltd. GAIL	20.00
21.	BS (3) CBM-2003/II	ONGC	30.00
22.	CB-ONN-2003/2[1]	GAIL, GeoGlobal group, Jubilant Capital Pvt Ltd.	50.00
23.	AA-ONN-2003/1	GAIL, GeoGlobal group, Jubilant Capital Pvt Ltd.	20.00

(1) *GSPC is the operator*

(2) *GSPC has agreed to transfer 20% interest in CB-ON-2 (Tarapur) Block to GeoGlobal, 10% participating interest in CB-ONN-*

2000/1 (Ahmedabad) Block to GAIL and 20% interest in Cambay Block to Oilex, Australia. However, transfer of interest is subject to approval of the GoI.

Promoter Group Companies

Our promoter group companies are:

- Gujarat State Energy Generation Limited;
- Guj Info Petro Limited;
- GSPC Gas Company Limited (erstwhile, Gujarat State Fuel Management Company Limited); and
- Gujarat Science at Action Limited.

The details of our promoter group companies are as hereunder:

Gujarat State Energy Generation Limited

Gujarat State Energy Generation Limited ("GSEG") is a company incorporated on December 30, 1998 under the Companies Act which has its registered office at 2nd Floor, Udyog Bhavan, Block No. 11, Gandhinagar, Gujarat, India.

GSEG is a special purpose vehicle established for developing and operating a 156 MW combined cycle gas based power project at Hazira, Surat.

Board of Directors

As of December 5, 2005, the Board of Directors of GSEG was:

Name	Designation
Balwant Singh, IAS	Chairman
D. J. Pandian, IAS	Director
P. K. Pujari, IAS	Director
Jayant Parimal, IAS	Director
Chandra Pal Singh	Director
V. N. Rai	Director
T. R. Chaudhary	Director
P. K. Taneja, IAS	Director
I. P. Gautam, IAS	Director
C. I. Joy, IAS	Director
R. K. Dhami	(Alternate to Shri Chandra Pal Singh)
B. D. Sinha	(Alternate to Shri T. R. Chaudhary)

Shareholding

As of December 5, 2005 the shareholding pattern of GSEG was as follows:

Name of the Shareholder	Shareholding Percentage (%)
Gujarat State Petroleum Corporation Limited.	31.40
Gujarat Power Corporation Limited.	6.98
Gujarat Industries Power Company Limited.	3.10
Gujarat Urja Vikas Nigam Limited (erstwhile	
Gujarat Electricity Board)	12.39
Gujarat Industrial Investment Corporation Limited.	3.10
GAIL India Limited.	12.86
Krishak Bharti Co-operative Limited.	30.19
Total	**100.00**

Financial Performance

The financial performance of GSEG for the last three years is as follows:

(In Rs. Million except per share data)

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Turnover	2,802.29	2,675.20	3,378.94
Profit after tax	266.95	104.03	58.60
Equity share capital	1,614.80	1,614.80	1,614.80
Reserves & Surplus*	458.61	191.66	87.63
Earnings per share (Rs.)	1.65	0.64	0.36
Book value per share (Rs.)	12.71	11.01	10.34

* Excludes revaluation reserves and DRR

GSEG is not listed on any stock exchange and has not made any public or rights issue in the past and there has been no change in the capital structure in the last six months. GSEG has not become a sick company under the meaning of SICA and it is not under winding up.

GSPC Gas Company Limited (erstwhile Gujarat State Fuel Management Company Limited)

GSPC Gas Company Limited is a company incorporated on March 11, 1999 under the Companies Act which has its registered office at Block No.15, 3rd floor, Udyog Bhavan, Sector-11, Gandhinagar-382 011, Gujarat, India.

GSPC Gas Company Limited was initially engaged in providing a range of commercial, technical and legal advisory services for efficient and economic management of fuels in the State of Gujarat. Presently, GSPC Gas Company Limited is focused on developing retail gas business. GSPC Gas Company Limited has initiated activities for developing city gas distribution network in specified areas in the State of Gujarat.

GUJARAT STATE PETRONET LIMITED

Board of Directors

As of December 5, 2005, the Board of Directors of GSPC Gas Company Limited was:

Name	Designation
Balwant Singh, IAS	Chairman
L. Chauango, IAS	Director
D. Jagatheesa Pandian, IAS	Director
M. S. Agarwal	Director

Shareholding

As of December 5, 2005, the shareholding pattern of GSPC Gas Company Limited was as follows:

Name of the Shareholder	Shareholding Percentage (%)
Gujarat Narmada-Valley Fertilizer Company Limited.	4.57
Gujarat State Fertilizers & Chemicals Limited.	9.13
Gujarat Paguthan Energy Corporation Private Limited.	4.57
Gujarat Industries Power Company Limited.	9.13
Gujarat State Energy Generation Limited.	22.84
Gujarat Urja Vikas Nigam Limited (erstwhile Gujarat Electricity Board).	4.57
Gujarat Power Corporation Limited.	22.84
Gujarat State Petroleum Corporation Limited.	22.36
Total	**100.00**

Financial Performance

The financial performance of GSPC Gas Company Limited for the last three years is as follows:

(In Rs. Million except per share data)

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Turnover	2.03	4.61	4.55
Profit after tax	(5.06)	(4.54)	(5.69)
Equity share capital	10.95	10.95	10.95
Reserves and Surplus*	Nil	1.75	3.51
Earnings per share(Rs.)	Nil	Nil	Nil
Book value per share (Rs.)	(6.15)	(0.84)	2.78

* Excludes revaluation reserves and share application money

GSPC Gas Company Limited is not listed on any stock exchange and has not made any public or rights issue in the past and there has been no change in the capital structure in the last six months. GSPC Gas Company Limited has not become a sick company under the meaning of SICA and it is not under winding up.

Guj Info Petro Limited

Guj Info Petro Limited ("GIPL") is a company incorporated on January 15, 2001 under the Companies Act which has its registered office at Info Tower – I, Info City, Gandhinagar 382 011, Gujarat, India.

GIPL is involved in providing information technology related services and supplying bandwidth in the State of Gujarat.

Board of Directors

As of December 5, 2005, the Board of Directors of GIPL was:

Name	Designation
S. K. Nanda, IAS	Director
D J Pandian, IAS	Director
J. N. Singh, IAS	Director
Jayant Parimal, IAS	Director
V. K. Sharma	Director
M. Y. Farooqui	Director

Shareholding

As of December 5, 2005, the shareholding pattern of GIPL was as follows:

Name of the Shareholder	Shareholding Percentage (%)
Gujarat State Petroleum Corporation Limited.	49.94
GSPC Gas Company Limited	49.94
V. K. Sharma	0.04
Jayesh Dave	0.02
K. Prakash	0.02
M. D. Golani	0.02
Deepti A. Desai	0.02
Total	**100.00**

Financial Performance

The financial performance of GIPL for the last three years is as follows:

(In Rs. Million except per share data)

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Turnover	70.13	66.15	36.30
Profit after tax	5.28	(2.26)	(8.96)
Equity share capital	0.5	0.5	0.5
Reserves and Surplus*	Nil	Nil	Nil
Earnings per share(Rs.)	105.51	(45.10)	(178.91)
Book value per share (Rs.)	(392.75)	(527.19)	(493.04)

* Excludes revaluation reserves and share application money

GIPL is not listed on any stock exchange and has not made any public or rights issue in the past and there has been no change in the capital structure in the last six months. GIPL has not become a sick company under the meaning of SICA and it is not under winding up.

Gujarat Science at Action Limited

Gujarat Science at Action Limited ("GSAL") is a company incorporated on September 25, 2001 under the Companies Act which has its registered office at Block No. 11, 9th Floor, Udyog Bhavan, Gandhinagar, Gujarat, India. GSAL was incorporated for providing operations and maintenance services to Gujarat Council of Science City, a society set up to develop the science city project in the State of Gujarat.

Board of Directors

As of December 5, 2005, the Board of Directors of GSAL was:

Name	Designation
Shri J. N. Singh, IAS	Chairman
Shri D. J. Pandian, IAS	Director
Shri V. K. Sharma	Director
Shri M. D. Golani	Director
Shri S. D. Vora	Director
Shri Amin Petiwala	Director

Shareholding

As of December 5, 2005 the shareholding pattern of GSAL was as follows:

Name of the Shareholder	Shareholding Percentage (%)
Gujarat Council of Science City	42.30
Gujarat State Energy Generation Limited	19.23
Gujarat State Petroleum Corporation Limited	38.46
Amin Petiwala jointly with Gujarat State Energy Generation Limited*	0.00
M D Golani jointly with GSPC*	0.00
V K Sharma jointly with GSPC*	0.00
S D Vora jointly with Gujarat Council of Science City*	0.00
J N Singh jointly with Gujarat Council of Science City*	0.00
Kratu Desai jointly with Gujarat State Energy Generation Limited	0.00
Total	**100.00**

* Each holds one equity share in GSAL.

Financial Performance

The financial performance of GSAL is as follows:

(In Rs. Million except per share data)

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Turnover	0.69	0.83	1.02
Profit after tax	(1.16)	(0.03)	(0.05)
Equity share capital	13.00	13.00	13.00
Reserves & Surplus*	Nil	Nil	Nil
Earnings per share(Rs.)	Nil	Nil	Nil
Book value per share (Rs.)	8.83	9.67	9.63

* Excludes revaluation reserves

GSAL is not listed on any stock exchange and has not made any public or rights issue in the past and there has been no change in the capital structure in the last six months. GSAL has not become a sick company under the meaning of SICA and it is not under winding up.

Related Party Transactions

For details on related party transactions, please refer to the sections titled "Financial Statements" and the "Management's Discussion and Analysis of Financial Condition and Results of Operation" on pages 91 and 119 of this Prospectus.

DIVIDEND POLICY

It is the objective of the Company to optimize shareholder returns. The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

The Company has declared dividends for the fiscal year ended March 31, 2005. The Company has not declared dividends in the prior years. The dividend declared by the Company for the fiscal year ended March 31, 2005 has been presented below:

Equity Shares	**Fiscal 2005**
Face value of Equity Shares (Rs. Per share)	10
Dividend rate (%)	2.5%
Dividend on Equity Shares (Rs. In million)	69.99
Dividend tax on the Equity Shares (Rs. In million)	9.82

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amounts, if any, in the future. Future dividends will depend upon the Company's debt service obligations, minimum cash availability, future expansion plans, budgeted working capital requirements and other factors.

FINANCIAL STATEMENTS

INDEX

Sr. No.	Description	Page #
1.	Summary Statements of Assets and Liabilities and Profits and Losses, as restated, under Indian GAAP as of and for the six months ended September 30, 2005 and as of and for the years ended March 31, 2001, 2002, 2003, 2004 and 2005; and related audit report.	94
2.	Statement of Differences between Indian GAAP and U.S. GAAP.	113

AUDITORS' REPORT

To,
The Board of Directors
Gujarat State Petronet Limited
GSPC Bhavan,
Behind Udyog Bhavan, Sector 11,
Gandhinagar 382 011.

Dear Sirs,

We have examined the financial information of Gujarat State Petronet Limited ('GSPL' or 'the Company') described below in A and B and annexed to this report and initialed by us for identification. The said financial information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ("SEBI") – Disclosure and Investor Protection Guidelines, 2000 (as amended vide Circular No. 11 on August 14, 2003, Circular no. SEBI/CFD/DIL/DIP/13/2004/28/5 dated May 28, 2004 and Circular No. SEBI/ CFD/DIL/DIP/14/ 2005/25/1 dated January 25, 2005), and any other applicable amendment or regulation ('the Guidelines') issued by the Securities and Exchange Board of India on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarifications. The financial information has been prepared by the Company and approved by the Board of Directors of the Company. The company has no subsidiaries.

A. Financial Information as Per Audited Financial Statements:

We have examined the attached summary statement of profits and losses as restated to reflect the retrospective effect of the accounting policies adopted by the Company as at September 30, 2005, of the Company for the years ended March 31, 2001, March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and for the half year ended September 30, 2005 (Annexure I), the attached summary statement of assets and liabilities as at those period end dates as restated to reflect the retrospective effect of the accounting policies adopted by the Company as at half year ended September 30, 2005 (Annexure II), and the related financial statement schedules as restated to reflect the retrospective effect of the accounting policies adopted by the Company as at September 30, 2005 (Annexure III); together referred to as the 'Summary Statements'.

Our examination consisted of:

i Auditing the financial statements of the Company for the years ended March 31, 2001, 2005 and half year ended September 30, 2005, and comparing the information therein to the information in the 'Summary Statements';

ii Comparing the information in the 'Summary Statements', for the year ended March 31, 2002 with the annual audited financial statements for that year audited by M/s. H.K.Shah & Co. We have relied upon these audited financial statements;

iii Comparing the information in the 'Summary Statements', for the years ended March 31, 2003 and 2004 with the annual audited financial statements for those years audited by M/s. G.C.Patel & Co. We have relied upon these audited financial statements;

iv Auditing the adjustments made to aforesaid financial information to arrive at the restated amounts in the 'Summary Statements'.

The aforesaid financial statements have been approved by the Board of Directors and adopted by the Members for the years ended March 31, 2001, 2002, 2003, 2004 and 2005; and approved by the Board of Directors for the half year ended September 30, 2005.

Based on our examination of these Summary Statements, we state that:

- The restated profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the respective years / period.
- The Summary Statements of the Company have been restated with retrospective effect (wherever possible) to reflect the accounting policies adopted by the Company as at September 30, 2005. These and other adjustments are explained in Annexure IV.

- The prior period items have generally been adjusted in the Summary Statements in years to which they relate.
- There are no qualifications in the auditors' reports that require any adjustment to the Summary Statements.
- There are no extra-ordinary items that need to be disclosed separately in the Summary Statements.

B. Other financial Information

We have examined the following financial information relating to the Company proposed to be included in the Prospectus, approved by the Board of Directors and annexed to this report:

i Summary of accounting ratios based on the restated profits relating to earnings per share, net asset value and return on net worth (Annexure V)

ii Tax Shelter statement (Annexure VI)

iii Capitalization statement of the Company (Annexure VII)

In our opinion, the financial information of the Company attached to this report as mentioned in paragraphs (A) and (B) above, read with respective significant accounting policies and notes as annexed to this report and after making adjustments and re-groupings as considered appropriate; has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the specific Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **T.N.SHAH & CO.**
Chartered Accou ntants

T.N. Shah
Partner
Membership No: 42748

Place : Gandhinagar

Date : December 15, 2005

ANNEXURE I – SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. Millions)

	Year ended March 2001	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005	Half Year ended September 30, 2005
INCOME						
Operating Revenues	19.60	194.09	907.11	1,401.64	2,034.88	1,250.69
Non-operating Revenues	22.07	33.32	5.16	19.24	20.13	5.77
Total Revenues	**41.67**	**227.41**	**912.27**	**1,420.88**	**2,055.01**	**1,256.46**
EXPENDITURE						
Employees Remuneration and Benefit	2.55	9.48	19.87	24.41	25.91	12.63
Gas Transportation Charges	-	-	275.10	478.38	453.69	140.45
Connectivity Charges	-	-	-	-	113.36	106.58
O&M expense of pipelines & compressors	0.76	15.10	35.50	50.62	77.15	30.55
Administrative & Other expenses	23.01	79.61	38.72	47.15	71.60	39.42
Sub-total	26.32	104.19	369.19	600.56	741.71	329.63
Profit/(Loss) before Depreciation, Interest & Tax	**15.35**	**123.22**	**543.08**	**820.32**	**1,313.30**	**926.83**
Depreciation	18.82	101.05	247.41	397.89	656.42	394.50
Interest and Financial Charges	18.56	76.79	180.83	254.83	363.44	191.67
Sub-total	37.38	177.84	428.24	652.72	1,019.86	586.17
Profit / (Loss) before taxation	**(22.03)**	**(54.62)**	**114.84**	**167.60**	**293.44**	**340.66**
Current Tax	-	-	13.65	1.48	14.75	23.92
Deferred Tax	-	-	(56.48)	158.32	118.59	57.39
Fringe Benefit Tax	-	-	-	-	-	0.64
Profit / (Loss) after taxation before prior period adjustments	**(22.03)**	**(54.62)**	**157.67**	**7.80**	**160.10**	**258.71**
Prior period adjustment	(0.36)	13.40	1.97	9.93	0.36	0.99
Profit / (Loss) after prior period adjustments as per audited accounts (A)	**(22.39)**	**(41.22)**	**159.64**	**17.73**	**160.46**	**259.70**

(Rs. Millions)

	Year ended March 2001	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005	Half Year ended September 30, 2005
Adjustment on account of changes in accounting policies and prior period adjustments						
Depreciation Refer notes (I) 1 (a) of Annex. IV	0.10	1.63	1.17	1.31	0.31	-
Interest expense Refer notes (I) 1 (b) of Annex. IV	13.33	3.19	1.58	(2.54)	0.02	-
Deferred Tax Refer notes (I) 1 (c) of Annex. IV	8.03	19.20	(114.43)	114.43	-	-
Prior period adjustment Refer notes (I) 1 (d) of Annex. IV	(2.75)	(10.71)	2.99	(8.72)	0.08	(0.99)
Total of adjustments (B)	**18.71**	**13.31**	**(108.69)**	**104.48**	**0.41**	**(0.99)**
Net Profit / (Loss), as restated (A+B)	**(3.68)**	**(27.91)**	**50.95**	**122.21**	**160.87**	**258.71**
Profit and Loss Account at the beginning of the period	**-**	**(3.68)**	**(31.59)**	**1.86**	**106.57**	**170.13**
Profit / (Loss) available for appropriation, as restated	**(3.68)**	**(31.59)**	**19.36**	**124.07**	**267.44**	**428.84**
Dividend:						
Proposed on Equity Share Capital	-	-	-	-	(69.99)	-
Income Tax on Dividend	-	-	-	-	(9.82)	-
Transfer to Bond Redemption Reserve	-	-	(17.50)	(17.50)	(17.50)	-
Balance Carried Forward as Restated	**(3.68)**	**(31.59)**	**1.86**	**106.57**	**170.13**	**428.84**

The above statement should be read with Notes to the Summary Statement of Profits and Losses and Assets and Liabilities, as restated, together with the significant accounting policies appearing in Annexure IV.

ANNEXURE II – SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. Millions)

		As at March 31, 2001	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at September 30, 2005
A.	**Fixed Assets**						
	Gross Block	601.05	1,805.16	3,087.44	4,779.92	8,730.14	9,040.20
	Less: Accumulated Depreciation	18.89	118.30	364.55	760.38	1,416.59	1,811.09
	Net Block	**582.16**	**1,686.86**	**2,722.89**	**4,019.54**	**7,313.55**	**7,229.11**
	Add: Capital Work in Progress	592.18	927.24	1,302.68	2,716.20	1,078.60	2,355.49
	Total (A)	**1,174.34**	**2,614.10**	**4,025.57**	**6,735.74**	**8,392.15**	**9,584.60**
B.	**Investments (B)**	-	-	-	-	-	-
C.	**Deferred Tax Assets (C)**	**30.72**	**125.83**	**190.53**	**326.10**	**525.39**	**416.32**
D.	**Current Assets, Loans and Advances**						
	a) Inventories	-	4.73	55.57	57.48	116.07	106.06
	b) Sundry Debtors	1.73	4.83	2.24	2.06	107.46	147.27
	c) Cash and Bank Balances	850.75	212.01	76.47	74.47	426.12	71.15
	d) Other Current Assets	9.44	66.92	156.01	250.04	84.24	82.62
	e) Loans and Advances	16.19	10.41	35.45	53.38	100.65	109.85
	Total (D)	**878.11**	**298.90**	**325.74**	**437.43**	**834.54**	**516.95**
E.	**Liabilities and Provisions**						
	a) Current Liabilities & Provisions	16.97	139.65	267.21	219.61	570.52	434.79
	b) Deferred Tax Liability	22.69	98.60	221.25	400.71	718.59	666.92
	c) Secured Loans	395.69	899.00	1,330.25	3,962.01	4,258.74	4,960.38
	d) Unsecured Loans	461.08	590.53	609.76	336.77	177.27	171.94
	Total (E)	**896.43**	**1,727.78**	**2,428.47**	**4,919.10**	**5,725.12**	**6,234.03**
F.	**Net Worth F = (A+B+C+D-E)**	**1,186.74**	**1,311.05**	**2,113.37**	**2,580.17**	**4,026.96**	**4,283.84**
	Net Worth Represented by -						
G.	**Share Capital**						
	Equity Capital	1,201.55	1,351.55	1,851.55	2,101.55	3,499.55	3,542.43
	Share Application Money	-	-	250.00	350.00	53.60	-
	Total (G)	**1,201.55**	**1,351.55**	**2,101.55**	**2,451.55**	**3,553.15**	**3,542.43**
H.	**Reserves and Surplus**						
	Bond Redemption Reserve	-	-	17.50	35.00	52.50	52.50
	Share Premium	-	-	-	-	262.00	272.72
	General Reserve	-	-	-	-	-	-
	Profit & Loss Account	(3.68)	(31.59)	1.86	106.57	170.13	428.84
	Miscellaneous Expenditure (to the extent not written off)	(11.13)	(8.91)	(7.54)	(12.95)	(10.82)	(12.65)
	Total (H)	**(14.81)**	**(40.50)**	**11.82**	**128.62**	**473.81**	**741.41**
I.	**Net Worth (G+H)**	**1,186.74**	**1,311.05**	**2,113.37**	**2,580.17**	**4,026.96**	**4,283.84**

Note: The above statement should be read with Notes to the Summary Statement of Profits and Losses and Assets and Liabilities, as restated, together with the significant accounting policies appearing in Annexure IV.

ANNECURE III A – SCHEDULE OF LOANS

Secured Loans

(Rs. Millions)

		As at March 31, 2001	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at September 30, 2005
1)	**Secured Bonds** (Bonds of Rupees 100,000 each)	395.69	409.00	409.00	409.00	409.00	409.00
2)	**Term Loans from Banks**						
	Vijaya Bank	-	250.00	218.75	206.25	173.75	162.50
	Union Bank of India	-	240.00	292.50	487.50	441.67	383.33
	Bank of Baroda	-	-	20.00	570.00	616.80	640.40
	Bank of India	-	-	30.00	380.00	354.39	379.39
	Dena Bank	-	-	300.00	709.30	655.53	619.82
	Oriental Bank of Commerce	-	-	60.00	500.00	437.66	396.00
	Allahabad Bank	-	-	-	99.98	159.99	180.00
	State Bank of Bikaner & Jaipur	-	-	-	59.98	189.96	209.96
	State Bank of Travancore	-	-	-	50.00	50.00	50.00
	The Karur Vysya Bank Ltd.	-	-	-	60.00	80.00	100.00
	The South Indian Bank Ltd.	-	-	-	40.00	50.02	100.00
	UCO Bank	-	-	-	90.00	150.00	210.00
	Corporation Bank	-	-	-	-	40.00	180.00
	State Bank of India	-	-	-	-	79.99	279.98
	UTI Bank Ltd.	-	-	-	-	20.00	160.00
3)	**Term Loan from Infrastructure Development Finance Co. Ltd.**	-	-	-	300.00	350.00	500.00
	Total	**395.69**	**899.00**	**1,330.25**	**3,962.01**	**4,258.76**	**4,960.38**

1) Interest on loan was payable in the range of 14.25% to 14.75%, 12.5% to 14.75%, 12.37% to 14.75%, 8.5% to 14.75%, 8% to 14.75% and 8% to 14.5% for the years ended March 31, 2001, March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and half year ended September 30, 2005 respectively. Maturity period for the loans outstanding as at September 30, 2005 ranges between 2 years to 8 years

2) Secured Bonds of Rs. 395.69 million as at March 31, 2001 includes interest accrued and due of Rs. 0.29 million.

3) Secured Loans including secured bonds are secured by First Pari Passu charge on fixed assets, except 36" pipe line from Hazira to Mora. Secured Bonds are further secured on Land and Premises at Sajod Village.

4) Secured Bonds redemption terms are as under

OPTION	REPAYMENT	PUT / CALL OPTION
I	At par at the end of seventh year	At par at the end of fifth year from date of allotment
II	At par at the end of sixth, seventh and eighth years in the ratio of 30%, 30% and 40% respectively	None
III	At par at the end of tenth year	At par at the end of seventh year from date of allotment
IV	At par at the end of twelfth year	At par at the end of tenth year from date of allotment

Unsecured Loans

(Rs. Millions)

	As at March 31, 2001	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at September 30, 2005
Fixed Deposit from Public (A)	**216.08**	**258.67**	**231.78**	**62.58**	**5.33**	**-**
Security Deposits from Customers (B)	**95.00**	**331.86**	**377.98**	**274.19**	**171.94**	**171.94**
Short Term Loan from Development Credit Bank Ltd. (C)	**150.00**	**-**	**-**	**-**	**-**	**-**
Total (A+B+C)	**461.08**	**590.53**	**609.76**	**336.77**	**177.27**	**171.94**

Note:

1) All short term loans outstanding on each balance sheet date are repayable within one year from the respective balance sheet date.

2) Security deposit from customers outstanding as at September 30, 2005 is in the range of 10.25% to 12.5%

3) Unsecured loans (Security Deposits from Customers) as at March 31, 2003, 2004, 2005 and September 30, 2005 include Rs. 90 million, Rs. 67.50 million, Rs. 45 million and Rs. 45 million, respectively, due to Gujarat State Energy Generation Limited, an Associate Company.

ANNEXURE III B – SCHEDULE OF LOANS AND ADVANCES

(Rs. Millions)

	As at March 31, 2001	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at September 30, 2005
Unsecured (considered good)	16.19	10.41	35.45	53.38	100.47	108.91
Secured (considered good)	-	-	-	-	0.19	0.94
Total	**16.19**	**10.41**	**35.45**	**53.38**	**100.66**	**109.85**

Note:

Loans and advances as at March 31, 2003 include Rs. 0.11 million due from Gujarat Info Petro Limited, an Associate Company.

ANNEXURE III C – SCHEDULE OF SUNDRY DEBTORS

(Rs. Millions)

	As at March 31, 2001	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at September 30, 2005
Unsecured (considered good)						
A) Debts outstanding for a period exceeding six months:	-	0.07	1.18	0.38	3.15	4.74
B) Other Debts	1.73	4.76	1.06	1.68	104.31	142.53
Total (A+B)	**1.73**	**4.83**	**2.24**	**2.06**	**107.46**	**147.27**

Note:

1) Debtors as at March 31, 2003, 2004, 2005 and September 30, 2005 include Rs. 1.51 million, Rs. 0.91 million, Rs. 5.64 million and Rs. 3.67 million respectively due from Gujarat State Petroleum Corporation Limited, Holding Company.

2) Debtors as at March 31, 2004, 2005 and September 30, 2005 include Rs. 1.54 million, Rs. 2.46 million and Rs. 2.79 million respectively due from Gujarat State Energy Generation Limited, an Associate Company.

ANNEXURE III D – STATEMENT OF RESTATED CASH FLOW

(Rs. Millions)

		Year ended March 2001	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005	Half Year ended September 30, 2005
A	**Cash Flow from Operating Activities**						
	Restated Net Profit before Taxes	(11.71)	(47.11)	122.55	167.58	294.21	340.66
	Adjustments for:						
	Depreciation	18.72	99.42	246.24	396.58	656.11	394.50
	Amortisation of Miscellaneous Expenditure	0.85	1.37	1.37	2.13	2.13	1.18
		7.86	53.68	370.16	566.29	952.45	736.34
	Interest income	(5.23)	(73.60)	(179.25)	(257.37)	(363.42)	(191.67)
	Operating Profit before Working Capital Changes	2.63	(19.92)	190.91	308.92	589.03	544.67
	Adjustments for:						
	(Increase)/Decrease in Inventory	-	(4.73)	(50.84)	(1.91)	(58.59)	10.01
	(Increase)/Decrease in Sundry Debtors	(1.73)	(3.10)	2.59	0.18	(105.40)	(39.81)
	(Increase)/Decrease in Loans and Advances	(9.12)	5.78	(25.04)	(17.93)	(47.27)	(9.20)
	(Increase)/Decrease in Other Current Assets	(9.42)	(57.48)	(89.09)	(94.03)	165.80	1.62
	(Increase)/Decrease in Miscellaneous Expenditure	(8.47)	0.85	(0.00)	(7.54)	-	(3.01)
	Increase/(Decrease) in Trade Payable	13.20	122.68	127.56	(47.60)	271.10	(135.73)
		(12.91)	44.08	156.09	140.09	814.67	368.55
	Current / Fringe Benefit Tax	-	-	(13.65)	(1.48)	(14.75)	(24.56)
	Net Cash Flow from Operating Activities (A)	**(12.91)**	**44.08**	**142.44**	**138.61**	**799.92**	**343.99**

(Rs. Millions)

		Year ended March 2001	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005	Half Year ended September 30, 2005
B	**Cash Flow from Investing Activities**						
	(Increase)/Decrease in Fixed Assets	(617.42)	(1,539.17)	(1,657.71)	(3,106.75)	(2,312.52)	(1,586.94)
	Net Cash Flow from Investing Activities (B)	**(617.42)**	**(1,539.17)**	**(1,657.71)**	**(3,106.75)**	**(2,312.52)**	**(1,586.94)**
C	**Cash Flow from Financing Activities**						
	Increase in Equity Share Capital	568.50	150.00	500.00	250.00	1,398.00	42.88
	Increase/(Decrease) in Share Premium Account	-	-	-	-	262.00	10.72
	Increase/(Decrease) in Share Application Money	-	-	250.00	100.00	(296.40)	(53.60)
	Increase/(Decrease) in Secured Loans	395.69	503.31	431.25	2,631.76	296.73	701.64
	Increase/(Decrease) in Unsecured Loans	411.08	129.45	19.23	(272.99)	(159.50)	(5.33)
	Interest and Finance Charges (Net)	5.23	73.60	179.25	257.37	363.42	191.67
	Net Cash Flow from Financing Activities (C)	**1,380.50**	**856.36**	**1,379.73**	**2,966.14**	**1,864.25**	**887.98**
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+ B+ C)	**750.17**	**(638.73)**	**(135.54)**	**(2.00)**	**351.65**	**(354.97)**
	Cash and Cash Equivalents at the beginning of the year	100.57	850.74	212.01	76.47	74.47	426.12
	Cash and Cash Equivalents at the end of the year	**850.74**	**212.01**	**76.47**	**74.47**	**426.12**	**71.15**
Note: Cash and Cash Equivalents -							
	At the beginning of the year	**100.56**	**850.74**	**212.01**	**76.47**	**74.47**	**426.12**
	Cash on Hand	-	0.04	0.01	0.05	0.12	0.06
	Cheque on Hand	-	4.55	0.03	-	7.13	0.60
	Bank Balance	20.56	117.99	131.94	62.55	52.17	46.47
	Bank Deposits	80.00	728.16	80.03	13.87	15.05	378.99
	At the end of the year	**850.74**	**212.01**	**76.47**	**74.47**	**426.12**	**71.15**
	Cash on Hand	0.04	0.01	0.05	0.12	0.06	0.05
	Cheque on Hand	4.55	0.03	-	7.13	0.60	-
	Bank Balance	117.99	131.94	62.55	52.17	46.47	55.08
	Bank Deposits	728.16	80.03	13.87	15.05	378.99	16.02

Note:

Cash flow statements is prepared using Indirect Method as per Accounting Standard 3 ‘Cash Flow Statements’ issued by the Institute of Chartered Accountants of India

ANNEXURE III E – SCHEDULE OF NON-OPERATING REVENUES

(Rs. Millions)

	Year ended March 2001	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005	Half Year ended September 30, 2005
Other Income	22.07	33.32	5.16	19.24	20.13	5.77
Net Profit / (Loss) before tax as restated	(11.71)	(47.11)	122.55	167.58	294.21	340.66
Percentage	**-188%**	**-71%**	**4%**	**11%**	**7%**	**2%**

(Rs. Millions)

Source of Income	Year ended March 2001	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005	Half Year ended September 30, 2005	Nature
Interest	21.07	33.01	4.82	2.89	18.24	5.20	Recurring
Profit on Sale of Inventories	-	-	0.19	-	0.22	-	Non-recurring
Sale of Bid Document	-	-	-	0.40	0.53	0.40	Recurring
Supervision Charges	-	-	0.15	0.60	1.01	-	Recurring
Foreign Exchange Fluctuation	-	-	-	0.47	-	-	Non-recurring
Profit on Currency Swap	-	-	-	14.70	-	-	Non-recurring
Consulting Income	1.00	-	-	-	-	-	Non-recurring
Miscellaneous	-	0.31	-	0.18	0.13	0.17	Recurring
Total	**22.07**	**33.32**	**5.16**	**19.24**	**20.13**	**5.77**	

ANNEXURE III F – DETAILS OF RATES OF DIVIDENDS

(Rs. Millions)

	Year ended March 2001	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005	Half Year ended September 30, 2005
Equity Capital (Rs. Millions)	1,201.55	1,351.55	1,851.55	2,101.55	3,499.55	3,542.43
No. of Equity Shares (Nos.Million)	120.16	135.16	185.16	210.16	349.96	354.24
Face Value of Equity Share (Rs. Per share)	10	10	10	10	10	10
Dividend per Equity Share (Rs.)	-	-	-	-	0.25	-
Dividend (Final) Rate (%)	-	-	-	-	2.50%	-
Dividend on Equity Shares (Rs.Millions)	-	-	-	-	(69.99)	-
Tax on Dividend (Rs.Millions)	-	-	-	-	(9.82)	-

ANNEXURE III G – SCHEDULE OF CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

CONTINGENT LIABILITIES

(Rs. Millions)

	As at March 31, 2001	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at September 30, 2005
Letter of Credit	12.45	42.50	40.61	38.87	42.68	35.52
Claims not acknowledged as debts	-	-	9.03	20.30	30.41	30.41
Total	**12.45**	**42.50**	**49.64**	**59.17**	**73.09**	**65.93**

Note:

1 Against claim not acknowledged as debts, amount paid under protest -

	(Rs. Millions)
As at March 31, 2003	7.36
As at March 31, 2004	9.32
As at March 31, 2005	13.14
As at September 30, 2005	13.14

B. CAPITAL COMMITMENTS

(Rs. Millions)

	As at March 31, 2001	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at September 30, 2005
Estimated amount of contracts remaining to be executed on capital account and not provided for	742.46	257.09	2,569.26	1,518.05	3,403.55	7,541.72

ANNEXURE III H – SEGMENT DISCLOSURES

SEGMENT REPORTING

All the activities revolve around the main business. So there are no separate reportable segments as required by the Accounting Standard – 17 on " Segment Reporting" issued by the Institute of Chartered Accountants of India.

ANNEXURE III I – SCHEDULE OF RELATED PARTY TRANSACTIONS

(a) Names of related parties and nature of relationship where control exists

Sr.	Category of related parties	Names
1	Holding Company / Promoter	Gujarat State Petroleum Corporation Limitetd (GSPCL)
2	Associates	1. Gujarat State Energy Generation Limited (GSEGL)
		2. Guj Info Petro Limited (GIPL)
		3. Gujarat State Fuel Management Co. Ltd. (GSFML)
		4. Gujarat Science AT Action Limited (GSAAL)

(b) Transaction and balances with related parties

(Rs. Millions)

	Holding company	Associates	
	GSPCL	GSEGL	GIPL
Transactions for the year ended March 31, 2003			
Rent paid	0.46		
Gas Transportation Charges received	4.92	72.98	
Interest on Bonds paid		1.43	
Interest on Security Deposit paid		11.25	
Bandwidth charges paid			3.47
Website maintenance charges paid			0.10
Operation and Maintenance of Systems paid			0.90
Balance as at March 31, 2003			
Unsecured Loans		90.00	
Loans & Advances			0.11
Debtors	1.51		
Creditors		1.45	
Share Capital	1,483.05		
Transactions for the year ended March 31, 2004			
Rent paid	0.16		
Gas Transportation Charges received	23.89	41.32	
Interest on Bonds paid		0.29	
Interest on Security Deposit paid		9.23	
Bandwidth charges paid			3.56
Website maintenance charges paid			0.10
Operation and Maintenance of Systems paid			0.97
Balance as at March 31, 2004			
Unsecured Loans		67.50	
Loans and Advances			
Debtors	0.91	1.54	
Creditors	0.04	0.31	0.03
Share Capital	1,733.05		
Transactions for the year ended March 31, 2005			
Rent paid	0.16		
Gas Transportation Charges received	32.95	46.32	
Connectivity charges paid	113.36		
Usage charges for GSPC Bhavan paid	6.95		
Interest on share application money paid	2.93		
Interest on Bonds paid		0.14	
Interest on Security Deposit paid		6.92	
Bandwidth charges paid			2.78
Operation & Maintenance of Systems paid			0.98

(Rs. Millions)

	Holding company	Associates	
	GSPCL	GSEGL	GIPL
Balance as at March 31, 2005			
Unsecured Loans		45.00	
Loans and Advances			
Debtors	5.64	2.46	
Creditors	12.37	0.90	0.34
Share Capital	2,083.05		
Transactions for the year ended September 30, 2005			
Rent paid	0.08		
Gas Transportation Charges received	13.67	27.95	
Connectivity charges paid	106.58		
Usage charges for GSPC Bhavan paid	1.81		
Interest on Bonds paid		0.14	
Interest on Security Deposit paid		2.31	
Bandwidth charges paid			1.25
Operation & Maintenance of Systems paid			0.47
Balance as at September 30, 2005			
Unsecured Loans	-	45.00	-
Loans and Advances	-	-	-
Debtors	3.67	2.79	-
Creditors	49.65	0.60	0.28
Share Capital	2,123.05	-	-

Note:

Related party relationship is as identified by the Company and relied upon by the Auditors.

ANNEXURE IV: NOTES ON ADJUSTMENTS AND SIGNIFICANT ACCOUNTING POLICIES FOR RESTATED FINANCIAL STATEMENTS

(I) NOTES ON ADJUSTMENTS

1. Impact of change in accounting policies and prior period items

a. Depreciation

In the year ended March 31, 2001, the expenses pertaining to Hazira-Mora pipeline were inadvertently capitalized under land and no depreciation was provided thereon, which was rectified by the company in the year ended March 31, 2002. However for the purpose of Summary Statements, the same has been adjusted and disclosed in adjustments for the year ended March 31, 2001.

Excess depreciation was provided on building during the year ended March 31, 2002 and 2005 and on plant and machinery during the years ended March 31, 2002 and March 31, 2003. The excess depreciation was provided generally on account of excess capitalization of respective asset, which has been restated in relevant periods in the Summary Statements.

Short provision of depreciation was made on plant and machinery (Hazira-Mora Pipeline) during the year ended March 31, 2001 and on air-conditioners during the year ended March 31, 2003. The short provision was generally on account of short capitalization of respective assets, which has been restated in the relevant years in the Summary Statements. Short / non-provision of depreciation pertaining to year ended March 31, 2004 but accounted in books during the year ended March 31, 2005 has also been restated in the Summary Statements.

Cost of capital work in progress for engineering services was inadvertently capitalized during the year ended March 31, 2001 and depreciated during the year ended March 31, 2001, which was rectified by the company in the year ended March 31, 2002. The same has been restated in the Summary Statements by reversing the depreciation charge for that year and disclosing the value of the assets so inadvertently capitalized as capital work in progress for the year ended March 31, 2001.

b. Interest Expenses

Interest expense related to acquisition of capital goods was debited to the Profit & Loss account during the year ended March 31, 2001, which was rectified and capitalized by the company in the books during the year 2001-02. The same has been restated as Capital Work in Progress for the year ended March 31, 2001 in the Summary Statements.

Excess interest provided, including interest on public deposits (years ended March 31, 2001 and March 31, 2002) and charged to Profit & Loss Account during the years ended March 31, 2000, 2001, 2002, 2003 and 2005 was rectified in the books during the years ended March 31, 2003, 2004, 2005 and half year ended September 30, 2005 by the company and restated in the respective years in the Summary Statements.

c. Deferred Tax

The Company adopted Accounting Standard 22 "Accounting for Taxes on Income" issued by the "Institute of Chartered Accountants of India", for the first time in preparing the financial statements for the year ended March 31, 2003. Accordingly, for the purpose of the Summary Statements, the deferred tax asset/liability has been recognized in the years ended March 31, 2001 and 2002, considering the adjustment on account of change in accounting policy and other changes with the corresponding effect to the Summary Statement of profits and losses, as restated. Correspondingly, the general reserve accounted in the books of account during the year ended March 31, 2003 for the transitional provision of deferred tax asset/liability upto March 31, 2002, has been restated.

The Company had short provided deferred tax liability (net) for the year ended March 31, 2003 to the extent of Rs. 114.43 million, which was rectified during the year ended March 31, 2004. The same has been restated in the year ended March 31, 2003 and March 31, 2004 for the purpose of the Summary Statements.

d. Prior Period Adjustments

In the financial statements for the years ended March 31, 2001, 2002, 2003, 2004, 2005, and half year ended September 30, 2005 the Company had recognized / charged off certain amounts of Income and Expense as prior period. For the purpose of the Summary Statements, the said income / expense has been appropriately adjusted in the years that it relates to.

2. Non-Adjustment Items

a. Actuarial valuation of gratuity and leave encashment up to the year ended March 31, 2002.

Up to the year ended March 31, 2002 the Company has not provided for gratuity and leave encashment payable to the employees. Since, the year ended March 31, 2003, the Company has participated in Group Gratuity Scheme and Leave Encashment Scheme of Life Insurance Corporation of India and the contribution is made as per actuarial valuation for each financial year. The same has not been adjusted in absence of actuarial valuation for the years ended March 31, 2001 and 2002.

b. Capitalization of salaries

The company capitalized the salaries of the employees working on the projects until the year ended March 31, 2002. However, subsequent to March 31, 2002, considering the multiple projects undertaken during that year and immaterial cost of salaries of employees directly working on those projects, the company charged the same to the Profit and Loss account and did not capitalise. The same principle is followed in the subsequent years and in the opinion of the company does not require capitalization for the reasons stated above (amount unascertained).

3. Material Re-groupings / Rectification Adjustments

Certain items of balance sheet were inadvertently classified in an inappropriate group, whilst some others were inadvertently so accounted. Such items have been regrouped / restated in the Summary Statements.

a. "Inventories" have been re-grouped from "Other Current Assets" and are restated and shown separately under "Current Assets, Loans and Advances" in Annexure – II – Summary Statement of Assets and Liabilities for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and half year ended September 30, 2005.

b. Contribution to Group Gratuity Scheme which was accounted as "Investments" appearing as at March 31, 2003 have been regrouped / netted off against current liabilities and provisions as the said accounting entry was rectified in the subsequent year.

c. Certain capital work-in-progress during the year ended March 31, 2001 capitalized as Fixed Assets – Plant and Machinery has been accordingly restated.

d. Refundable deposits given by the Company and wrongly capitalized as Plant and Machinery during the years ended March 31, 2002 and 2003 under "Fixed Assets" have been accordingly regrouped under "Other Current Assets" and the depreciation provided has been reversed accordingly. (see note 1 (a) above)

e. Insurance Claim against plant and machinery which was not accounted as receivable by the Company and carried forward as plant and machinery during the year ended March 31, 2003, which was rectified by the Company subsequently, has been restated as "other current assets" during the respective year with a corresponding effect to the plant and machinery and reversal of excess depreciation provided thereon (see note 1 (a) above).

f. During the years ended March 31, 2001 and 2002, the company had inadvertently provided for excess interest, which was capitalized in those years that was subsequently rectified by the company in the year ended March 31, 2003. The same has now been reversed in the years ended March 31, 2001 and 2002 for the purpose of the Summary Statements.

g. During the year ended March 31, 2003, the company has grouped 'Deferred Financial Charges' amounting to Rs. 9.73 million under miscellaneous expenditure (Rs. 9.01 relating to capital work-in-progress and Rs. 0.72 million relating to 'other current assets'), which is regrouped as capital work-in-progress and other current assets in the audited accounts for the year ended March 31, 2004. The same has been restated in the Summary Statements.

4. For the purpose of Summary of Profit and Loss Account, as restated, and Summary of Assets and Liabilities, as restated, items of Profit and Loss and Balance Sheet have been regrouped wherever considered necessary.

(II) SIGNIFICANT ACCOUNTING POLICIES

a) ACCOUNTING CONVENTION

The Financial Statements have been prepared in accordance with applicable Accounting Standards in India and in accordance with the Historical Cost Convention on accrual basis.

b) FIXED ASSETS & CAPITAL WORK IN PROGRESS

i) The Company is working on various sections of gas transmission pipelines simultaneously and each section is considered to be independent.

ii) The Company capitalizes to a project all the costs directly attributable to completing the project. These costs include expenditure incurred on pipelines, plant and machinery, cost of laying of pipeline, cost of reconnaissance survey, detailed engineering, RoUs and RoWs, land and crop compensation, land and building.

iii) In addition, the Company capitalizes interest on the borrowings for a project. For interest capitalization, the capital cost of a particular project is identified against a borrowing in terms of period of construction and the interest for the relevant period is added to the capital cost till the particular project is capitalized and thereafter the interest is charged to the profit and loss account.

iv) Wherever applicable, Interest on Mobilization Advance extended by the company to the contractors, is adjusted against the relevant Project cost.

v) All the expenditure on a project, till it is commissioned, is kept as Capital Work in Progress (CWIP) and after commissioning the same is transferred to Gross Block.

vi) Capital expenditure, which is not identifiable directly to a particular pipeline section and whose benefit would accrue to the gas grid as a whole is categorized as general gas grid expenditure and allocated at the end of the year to the commissioned pipeline segments in proportion to the length of pipeline segments.

c) DEPRECIATION

i) Depreciation on gas transmission pipeline(s) is provided on straight-line method considering an average life of twelve years even though the useful life of pipelines is more than 30 years. Depreciation on other fixed assets is provided using written down value method.

ii) The depreciation rates used are as prescribed under Schedule XIV of the Companies Act. Depreciation on assets is provided on pro rata basis according to the period each asset is put to use during the year.

iii) Assets costing up to Rs.5,000/- are depreciated fully in the year of purchase..

d) INVENTORY

The Inventory of project materials and stock of spares is valued at cost.

e) Retirement Benefits:

i) The company has defined contribution plan for Provident Fund and the Company's contribution thereto are charged to the Profit and Loss Account.

ii) The Company has defined benefit plan for Superannuation Fund.

iii) The Company has participated in-group Gratuity scheme of Life Insurance Corporation of India, the contribution is made as per actuarial valuation at the end of the financial year.

iv) The Company has participated in Leave Encashment Scheme of Life Insurance Corporation of India, the contribution is made as per actuarial valuation at the end of the year.

f) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted for at the exchange rate prevailing on the transaction date.

g) REVENUE RECOGNITION

All Income and Expenses are recognized on accrual basis. The company invoices customers on fortnightly basis and the revenue is recognized on the last day of each fortnight. Income from transportation of gas is accounted excluding service tax billed to the customers.

Expenditure in the Profit & Loss Account is provided for the period for which the expenditure is incurred. Adequate provisions are made for all known liabilities.

h) AMORTISATION

Preliminary expenses are being written off in 10 equal installments. Deferred Revenue expenses are being written off in 5 equal installments.

i) TAXATION

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income tax Act, 1961. Deferred tax resulting from "timing difference" is accounted for using the tax rates and laws that have been enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extend that there is a reasonable certainty that the assets will be realized in future.

ANNEXURE V – SUMMARY OF ACCOUNTING RATIOS

(Rs. Millions)

	Year ended March 2001	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005	Half Year ended September 30, 2005
Cash Earning per Share (Rs.)	0.13	0.53	1.61	2.47	2.33	1.87
Basic Earning per Share (Rs.)	(0.05)	(0.22)	0.35	0.62	0.57	0.74
Diluted Earning per Share (Rs.)	(0.05)	(0.22)	0.35	0.62	0.57	0.74
Return on Net Worth (%)	-0.31%	-2.13%	2.41%	4.74%	3.99%	6.04%
Net Asset Value per Equity Share (Rs.)	9.88	9.70	11.41	12.28	11.51	12.09
Weighted Average Number of Equity Shares during the year / period	75,665,133	129,552,530	143,922,393	195,537,784	280,061,023	350,213,019
Total Number of Equity Shares Outstanding at the end the year/period	**120,155,270**	**135,155,270**	**185,155,270**	**210,155,270**	**349,955,270**	**354,243,270**

Notes:

1) The ratios have been computed as per the following formulae:

Cash Earnings per Share (Rs) = $\dfrac{\text{Net Profit after tax but before depreciation \& Provision for stock obsolescence}}{\text{Total No. of Equity Shares outstanding during the year/ period}}$

Basic Earnings per Share (Rs) = $\dfrac{\text{Net Profit attributable to Equity Shareholders}}{\text{Weighted Average No. of Equity Shares outstanding during the year/ period}}$

Diluted Earnings per Share (Rs) = $\dfrac{\text{Net Profit attributable to Equity Shareholders}}{\text{Weighted Average No. of Equity Shares outstanding during the year/ period}}$

Return on Net Worth (%) = $\dfrac{\text{Net Profit after tax}}{\text{Net Worth excluding Revaluation Reserve at the end of the year / period}}$

Net Assets Value per Equity Share (Rs) = $\dfrac{\text{Net Worth excluding Revaluation Reserve at the end of the year / period}}{\text{Total No. of Equity Shares outstanding during the year/ period}}$

2) Net Profit, as restated and appearing in the statement of Profits and Losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the Company.

3) Earnings per share calculations have been done in accordance with Accounting Standard 20 – “Earnings per share” issued by the Institute of Chartered Accountants of India.

ANNEXURE VI – TAX SHELTER STATEMENTS

(Rs. Millions)

	Year ended March 2001	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005	Half Year ended September 30, 2005
Net profit/(loss) before tax as per audited accounts	(22.39)	(54.62)	159.64	17.73	160.46	341.65
Tax rate (including surcharge)	39.55%	35.70%	36.75%	35.88%	36.59%	33.66%
Tax at actual rates on profits (A)	-	-	58.67	6.36	58.71	115.00
Timing Difference						
Book Depreciation	18.82	101.05	247.41	397.89	656.42	394.50
Tax Depreciation	74.46	312.66	599.06	900.61	1501.62	411.71
Difference between tax and book depreciation (B)	(55.64)	(211.61)	(351.65)	(502.72)	(845.20)	(17.21)
Other adjustments (C)						
Add :						
Prior period items	0.35	0.16	-	-	-	-
Preliminary expenses written off	-	0.85	0.85	1.61	1.61	0.92
Late payment of of PF	-	0.29	-	-	-	-
Prov. For Income tax	-	-	13.65	1.48	14.74	-
Provision for Deferred Tax	-	-	-	158.32	118.59	-
Prov. For Wealth tax	-	0.04	0.02	0.03	0.02	-
Prov. For Gratuity	-	0.01	0.24	0.29	0.18	-
Prov. For Leave Encashment	-	-	0.77	0.86	0.44	-
Loss on sale of fixed assets	-	0.00	-	0.06	0.02	-
PF Penalty	-	-	0.00	-	-	-
Donation	-	1.00	-	0.09	0.04	0.08
Depreciation – debited in prior period expense	-	-	-	0.30	-	-
Sub-total	0.35	2.36	15.53	163.04	135.64	1.00
Less :						
Gratuity Paid	-	-	0.01	-	-	-
Preliminary Expenses	-	0.85	0.85	2.36	2.36	1.42
Leave Encashment paid	-	-	-	0.13	-	-
Reversal of Depreciation- credited in prior period exps.	-	-	-	0.30	-	-
Prior period adjustments	-	-	1.97	-	2.57	-
Others	-	-	-	0.08	-	-
Sub-total	-	0.85	2.83	2.87	4.93	1.42

(Rs. Millions)

	Year ended March 2001	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005	Half Year ended September 30, 2005
Other adjustments (C)	0.35	1.51	12.70	160.17	130.71	(0.42)
Net adjustments (B + C)	(55.29)	(210.11)	(338.95)	(342.55)	(714.49)	(17.63)
Tax Savings thereon	(0.22)	(0.75)	(1.25)	(1.23)	(2.61)	(0.06)
Profit/(loss) as per income tax return	(77.68)	(264.73)	(179.31)	(324.82)	(554.03)	324.02
Less : set/off of B/f unabsorbed depreciation	-	-	-	-	-	(324.02)
Taxable Income as per Tax Return under MAT	(22.39)	(54.62)	169.70	19.21	175.20	284.26
Tax as per Income Tax Return (MAT)	-	-	13.60	1.48	13.74	23.92
Carried forward Business Loss	3.21	3.21	3.21	3.21	3.21	-
Carried forward Unabsorbed Depreciation	74.46	339.19	518.50	842.70	1,396.73	1,075.92
Total carried forward loss as per return/ computation	77.67	342.40	521.71	845.91	1,399.94	1,075.92

Note :

1. The figures for the year ended September 30, 2005 are provisional and final amount will be ascertained at the time of filing of return of income.
2. The aforesaid tax shelter is worked out on the basis of profit as per audited accounts and is not based on profits as per the 'Summary of Profit and Loss account' as restated.
3. The permanent/timing differences have been computed considering the income tax returns filed by the Company for the respective years, assessment completed and in appeal.

ANNEXURE VII – CAPITALISATION STATEMENT

(Rs. Millions)

			Pre – Issue as at September 30, 2005	Post Issue
1	Short Term Debt		801.97	
2	Long Term Debt	**(A)**	4,330.35	
Total Debt			**5,132.32**	**-**
Shareholder's Fund				
1	Equity Share Capital		3,542.43	
2	Reserves and Surplus (net of miscellaneous expenditure not written off)		741.41	
Total Shareholder's Fund		**(B)**	**4,283.84**	-
Long Term Debt / Equity		**(A) / (B)**	**1.01**	

Note:

1) Share Capital and Reserves post-issue can be ascertained only after the conclusion of the book building process.

2) Long term liabilities includes secured and unsecured loans repayable after 1 year.

The Capitalisation Statement was updated based on Issue Price of Rs. 27 per Equity Share would stand as under:

(Rs. Millions)

			Pre – Issue as at September 30, 2005	Post Issue
1	Short Term Debt		801.97	801.97
2	Long Term Debt	**(A)**	4,330.35	4,330.35
Total Debt			**5,132.32**	**5,132.32**
Shareholder's Fund				
1	Equity Share Capital		3,542.43	5,422.43
2	Reserves and Surplus (net of miscellaneous expenditure not written off)		741.41	3,587.41
Total Shareholder's Fund		**(B)**	**4,283.84**	**9,009.84**
Long Term Debt / Equity		**(A) / (B)**	**1.01**	**0.48**

Note:

a) Short term and Long term debt shown under column post issue was as per amount outstanding as on September 30, 2005.

b) Long term liabilities includes secured and unsecured loans repayable after 1 year.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

The Company's financial statements are prepared in conformity with the generally accepted accounting principles followed in India ("Indian GAAP"), which differ in certain significant respects from generally accepted accounting standards in the United States of America (US GAAP). Such differences involve methods for measuring the amounts shown in the financial statements of the Issuer, as well as additional disclosures required by US GAAP, which the Company has not made.

The following summarizes the areas in which differences between Indian GAAP and US GAAP could be significant to the financial position and results of operations of the Company. The summary below should not be construed to be exhaustive as no attempt has been made by management of the Company to quantify the effects of those differences, nor has a complete reconciliation of Indian GAAP to US GAAP been undertaken by management. Had any such quantification or reconciliation been undertaken by the management of the Company, other potential significant accounting and disclosure differences may have come to its attention, which is not identified below.

Further, no attempt has been made to identify future differences between Indian GAAP and US GAAP as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate Indian GAAP and US GAAP have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between Indian GAAP and US GAAP that may affect the financial information as result of transactions or events that may occur in the future. Potential investors should consult their own professional advisors for an understanding of the principal differences between Indian GAAP and US GAAP and how these differences might affect the Financial Statements of the Company beginning on page 91 of this Prospectus.

Elements of the Company's accounting principles followed in the preparation of the Indian GAAP financial statements, which differ significantly from U.S. GAAP, are described below:

Indian GAAP	US GAAP
Changes in Accounting Policy Any change in an accounting policy, which has a material effect, should be disclosed. The impact of, and the adjustments resulting from, such change, if material, should be shown in the financial statements of the period in which such change is made, to reflect the effect of such change. Where the effect of such change is not ascertainable, wholly or in part, the fact should be indicated. If a change is made in the accounting policies which has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted. Policy changes made on the adoption of a new standard must be accounted for in accordance with that standard's transition provisions	Requires recognition and disclosure of the cumulative amount of the change in the income statement for the period of the change. The entity discloses pro-forma comparatives as if the change had been applied to those periods. However, retrospective adjustments are required in certain cases. US GAAP treats a change in the depreciation method for previously recorded assets as a change in accounting principle.
Retirement benefits The liability for defined benefit plan is actuarially determined. Several alternative methodologies are considered acceptable for the purposes of valuation and the actuary has discretion over selection of the assumptions.	The liability for defined benefit plan is reported at the present value of future benefits using the Projected unit credit method, with a stipulated method to determine assumptions. Actuarial gains and losses arising on periodic valuation of liability would need to be recognized based on certain criteria. As a minimum, amortization of an unrecognized net gain or loss shall be included as a component of employee cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds 10 percent of the projected benefit obligation or 10%

Indian GAAP	US GAAP
	of the fair value of any plan assets. Actuarial gains or losses are amortized based on the expected average remaining working lives of the employees. Other systematic method such as immediate recognition of all gains and losses is also permitted. However, immediate recognition of actuarial gains or losses is not permitted if all or almost all plan participants are retired in which case it is amortised over the remaining life expectancy of the plan participants.
Compensated Absences Leave encashment or vacation accrual is viewed as retirement benefit and is reported based on actuarial valuation.	Compensated absences outstanding at the balance sheet date are reported as liability and is priced at the salary rate prevalent on the balance sheet date.
Revaluation of Property, Plant and Equipment Fixed assets are stated at historical cost or revalued amount less accumulated depreciation and accumulated impairment losses. If the carrying amount is increased as a result of revaluation, the increase is credited directly to equity under the heading Revaluation Reserve. However, the increase shall be credited in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement. If an asset's carrying amount is decreased as a result of revaluation, the decrease is recognized in the income statement. However, the decrease is directly debited to equity under the heading Revaluation Reserve to the extent of any credit balance existing in the revaluation reserve in respect of that asset.	No upward revaluation of any class of fixed assets is permitted.
Foreign Exchange Differences Foreign exchange difference relating to acquisition of fixed assets is adjusted to the carrying cost of such assets. Other foreign exchange differences are recognized in the profit and loss account. Premium or discount on forward exchange contracts is amortized and recognized in the income statement over the period of such contract, except in respect of contracts relating to liabilities for purchase of fixed assets where the amortization is adjusted to the carrying value of the fixed assets.	Exchange differences relating to monetary items shall be recognized in the income statement. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain shall be recognized directly in equity and conversely when a gain or loss on a non-monetary item is recognized in income statement, the exchange component shall be recognized in the income statement.
Borrowing Costs Borrowing costs attributable to the acquisition or construction of a qualifying asset is capitalised as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Costs considered include interest, and other upfront fees paid in connection with the arrangement of funds.	Interest cost is capitalized as part of the cost of an asset that is constructed or produced for an entity's own use. The capitalization period begins when activities to ready the asset for its use commences and ends when the asset is ready for use.

Indian GAAP	US GAAP
Depreciation on fixed assets The Company generally provides for depreciation using the written down value method as per rates prescribed in schedule XIV of the Companies Act, 1956. These are the minimum rates and companies are permitted to charge depreciation at higher rates in order to write-off the cost of the assets over their useful lives, if shorter.	Depreciation is provided on a systematic and rational manner over the estimated useful economic life of the asset.
Inventories Under Indian GAAP inventories are carried at the lower of cost or net realizable value ("NRV").	Carried at lower of cost or net realizable value. FIFO. LIFO and weighted average method are permitted for valuation purposes.
Derivative Contracts Gain or Loss on derivative contracts entered into to hedge exposures to interest rate fluctuations are recognized as and when the underlying transactions are settled. Accordingly proportionate amounts are accrued/provided for the period between the last settlement date and the year-end date.	The FASB issued SFAS No.137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No.133, which amends SFAS No.133, "Accounting for Derivatives Instruments and Hedging Activities", with effect from April 1, 2001. SFAS No.133 establishes accounting and reporting standards for derivative instruments and hedging activities, including certain derivative instruments embedded in other contracts, and requires that an entity recognizes all derivatives as either financial assets or liabilities in the balance sheet and measure them at fair values, with changes in fair values being recognized in earnings, unless it qualifies the criterion of an effective hedge, as defined in SFAS No.133, in which case the changes in fair value is recognized as other comprehensive income in under shareholders' equity. The gain or loss on derivative financial instruments that is designated and effective as hedges are generally recognized in earnings in the same period as the corresponding gain or loss on the underlying transaction being hedged. In a fair value hedge, a derivative instrument is marked to its fair value currently through earnings with an offsetting partial mark-to-fair-value of the hedged item (for the risk being hedged) currently through earnings. In a cash flow hedge, a derivative instrument is first marked to its fair value with the effective portion of the gain or loss reported initially in comprehensive income (equity) and the ineffective portion reported currently in earnings. The gain or loss on the derivative instrument is reclassified from equity into earnings in the same period as the loss or gain on the hedged cash flow.

Indian GAAP	US GAAP
Investments Investments are classified as current or long term. Current Investments are carried at lower of cost and quoted/ fair value. Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary in the opinion of the management.	Investments are classified as trading, held to- maturity or available-for-sale. Investments acquired principally for the purposes of generating profits from short term price fluctuations or dealers' margins are classified as trading. Held-to-maturity investments are investments with fixed or determinable payments and fixed maturity together with the entity's intent and ability to hold till maturity. Available-for-sale investments are those that do not qualify as either trading or held-to-maturity investments. Changes in fair values of trading investments are recognized as profit or loss in the income statement. Held-to- maturity investments are carried at amortized cost. Changes in fair value of available-for-sale investments are recognized as other comprehensive income under shareholders' equity and other than temporary impairment of available-for-sale securities and held to maturity securities, cannot be reversed.
Other comprehensive income All items of income are included in net income, unless specifically permitted to be adjusted to equity.	Certain items of revenues, expenses, gains, and losses that under generally accepted accounting principles are included in comprehensive income but excluded from net income are classified as other comprehensive income. Items included in other comprehensive income shall be classified based on their nature. For example, under existing US accounting standards, other comprehensive income shall be classified separately into; ● foreign currency items, ● minimum pension liability adjustments, and unrealized gains and ● losses on certain investments in debt and equity securities
Deferred Income Taxes Deferred tax resulting from "timing differences" between accounting and taxable income is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets relating to carry forward losses and unabsorbed depreciation should be recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. All other deferred tax assets should be recognized to the extent that there is reasonable certainty that future taxable income will be available for such deferred tax assets will be realized.	Deferred tax liabilities and assets are recorded for the tax effect of all temporary differences between the accounting and tax base of assets and liabilities, and operating loss carry-forwards, at enacted rates. Changes in tax rates are reported in the income statements in the period of enactment. A valuation allowance is made against deferred taxes if, based on the weight of available evidence, it is more likely than not the some portion or all of the deferred tax asset will not be realized.

Indian GAAP	US GAAP
Dividend on preference shares Dividend is recorded as an appropriation from earnings and reflected as a liability when declared.	Dividends relating to a financial instrument classified, as liability should be reported in the income statement as an expense. Dividends should be presented separately in the income statement from interest payments to other creditors.
Premium on redemption of preference shares Premium on redemption of preference shares should be either provided for out of the profits of the Company or adjusted against the securities premium account.	These shares would be classified as a liability, and the return assured in the eventuality of redemption would be accrued as interest expense.
Sale and leaseback transactions Gain on a sale and leaseback transaction where the leaseback is an operating lease is recognized immediately.	If the sale-leaseback transaction results in an operating lease, the timing of the recognition of a gain on the sale depends on whether the seller has leased back a minor portion of the asset or more than a minor portion. If the present value of a reasonable amount of rentals for the leaseback period represents 10% or less of the fair value of the asset sold, the seller-lessee has leased back a minor portion. In such situations, the seller should recognize any gain on the sale of the asset at the time of the sale. If the seller-lessee retains more than a minor portion, but less than substantially all of the use of the property, any gain in excess of the present value of a reasonable amount of rent should be recognized currently. The remaining gain on the sale should be deferred and recognized as a reduction of rent expense over the term of the lease in proportion to the related gross rentals. A loss on the sale should be recognized immediately.
Finance Leases Requires recognition of an asset held under a finance lease with a corresponding obligation to pay future rentals, at an amount equal to the lower of the fair value of the asset and the present value of the minimum lease payments (MLPs) at the inception of the lease. The asset is depreciated over its useful life or the lease term if shorter. However, the latter is only permitted if there is no reasonable certainty of the lessee obtaining ownership of the asset. The interest rate implicit in the lease must normally be used to calculate the present value of the MLPs. If the implicit rate is unknown, the lessee's incremental borrowing rate may be used.	Similar to Indian GAAP, except that the lessee's incremental borrowing rate must be used to calculate the present value of the MLPs, excluding the portion of payments representing executory costs unless it is practicable to determine the rate implicit in the lease and the implicit rate is lower than the incremental borrowing rate. If the incremental borrowing rate is used, the amount recorded as the asset and obligation is limited to the fair value of the leased asset. Asset amortisation is consistent with Indian GAAP.
Onerous contracts An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Under Indian GAAP, the Company does not recognize any provision on account of onerous contracts.	A liability for costs to terminate a contract before the end of its term should be recognized and measured at fair value when the entity terminates the contract in accordance with the contract terms. A liability for costs that will continue to be incurred under a contract for its remaining term without economic benefit to the entity should be recognized and measured at its fair value when the entity ceases to use the right conveyed by the contract.

Indian GAAP	US GAAP
Provisions Discounting of liabilities is not permitted and all provisions are carried at their full values.	Where the effect of the time value of money is material, the amount of a provision may be the present value of the expenditures expected to be required to settle the obligation. However, if a range of estimates is present and no amount in the range is more likely than any other amount in the range, the 'minimum' (rather than the mid-point) amount must be used to measure the liability. A provision must only be discounted when the timing of the cash flows is fixed. The discount rate should be pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate should not reflect risks for which future cash-flow estimates have been adjusted.
Impairment of assets The standard requires the company to assess whether there is any indication that an asset is impaired at each balance sheet. Impairment loss (if any) is provided to the extent the carrying amount of assets exceeds their Recoverable Amount. Recoverable Amount is higher of an asset's selling price or its Value in Use. Value in Use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss for an asset in prior accounting periods should be reversed if there has been a change in estimates of cash inflows, cash outflows or discount rates used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset should be increased to its recoverable amount. The reversal of impairment loss should be recognized in the income statement.	Long-lived assets should be tested for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. For assets to be held and used, impairment is first measured by reference to undiscounted cash flows. If impairment exists, the entity must measure impairment by comparing the asset's carrying value to its fair value. Assets classified as held for disposal must be measured at the lower of the carrying amount or fair value less selling costs. The impairment loss is measured as the excess of the carrying amount over the asset's fair value, being either market value (if an active market for the asset exists), the best information available in the circumstances including the price for similar assets, or the sum of discounted future cash flows or other valuation techniques, using market assumptions. For assets to be disposed of, the loss recognized is the excess of the asset's carrying amount over its fair value less cost to sell. Costs to sell include incremental direct costs to transact the sale that would not have been incurred except for the decision to sell. Such assets are not depreciated or amortised during the selling period. Impairment losses recognized cannot be reversed if there is a subsequent increase in the fair value of the asset.
Comparatives One year comparatives for all numerical information in Financial Statements.	SEC requires all registrants to give two years' comparatives for all statements except balance sheet for which one comparative year is required.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited financial statements for each of the fiscal years ended March 31, 2003, 2004 and 2005, and the six-month periods ended September 30, 2004 and 2005 including the notes thereto and the reports thereon, which appear elsewhere in this Prospectus. The financial statements as of and for the six months ended September 30, 2004, are audited in accordance with Indian GAAP and the Companies Act but have not been restated. Our financial statements are prepared in accordance with Indian GAAP and the requirements of the Companies Act and the SEBI Guidelines. Indian GAAP differs in certain significant respects from U.S. GAAP. For more information on these differences, see "—Summary of Significant Differences Between Indian GAAP and U.S. GAAP" in this Prospectus.

The following discussion is based on our audited financial statements for the fiscal years ended March 31, 2003, 2004 and 2005, and the six-month periods ended September 30, 2004 and 2005. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year (e.g. Fiscal 2005) are to the twelve-month period ended March 31 of that year.

Overview

We own and operate the second largest natural gas transmission network in India. We are the first and only pure natural gas transmission company in India and we believe we were the first company in India to transport natural gas on an open access basis. Currently, our gas transmission network exclusively serves the State of Gujarat and is connected to all the major natural gas supply sources as well as most of the major users and demand centers in Gujarat. Most of our customers are natural gas end-users that purchase natural gas from upstream suppliers, such as marketers, producers and importers, and use our gas transmission network to transport such natural gas to their location, although occasionally our customers are the natural gas suppliers who arrange to supply natural gas to the purchasers at their location. We do not own the natural gas that we transmit and therefore we do not assume any natural gas commodity price risk. We derive all of our operating revenues from the transmission of natural gas. In Fiscal 2005, we generated operating revenues of Rs.2,034.88 million and restated net profit of Rs.160.87 million. In the six months ended September 30, 2005, we generated operating revenues of Rs.1,250.69 million and restated net profit of Rs.258.71 million. The primary drivers of our revenues are the volume of natural gas we transport and the tariffs that we charge for that service.

The following table illustrates certain operating data relating to the expansion of our gas transmission network and acquisition of new customers during the past three fiscal years.

	As of March 31,			As of September 30, 2005
	2003	2004	2005	
Cumulative length of pipeline in operation (kms)	125	209	433	433
New Markets Covered	Hazira, Mora, Utran, Bharuch, Dahej	Baroda	Ahmedabad, Kalol	Ahmedabad, Kalol
Major Customers added during the year	GPEC, GUVN, Videocon, GNFC	GSFC, GIPCL	Essar Power, Essar Steel, Arvind Mills, IFFCO, GAEL	BPCL
Volume of natural gas transported during the year (mmscm)	1,193.4	2391.5	3017.6	1,825.1

We commenced transporting natural gas following completion of the first segment of our gas transmission network in November 2000. We currently operate a medium-to-high pressure gas transmission network comprising approximately 433 kms of natural gas pipeline from Hazira to Kalol. We are continuing to expand and extend our grid of natural gas transmission pipelines and plan to construct additional natural gas transmission pipelines totaling approximately 742 kms in length by July 2007. We currently transport more than 13.0 mmscmd of natural gas out of the 34.8 mmscmd that is the total amount of natural gas transported by pipelines for consumption in Gujarat.

The majority of our customers are power, fertilizer, chemical and steel plants that purchase natural gas from suppliers such as BPCL, Cairn Energy, GAIL, GSPC, GSPC-Niko and IOCL. We also transport natural gas for onward distribution by local distribution companies who supply natural gas to retail consumers in the cities of Ahmedabad and Baroda. We plan to expand our services to transport gas to small and medium industrial customers as well as focus on other industries including ceramics and textiles. We expect this to increase and diversify our customer base and result in increased revenues.

The GTAs that we enter into with our customers designate the entry and exit points for the natural gas as it travels through our gas transmission network and provide for terms such as tariffs, tenure and capacity reserved in our gas transmission network. Tariffs primarily consist of capacity charges, which are fixed fees for the reservation of capacity, and commodity charges, which are linked to the actual transportation of natural gas through our gas transmission network. Our GTAs include “ship or pay” provisions, which require our customers to pay the capacity charge regardless of the amount of natural gas they transport. Our GTAs also include provisions for payment security mechanisms such as bank guarantees and letters of credit.

Factors affecting our results of operations

Natural Gas Demand and Supply

Demand and supply for natural gas has a correlative affect on our operating revenues as we act as a link between the demand and supply centers. Demand for natural gas in Gujarat is currently greater than supply, and we expect a combination of external factors to increase this demand. Gujarat is a highly industrialized state relative to other Indian states with industries such as power, fertilizer, steel and chemical plants and glass, ceramic and textile manufacturers that require energy sources such as natural gas for their operations. In addition, Gujarat has the highest per capita energy consumption in India and is one of the fastest growing industrialized states in India. Gujarat is heavily dependent on oil and gas as primary energy sources, because there are no significant coal and hydro resources available within the state and use of domestic coal requires transport from far off locations resulting in logistics and reliability problems.

Other factors affecting demand for natural gas in Gujarat include the planned construction of several new power plants within Gujarat in the next three to five years. We are also proactively working to increase demand for gas and diversify our customer base by marketing our services to select industries, such as ceramics and textiles, and we also plan to provide gas transportation services to small and medium industrial users. We expect that the expansion of our gas transmission network to new cities and regions will also increase demand as natural gas becomes available to users for the first time.

Initially, we transported gas supplied by GSPC’s gas fields located in Hazira, but as we expanded our gas transmission network we gained access to additional supply sources and are currently connected to all the major supply sources in Gujarat. In August 2002, we began transporting gas from the gas fields of Cairn Energy located in Hazira. With access to this new supply source, the volume of gas that we transport increased by 256.6% from 334.6 mmscm in Fiscal 2002 to 1,193.1 mmscm in Fiscal 2003. Our supply of gas was further augmented by the commissioning of the LNG terminals operated by Petronet LNG and Hazira LNG. We expect that the expansion of these LNG terminals and increased availability of gas from other supply sources will positively affect our operating revenues.

Natural Gas Prices and Prices of Alternative Fuels

A key driver of demand for natural gas is its cost advantage with respect to certain applications compared to alternative fuel sources such as coal, liquefied petroleum gas, naphtha, high speed diesel, light diesel oil and fuel oil. As a result, increases in natural gas prices may negatively impact demand for natural gas and correspondingly, our operating revenues. The cost of gas paid by consumers consists mainly of the price of natural gas that customers pay to suppliers and the transmission costs. Generally our transmission cost is less than 10% of the total cost of gas. Depending on the level of price increases for natural gas, customers may choose to use alternative fuels. Unlike suppliers, however, we are somewhat insulated against temporary changes in demand due to price volatility, as 90% of our revenues from our GTAs is based on our capacity charges. Long-term increases in natural gas prices may have a negative impact on our revenue growth.

Expansion of our gas transmission network

We are expanding our gas transmission network through the construction of additional gas transmission pipelines to areas in Gujarat where there is currently no pipeline infrastructure for transportation of natural gas. We believe this expansion will increase our revenues as we increase the number of customers that we serve and the volume of natural gas transported through our gas transmission network. In Fiscal 2005, these activities resulted in an increase in natural gas transported of 26.2% from 2,391.5 mmscm in Fiscal 2004 to 3,017.6 mmscm in Fiscal 2005. We expect that the increase in operating revenues will be partially offset by increased depreciation expenses related to the new gas transmission pipelines. However, after the pipelines are fully depreciated we expect our net profits to increase.

Change in our Depreciation Policy

Depreciation is a significant expense for our company. While the Ministry of Company Affairs ("MCA") has recognized that the useful life of oil and gas pipelines is 30 years and has approved a proposal from GAIL to provide depreciation at the rate of 3.17% per annum on a straight line basis from April 1, 2005, we are currently depreciating our gas transmission pipelines at the rate of 8.33% per annum on a straight line basis calculated assuming an average useful life of twelve years.

We are evaluating the merits of adopting and implementing this new depreciation policy and based on our evaluation, we may, after the completion of this Issue, apply to the MCA for approval to implement the depreciation policy recognized as applicable to GAIL. As part of the application to the MCA, we are required to undertake that the Company will not make any public issue or private placement or invite any fresh deposits for a period of 18 months. If implemented, our results of operations for Fiscal 2006 and future periods will not be comparable to previous periods because our depreciation expenses will decrease significantly and correspondingly our net profits will increase.

Interest rate charges for debt financing

Interest and financial charges are a large component of our expenses because we have incurred a significant amount of long-term debt in connection with the construction of our existing gas transmission network and our continuing expansion. As of September 30, 2005, Rs.2,545.77 million, or 49.60%, of our borrowings were at floating rates of interest. Any increase in the interest rates for our existing or future borrowings will increase our cost of servicing such debt and increase our interest expense to a greater level than we budgeted in connection with the Expansion. This may adversely impact our results of operations, planned capital expenditures and cash flows. We expect that we will continue to rely on borrowings to finance future capital expenditures and as a result interest rate fluctuations may adversely affect our results of operations.

Renegotiation of gas transportation charges with GGCL and changes with respect to other material arrangements

We entered into a GTAA with GGCL in September 2001 to reserve gas transmission capacity in pipeline from Hazira to Ankleshwar, in order to deliver gas to our customers located in the areas of Bharuch, Dahej and Baroda because we had not completed construction of our own pipeline to service these areas. In December 2004, we completed construction of our own pipeline for transportation of natural gas over the same area, and no longer transport gas through GGCL's pipeline. However, under our GTAA with GGCL, we are required to continue paying gas transportation charges on a "ship or pay" basis until the expiration of the subscontracts (three of which have already expired and two of which will expire on September 9, 2007 and November 6, 2011, respectively). We are currently renegotiating the terms of these contracts with GGCL and have an interim arrangement with GGCL for a 30% reduction in their charges that became effective on April 16, 2005. If future negotiations are successful, there may be a further reduction in our payment obligations.

We own a 36" diameter, 14 kms pipeline from Hazira to Mora that connects the GSPC-Niko natural gas field at Hazira to our facilities at Mora and is primarily used to transmit natural gas to Essar Steel Ltd. and GSEG. Our Board, on September 13, 2002, and our shareholders at the fourth annual general meeting held on December 31, 2002, approved the sale of this pipeline along with related assets to GSPC and the GSPC-Niko Joint Venture. For details on the proposed transfer of the Hazira-Mora pipeline, see the section titled "Outstanding Litigation and Material Developments" on page 144 of this Prospectus. However, no asset transfer has occurred as of the date of this Prospectus. Prior to any asset transfer related to the Hazira to Mora pipeline, we expect that we would be appointed as the operator for the operations and maintenance of the pipeline and that we would be granted rights to access the capacity on this pipeline. If this transfer occurs, we do not expect that our operations would be affected, but we expect that our operating revenues would decline as we will no longer accrue tariffs payable under the GTAs with Essar Steel Ltd. and GSEG, which amount to approximately Rs.100.00 million annually.

Seasonality

We generally experience a decrease in revenues in the second quarter of each fiscal year when our power plant customers, who accounted for approximately 61.9% of our revenues in Fiscal 2005 and approximately 56.5% of our revenues in the six-month period ended September 30, 2005, exercise their option to shutdown operations. Our GTAs provide for these customers to suspend the payment of tariffs, including capacity charges, during such shutdowns. We expect that power plant customers will continue to account for a significant proportion of our revenues in the future.

Government Control

Our operations and gas transmission network are currently located exclusively in Gujarat and are affected by changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India, and in particular, Gujarat. We are a Government Company, as defined under Section 617 of the Companies Act. The GoG also exercises administrative control over us and GSPC, our principal shareholder, through the Energy & Petrochemicals Department.

Our Articles of Association authorize the GoG to issue such directions or instructions as it may consider necessary in regard to our financial and business affairs. In particular, the GoG has the power to: (1) call for returns, financial accounts and other information with respect to our property and activities, (2) approve our five year and annual plans, and (3) approve appointments, extensions in service and reemployments in respect of certain employees who have attained the age of 58 years. Our Articles of Association also provide that so long as GSPC holds not less than 26% of our share capital, directly or indirectly through its subsidiaries or associates, the GoG has the right to appoint, nominate, remove or retire two directors on our Board. The GoG's interest may be different from our interests or the interests of our other shareholders. From time to time, we may be called upon to implement policies or take actions imposed by the GoG that may not be consistent with our commercial objectives. The affect of the GoG's exercising its control and influence over our Company is uncertain but may significantly impact our results of operations.

Financial Operations Overview

The following describes key components of our statements of operations:

Income

Operating revenues. We generate operating revenues from the transportation of natural gas through our gas transmission network. Our operating revenues are affected by the volume of natural gas transported and the tariffs that we charge for our service. Our transmission tariffs are negotiated on an individual basis but are generally determined based on various factors, which include distance of transmission, the amount of capacity reserved, and tenure of the GTA. Our tariffs primarily comprise charges for the amount of capacity reserved by our customers, which we refer to as a capacity charge. Capacity charges account for approximately 90% of the tariffs paid by our customers. The remaining component of the overall tariff consists of a commodity charge, which is linked to the actual off take of gas from our gas transmission network. We also charge overrun and balancing tariffs if customers off take more gas than they have contracted for. We invoice our customers on a fortnightly basis which invoice is generally payable within seven days.

Non-operating revenues. We generate non-operating revenues from interest on time deposits placed with banks and sale of tender documents. In the past we have also generated non-operating revenues from derivative transactions.

Expenditure

Our expenditures consist of expenses for employee remuneration and benefits, gas transportation charges, connectivity charges, operations and maintenance expenses of pipelines and compressors, administrative expenses, depreciation and interest and finance charges.

Employee Remuneration and Benefits. Expenses for employee remuneration and benefits consists of salaries, training costs and medical and retirement benefits. Beginning in Fiscal 2006, we may also incur charges associated with our ESOP, which covers our employees and directors as well as the employees and directors of GSPC. Our ESOP was approved by our Board on October 13, 2005 and by our shareholders on October 18, 2005. For more information on our ESOP, see "Capital Structure" on page 17 in this Prospectus.

Gas Transportation Charges. In September 2001 we entered into a GTAA with GGCL for the purpose of delivering gas to our customers located in the areas of Bharuch, Dahej and Baroda. In December 2004, we completed construction of our own gas transmission pipeline for transportation of natural gas over the same area that GGCL's pipeline traverses, and no longer use GGCL's pipeline. However, under our GTAA with GGCL, we are obligated to continue paying capacity charges until the expiration of the subscontracts (three of which have already expired and two of which will expire on September 9, 2007 and November 6, 2011, respectively). We are currently renegotiating the terms of these contracts with GGCL and have an interim arrangement with GGCL for a 30% reduction in their charges that became effective on April 16, 2005. If future negotiations are successful, there may be a further reduction in our payment obligations.

Connectivity Charges. GAIL has the sole connection to the Petronet LNG terminal, and is charging certain "connectivity charges" for delivering gas to our gas transmission network. These charges are paid or reimbursed by the marketer of the gas, such as BPCL, GSPC and IOCL, to GAIL. In order to transport gas from the Petonet LNG terminal, we have a connectivity agreement with GSPC under which we pay connectivity charges to GSPC and subsequently recover most of these connectivity charges from our customers as part of the transmission tariff. Beginning April 1, 2005, the rate of connectivity charge for the regasified LNG supplied by IOCL and BPCL increased by approximately 2.5 times the rate of connectivity charge for regasified LNG supplied by GAIL. These connectivity charges are expected to increase on an absolute basis as we increase the volume of gas transported.

Operations and Maintenance Expense of Pipelines and Compressors. Operations and maintenance expenses primarily comprise costs associated with routine maintenance of our gas transmission network. We outsource routine maintenance work, such as cleaning, painting and repair work, to third party contractors. We also incur operations expenses under our maintenance contracts for our uninterrupted power supply equipment, our SCADA system and our telecommunications system, and we incur maintenance expenses for our control centers and two compressor stations. Further, we incur monthly operations and maintenance expenses under an agreement with GGCL pursuant to which it oversees the operations and maintenance of the Cairn Interconnector, which is a 7 kms pipeline that transports gas supplied by Cairn Energy from Suvali to Mora. Operations and maintenance expenses also include consumables, such as valves and flanges. We expect these expenses to increase over time with the expansion and aging of our pipelines.

Administrative and Other Expenses. Administrative and other expenses primarily consist of rent for our corporate offices and guest houses utilized by our employees, corporate vehicles, annual maintenance contracts for various office equipment and other sundry expenses.

Depreciation. We depreciate our pipelines upon commissioning using a straight line method, which is presently at a rate of 8.33%, over twelve years even though the projected useful life of the pipelines is greater than 30 years.

Interest and Finance Charges. We incur interest expenses on our debt financing which includes term loans, fixed deposits, security deposits and bonds. Finance charges are incurred on bank guarantees, opening of letters of credits and commissions paid on foreign exchange payments.

Taxes

Corporate Tax. Corporate tax is generally payable by Indian companies to the GoI under the Income Tax Act, 1961, as amended from time to time ("I.T. Act") at the prescribed rates in a given fiscal year. Currently the net corporate tax rate is 33.66%, which includes a surcharge and education cess, which is a tax for education funds. We are currently liable to pay taxes under the minimum alternate tax ("MAT") provisions as defined under Section 115JB of the I.T. Act, primarily because of certain unabsorbed depreciation. MAT is a tax on book profits that was introduced by the GoI starting in Fiscal 1997. MAT is applicable only if the tax payable under the MAT provisions is greater than the tax on taxable income calculated at the normal corporate rates. The provision for tax is therefore at net rate of 7.8%, which includes a surcharge and education cess, on our book profits.

Deferred Tax. Deferred tax provisions are mandatory from Fiscal 2003 as per Accounting Standard 22 of Institute of Chartered Accountants of India ("ICAI"). Deferred tax provision arises on account of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Timing differences arise because the period in which some items of revenue and expenses are included in taxable income do not coincide with the period in which such items of revenue and expenses are included or considered in arriving at accounting income. Examples include, differences due to rate of depreciation, differences due to method of depreciation and expenses debited in the statement of profit and loss for accounting purpose but allowed for tax purpose in subsequent year.

Service Tax. Beginning in Fiscal 2006, the GoI provided in its budget that income from pipeline transportation services is covered under service tax. Consequently, we include service tax in the invoices for gas transportation services that we deliver to our customers. Similarly our EPC contractors, vendors and other third party service providers include service tax and excise duties as per applicable rates in the invoices delivered to us for their services or supplies. In Fiscal 2006, we began offsetting the service taxes and excise duties that are included in the invoices of these service providers against the service taxes that we collect from our customers, which is referred to as a central value added tax credit or CENVAT credit.

Fringe Benefit Tax. Fringe benefit tax ("FBT"), is a tax payable by employers on benefits enjoyed collectively by employees, which cannot be attributed to individual employees. FBT was introduced by the GOI for Fiscal 2006 and is currently payable at a net rate of 33.66%, including surcharge and education cess, on the taxable value of fringe benefits.

Adjustments

The financial information for Fiscal 2003, 2004 and 2005 and for the six months ended September 30, 2005 has been restated in compliance with SEBI Guidelines. In accordance with Indian GAAP, the effects of restatement are shown as a cumulative effect on our adjusted profit after tax rather than as restatements of individual line items in our income statement. Consistent with this presentation, in the comparison of our results of operations from fiscal period to fiscal period, we have provided a discussion of the effects of the restatement on our adjusted profit at the end of each such fiscal period to fiscal period comparison. The principal adjustments to our financial statements in connection with the restatement include changes in accounting policies and estimates relating to depreciation, interest expenses, deferred taxes, and prior period adjustments and material re-groupings and rectifications. For more information, please refer to "Annex IV: Notes on Adjustments and Significant Accounting Policies for Restated Financial Statements" in our Financial Statements included in this Prospectus.

Our Critical Accounting Policies

Preparation of financial statements in accordance with generally accepted accounting principles in India, the applicable accounting standards issued by the ICAI and the relevant provisions of the Companies Act, require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in the auditor's report appearing elsewhere in this Prospectus.

Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our "critical accounting policies".

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following critical accounting policies warrant additional attention.

Fixed Assets and Capital Work In Progress

We are implementing the construction of various sections of gas transmission pipelines simultaneously and each section is considered to be independent.

We capitalize to a project all the costs directly attributable to completing the project. These costs include expenditure incurred on pipelines, plant and machinery, cost of laying of pipeline, cost of the reconnaissance survey, detailed engineering, RoUs and RoWs, land and crop compensation, and building costs.

In addition, we capitalize interest on the borrowings for a project. For interest capitalization, the capital cost of a particular project is identified against a borrowing in terms of period of construction and the interest for the relevant period is added to the capital cost until the particular project is completed and thereafter the interest is charged to the profit and loss account.

All the expenditure on a project, until it is commissioned, is classified as capital work in progress and after commissioning the same is transferred to gross block.

Capital expenditure that is not identifiable directly to a particular pipeline section and whose benefit would accrue to the gas grid as a whole is categorized as general gas transmission network expenditure and allocated at the end of the year to the commissioned pipeline segments in proportion to the length of pipeline segments.

Depreciation

Depreciation on gas transmission pipeline(s) is provided on straight-line method considering an average life of twelve years even though the useful life of pipelines is more than 30 years. Depreciation on other fixed assets is provided using the written down value method. Assets costing up to Rs.5,000/- are depreciated fully in the year of purchase.

The depreciation rates used are as prescribed under Schedule XIV of the Companies Act. Depreciation on assets is provided on pro rata basis according to the period each asset is put to use during the year.

Revenue Recognition

We follow accrual basis of accounting and recognize all income and expenses on accrual basis. We invoice customers on a fortnightly basis and the revenue is recognized on the last day of each fortnight. Revenue from transportation of gas is accounted excluding service tax billed to our customers.

Expenditure in the profit and loss account is provided for the period for which the expenditure is incurred. Adequate provisions are made for all known liabilities.

Results of Operations

Our summary restated statement of profits and losses and as a percent of total revenues is presented below:

	Year ended March 31,								Half Year ended September 30,			
	2002		2003		2004		2005		2004		2005	
	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million	%		%		%
Income												
Operating revenues	194.09		907.11		1,401.64		2,034.88		937.45		1,250.69	
Non-operating revenues	33.32		5.16		19.24		20.13		1.09		5.77	
Total Revenues	**227.41**	**100.0**	**912.27**	**100.0**	**1,420.88**	**100.0**	**2,055.01**	**100.0**	**938.54**	**100.0**	**1,256.46**	**100.0**
Expenditure												
Employee remuneration and benefits	9.48	4.2%	19.87	2.2%	24.41	1.7%	25.91	1.3%	11.04	1.2%	12.63	1.0%
Gas transportation charges[1]	-	0.0%	275.10	30.2%	478.38	33.7%	453.69	22.1%	219.74	23.4%	140.45	11.2%
Connectivity charges	-	0.0%	-	0.0%	-	0.0%	113.36	5.5%	53.24	5.7%	106.58	8.5%
O&M expense of pipe lines and compressors	15.10	6.6%	35.50	3.9%	50.62	3.6%	77.15	3.8%	32.35	3.4%	30.55	2.4%
Administrative and other expenses[1]	79.61	35.0%	38.72	4.2%	47.15	3.3%	71.60	3.5%	44.80	4.8%	39.42	3.1%
Sub-total	104.19	45.8%	369.19	40.5%	600.56	42.3%	741.71	36.1%	361.17	38.5%	329.63	26.2%
Profit/(loss) before depreciation, interest and tax	**123.22**	**54.2%**	**543.08**	**59.5%**	**820.32**	**57.7%**	**1,313.30**	**63.9%**	**577.37**	**61.5%**	**926.83**	**73.8%**
Depreciation	101.05	44.4%	247.41	27.1%	397.89	28.0%	656.42	31.9%	298.51	31.8%	394.50	31.4%
Interest and financial charges	76.79	33.8%	180.83	19.8%	254.83	17.9%	363.44	17.7%	164.24	17.5%	191.67	15.3%
Sub-total	177.84	78.2%	428.24	46.9%	652.72	45.9%	1,019.86	49.6%	462.75	49.3%	586.17	46.7%
Profit/(loss) before taxation	**(54.62)**	**-24.0%**	**114.84**	**12.6%**	**167.60**	**11.8%**	**293.44**	**14.3%**	**114.62**	**12.2%**	**340.66**	**27.1%**
Current tax	-	0.0%	13.65	1.5%	1.48	0.1%	14.75	0.7%	11.91	1.3%	23.92	1.9%
Deferred tax	-	0.0%	(56.48)	-6.2%	158.32	11.1%	118.59	5.8%	(26.40)	-2.8%	57.39	4.6%
Fringe Benefit Tax	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	0.64	0.1%

	Year ended March 31,								Half Year ended September 30,			
	2002		2003		2004		2005		2004		2005	
	Rs. Million	%	Rs. Million	%	Rs. Million	%	Rs. Million	%		%		%
Profit/(loss) after taxation before prior period adjustments	**(54.62)**	**-24.0%**	**157.67**	**17.3%**	**7.80**	**0.5%**	**160.10**	**7.8%**	**129.11**	**13.8%**	**258.71**	**20.6%**
Prior period adjustment	13.4		1.97		9.93		0.36		0.50		0.99	
Profit/(loss) after taxation and prior period adjustments as per audited accounts (A)	**(41.22)**		**159.64**		**17.73**		**160.46**		**129.61**		**259.70**	
Adjustment on account of changes in accounting policies and prior period adjustments												
Depreciation	1.63		1.17		1.31		0.31		-		-	
Interest expense	3.19		1.58		(2.54)		0.02		-		-	
Deferred tax	19.20		(114.43)		114.43		-		-		-	
Prior period adjustment	(10.71)		2.99		(8.72)		0.08		-		(0.99)	
Total of adjustments (B)	**13.31**		**(108.69)**		**104.48**		**0.41**				**(0.99)**	
Net Profit/(loss), as restated (A+B)	**(27.91)**		**50.95**		**122.21**		**160.87**		**129.61**		**258.71**	

(1) Gas transportation charges in the amount of Rs.52.43 million were grouped with administrative and other expenses in Fiscal 2002.

Six Months Ended September 30, 2004 and 2005

Income

Operating revenues. Operating revenues increased by Rs.313.24 million or 33.4% from Rs.937.45 million in the six month period ended September 30, 2004 to Rs.1,250.69 million in the six month period ended September 30, 2005 due to a combination of factors. During the six month period ended September 30, 2004, we commissioned new pipelines totaling approximately 152 kms including our pipeline between Baroda, Ahmedabad and Kalol and a pipeline to Petronet LNG at Dahej. These pipelines were operational for only a part of the six month period ended September 30, 2004, but were operational for the full six month period ended September 30, 2005, which contributed to the increase in operating revenues during this period. New customers, including Arvind Mills Limited, Bharat Petroleum Corporation Limited and Gujarat Adani Energy Limited, also contributed to increased operating revenues during the six month period ended September 30, 2005.

Non-operating revenues. Non-operating revenues increased by Rs.4.68 million or 429.36% from Rs.1.09 million in the six month period ended September 30, 2004 to Rs.5.77 million in the six month period ended September 30, 2005 primarily due to increased interest income on time deposits.

Expenditures

Employee Remuneration and Benefits. Employee remuneration and benefit increased by Rs.1.59 million or 14.4% from Rs.11.04 million in the six month period ended September 30, 2004 to Rs.12.63 million in the six month period ended September 30, 2005 primarily due to normal increases in salaries and other employee benefits and increase in the number of exployees. We had 85 employees as of September 30, 2005 compared to 55 employees as of September 30, 2004.

Gas Transportation Charges. Gas transportation charges decreased by Rs.79.29 million or 36.1% from Rs.219.74 million in the six month period ended September 30, 2004 to Rs.140.45 million in the six month period ended September 30, 2005 due to our discontinued use of the GGCL pipeline and a reduction in the capacity charges payable to GGCL effective April 16, 2005 pursuant to ongoing negotiations.

Connectivity Charge. Connectivity charges increased by Rs.53.34 million, or 100.2% from Rs.53.24 million in the six month period ended September 30, 2004 to Rs.106.58 million in the six month period ended September 30, 2005 due to an increase in the rate of connectivity charge of re-gasified LNG for gas supplied by BPCL and IOCL that was effective as of April 1, 2005. We began incurring connectivity charges in April 2004 when the supplies of re-gasified LNG from the Petronet LNG terminal became available. The total expenditure on connectivity charges is expected to increase based on increased volumes transported in the future.

Operation and Maintenance Expense of Pipelines and Compressors. Operation and maintenance expenses decreased by Rs.1.80 million or 5.6% from Rs.32.35 million in the six month period ended September 30, 2004 to Rs.30.55 million in the six month period ended September 30, 2005. This decrease in operations and maintenance expenses was mainly due to the discontinued use of a compressor located at the premises of GSEG in Hazira beginning in April 2005 because of the availability of high pressure gas.

Administrative and Other Expenses. Administrative and other expenses decreased by Rs.5.38 million or 12.0% from Rs.44.80 million in the six month period ended September 30, 2004 to Rs.39.42 million in the six month period ended September 30, 2005 due to several factors including a decrease in legal and professional expenses.

Depreciation. Depreciation increased by Rs.95.99 million or 32.2% from Rs.298.51 million in the six month period ended September 30, 2004 to Rs.394.50 million in the six month period ended September 30, 2005. This increase was due to the full impact in the six month period ended September 30, 2005 of the depreciation of the pipelines commissioned during Fiscal 2004 and the commissioning of the Mora Node terminal during the six month period ended September 30, 2005.

Interest and Finance Charges. Interest and Finance charges increased by Rs.27.43 million or 16.7% from Rs.164.24 million in the six month period ended September 30, 2004 to Rs.191.67 million in the six month period ended September 30, 2005 due to payment of additional interest resulting from increased borrowings for our capital expenditures, which was offset in part by the reduction in the interest rates on our term loans.

Taxation

MAT was Rs.23.92 million for the six month period ended September 30, 2005 as compared to Rs.11.91 million for the six month period ended September 30, 2004.

Deferred tax was Rs.57.39 million for the six month period ended September 30, 2005 as compared to a credit of Rs.26.40 million for the six month period ended September 30, 2004.

Fringe benefit tax was Rs.0.64 million in the six month period ended September 30, 2005.

Profit after Tax and Prior Period Adjustments

As a result of the foregoing factors, profit after taxation and prior period adjustments increased by Rs.130.09 million or 100.37% from Rs.129.61 million in the six month period ended September 30, 2004 to Rs.259.71 million in the six month period ended September 30, 2005.

Total Adjustment

Net adjustments in the six month period ended September 30, 2005 was a debit of Rs.0.99 million. The adjustment to our accounts in the six month period ended September 30, 2005 was on account of prior period adjustment related to recognition of certain amounts of income and expenses as incurred during the prior year. We have not restated and adjusted our results of operations for the six months ended September 30, 2004.

Net Profit, as restated

As a result of the foregoing factors, our restated net profit was Rs.258.71 million in the six month period ended September 30, 2005.

Fiscal 2005 compared to Fiscal 2004

Income

Operating revenues. Operating revenues increased by Rs.633.24 million or 45.2% from Rs.1,401.64 million in Fiscal 2004 to Rs.2,034.88 in Fiscal 2005 due to a combination of factors which principally included commissioning new pipelines in our gas transmission network and obtaining new customers. Our customers were able to purchase additional gas supplies from increased production in domestic gas fields and the commissioning of the Petronet LNG terminal. We are continuing the expansion of our gas transmission network and in Fiscal 2005 we commissioned approximately 224 kms of new pipelines, including our pipeline between Baroda, Ahmedabad and Kalol. Our new customers included Indian Farmers Fertilizer Cooperative ("IFFCO"), a fertilizer manufacturer, Arvind Mills Limited, a textile manufacturer, Torrent Power AEC Limited, a power generation company and Gujarat Adani Energy Limited, which is a gas distribution company. The increase in operating revenues generated by greater transmission volumes was offset in part by lower average tariff charges as we strategically gave volume discounts to certain customers.

Non-operating revenues. Non-operating revenues increased by Rs.0.89 million or 4.6% from Rs.19.24 million in Fiscal 2004 to Rs.20.13 million in Fiscal 2005 primarily due to increased interest income on time deposits. We received Rs.900 million in November 2004 from equity investments by IDF, which we placed in an interest bearing time deposit that contributed to the increase in non-operating revenues.

Expenditures

Employee Remuneration and Benefits. Employee remuneration and benefit increased by Rs.1.50 million or 6.1% from Rs.24.41 million in Fiscal 2004 to Rs.25.91 million in Fiscal 2005 primarily due to normal increases in salaries and other employee benefits. We had 78 employees as of March 31, 2005 compared to 79 employees as of March 31, 2004.

Gas Transportation Charges. Gas transportation charges decreased by Rs.24.69 million or 5.2% from Rs.478.38 million in Fiscal 2004 to Rs.453.69 million in Fiscal 2005 due to our commissioning of the Mora to Sajod pipeline, which allowed us to discontinue using the GGCL pipeline. As a result, we discontinued payment of commodity charges, but continue to pay capacity charges to GGCL.

Connectivity Charge. We paid Rs.113.6 million in connectivity charges in Fiscal 2005 relating to gas transportation of the re-gasified LNG purchased by GSPC from GAIL, BPCL and IOCL, the marketers of re-gasified LNG from the Petronet LNG terminal. We began incurring these charges in April 2004 when the supplies of re-gasified LNG from the Petronet LNG terminal became available. The total expenditure on connectivity charges is expected to increase based on increased volumes transported in the future.

Operation and Maintenance Expense of Pipelines and Compressors. Operation and maintenance expenses increased by Rs.26.53 million or 52.4% from Rs.50.62 million in Fiscal 2004 to Rs.77.15 million in Fiscal 2005 due to the commissioning of new pipelines in Fiscal 2005, and the full impact of maintenance of pipelines commissioned in Fiscal 2004 and for which we incurred operation and maintenance expenses for only a part of Fiscal 2004.

Administrative and Other Expenses. Administrative and other expenses increased by Rs.24.45 million or 51.9% from Rs.47.15 million in Fiscal 2004 to Rs.71.60 million in Fiscal 2005 primarily due to rent for our corporate office for Fiscal 2004 and Fiscal 2005 that was paid in Fiscal 2005 and increased scale of operations as a result of our gas transmission network expansion.

Depreciation. Depreciation increased by Rs.258.53 million or 65.0% from Rs.397.89 million in Fiscal 2004 to Rs.656.42 million in Fiscal 2005. This increase was due to the full impact in Fiscal 2005 of the depreciation of the pipelines commissioned during Fiscal 2004 and the commissioning of new pipelines during Fiscal 2005.

Interest and Finance Charges. Interest and Finance charges increased by Rs.108.61 million or 42.6% from Rs.254.83 million in Fiscal 2004 to Rs.363.44 million to Fiscal 2005 due to payment of additional interest resulting from increased borrowings for our capital expenditures, which was offset in part by the reduction in the interest rates on our term loans.

Taxation

The MAT rate in Fiscal 2005 was a basic rate of 7.5% plus a surcharge of 2.5% and education cess of 2.0% resulting in a net rate of 7.8%, compared to a rate in Fiscal 2004 comprising a basic rate of 7.5% plus a surcharge of 2.5%, resulting in a net rate of 7.7%.

Deferred tax was Rs.118.59 million in Fiscal 2005 as compared to Rs.158.32 million in Fiscal 2004.

Profit after Tax and Prior Period Adjustments

As a result of the foregoing factors, profit after taxation and prior period adjustments increased by Rs.142.73 million or 805.0% from Rs.17.73 million in Fiscal 2004 to Rs.160.46 million in Fiscal 2005.

Total Adjustment

Net adjustments in Fiscal 2005 was a credit of Rs.0.41 million as compared to a credit of Rs.104.48 million in Fiscal 2004. The adjustment to our accounts in Fiscal 2005 was on account of prior period adjustment related to recognition of certain amounts of income and expenses as incurred during the prior year. In Fiscal 2004 rectification was carried out for deferred tax calculation. Other adjustments in Fiscal 2004 relate to rectification of interest expense and depreciation entries on account of inadvertent errors in the previous years.

Net Profit, as restated

As a result of the foregoing factors, our restated net profit increased by Rs.38.66 million or 31.6% to Rs.160.87 million in Fiscal 2005 from Rs.122.21 million in Fiscal 2004.

Fiscal 2004 compared to Fiscal 2003

Income

Operating revenues. Operating revenues increased by Rs.494.53 million or 54.5% from Rs.907.11 million in Fiscal 2003 to Rs.1,401.64 million in Fiscal 2004 primarily due to the full revenue impact in Fiscal 2004 of GTAs executed in Fiscal 2003, commissioning of new pipelines and the addition of new customers. In Fiscal 2004, we added an additional 83 kms to our gas transmission network from Paguthan to Baroda. Our new customers included Gujarat State Fertilizers and Chemicals Limited ("GSFC") and Gujarat Industrial Power Corporation Limited ("GIPCL").

Non-operating revenues. Non-operating revenues increased by Rs.14.08 million or 272.9% from Rs.5.16 million in Fiscal 2003 to Rs.19.24 million in Fiscal 2004 primarily due to a non-recurring net gain from a U.S. dollar/Indian rupee foreign currency and interest rate swap.

Expenditure

Employee Remuneration and Benefit. Employee remuneration and benefit increased by Rs.4.54 million or 22.8% from Rs.19.87 million in Fiscal 2003 to Rs.24.41 million in Fiscal 2004 primarily due to the addition of new employees and increases in associated employee benefits. We had 79 employees as of March 31, 2004, compared to 56 employees as of March 31, 2003. We increased our number of employees in line with our increased scale of operations.

Gas Transportation Charges. Gas transportation charges increased by Rs.203.28 million or 73.9% from Rs.275.10 million in Fiscal 2003 to Rs.478.38 million in Fiscal 2004 due to increased gas transportation through GGCL's pipeline. We entered into a GTA with GPEC, which became operational in Fiscal 2003, which required us to transport gas through GGCL's pipeline. The full impact of this GTA and corresponding usage of GGCL's pipeline was manifested in Fiscal 2004, which increased the volume of gas that we transported over GGCL's pipeline.

Operation and Maintenance Expense of Pipelines and Compressors. Operation and maintenance expenses increased by Rs.15.12 million or 42.6% from Rs.35.50 million in Fiscal 2003 to Rs.50.62 million in Fiscal 2004 due to the commissioning of new pipelines and the full impact on account of maintenance of pipelines commissioned in Fiscal 2003 and for which we incurred operation and maintenance expense for only a part of Fiscal 2003.

Administrative and other expenses. Administrative and other expenses increased by Rs.8.43 million or 21.8% from Rs.38.72 million in Fiscal 2003 to Rs.47.15 million in Fiscal 2004 primarily due to increased scale of operations as a result of our gas transmission network expansion.

Depreciation. Depreciation increased by Rs.150.48 million or 60.8% from Rs.247.41 million in Fiscal 2003 to Rs.397.89 million in Fiscal 2004 primarily due to commissioning of new pipelines in Fiscal 2004 and the full impact in Fiscal 2004 of pipelines that were commissioned in Fiscal 2003 and operational for a part of Fiscal 2003.

Interest and Finance Charges. Interest and finance charges increased by Rs.74.00 million or 40.9% from Rs.180.83 million in Fiscal 2003 to Rs.254.83 million in Fiscal 2004 due to increased borrowings for our capital expenditures.

Taxation

The MAT rate in Fiscal 2004 was a basic rate of 7.5% plus a surcharge of 2.5%, resulting in a net rate of 7.7%, compared to a rate in Fiscal 2003 comprising a basic rate of 7.5% plus a surcharge of 5.0%, resulting in a net rate of 7.9%.

Deferred tax was Rs.158.32 million in Fiscal 2004 as compared to (Rs.56.48) million in Fiscal 2003.

Profit after Tax and Prior Period Adjustments

As a result of the foregoing factors, profit after tax and prior period adjustments decreased by Rs.141.91 million or 88.9% to Rs.17.73 million in Fiscal 2004 from Rs.159.64 million in Fiscal 2003.

Total Adjustment

Total adjustment in Fiscal 2004 was a credit of Rs.104.48 million as compared to a debit of Rs.108.69 million in Fiscal 2003. In Fiscal 2003, insufficient provision was made for deferred tax due to incorrect calculation of carried-forward depreciation and written down value of assets, which was rectified in Fiscal 2004. Consequently a matching adjustment was provided for the Fiscal 2003. Other adjustments relate to rectification of interest expense and depreciation entries on account of inadvertent errors in the previous years.

Net Profit, as restated

As a result of the foregoing factors, our restated net profit increased by Rs.71.26 million to Rs.122.21 million for Fiscal 2004 from Rs.50.95 million in Fiscal 2003.

Fiscal 2003 Compared to Fiscal 2002

Income

Operating revenues. Operating revenues increased by Rs.713.02 million or 367.37% from Rs.194.09 million in Fiscal 2002 to Rs.907.11 million in Fiscal 2003 primarily due to the addition of new customers as a result of the commissioning of new pipelines and spur lines. Our new customers included Gujarat Gas Company Limited, Gujarat Narmada Valley Fertilizer Company Limited, Gujarat Paguthan Energy Corporation Private Limited, Gujarat State Electricity Company Limited and Videocon International Limited.

Non-operating revenues. Non-operating revenues decreased by Rs.28.16 million or 84.51% from Rs.33.32 million in Fiscal 2002 to Rs.5.16 million in Fiscal 2003 primarily due to a decrease of time deposits held with banks.

Expenditure

Employee Remuneration and Benefit. Employee remuneration and benefit increased by Rs.10.39 million or 109.60% from Rs.9.48 million in Fiscal 2002 to Rs.19.87 million in Fiscal 2003 primarily due to the addition of new employees and increases in associated employee benefits. We had 56 employees as of March 31, 2003, compared to 42 employees as of March 31, 2002. We increased our number of employees in line with our increased scale of operations.

Gas Transportation Charges. Gas transportation charges were grouped with administrative and other expenses in Fiscal 2002, but were treated as a separate line item beginning in Fiscal 2003. Gas transportation charges increased by Rs.222.67 million or 424.7% from Rs.52.43 million in Fiscal 2002 to Rs.275.10 million in Fiscal 2003. This increase was primarily due to the increased use of GGCL's pipeline, which was only used for a part of the Fiscal 2002, but was used during the entirety of Fiscal 2003. The volume of gas being transported through GGCL's pipeline during Fiscal 2003 also increased as compared to the Fiscal 2002 due to the addition of new customers in Fiscal 2003 resulting from the commissioning of new pipelines.

Operation and Maintenance Expense of Pipelines and Compressors. Operation and maintenance expenses increased by Rs.20.40 million or 135.1% from Rs.15.10 million in Fiscal 2002 to Rs.35.50 million in Fiscal 2003 due to the commissioning of new pipelines and the full impact in Fiscal 2003 on account of operation and maintenance expenses for two new compressors for which we incurred operation and maintenance expenses for only a part of Fiscal 2002.

Administrative and other expenses. Administrative and other expenses (excluding gas transportation charges in the amount of Rs.52.43 million) increased by Rs.11.54 million or 42.5% from Rs.27.18 million in Fiscal 2002 to Rs.38.72 million in Fiscal 2003 primarily due to increase in legal and professional expenses and insurance expenses.

Depreciation. Depreciation increased by Rs.146.36 million or 144.8% from Rs.101.05 million in Fiscal 2002 to Rs.247.41 million in Fiscal 2003 primarily due to commissioning of new pipelines in Fiscal 2003 and the full impact in Fiscal 2003 of pipelines that were commissioned in Fiscal 2002 and operational for a part of Fiscal 2002.

Interest and Finance Charges. Interest and finance charges increased by Rs.104.04 million or 135.5% from Rs.76.79 million in Fiscal 2002 to Rs.180.83 million in Fiscal 2003 due to increased borrowings for our capital expenditures.

Taxation

The MAT rate in Fiscal 2003 was a basic rate of 7.5% plus a surcharge of 5%, resulting in a net rate of 7.875%. We paid no taxes in Fiscal 2002 as we incurred losses.

Deferred tax was a credit of Rs.56.48 million in Fiscal 2003.

Profit after Tax and Prior Period Adjustments

As a result of the foregoing factors, profit after tax and prior period adjustments increased from a loss of Rs.41.22 million in Fiscal 2002 to a profit of Rs.159.64 million in Fiscal 2003.

Total Adjustment

Total adjustment in Fiscal 2003 was a debit of Rs.108.69 million as compared to a credit of Rs.13.31 million in Fiscal 2002. In Fiscal 2003, insufficient provision was made for deferred tax due to incorrect calculation of carried-forward depreciation and written down value of assets. Consequently a matching adjustment was provided for Fiscal 2003. Other adjustments relate to rectification of interest expense and depreciation entries on account of inadvertent errors in the previous years.

Net Profit, as restated

As a result of the foregoing factors, our restated net profit increased to Rs.50.95 million for Fiscal 2003 from a loss of Rs.27.91 million in Fiscal 2002.

Liquidity and Capital Resources

Our principal source of funds during Fiscal 2003, 2004 and 2005 and the six-month period ended September 30, 2005 have been cash flow from operations together with secured and unsecured borrowings and equity financing. We have used our funds primarily for capital expenditures and working capital needs. See "—Historical and Planned Capital Expenditures" for more details on our capital expenditures in the relevant time periods.

Cash Flows

The following table summarizes our cash flows for Fiscal 2003, 2004 and 2005 and the six-month periods ended September 30, 2004 and 2005.

(Rs. Millions)

	Year Ended March 31,			**Half year ended September 30,**	
	2003	**2004**	**2005**	**2004**	**2005**
Net cash flow from operating activities	142.44	138.61	799.88	450.82	541.20
Net cash flow used in investing activities	(1,657.71)	(3,106.75)	(2,312.52)	(826.56)	(1,587.26)
Net cash flow from financing activities	1,379.73	2,966.14	1,864.29	305.67	691.09
Cash and Cash Equivalents at the end of the year	76.47	74.47	426.12	4.39	71.15

Operating Activities

Net increase in cash flow from operating activities was Rs.90.37 million, or 20.1%, for the six month period ended September 30, 2005 as compared to the six month period ended September 30, 2004. Cash flow from operating profit before working capital changes increased by a net of Rs.327.84 million, or 79.1%, for the six month period ended September 30, 2005 as compared to the six month period ended September 30, 2004. This increase was primarily a result of our increased collections due to the addition of new customers and transportation of larger volumes of gas in connection with the commissioning of new pipelines. This increase was partially offset by net increase in working capital by Rs.224.81 million during the six month period ended September 30, 2005 as compared to the six month period ended September 30, 2004.

Net cash flow from operating activities increased by Rs.661.27 million, or 477.1%, from Rs.138.61 million in Fiscal 2004 to Rs.799.88 million in Fiscal 2005 primarily attributable to our increased collections due to addition of new customers and transportation of larger volumes of gas in connection with the commissioning of new pipelines. There was also an increase in trade payables due to an increase in invoices received for ongoing projects. This was partially offset by the increase in inventory as materials from projects were transferred to inventory and additional materials were procured.

Net cash flow from operating activities decreased by Rs.3.83 million or 2.7% from Rs.142.44 million in Fiscal 2003 to Rs.138.61 million in Fiscal 2004 despite an increase in operating revenues primarily resulting from an increase in other current assets mainly due to increased deposits made by the Company for RoWs. There was also a decrease in current liabilities as we completed fewer projects and corresponding payments due to third party contractors decreased in Fiscal 2004 as compared to Fiscal 2003.

Investing Activities

Net cash flow used in investing activities in the six months ended September 30, 2005 amounted to Rs.1,587.26 million consisting of an increase in fixed assets due to a large amount of capital expenditure being undertaken by us for the Expansion.

Cash flow used in investing activities decreased by 25.6% from Rs.3,106.75 million in Fiscal 2004 to Rs.2,312.52 million in Fiscal 2005 primarily because of decrease in investments in fixed assets as we completed projects in Fiscal 2005 for which the largest portion of our investment had already been undertaken in Fiscal 2004. We expect cash used in investing activities to increase as we continue to expand our gas transmission network.

Cash flow used in investing activities increased by 87.4% from Rs.1,657.71 million in Fiscal 2003 to Rs.3,106.75 million in Fiscal 2004 primarily due to significant capital expenditures in connection with the start of construction of new pipelines in Fiscal 2004, including the pipelines between Baroda, Ahmedabad and Kalol, between Dahej and Petronet LNG, between Mora and Sajod and between Kalol and Santej and the start of construction of a multiple entry and exit point facility at Mora.

Financing Activities

Our cash flow from financing activities results from equity and debt financing activities. Net cash used in financing activities was Rs.691.09 million in the six months ended September 30, 2005 reflecting an increase in secured loans and equity share capital. Equity funds from new shareholders, IDFC, GNFC and GIDC and existing shareholders, GSPC and GMB, amounted to 1,363.60 million in Fiscal 2005 as compared to equity funds from GSPC of Rs.350.00 million in Fiscal 2004. Increase in secured borrowings net of repayment was Rs.296.75 million in Fiscal 2005 as compared to increase in secured borrowings net of repayment of Rs.2,631.76 million in Fiscal 2004. Net decrease in unsecured borrowings was Rs.159.50 million in Fiscal 2005 as compared to a net decrease in unsecured borrowings of Rs.272.99 million in Fiscal 2004. In addition, in Fiscal 2005 we had net interest and finance charges of Rs.363.44 million as compared to net interest and finance charges of Rs.257.37 million for Fiscal 2004. As a result, cash flow from financing activities was Rs.1,864.29 million in Fiscal 2005 as compared to Rs.2,966.14 million in Fiscal 2004.

Equity funds from GSPC was Rs.350 million in Fiscal 2004 as compared to equity funds from GSPC of Rs.750.00 million in Fiscal 2003. Increase in secured borrowings net of repayment was Rs. 2,631.76 million in Fiscal 2004 as compared to increase in secured borrowings net of repayment of Rs.431.25 million in Fiscal 2003. Net decrease in unsecured borrowings was Rs.272.99 million in Fiscal 2004 as compared to an increase in unsecured borrowings net of repayment of Rs.19.23 million in Fiscal 2003. In addition, in Fiscal 2004 we had net interest and finance charges of Rs.257.37 million as compared to net interest and finance charges of Rs.179.25 million for Fiscal 2003. As a result, cash flow from financing activities was Rs. 2,966.14 million in Fiscal

2004 as compared to Rs.1,379.73 million in Fiscal 2003.

Indebtedness

Key terms of our outstanding indebtedness as of September 30, 2005 were as follows:

Secured Bonds

We had an aggregate principal amount of indebtedness outstanding on September 30, 2005 of Rs.409.00 million pursuant to our issuance of two tranches of secured bonds in March 30, 2001 and May 11, 2001. The secured bonds are repayable annually and are secured by *pari passu* mortgages and/or hypothecation over all of our present and future movable and immovable assets, except for the 36" diameter, 14 kms pipeline from Hazira to Mora. This pipeline connects the GSPC-Niko natural gas field at Hazira to our facilities at Mora and is primarily used to transmit natural gas to Essar Power Ltd., Essar Steel Ltd. and GSEG. For more information regarding this pipeline see "Business—Natural Gas Transmission Network" on page 49 of this Red Herring Prospectus. The secured bonds are further secured by the land and premises at Sajod Village.

Further, under the terms of the Bond Trust Deed signed with UTI Bank on June 25, 2001, the Company agreed with the Trustees that during the life of the Bonds, without the prior approval of the Trustees, the Company will not declare or pay any dividends to its shareholders during any fiscal year unless it has paid the installment of principal and interest then due and payable on the Bonds and the Company will not undertake or permit any merger, consolidation, reorganization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction. In addition, the Trustees have a right to nominate a director on our Board in the event of default by the Company under the terms of the Bond Trust Deed.

The following table summarizes the key terms of our secured bonds:

Tranche	I	II	III	IV
Principal Amount Outstanding	Rs.343.60 million	Rs.5.50 million	Rs.49.90 million	Rs.10.00 million
Interest Rate	14.25%	14.50%	14.50%	14.75%
Tenure (Years)	7	8 (Redeemable at par at the end of sixth, seventh and eighth year in the ratio of 30%, 30% & 40% respectively.)	10	12
Date of Allotment	March 30, 2001 and May 11, 2001	March 30, 2001	March 30, 2001	March 30, 2001
Put/Call Option	At par at the end of fifth year from date of allotment	None.	At par at the end of seventh year from date of allotment	At par at the end of tenth year from date of allotment

Secured Loans

As of September 30, 2005, Rs.2,478.27million, or 54.5%, of our outstanding term loans bear interest at floating rates. The remaining term loans bear interest at fixed rates.

All of our secured borrowings are secured by a first *pari passu* charge on our fixed assets except the 36" diameter 14 kms pipeline from Hazira to Mora.

Set forth below is a brief summary of our secured borrowings as of September 30, 2005, together with a brief description of certain significant terms of such financing agreements.

Name of the Lender	Loan Documentation	Amount Outstanding	Interest Rate	Repayment Schedule
TERM LOANS FROM BANKS				
Vijaya Bank – I	Hypothecation Agreement and Loan Agreement, September 3, 2001	Rs.62.50 million	PLR – 2.75%	Repayable in 16 equal installments with interest to be paid monthly
Vijaya Bank – II[(1), (2)]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2004	Rs.100.00 million	PLR – 2.75%	Repayable in 28 equal quarterly installments
Union Bank of India – I	Hypothecation and Term Loan Agreement, dated September 26, 2001	Rs.75.00 million	8.25%	Interest Repayable monthly; after 1 year moratorium to be paid within 5 years in 16 equal quarterly installments
Union Bank of India – II	Secured Term Loan Agreement, dated November 20, 2002	Rs.208.33 million	8.25%	Interest Repayable monthly; after 2 year moratorium to be paid within 6 years in 24 equal quarterly installments
Union Bank of India – III[(1)]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2004	Rs.100.00 million	8.25%	Repayable in 28 equal quarterly installments
Bank of Baroda – I	Agreement of Term Loan and Hypothecation, dated February 1, 2003	Rs.460.40 million	BPLR – 2.25%	Repayable in 24 quarterly installments
Bank of Baroda – II[(1), (3)]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2004	Rs.180.00 million	BPLR – 2.25%	Repayable in 28 equal quarterly installments
Bank of India – I[(4)]	Agreement of Term Loan and Hypothecation, dated November 1, 2002	Rs.249.48 million	BPLR – 2.50%	Repayable in 24 equal quarterly installments
Bank of India – II[(1), (3)]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2004	Rs.129.91 million	BPLR – 2.50%	Repayable in 28 equal quarterly installments
Dena Bank-I[(5)]	Term Loan Agreement of Hypothecation, dated August 27, 2002	Rs.409.95 million	8.25%	Repayable in 28 equal quarterly installments
Dena Bank-II[(1)]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2004	Rs.209.87 million	8.25%	Repayable in 28 equal quarterly installments

Name of the Lender	Loan Documentation	Amount Outstanding	Interest Rate	Repayment Schedule
TERM LOANS FROM BANKS				
Oriental Bank of Commerce[6]	Agreement for Term Loan, dated September 20, 2002	Rs. 396.00 million	PLR – 2.75%	Repayable in 24 equal quarterly installments
Allahabad Bank[7]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2004	Rs.180.00 million	PLR – 2.75%	Repayable in 28 equal quarterly installments
State Bank of Bikaner & Jaipur[1], [8]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2004	Rs.209.96 million	8.25%	Repayable in 28 equal quarterly installments
State Bank of Travancore[1]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2004	Rs.50.00 million	8.25%	Repayable in 28 equal quarterly installments
The Karur Vysya Bank Limited[1], [9]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2004	Rs.100.00 million	8.25%	Repayable in 24 equal quarterly installments
The South Indian Bank Limited[1]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2004	Rs.100.00 million	PTLR – 5.25%	Repayable in 24 equal quarterly installments
UCO Bank[1]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2005	Rs.210.00 million	8.25%	Repayable in 28 equal quarterly installments
Corporation Bank[1]	Deed of Hypothecation and Articles of Agreement, dated October 15, 2004	Rs.180.00 million	COBAR – 2.50%	Repayable in 28 equal quarterly installments
State Bank of India – I[1]	Deed of Hypothecation and Articles of Agreement, dated February 16, 2004	Rs.279.98 million	SBAR – 2.25%	Repayable in 28 equal quarterly installments
State Bank of India – II[1], [10]	Deed of Hypothecation and Articles of Agreement, dated October 15, 2004		SBAR – 2.25%	Repayable in 28 equal quarterly installments
UTI Bank Ltd.[1][11]	Deed of Hypothecation and Articles of Agreement, dated October 15, 2004	Rs.160.00 million	BPLR – 4.00%	Repayable in 24 equal quarterly installments
Term loan from infrastructure development finance company limited[12]	Deed of Hypothecation and Rupee Loan Agreement, dated March 29, 2004	Rs.500.00 million	8.50%	Repayable in 28 equal quarterly installments

In general, under the terms of the secured term loans, we are obligated not to create any additional charge, lien or other encumbrances on the secured assets or create any interest in such security in favor of any other party without prior consent of the lender.

(1) Under the loan documentation, we are obligated to obtain lender consent for any additional borrowing.

(2) Under the loan documentation, we are obligated not to, without the prior consent of the lender:

(a) effect any change in capital structure and change in management of our Company;

(b) formulate any scheme of amalgamation or reconstitution;

(c) invest by share capital in or lend or advance funds to, or place deposit with any other concern;

(d) enter into secured or unsecured borrowing arrangements with any other bank;

(e) undertake guarantee obligations on behalf of any other company; and

(f) declare dividends for the year except out of profits relating to the year after making all due and necessary provisions provided that no defaults have occurred in any repayment obligations.

(3) Under the loan documentation, we are obligated not to, without the prior consent of the lender:

(a) effect any change in capital structure and change in management of our Company;

(b) formulate any scheme of amalgamation or reconstitution;

(c) implement any scheme of expansion or acquire fixed assets in excess of the level projected/stipulated/budgeted;

(d) invest by share capital in or lend or advance funds to, or place deposit with any other concern including our associate concerns other than normal credit or security/fixed deposits in the normal course of business;

(e) enter into secured borrowing arrangements with any other bank/financial institution;

(f) undertake guarantee obligations on behalf of any other company;

(g) declare dividends for the year except out of profits relating to the year after making all due and necessary provisions provided that no defaults have occurred in any repayment obligations; and

(h) place the Company's funds to any of our associate companies or invest in any other company by way of shares, bonds, etc.

(4) Under the loan documentation, we are obligated not to, without the prior consent of the lender:

(a) effect any change in capital structure and change in management of our Company;

(b) formulate any scheme of amalgamation or reconstitution;

(c) implement any scheme of expansion or acquire fixed assets in excess of the level stipulated/budgeted/projected;

(d) invest by share capital in or lend or advance funds to, or place deposit with any other concern including our associate concerns other than normal credit or security/fixed deposits in the normal course of business;

(e) enter into secured or unsecured borrowing arrangements with any other bank;

(f) undertake guarantee obligations on behalf of any other company; and

(g) declare dividends for the year except out of profits relating to the year after making all due and necessary provisions provided that no defaults have occurred in any repayment obligations.

(5) Under the loan documentation, we are obligated to ensure that certain financial ratios as specified in the loan agreement maintained by us and we are obligated not to, without the prior consent of the lender:

(a) formulate any scheme of amalgamation or reconstruction;

(b) invest by way of share capital or lend or advance funds or place long-term deposits with any other concern, however, normal trade credit or security deposits in the normal course of business or advance to employees or temporary parking of surplus funds with the Company can be extended;

(c) raise secured debt financing that would result in reduction of asset cover margin below 25%;

(d) effect any change in the constitution of the Company;

(e) declare dividends except out of profits of the current year and after keeping provision for dues to the lender;

(f) give corporate guarantee to any bank or financial institution on behalf of any third party;

(g) allow withdrawal of monies by principal shareholders; and

(h) make any drastic change in management set up.

(6) Under the loan documentation, the entire amount/sum due/amount outstanding in the account together with interest to be charged as agreed and costs, and other usual bank charges, will become due on demand, if among other events, if we without the prior consent of the lender:

(a) undertake any new project or any further expansion;

(b) change our constitution, particularly in promoter directors or in the core management of the team; and

(c) purport to create any mortgage, charge, pledge hypothecation or lien on encumbrance on the assets which is the subject of the lender's security under the loan documentation.

Under the loan documentation, we have been obligated not to, without the prior consent of the lender:

- effect any merger/acquisition/amalgamation; and
- enter any lease agreement exceeding five years and hire purchase agreements exceeding three years.

(7) Under the loan documentation, we are obligated not to, without the prior consent of the lender:

(a) make any arrangement with any other bank;

(b) make further investment in any subsidiary/associate concern by way of loan and advances or investment in shares; and

(c) make any major change in our management involving transfer of ownership.

(8) We are obligated under the terms of this loan agreement not to, without the prior consent of the lender:

(a) implement any scheme of expansion/modernization/diversification/renovation or acquire any fixed assets during the currency of the credit limits;

(b) effect any change in the capital structure;

(c) formulate any scheme of amalgamation or reconstruction;

(d) invest by way of share capital in or lend or advance funds to, or place deposit with any other concerns, including associates;

(e) enter into borrowing arrangements either secured or unsecured with any other bank, financial institutions, company or persons, and

(f) undertake guarantee obligations on behalf of any other company, firm or person;

(g) declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no defaults have occurred in any repayment obligations.

(9) Under the loan documentation, we are obligated not to, without the prior consent of the lender:

(a) effect any change in the Company's capital structure;

(b) formulate any scheme of amalgamation or reconstruction;

(c) undertake guarantee obligations on behalf of any other company;

(d) declare dividends over and above the percentage indicated in the fund flow statement for any year; and

(e) undertake any modernization/expansion/diversification.

(10) Under the terms of the sanction letter with the State Bank of India dated November 10, 2003 in the amount of Rs.750 million, such bank has the right to nominate a member on our Board on such terms and conditions as deemed fit. As of the date of this Prospectus, under the terms of such sanction letter, the State Bank of India has not appointed any directors on our Board.

Under the loan documentation, we are obligated not to, without the prior consent of the lender:

(a) effect any change in capital structure and change in management of our Company;

(b) formulate any scheme of amalgamation or reconstruction;

(c) invest by share capital in or lend or advance funds to, or place deposit with any other concern;

(d) enter into secured borrowing arrangements with any other bank;

(e) undertake guarantee obligations on behalf of any other company;

(f) declare dividends for the year except out of profits relating to the year after making all due and necessary provisions provided that no defaults have occurred in any repayment obligations; and

(g) invest during any year, in fixed assets beyond the levels indicated in the funds flow statement.

(11) Under the loan documentation, we are obligated not to, without the prior consent of the lender:

(a) effect any change in the Company's capital structure;

(b) formulate any scheme of amalgamation and/or reconstruction;

(c) invest by way of share capital in or lend or advance funds to, or place deposit with any other concerns;

(d) undertake guarantee obligations on behalf of any other company.

(12) Under the loan documentation, we are obligated, among other obligations, to:

(a) deliver quarterly progress reports and financial statements;

(b) maintain insurance during the tenure of loan;

(c) if required by lender, form a project management committee and audit subcommittee;

(d) comply with environmental, health and safety standards; and

(e) maintain an annual debt service coverage ratio of not less than 1.25.

(13) Under the loan documentation, we are obligated, among other obligations, not to, without the prior consent of the lender:

(a) undertake any liquidation, consolidation, merger or sale of assets;

(b) create any subsidiary or change our name or location;

(c) undertake any new project or augment or modernize, expand, or otherwise change the scope of the project, except for minor modification required for technical or better input reasons and minor spur lines inconsequential to the total project cost; and

(d) exceed a long-term debt to equity ratio of 1.86:1 for the project.

In case of a default under the term of the loan, IDFC has the right to appoint and remove from time to time, one or more whole-time director(s) on the Board. As of the date of this Prospectus, under the terms of such loan agreement, IDFC has not appointed any directors on our Board.

In case of default in payment of any dues to IDFC or if in the opinion of IDFC the business of the Borrower is conducted in a manner opposed to public policy or in a manner prejudicial to IDFC's interest, IDFC shall have the right to review our management set-up or organization and to require us to restructure it as may be considered necessary by IDFC.

We have been obligated not to, without the prior consent of the lender to recognize or register any transfer of shares in our share capital made or to be made by the sponsors (GSPC, GMB, GEB and GSEC) or any person holding shares in the share capital of the Company which would result in reducing the shareholding of the sponsors below 51%.

Unsecured Loans

We have security deposits in connection with our GTAs with certain customers. We have discontinued borrowings through security deposits and do not expect that security deposits will be a significant source of debt financing for us in the future.

Set forth below is a brief summary of our security deposits as at September 30, 2005.

Customer	Amount Outstanding	Interest Rate	Repayment Schedule
GACL	12.50	ICICI LTPLR	By March 31, 2006
GPEC	104.43	12.50%	By March 31, 2007 in 2 installments
GSEGL	45.00	SBI LTPLR	By March 31, 2007 in 2 installments
GSFC Ltd.	10.00	SBI LTPLR	By March 31, 2007

Fixed Deposit from Public

We raised fixed deposits from the public during Fiscal 2001 and Fiscal 2002 to partly fund our capital expenditure. From September 2002, we discontinued renewal or acceptance of any fixed deposits. These fixed deposits bore interest at rates from 11.0% to 14.0% depending on the period of deposit. As of September 30, 2005, all of the fixed deposits have been repaid in full, save and except unclaimed deposits.

Historical and Planned Capital Expenditures

Our capital expenditure has generally been used for the construction and expansion of our gas transmission network. In Fiscal 2003, 2004, 2005 and the six months ended September 30, 2005 our capital expenditures were Rs.1,657.71 million, Rs.3,106.75 million, Rs.2,312.52 million and Rs.1,586.94 million, respectively, which we financed through a combination of internal accruals, long term debt and equity.

We plan to spend approximately Rs.9,244 million in Fiscal 2006 and Rs.5,780 million in Fiscal 2007 and Rs.588 million in Fiscal 2008, which includes ongoing capital expenditure and capital expenditure for the Expansion our gas transmission network. We propose to finance these expenditures through the proceeds of this Issue, additional long term debt and internally generated cash flows.

The estimates of our capital expenditures are based on management estimates and have not been appraised by an independent organization. In addition, our capital expenditure plans are subject to a number of variables, including possible cost overruns, construction/development delays or defects, receipt of critical governmental and other approvals, availability of financing on acceptable terms, and changes in management's views of the desirability of current plans, among others. We may not be able to execute our capital expenditure plans as contemplated.

Principal Sources of Liquidity

Our principal sources of liquidity for the next two years in respect of the Expansion of our gas transmission network are debt (as summarized below) and equity financing and internal accruals.

Equity: We have received subscription money from IDFC, IDBI, GSPC, GMB and UTI Bank in the aggregate amount of Rs.1,053.6 million. We have accordingly allotted Equity Shares. For further details please refer to the section titled "Share Capital History of the Company" on page 18 in this Prospectus.

Debt: We have received approvals from various banks and financial institutions in the aggregate amount of Rs.7,580 million as of September 30, 2005. The salient features of various approvals for debt in respect of the Expansion are as follows:

Security	• First pari passu charge and mortgage of all the Company's immovable properties, present and future save and except Hazira – Mora pipeline; • First pari passu charge by way of hypothecation of all the Company's movables, including movable machinery, machinery spares, tools and accessories, present and future; • First pari passu charge on Company's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future; • A pari passu first charge on all intangibles of the Company including but not limited to goodwill, uncalled capital, present and future;

Assignment	• A pari passu first charge by way of assignment or creation of charge of (i) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents (like GTAs, Construction Contract, O&M Contracts); (ii) all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in the Clearances; (iii) all the right title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee, performance bond provided by any party to the Project Documents and (iv) all Insurance Contracts/Insurance Proceeds;
Repayment	• 2 years moratorium followed by quarterly repayments in 24 to 28 installments.
Financial covenants	• To Open a Default Trust & Retention Account ("TRA") into which the Company shall deposit all its cash inflows from the Project. From the date of occurrence of any default, the cash deposited in the TRA shall be utilised / applied in a manner and priority stipulated in the Trust and Retention Account Agreement. For this purpose, the Company shall have appointed an acceptable scheduled commercial bank as a Trust and Retention Agent and enter into a Trust and Retention Account Agreement • GSPL has to open a Debt Service Reserve Account ("DSRA") to meet the debt service requirements and create a debt service reserve for the amount equivalent to the ensuing one quarter principal and interest payment. All available cash flows after meeting debt service obligations shall be applied towards the Debt Service Reserve until it reaches an amount equivalent to ensuing one quarter principal and interest payment. The amounts accumulated in the DSRA shall not be used for any purpose other than for servicing of Rupee Debt. The amount in the DSRA would be utilised only in case of a shortfall in cash flows for meeting debt service requirements from time to time. We can substitute the Debt Service Reserve Account by a Letter of Credit from a bank for an equivalent amount.
Dividend restrictions	• No payments of dividend to equity shareholders, interest or repayments to the providers of subordinate debt, if any, shall be made until the required appropriations / replenishments are made to the DSRA, to the satisfaction of the Lender.
Negative covenants	• Consent required before undertaking major decisions like capital restructuring, merger, liquidation etc.
Nominee Director	• Option available to some lenders, but not exercised

Internal Accruals: We have utilized a sum of Rs.1,045.92 million from our internal accruals for implementing expansion plan up to December 5, 2005 as certified by M/s Pandya & Mehta, chartered accountants.

We believe that our anticipated cash flows from operations, together with our existing cash, incurrence of long-term debt and issuance of equity, will be sufficient to meet our capital expenditure and working capital requirements for Fiscal 2006. Our anticipated cash flows from operations, however, depend on a number of factors beyond our control, such as the enactment of future regulations that may affect our gas transportation business. If cash flows from operations are insufficient to meet our financing requirements in Fiscal 2006, we may need to incur further debt.

Related Party Transactions

Our company has various transactions with related parties. The related party transactions over the last three years are set forth below:

GSPC

We entered into a GTA with GSPC and Niko Resources Limited dated April 25, 2003 for a term of two years for which renewal was approved on February 1, 2005 for a term lasting until December 31, 2007. The GTA provides for the transportation of natural gas supplied by GSPC and Niko Resources Limited over our gas transmission network to the premises of Khribhco, a fertilizer manufacturer.

We entered into a connectivity agreement with GSPC dated February 2, 2005, under which we pay connectivity charges to GSPC for the connection of our pipelines at the Petronet LNG terminal. This agreement is terminable at any time by mutual agreement of the parties.

We have an arrangement, but no lease agreement, with GSPC for the use of our corporate offices located at GSPC Bhavan, Sector 11, Gandhinagar, Gujarat, India. This arrangement was approved by our Board on February 24, 2005 and we pay rent to GSPC in the amount of Rs.3.63 million annually. We also pay rent to GSPC for use of apartments located in Gandhinagar that are used by our operations and maintenance employees.

GSEG

We entered into a GTA with GSEG, dated March 8, 2000, for a term of fifteen years for transportation of natural gas from the Hazira gas field to the GSEG power plant in Mora.

GSEG also holds an aggregate of Rs.1.00 million of our secured bonds bearing interest of 14.25% and having tenure of seven years. The secured bonds are callable at par on April 1, 2006.

GIPL

We entered into a bandwidth and website maintenance agreement with Guj Info Petro Ltd. dated February 27, 2001 that was renewed on March 1, 2005 for Internet bandwidth and various information technology services including the following: web hosting and operations and maintenance for all computer, hardware and printers, data storage services and consultancy for hardware and software procurement.

Our Shareholders

We entered into a Shareholders Agreement with IDF and GSPC, dated November 4, 2004, and a Shareholders Agreement with IDBI, IDFC, UTI Bank and GSPC, dated October 18, 2005, pursuant to which significant rights have been granted to these shareholders. For details of these Shareholders Agreements please see "History and Certain Corporate Matters" on page 67 in this Prospectus.

Contractual Obligations

We have contractual obligations with our EPC contractors and other third party service providers with respect to the construction of various segments of pipelines and as part of our Expansion. The following table sets forth information regarding our aggregate long-term debt obligations but does not include our commitments under other contacts and commercial commitments as of March 31, 2005:

Contractual obligations	**Payments due by period (Rs. Millions)**				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Long-term debt obligations	Rs5,987.43	Rs600.29	Rs2,051.01	Rs1,674.45	Rs1,661.67

Qualitative and Quantitative Disclosures about Market Risk

Our exposure to financial market risks derives primarily from changes in interest rates. Our interest rate risk results from our variable rate debt obligations,. Our market risk is largely derived from changes in the price of natural gas.

Interest Rate Risk

Our interest rate risk results from changes in interest rates, which may affect our expenses. We bear interest rate risk with respect to our term loans as described above under "—Indebtedness". A rise in interest rates may increase our interest payment obligations under the loan instruments. We do not bear interest rate risk in relation to our other indebtedness, all of which requires interest payments at fixed rates of interest.

Effect of inflation

During Fiscal 2003, Fiscal 2004 and Fiscal 2005, the All India Consumer Price Index increased by 4.1%, 3.5% and 4.2%, respectively. We do not expect that inflation rates in India will have a significant impact on our results of operations for the foreseeable future.

Unusual and Infrequent Events or Transactions

There have been no other events, to our knowledge, other than as described in this Prospectus, which may be called "unusual" or "infrequent."

Significant Economic/Regulatory Changes

Currently, it is not certain how the regulatory changes envisaged by the Regulatory Board Bill and Draft Pipeline Policy will affect our organization and operations, but any new legislation or regulation, including the appointment of a new regulator under such proposed regulations, could have a material impact on our business. The timing and content of any new regulation is not in our control and could be more extensive or restrictive than is currently envisaged in the Regulatory Board Bill and Draft Pipeline Policy.

Other than as described in the sections titled "Risk Factors", "Regulations and Policies" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Prospectus, to our knowledge there are no other significant economic or regulatory changes that have or had or are expected to have a material adverse impact on our revenues or income.

Known Trends or Uncertainties

Other than as described in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future Relationship Between Costs and Income

Other than as described in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Prospectus, to our knowledge there are no known factors which will have a material adverse impact on the operation and finances of our Company.

New Product or Business Segment

Other than as described in this Prospectus, to our knowledge, we have no new products or business segments.

Competitive Conditions

We expect competition to be limited in the regions in which we are expanding our gas transmission network because building gas transmission pipelines is capital intensive and provides a natural barrier to entry. For further details please refer to the discussions of our competition in the sections titled "Risk Factors" and "Business" beginning on pages xii and 49 in this Prospectus.

Significant Developments after September 30, 2005 That May Affect Our Future Results of Operations

Except as stated elsewhere in this Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus which materially and adversely affects or is likely to affect, the operations or profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

Except as stated elsewhere in this Prospectus, there is no subsequent development after the date of the report of T. N. Shah & Co., Chartered Accounts' report ("Auditors' Report") which we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

Significant Developments since filling of RHP with RoC:

- We have earlier indicated that the Anklav to Dhuvaran spur line would be commissioned in January 2006. Please note that we have commissioned the 30 km spur line from Anklav to Dhuvaran on January 27, 2006.

- We have bonds outstanding of Rs. 343.06 million with a call option for early redemption. We have issued notices on January 13, 2006 to the bondholders indicating our intention to redeem these bonds. The prepayment of the bonds will be completed with effect from February 27, 2006.

New Accounting Standards

We adopted Accounting Standard-22, Accounting for taxes on income, in Fiscal 2003.

Taxable income is calculated in accordance with tax laws. As per Indian Tax Laws, in some circumstances, the requirements of these laws to compute taxable income differ from the accounting policies applied to determine accounting income. The effect of this difference is that the taxable income and accounting income may not be the same.

The differences between taxable income and accounting income can be classified into permanent differences and timing differences. Permanent differences are those differences between taxable income and accounting income, which originate in one period and do not reverse subsequently. For instance, if for the purpose of computing taxable income, the tax laws allow only a part of an item of expenditure, the disallowed amount would result in a permanent difference.

Timing differences are those differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Timing differences arise because the period in which some items of revenue and expenses are included in taxable income do not coincide with the period in which such items of revenue and expenses are included or considered in arriving at accounting income. For example,

- Difference due to rate of depreciation
- Difference due to method of depreciation
- Expenses debited in the statement of profit and loss for accounting purpose but allowed for tax purpose in subsequent year

As per this Accounting Standard, the tax expense for the period to be recognized consists of current tax and deferred tax.

- Current tax is the amount of income tax determined to be payable in respect of the taxable income for a period.
- Deferred tax is the tax effect of timing difference. Difference between the tax expense (which is calculated on accrual basis) and current tax liability to be paid for a period as per the I.T. Act is called deferred tax (assets/liability).

A deferred tax liability is recognized for temporary difference that will result in taxable amount in future years. For example, a temporary difference is created between the depreciation as per books of accounts and depreciation claimed under the tax laws, which in initial years, is higher than depreciation claimed in the financial statement. This would lead to a higher taxable income in future.

A deferred tax asset is recognized for temporary differences that will result in deductible amount in future years and for carry forwards. For example, unabsorbed depreciation and carry forwards of losses, which can be setoff against future taxable income and result in deferred tax assets. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

Other than as described above, our management does not believe that there will be a material impact on our financial statements on account of changes in accounting policies under Indian Accounting Standards as announced by the ICAI.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, as of the date of this Prospectus, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, and there are no defaults, non payment of statutory dues, overdues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debentures, bonds or fixed deposits, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/and other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act) against the Company. Except as disclosed in this Prospectus, no additional litigation has arisen after the date of filing the Draft Prospectus with SEBI.

Litigation/Proceedings involving the Company

A. Contingent liabilities of the Company as of September 30, 2005:

a. Letter of Credit issued and outstanding amounting to Rs. 35.5 million.

b. Claims against our Company not acknowledged as debt relating to gas transportation charges in an amount of Rs. 30.4 million, of which amount the Company has paid Rs.13.1 million under protest.

B. Outstanding Litigation/Proceedings against our Company

1. Compensation Claims

42 cases have been filed against the Company by certain land owners seeking enhancement of compensation awarded to them by the competent authority in connection with the RoUs acquired by the Company under the Gujarat Water and Gas Pipeline Act and the PMP Act for construction of gas pipeline. In all of these cases, the Company has filed affidavits in reply to the claims made by the claimants. The cumulative value of the claims is Rs. 146 million. These matters are currently pending before the District Courts of Bharuch, Baroda, Valsad and Nadiad. We have also received show cause notice (Nos. 15-73/2005), dated February 11, 2005, filed before the District Judge, Surat, for condonation of delay in filing appeal against the order of the competent authority determining compensation.

234 cases have also been filed against GSPC by certain land owners for enhancement of compensation in respect of the RoUs acquired by GSPC under the PMP Act. Pursuant to an agreement dated May 21, 2001, between GSPC and GSPL, GSPC has permitted GSPL to enter upon the land in respect of the RoUs acquired by GSPC and do all necessary acts for laying pipelines. The agreement also provides that GSPL shall have the sole responsibility to pay consideration for RoUs, crop compensation to land owners or any levies and duties to authorities in respect of those RoUs. The cumulative value of these claims is Rs. 3,804 million. These matters are currently pending before the District Court of Bharuch, Aamod and Surat.

2. Criminal Case

(a) A criminal complaint (No. 2277/02) under Section 23 of the Contract Labour (Regulation and Abolition) Act, 1970 (the “Contract Labour Act”) was filed on April 20, 2002 by the Labour Enforcement Officer (Central), Baroda, against Mr. Y.S. Navathe, Senior Manager of the Company, before the Judicial Magistrate, Ankleshwar, alleging that the accused failed to register the establishment under the provisions of the Contract Labour Act. The matter is currently pending before the Judicial Magistrate and the next date of hearing has been fixed for January 7, 2006.

(b) A criminal complaint (No. 126/2003) has been filed by Mr. P.S. Padhar against Mr. Vijay Katharia (driver) and the Company under Section 304A of the Indian Penal Code in the Court of Civil Judge (SD), Gandhinagar in respect of a motor accident allegedly caused due to the negligence of the driver employed by the Company. The matter will be taken up for hearing after Honorable Court frames the charges

3. Motor Accident Claim (No. MACT/2003/464)

A motor accident claim application was filed against the Company and the United India Insurance Company Limited on July 1, 2003 before the Motor Accident Claim Tribunal, Ahmedabad, Gujarat, by Abhabhai Samantbhai Padhar and Savuben Abhabhai Padhar. The petitioners are claiming compensation of Rs 0.4 million from the Company for the death of their son in a car accident allegedly caused due to the negligence of the driver employed by the Company. The matter is currently pending before the Motor Accident Claim Tribunal.

4. **Civil Suit (No. 330/2004)**

A regular civil suit was filed against the Company in the Civil Court of Surat on July 1, 2004 by Dahyabhai and others. The plaintiffs also sought injunction to restrain the Company from carrying out work on the land allotted to it in Mora and to make the land available for public roads identified in the Hazira Area Development Authority Plan. The Court dismissed the injunction application by its order dated August 3, 2004. An appeal has been preferred against this order and the matter is pending before the District Court, Surat.

5. **Others**

(a) Income Tax Matters

Assessment Years 2004-05 and 2003-04

The Additional Commissioner, Income Tax, Gandhinagar has issued notices under Section 143(2) of the I.T. Act on July 29, 2005 and May 30, 2005 for scrutiny of return of income submitted for Assessment Years 2004-05 and 2003-04, respectively.

Assessment Year 2002-03

The Additional Commissioner, Income Tax, Gandhinagar has issued a show cause notice under Section 272A(2)(g) of the I.T. Act on July 13, 2005 imposing penalty for not depositing Tax Deduction at Source on time and consequently not issuing the TDS Certificate within the statutorily prescribed time period. The matter is being considered by the authority.

(b) Notice received from GIL-EIL consortium

The GIL-EIL consortium has notified the Company by its letter dated September 30, 2005 that dispute has arisen with the Company with respect of the EPC contract that had been awarded to the consortium for the Mora-Sajod pipeline which needs to be referred to an adjudicatory penal for resolution. The consortium has nominated Mr. R.P. Medhekar as a member of the adjudicatory panel.

C. Outstanding Litigation/Proceedings filed by the Company

1. **Arbitration proceedings between the Company and Jindal Pipe Limited ("Jindal Pipe")**

The Company placed purchase orders with Jindal Pipe for the supply of steel line pipes for the Mora-Utran pipeline in accordance with the technical specifications and terms and conditions specified by the Company. Jindal Pipe gave a guarantee certificate dated May 31, 2001 certifying that the line pipes supplied by it against the Company's purchase orders were free from defects in design, material and/or workmanship and would be guaranteed for a period of 12 months from the date of commissioning of the line pipes or 18 months from the date of dispatch, whichever was earlier. During the course of field hydro testing conducted by the Company, the line pipes supplied by Jindal Pipe failed on several occasions. On April 19, 2004, the Company issued a notice to Jindal Pipe initiating arbitration under the provisions of the tender agreement.

In its claim filed before the arbitral tribunal, the Company alleges that Jindal Pipe supplied defective and inferior quality line pipes, causing the Company to suffer extensive loss and damage as a result of further testing, detection, investigation, supervision, leak rectification of faulty pipelines, and Jindal Pipe's failure to meet the design specifications. The Company has invoked two bank guarantees furnished by Jindal Pipe amounting to Rs. 5 million. In its claim before the arbitral tribunal, the Company has prayed for compensation of Rs. 315 million from Jindal Pipe on account of these costs and expenses incurred by it. The matter is currently pending before the arbitral tribunal.

2. **Criminal Proceeding filed by the Company**

The Company has filed a first information report dated February 23, 2004 against Mr. Uday Pandya, an employee of GSPC Gas Company Limited, a promoter group company, who was also performing accounting functions at GSPL. The said employee allegedly made payments of Rs.714,000 out of the funds of the Company without any approval or authorization from the Company. The employee is not traceable.

Litigation/Proceeding involving our Director

Our Directors have no outstanding litigation towards tax liabilities, criminal/civil prosecution for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act), disputes, defaults, non payment of statutory dues, proceedings initiated for economic offences, in their individual capacity or in connection with our Company and other companies with which the Directors are associated.

Litigation involving Promoter and Group Companies

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions or proceedings or disputes against our Promoter or against the companies promoted by our Promoter and there are no defaults, non-payment of statutory dues, overdues to banks/financial institutions or defaults against banks/financial institutions by our Promoter or against the companies promoted by our Promoter (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

GSPC

A. Contingent liabilities of GSPC as of March 31, 2005:

a. Estimated amounts of contracts remaining to be executed on capital account and not provided for in the joint venture books is for Rs. 1,396 million (GSPC's share) (P.Y. Rs.1,881 million) (net of advances);

b. In case of joint ventures with NIKO the profit petroleum is subject to the approval by DGH. The additional liability in this respect, if any, cannot be presently quantified. In addition to this, from the current year GSPC has paid its share of profit petroleum for Hazira field on the basis of the actual realization. However, the same is subject to the approval of DGH.

GSPC has given the following guarantees and security on behalf of GSEG:

a. Security by way of pledging GSPC's investment in equity shares of GSEG equivalent to Rs. 229.5 million to various banks/financial institutions of GSEG.

b. GSPC has provided corporate guarantee for the payments to the fuel supplier and to the operation and maintenance contractors of GSEG.

c. GSPC has given financial and performance guarantees to MoPNG and counter guarantees to banks for issuing various bank guarantees on behalf of GSPC.

B. Outstanding Litigation/Proceedings against GSPC

1. Labour Dispute

Shri Shailesh I. Prajapati has filed a case (LCA No.402/04) in the Labour Court, Ahmedabad, on August 23, 2004 against GSPC challenging the termination of his contract and for reinstatement of his services with payment for the intermittent period. The matter is placed for hearing on January 10, 2006.

2. Income Tax Cases:

Assessment Year 1998-99

GSPC has received a notice dated March 31, 2004 for re-opening of the assessment under Section 148 of the I.T. Act.

Assessment Year 1999-00

CIT (A) by his order dated April 22, 2003 allowed GSPC deduction under Section 80IB(9) of the I.T. Act. The Income Tax Department has filed an appeal before the ITAT on July 7, 2003.

Assessment Year 2000-01

CIT (A) by his order dated May 08, 2003 allowed GSPC deduction under Section 80IB(9) of the I.T. Act. The Income Tax Department has filed an appeal before the ITAT on July 7, 2003.

Assessment Year 2001-02

CIT (A) by his order dated July 16, 2004 allowed GSPC's claim for deduction under Section 80IB(9) of the I.T. Act amounting to Rs. 19,54,84,470. CIT (A) has also allowed relief of Rs. 18,74,92,367 with regard to deductions under Section 42 of the I.T. Act and directed the Assessing Officer to withdraw the addition of Rs.9,99,48,387 on account of securitization. The Assessing Officer cancelled the demand of Rs.20,49,59,523 and issued refund of Rs. 11,12,70,670 to GSPC on August 31, 2004. The Income Tax Department has filed an appeal before the ITAT on October 8, 2004.

Assessment Year 2003-04

As per the income tax return filed on November 24, 2003, GSPC has claimed deduction under Section 80IB(9) of the I.T. Act amounting to Rs. 212,43,72,716. The assessment is pending before the Assessing Officer.

Assessment Year 2004-05

As per the income tax return filed on October 31, 2005, GSPC has claimed deduction under Section 80IB(9) of the I.T. Act amounting to Rs. 270,56,97,609. The assessment is pending before the Assessing Officer.

C. Outstanding Litigation/Proceedings filed by GSPC

1. Income Tax Cases

Assessment Year 1997-98

(i) GSPC has filed an appeal before the ITAT on November 15, 2000 against the order of CIT (A) dated September 11, 2000, which held that for determining book profit under Section 115JA of the I.T. Act, claim under Section 42 of the I.T. Act cannot be considered. The matter is currently pending before ITAT.

(ii) GSPC had filed an appeal before the CIT(A) on March 28, 2005 against the order of the Assessing Officer dated March 18, 2005 under Section 143(3) read with section 147 of the I.T. Act. The Assessing Officer had raised a demand of Rs. 99,72,722. CIT(A) by its order dated October 26, 2005 upheld the appeal. Accordingly, the Assessing Officer has cancelled the demand by its order dated November 25, 2005.

Assessment Year 1998-99

GSPC has filed an appeal before the ITAT on November 15, 2000 against the order of CIT (A) dated September 12, 2000, which held that for determining book profit under Section 115JA of the I.T. Act, claim under Section 42 of the I.T. Act cannot be considered. The matter is currently pending before ITAT.

The Income Tax Department has filed a cross-appeal before ITAT on December 11, 2000 against the order of CIT (A) deleting the disallowance of Rs.1,81,78,084 being income in respect of gas contract with Gujarat Gas Limited for computation of book profit under Section 115JA of the I.T. Act.

Assessment Year 1999-00

GSPC has filed an appeal before the ITAT on May 23, 2003, against the order of CIT (A) dated April 22, 2003, which held that for determining book profit under Section 115JA of the I.T. Act, claim under Section 42 of the I.T. Act cannot be considered.

Assessment Year 2001-02

GSPC has filed appeal before the ITAT on September 9, 2004 against the order of CIT (A) disallowing expenses in respect of contribution amounting to Rs. 5,00,00,000 to the Gujarat Council of Science City and adding interest @12% amounting to Rs.1,20,00,462 on investment of Rs.10,00,03,850 in shares of GIPCL.

Assessment Year 2002-03

GSPC had filed an appeal before the CIT (A) on April 5, 2005 against the order of the Assessing Officer.

As per the income tax return filed on October 30, 2002, GSPC has claimed deduction under Section 80IB(9) amounting to Rs. 91,30,39,800. The Assessing Officer issued refund of Rs. 19,72,38,095 to GSPC. The Assessing Officer also passed an order under Section 143(3) of the I.T. Act and raised a demand of Rs. 67,68,23,863.

CIT (A) by his order dated October 25, 2005 allowed GSPC's claim for deduction under Section 80IB(9) for Rs. 1,162,684,390, claim for deduction under Section 42 for Rs. 329,703,525, and claim for depreciation under Section 32 for Rs. 7,107,673 on assets and also directed the Assessing Officer to withdraw the addition of Rs. 45,923,085 on account of securitization. In view of the order of CIT (A), the Assessing Officer cancelled the demand of Rs. 676,823,863 by his order dated November 28, 2005.

2. Wealth Tax Cases:

GSPC had filed appeals against the orders of the Assessment Officer before the CIT (A) on April 5, 2005. The Assessment Officer had raised wealth tax demands against GSPC under Section 17 of the Wealth Tax Act amounting to Rs. 2,61,957 and Rs. 5,21,050, for assessment years 1999-00 and 2000-01, respectively, in respect of the Hazira guest house and Udyog Bhavan office space.

CIT (A) has by his order dated September 27, 2005 upheld the appeal. Accordingly, the Assessing Officer has by his order dated November 14, 2005 cancelled the demand of Rs. 261,957 and Rs. 521,050, respectively for assessment years 1999-00 and 2000-01.

3. **Arbitration Proceeding filed by GSPC and NIKO against GoI**

The GSPC-NIKO joint venture was awarded the Hazira field and entered into a Production Sharing Contract with the GoI in September 1994. The GSPC-NIKO joint venture initiated activities for laying the 36" pipeline from Hazira to Mora. However, the DGH did not accept the proposal of GSPC and NIKO for allowing cost recovery of the expenditure on the 36" Hazira-Mora pipeline. In February 2000, GSPC transferred the pipeline to GSPL. GSPL at its own cost completed the remaining work on the 36" pipeline and commissioned the said pipeline.

NIKO disputed the transfer of the pipeline by GSPC to GSPL and initiated legal proceedings against GSPC and GoI. On October 3, 2002, GSPC and NIKO entered into a Memorandum of Understanding, which provides for the transfer of the pipeline back to the GSPC-NIKO joint venture. Under the Memorandum of Understanding, GSPL will be paid the entire cost of the pipeline and the equipments incurred by it based on an audit conducted by an independent firm.

Pursuant to the terms of the Memorandum of Undertaking, GSPC and NIKO have agreed to withdraw all legal proceedings initiated against each other. GSPC has also joined NIKO as a co-claimant in Arbitration proceeding against GoI seeking cost recovery of the expenditure on the 36" pipeline. The matter is pending before the Arbitral Tribunal.

GSEG

A. Contingent liabilities of GSEG as of March 31, 2005:

a. For assessment year 2002-2003, GSEG had filed revised return wherein refund amount of Rs.9.8 million was claimed. However, Income Tax department/ACIT has passed the assessment order disallowing the contention of revised return and has set off the refund of Rs. 9.8 million and has raised an additional demand of Rs. 0.243 million. However GSEG has filed an appeal with CIT(A) against the order of ACIT.

b. As on March 31, 2005, there was one outstanding bank guarantee of Rs. 50 million issued by Central Bank of India in favour of insurer of GSEG. However, the same has been cancelled in May 2005.

B. Outstanding Litigation/Proceedings against GSEG

(a) GUVN has filed a petition (No. 90/2002) on September 27, 2002 before the Gujarat Electricity Regulatory Commission, Ahmedabad, against seven power companies, including GSEG, for rationalization of tariff fixed under the power purchase agreements entered by these companies with GUVN. The matter is currently pending before the Gujarat Electricity Regulatory Commission.

(b) A claim (No. 1402/05) was filed by a fixed deposit holder on November 5, 2005 before the Consumer Dispute Redressal Forum at Baroda for payment of additional interest in an amount of Rs. 9,684 in respect of late discharge of fixed deposit. The matter is pending and the next date of hearing is January 5, 2006.

C. Outstanding Litigation/Proceedings filed by GSEG

None

GSPC Gas Company Limited

A. Contingent liabilities of GSPC Gas Company Limited as of March 31, 2005:

None

B. Outstanding Litigation/Proceedings against GSPC Gas Company Limited

None

C. Outstanding Litigation/Proceedings filed by GSPC Gas Company Limited

GSPC Gas Company Limited has filed a first information report dated February 23, 2004 against its employee, Mr. Uday Pandya. The said employee allegedly made payments of Rs.216,140 out of the funds of GSPC Gas Company Limited without any approval or authorization from GSPC Gas Company Limited . The employee is not traceable.

GIPL

A. Contingent liabilities of GIPL as of March 31, 2005:

None

B. Outstanding Litigation/Proceedings against GIPL

None

C. Outstanding Litigation/Proceedings filed by GIPL

1. Winding up Petition against Technocorp Infosystem Limited ("Technocorp") (Company Petition No. 221 of 2004)

GIPL has initiated an action for winding up of Technocorp before the High Court of Gujarat, Ahmedabad. Technocorp allegedly failed to pay the outstanding amount of Rs. 10, 78, 907 due to GIPL for the bandwidth supplied by it to Technocorp. In its petition, GIPL has claimed that Technocorp is unable to pay its debts arising in the natural course of its business and is commercially insolvent. The matter is currently pending before the High Court of Gujarat.

2. Criminal Case (No. 2048-2050 of 2004)

GIPL has initiated criminal proceedings against M/s. Atlanta Infosys Limited and its directors under section 138 of the Negotiable Instruments Act, 1881. Atlanta Infosys Limited had issued post-dated cheques to GIPL for sale of bandwidth. The post-dated cheques were dishonoured and were returned to GIPL. The matter is currently pending before the Judicial Magistrate, Gandhinagar.

GSAL

A. Contingent liabilities of GSAL as of March 31, 2005:

None

B. Outstanding Litigation/Proceedings against GSAL

None

C. Outstanding Litigation/Proceedings filed by GSAL

None

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further material approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus.

APPROVALS FOR THE ISSUE

We have received the following approvals relating to the Issue:

The Board of Directors has, pursuant to resolution passed at its meeting held on September 20, 2005, authorized the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary. The shareholders have, pursuant to a resolution dated September 29, 2005 under Section 81(1A) of the Companies Act, authorized the Issue in accordance with law. The Board of Directors has, pursuant to a resolution dated May 11, 2005 authorized a committee of its Directors, referred to as the IPO Committee, to take decisions relating to the Issue on behalf of the Board of Directors.

The Company had written to the GoG on July 12, 2005 seeking its approval for the Issue. The E&PD, by its letter dated October 11, 2005, has granted in-principle approval for the Issue subject to certain conditions, including that (i) the Company has to obtain policy level approvals from the GoG through the E&PD, wherever required; (ii) the equity holding in the Company by the government and government owned entities shall not be diluted below 51% without the prior permission of the GoG; and (iii) IDF shall not participate in the Issue, directly or indirectly. The Company has, by its letter dated December 13, 2005, confirmed to the GoG that it has complied with the conditions in the GoG's in-principle approval.

The Company had applied to the FIPB for approval to issue the Equity Shares in this Issue to non-resident investors. On November 30, 2005, the Company received the approval of the FIPB to issue up to 138,000,000 Equity Shares, representing 25.45% of its post-issue capital, through an initial public offering to non-resident investors such as FIIs, FVCIs and multilateral and financial institutions that are classified as QIBs, and to non-resident Indians on a repatriation basis.

APPROVALS FOR OUR BUSINESS

I. APPROVALS OBTAINED BY THE COMPANY

On October 28, 1998, GIDB appointed GSPC as the nodal agency for the implementation of the gas grid project in Gujarat and also approved the incorporation of the Company. In addition, as of the date of this Prospectus, the Company has obtained the following major government and other approvals relating to our business:

S.No.	No./Description of Permit/License	Issuing Authority	Date	Contents/Remarks
		ENVIRONMENT APPROVALS		
1.	No Objection Certificate No. PC/NoC/VRD-2271/37603 under the Environment Impact Assessment Notification, 1994	GPCB, GoG, Gandhinagar	December 20, 2002	Conditional NoC for laying pipeline from Vapi to Vadnagar covering the districts of Valsad, Navsari, Surat, Bharuch, Baroda, Anand, Kheda, Panchmahal, Ahmedabad, Gandhinagar and Mehsana
2.	Environment Clearance No. J-11011/33/2003-IA-II(I) under the Environment Impact Assessment Notification, 1994	MoEF, GoI, New Delhi	July 17, 2003	Conditional Government clearance for laying pipeline from Vapi to Vadnagar covering the districts of Valsad, Navsari, Surat, Bharuch, Baroda, Anand, Kheda, Panchmahal, Ahmedabad, Gandhinagar and Mehsana

S.No.	No./Description of Permit/License	Issuing Authority	Date	Contents/Remarks
		ENVIRONMENT APPROVALS		
3.	No Objection Certificate No. PC/NoC/CCA-JMN-154/3238 under the Environment Impact Assessment Notification, 1994	GPCB, GoG, Gandhinagar	February 01, 2005 Conditional Clearance valid for five years from date of issuance	NoC for laying pipeline for Saurastra region covering the districts of Anand, Ahmedabad, Bhavnagar, Amreli, Surendranagar, Rajkot and Jamnagar
4.	Environment Clearance No. J-11011/82/2005-IA II(I) under the Environment Impact Assessment Notification, 1994	MoEF, GoI, New Delhi	July 06, 2005 Conditional Clearance	Government clearance for laying pipeline for Saurastra region covering the districts of Anand, Ahmedabad, Bhavnagar, Amreli, Surendranagar, Rajkot and Jamnagar
		FOREST APPROVALS		
5.	Approval No. B/ELB/TE-11/9003-6 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Bharuch	February 17, 2000	Approval for crossing Social Forest
6.	Approval No. B/JMN/HE-11/9003-6 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Bharuch	April 13, 2000	Approval for crossing Protected Forest
7.	Approval No. B/JMN/T-11/5370-71 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Bharuch	September 27, 2000	Approval for crossing Social Forest
8.	Approval No. FCA/1001-9-K-F&E under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Bharuch	November 08, 2001	Approval for crossing Protected Forest
9.	Approval No. B/ELB/TE11/1308-9/2001-2002 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Surat	December 15, 2001	Approval for crossing Social Forest
10.	Approval No. FCA/14K/6749-50/2001-2002 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Nadiad (Kheda)	January 11, 2002	Approval for crossing Social Forest

S.No.	No./Description of Permit/License	Issuing Authority	Date	Contents/Remarks
FOREST APPROVALS				
11.	Approval No. FCA/14K/277-21/ 2002-2003 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Nadiad (Kheda)	May 15, 2002	Approval for crossing Social Forest
12.	Approval No. B/Savayo/7/2272-75 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Ahmedabad	July 09, 2002	Approval for crossing Social Forest
13.	Approval No. B/JMN/TE11/ 5719/ 2002/03 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Bharuch	January 04, 2003	Approval for crossing Protected Forest
14.	Approval No. ELB/6/B/9880 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Gandhinagar	March 29, 2003	Approval for crossing Social Forest
15.	Approval No. ELB/15/B/552-60 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Gandhinagar	April 17, 2003	Approval for crossing Social Forest
16.	Approval No. JMN/10K/352-53-2003-2004 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Mehsana	June 03, 2003	Approval for crossing Social Forest
17.	Approval No. 1B/176/2001-FCW/ 1592 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Nadiad (Kheda)	July 14, 2003	Approval for crossing Protected Forest
18.	Approval under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Surat	October 07, 2003	Approval for crossing Social Forest

S.No.	No./Description of Permit/License	Issuing Authority	Date	Contents/Remarks
		FOREST APPROVALS		
19.	Approval No. 8B/149/2001-FCW/2376 under the Forest Act	Deputy Conservator of Forest, Regional Office, Western Region, Bhopal	October 20, 2003	Approval for crossing Protected Forest
20.	Approval No. 8B/78/2003-FCW/2687 under the Forest Act	Deputy Conservator of Forest, Regional Office, Western Region, Bhopal	December 05, 2003	Approval for crossing Protected Forest
21.	Approval No. 8B/69/2003/FCW/52 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Mehsana	January 06, 2004	Approval for crossing Protected Forest
22.	Approval No. K/JMN/11/22246-47/2003/04 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Surat	January 21, 2004	Approval for crossing Protected Forest
23.	Approval No. 8B/180/2001-FCW/416 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Navsari	February 24, 2004	Approval for crossing Social Forest
24.	Approval No. B/Vasandha/ TE18/14187/2003/04 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Baroda	March 31, 2004	Approval for crossing Protected Forest
25.	Approval No. VVC/1104/1421/G under the Forest Act	Section Officer, Forest and Environment Division, Sachivalaya, Gandhinagar	November 04, 2004	Approval for crossing Social Forest
26.	Approval No. JMN/11/52/6/10276/2004-05 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Gandhinagar	December 01, 2004	Approval for crossing Protected Forest

S.No.	No./Description of Permit/License	Issuing Authority	Date	Contents/Remarks
FOREST APPROVALS				
27.	Approval No. FCA/1004-78-K under the Forest Act	Under Secretary, Forest and Environment Department, Gandhinagar	February 16, 2005	Approval for crossing Protected Forest
28.	Approval No. 6-GJB073/2005-BHO/ 1484 under the Forest Act	Deputy Conservator of Forest, Regional Office, Western Region, Bhopal	July 27, 2005	Approval for crossing Protected Forest
29.	Approval No. FCA/1005/28/K under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Ahmedabad	June 21, 2005	Approval for crossing Protected Forest
30.	Approval No.FCA/01/119-2/2005-06 under the Forest Act	Deputy Conservator of Forest, Social Forestry Division, Anand	August 29, 2005	Approval for crossing Protected Forest
31.	Approval No. ELB/6/B/8685-91/ 2004-05	Deputy Conservator of Forest, Social Forestry Division, Gandhinagar	October 8, 2005	Approval for crossing Social Forest
32.	Approval No. K/ELB/10/1410-12/05-06	Deputy Conservator of Forest, Social Forestry Division, Mehsana	October 26, 2005	Approval for crossing Social Forest
33.	Approval No. ELB/6/B/43-52/2005-06	Deputy Conservator of Forest, Social Forestry Division, Mehsana, Dist. Gandhinagar	April 2, 2005	Approval for crossing Social Forest
34.	Approval No. ELB/162/424/2004-05	Deputy Conservator of Forest, Social Forestry Division, Gandhinagar, Dist. Gandhinagar	March 19, 2005	Approval for crossing Social Forest

S.No.	No./Description of Permit/License	Issuing Authority	Date	Contents/Remarks
		FOREST APPROVALS		
35.	Approval No. K/ELB/10/1407-09/05-06	Deputy Conservator of Forest, Social Forestry Division, Mehsana	October 26, 2005	Approval for crossing Social Forest
36.	Approval No. K/ELB/10/1413/15/05-06	Deputy Conservator of Forest, Social Forestry Division, Mehsana, Dist. Gandhinagar	October 26, 2005	Approval for crossing Social Forest
37.	Approval No. ELB/13/K/402-403/2005-06	Deputy Conservator of Forest, Social Forestry Division, Gandhinagar	November 8, 2005	Approval for crossing Social Forest
38.	Approval No.ELB/6/B/29-30/2005-06	Deputy Conservator of Forest, Social Forestry Division, Gandhinagar	April 2, 2005	Approval for crossing Social Forest
		ROUs		
39.	RoU Notification No. GU-2002-61-GPC-11-2001-3844-E Part IV published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	July 29, 2002	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Baroda with the Company
40.	RoU Notification No. GU-2002-86-GPC-11-2001-4398-E Part I published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	December 23, 2002	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Anand with the Company
41.	RoU Notification No. GU-2002-87-GPC-11-2001-1541-E Part I published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	December 27, 2002	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Baroda with the Company
42.	RoU Notification No. GU-2003-5-GPC-11-2002-781-E published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	January 30, 2003	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Kheda and Ahmedabad with the Company

S.No.	No./Description of Permit/License	Issuing Authority	Date	Contents/Remarks
		ROUs		
43.	RoU Notification No. GU-2003-12-GPC-11-2002-2030-E Part I published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	February 20, 2003	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Ahmedabad and Gandhinagar with the Company
44.	RoU Notification No. GU-2003-60-GPC-11-2003-3015-E Part I published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	October 28, 2003	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Bharuch with the Company
45.	RoU Notification No. GU-2003-61-GPC-11-2003-49-E Part I published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	October 28, 2003	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Ahmedabad and Gandhinagar with the Company
46.	RoU Notification No. GU-2003-69-GPC-11-2003-3015-E Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	December 08, 2003	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Surat with the Company
47.	RoU Notification No. GU-2005-16-GPC-11-2004-3397-E Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	March 29, 2004	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Valsad and Navsari with the Company
48.	RoU Notification No. GU-2004-68-GPC-11-2003-4346-E Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	October 11, 2004	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Gandhinagar with the Company
49.	RoU Notification No. GU/2004/77/GPC/11/2004/768/E/Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	November 04, 2004	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Anand with the Company
50.	RoU Notification No. GU-2005-12-GPC-11-2005-576-E published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	March 04, 2005	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Surat with the Company

S.No.	No./Description of Permit/License	Issuing Authority	Date	Contents/Remarks
		ROUs		
51.	RoU Notification No. GU-2005-32-GPC-10-2004-918-E Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	April 05, 2005	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Ahmedabad with the Company
52.	RoU Notification No. GU-2005-38-GPC-11-2004-1261-E Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	April 29, 2005	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Surendranagar with the Company
53.	RoU Notification No. GU-2005-39-GPC-10-2004-3896-E Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	May 07, 2005	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Surendranagar and Rajkot with the Company
54.	RoU Notification No. GU-2005-40-GPC-11-2004-4824-E Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	May 07, 2005	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Rajkot with the Company
55.	RoU Notification No. GU-2005-43-GPC-11-2004-3397-E Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	May 21, 2005	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Valsad with the Company
56.	RoU Notification No. GU-2005-51-GPC-11-2004-4875-E Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	May 31, 2005	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Gandhinagar and Sabarkantha with the Company
57.	RoU Notification No. GU-2005-55-GPC-11-2004-4875-E Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	June 07, 2005	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Gandhinagar and Mehsana with the Company
58.	RoU Notification No. GU-2005-57-GPC-10-2005-977-E Part II published in the Gazette of India, issued under Section 6(1) of Gujarat Water and Gas Pipeline Act	E&PD, GoG, Gandhinagar	June 18, 2005	Pursuant to the notification, the State Government has vested the right of user in land for laying pipeline in Surendranangar and Rajkot with the Company

S.No.	No./Description of Permit/License	Issuing Authority	Date	Contents/Remarks
OTHER LAND APPROVALS				
59.	Approval No. BP/Atali/Wagra/360	Town Planning Department, Bharuch	June 16, 2001	Approval of plot lay-out at Atali, Bharuch in connection with the Amboli-Dahej pipeline
60.	Approval No. BP/Sajod/ Bharuch/361	Town Planning Department, Bharuch	June 16, 2001	Approval of plot lay-out at Sajod, Bharuch in connection with the Amboli-Dahej pipeline
61.	Approval No. BP/Bhadbhut/ Bharuch/ 362	Town Planning Department, Bharuch	June 16, 2001	Approval of plot lay-out at Bhadbhut, Bharuch in connection with the Amboli-Dahej pipeline
62.	Letter No. LND/65-B-Serial No. 10/ 01W 3593	Collector, Bharuch	August 18, 2003	Non-Agricultural use permission for land at Atali, Bharuch under Bombay Land Revenue Code, 1879 in connection with the Amboli-Dahej pipeline
63.	Approval No. LND/65-B/Serial No. 13-01WS3594	Collector, Bharuch	August 18, 2003	Non-Agricultural use permission for land at Bhadbhut, Bharuch under Bombay Land Revenue Code, 1879 in connection with the Amboli-Dahej pipeline
64.	Approval No. LND/65-B/Serial No. 11-01WS4069	Collector, Bharuch	September 20, 2003	Non-Agricultural use permission for land at Sajod, Bharuch under Bombay Land Revenue Code, 1879 in connection with the Amboli-Dahej pipeline
65.	Approval No. 41/2004	Collector, Baroda	January 28, 2004	Non-Agricultural permission for land at Bhanora, Baroda under Bombay Land Revenue Code, 1879 in connection with the Paguthan-Baroda pipeline
66.	Letter No. BP/Keriayavi/460	Town Planning Department, Nadiad	February 27, 2004	Approval for constructing sectionalizing valve station at Keriayavi, Kheda in connection with the Baroda-Ahmedabad-Kalol pipeline
67.	Letter No. BP/Gana/462	Town Planning Department, Nadiad	February 27, 2004	Approval of plot lay-out at Gana, Anand in connection with the Baroda-Ahmedabad-Kalol pipeline
68.	Letter No. BP/Gadva/464	Town Planning Department, Nadiad	February 27, 2004	Approval of plot lay-out at Gadva, Kheda in connection with the Baroda-Ahmedabad-Kalol pipeline

S.No.	No./Description of Permit/License	Issuing Authority	Date	Contents/Remarks
OTHER LAND APPROVALS				
69.	Letter No. BP/Joshikuva/469	Town Planning Department, Nadiad	February 27, 2004	Approval of plot lay-out at Joshikuva, Anand in connection with the Baroda-Ahmedabad-Kalol pipeline
70.	Letter No. BP/Chhapra/471	Town Planning Department, Nadiad	February 27, 2004	Approval of plot lay-out at Chhapra, Kheda in connection with the Baroda-Ahmedabad-Kalol pipeline
71.	Letter No. PRM/9309	Ahmedabad Urban Development Authority	May 12, 2004	Permission for development at Kanbha, Ahmedabad under the Gujarat Urban Housing and Urban Development Act, 1976 in connection with the Baroda-Ahmedabad-Kalol pipeline
72.	Letter No. PRM/07414	Ahmedabad Urban Development Authority	May 14, 2004	Permission for development at Saij, Gandhinagar under the Gujarat Urban Housing and Development Act, 1976 in connection with the Baroda-Ahmedabad-Kalol pipeline
73.	Letter No. PRM/7415	Ahmedabad Urban Development Authority	May 14, 2004	Permission for development of metering station/terminal at Kalol, Gandhinagar under the Gujarat Urban Housing and Development Act, 1976 in connection with the Baroda-Ahmedabad-Kalol pipeline
74.	Approval No. 65/KH/WS-456/2004	Collector, Baroda	August 13, 2004	Non-Agricultural use permission for land at Dashrath, Baroda under Bombay Land Revenue Code, 1879 in connection with the Paguthan-Baroda pipeline
75.	Approval No. LND/65-B/Serial No. 15-01WS	Collector, Bharuch	October 05, 2004	Non-Agricultural use permission for land at Aldar, Bharuch under Bombay Land Revenue Code, 1879 in connection with the Bhadbhut-Paguthan pipeline
76.	Approval No. 65/KH/WS-489	Collector, Baroda	October 18, 2004	Non-Agricultural use permission for land at Sherkhi, Baroda under Bombay Land Revenue Code, 1879 in connection with the Paguthan-Baroda pipeline
77.	Approval No. 65/KH/WS-543/2004	Collector, Baroda	November 22, 2004	Non-Agricultural use permission for land at Padamla, Baroda under Bombay Land Revenue Code, 1879 in connection with the Paguthan-Baroda pipeline

S.No.	No./Description of Permit/License	Issuing Authority	Date	Contents/Remarks
		MISCELLANEOUS APPROVALS		
78.	Registration No. ALC/ADI/46R(19)/ 2003 pursuant to Section 7 of Contract Labour (Regulation & Abolition) Act, 1970	Regional Labour Commissioner (Central), Ministry of Labour, GoI, New Delhi	November 19, 2003	Registration of the Company as principal employer
79.	Service Tax Code No. AABCG1812EST001	Assistant Commissioner of Central Excise, Gandhinagar Division, Gandhinagar	June 28, 2005	Registration under Service Tax (Registration of Special Category of Persons) Rules, 2005
80.	Infrastructure Provider Category I Registration (Certificate No.59/ 2002)	Ministry of Communication & Information Technology, Department of Telecommuni - cations, GoI, New Delhi	September 02, 2002	Registration of the Company as Infrastructure Provider Category I to establish and maintain assets including dark fibres, RoW, duct space, for granting on lease/rent/sale basis to the licensees of telecom services licensed under the Indian Telegraph Act, 1885
81.	Registration No.5486 under Bombay Shops and Establishment Act,1948	Inspector of Local Area	September 15, 2005; valid up to December 31, 2005	Registration for the office located at 5th Floor, GSPC Bhavan, Sector 11, Gandhinagar
82.	Factory license (No. 016218) under the Factories Act	Deputy Chief Factory Inspector, Ahmedabad.	September 29, 2005	License to establish, operate and maintain the control station at Bibipura, Ahmedabad

II. APPROVALS OBTAINED BY GSPC

The following RoUs have been vested with GSPC in terms of the notifications issued by MoPNG under the PMP Act. Pursuant to an agreement dated May 21, 2001, between GSPC and GSPL, GSPC has permitted GSPL to enter upon the land in respect of the RoUs acquired by GSPC and do all necessary acts for laying pipelines on an exclusive basis.

S.No.	No./Description of Permit/License	Issuing Authority	Date of the Gazette of India	Consents/Remarks
1.	RoU Notification S.O. No. 2945 dated October 14, 1999 published in the Gazette of India, ASVINA 24, 1921 issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	October 16, 1999	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline from Hazira (district Surat) to Dahej (district Bharuch) with GSPC
2.	RoU Notification S.O. No. 3119 dated October 26, 1999 published in the Gazette of India, issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	October 30, 1999	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline in Bharuch with GSPC
3.	RoU Notification S.O. No. 3499 dated November 30, 1999 published in the Gazette of India, issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	December 04, 1999	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline in Bharuch with GSPC
4.	RoU Notification S.O. No. 3568 dated December 09, 1999 published in the Gazette of India, issued under Section 6(1) of PMP Act, 1962	MoPNG, GoI, New Delhi	December 11, 1999	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline from Hazira (district Surat) to Dahej (district Bharuch) with GSPC
5.	RoU Notification S.O. No. 237 dated January 28, 2000 published in the Gazette of India, issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	January 29, 2000	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline in Bharuch with GSPC
6.	RoU Notification S.O. No. 850 dated April 06, 2000 published in the Gazette of India, issued under Section 6(1) of PMP Act, 1962	MoPNG, GoI, New Delhi	April 15, 2000	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline from Hazira (district Surat) to Dahej (district Bharuch) with GSPC
7.	RoU Notification S.O. No. 944 dated May 02, 2000 published in the Gazette of India, issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	May 06, 2000	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline in Bharuch with GSPC

S.No.	No./Description of Permit/License	Issuing Authority	Date of the Gazette of India	Consents/Remarks
8.	RoU Notification S.O. No. 2149 dated September 26, 2000 published in the Gazette of India, ASVINA 8,1922 issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	September 30, 2000	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline from Hazira (district Surat) to Dahej (district Bharuch) with GSPC
9.	RoU Notification S.O. No. 2435 dated November 08, 2000 published in the Gazette of India, issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	November 11, 2000	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline in Bharuch with GSPC
10.	RoU Notification S.O. No. 2441 dated November 08, 2000 published in the Gazette of India, issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	November 11, 2000	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline from Hazira (district Surat) to Dahej (district Bharuch) with GSPC
11.	RoU Notification S.O. No. 905 dated May 02, 2001 published in the Gazette of India, issued under Section 6(1) of PMP Act, 1962	MoPNG, GoI, New Delhi	May 05, 2001	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline from Hazira (district Surat) to Dahej (district Bharuch) with GSPC
12.	RoU Notification S.O. No. 906 dated May 02, 2001 published in the Gazette of India, issued under Section 6(1) of PMP Act, 1962	MoPNG, GoI, New Delhi	May 05, 2001	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline from Hazira (district Surat) to Dahej (district Bharuch) with GSPC
13.	RoU Notification S.O. No. 1412 dated June 20, 2001 published in the Gazette of India, issued under Section 6(1) of PMP Act, 1962	MoPNG, GoI, New Delhi	June 23, 2001	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline from Hazira (district Surat) to Dahej (district Bharuch) with GSPC
14.	RoU Notification S.O. No. 1625 dated July 11, 2001 published in the Gazette of India, issued under Section 6(1) of PMP Act, 1962	MoPNG, GoI, New Delhi	July 14, 2001	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline in Surat with GSPC

S.No.	No./Description of Permit/License	Issuing Authority	Date of the Gazette of India	Consents/Remarks
15.	RoU Notification S.O. No. 2525 dated September 17, 2001 published in the Gazette of India, issued under Section 6(1) of PMP Act, 1962	MoPNG, GoI, New Delhi	September 22, 2001	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline from Hazira (district Surat) to Dahej (district Bharuch) with GSPC
16.	RoU Notification S.O. No. 2531 dated September 19, 2001 published in the Gazette of India, issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	September 22, 2001	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline in Surat with GSPC
17.	RoU Notification S.O. No. 25 dated January 03, 2002 published in the Gazette of India, issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	January 05, 2002	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline in Surat with GSPC
18.	RoU Notification S.O. No. 2619 dated August 14, 2002 published in the Gazette of India, issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	August 17, 2002	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline in Surat with GSPC
19.	RoU Notification S.O. No. 308 dated January 21, 2003 published in the Gazette of India, issued under Section 6(1) of PMP Act	MoPNG, GoI, New Delhi	January 25, 2003	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline in Surat with GSPC
20.	RoU Notification S.O. No. 469 dated February 23, 2004 published in the Gazette of India, issued under Section 6(1) of PMP Act, 1962	MoPNG, GoI, New Delhi	February 28, 2004	Pursuant to the notification, the Central Government has vested the right of user in land for laying pipeline in Bharuch with GSPC

III. PENDING APPLICATIONS

S.No.	No./Description of Permit/License	Issuing Authority	Date	Consents/Remarks
1.	Application for Non-Agricultural use of Land	Collector, Surat	December 06, 2001	For land at Variavav, Surat under Bombay Land Revenue Code, 1879 in connection with the Mora-Uttran pipeline
2.	Application for Non-Agricultural Use of Land	Collector, Baroda	January 08, 2003	For land at Bhadari, Baroda under Bombay Land Revenue Code, 1879 in connection with the Paguthan-Baroda pipeline

S.No.	No./Description of Permit/License	Issuing Authority	Date	Consents/Remarks
3.	Application for Non-Agricultural Use of Land	Collector, Bharuch	February 14, 2003	For land at Occhan, Bharuch under Bombay Land Revenue Code, 1879 in connection with the Paguthan-Baroda pipeline
4.	Application for Non-Agricultural Use of Land	Collector, Surat	July 15, 2003	For land at Bhadol, Surat under Bombay Land Revenue Code, 1879 in connection with the Mora-Sajod pipeline
5.	Application for Non-Agricultural Use of Land	Collector, Kheda	September 08, 2003	For land at Keriyavi, Kheda under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
6.	Application for Non-Agricultural Use of Land	Collector, Ahmedabad	September 08, 2003	For land at Gatrad, Ahmedabad under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
7.	Application for Non-Agricultural Use of Land	Collector, Ahmedabad	September 08, 2003	For land at Kanbha, Ahmedabad under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
8.	Application for Non-Agricultural Use of Land	Collector, Gandhinagar	September 08, 2003	For land at Valad, Gandhinagar under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
9.	Application for Non-Agricultural Use of Land	Collector, Gandhinagar	September 08, 2003	For land at Ambapur, Gandhinagar under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
10.	Application for Non-Agricultural Use	Collector, Gandhinagar	September 08, 2003	For land at Kalol, Gandhinagar under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline

S.No.	No./Description of Permit/License	Issuing Authority	Date	Consents/Remarks
11.	Application for Non-Agricultural Use of Land	Collector, Anand	September 08, 2003	For land at Joshikuva, Anand under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
12.	Application for Non-Agricultural Use of Land	Collector, Anand	September 08, 2003	For land at Gana, Anand under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
13.	Application for Non-Agricultural Use of Land	Collector, Gandhinagar	September 08, 2003	For land at Saij, Gandhinagar under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
14.	Application for Non-Agricultural Use of Land	Collector, Bharuch	October 07, 2003	For land at Asarma, Bharuch under Bombay Land Revenue Code, 1879 in connection with the Mora-Sajod pipeline
15.	Application for Non-Agricultural use of Land	Collector, Bharuch	October 07, 2003	For land at Sajod, Bharuch under Bombay Land Revenue Code, 1879 in connection with the Mora-Sajod pipeline
16.	Application for renewal of factory license under the Factories Act	Chief Factory Inspector, Surat	October 10, 2003	To establish, operate and maintain the control station at Mora, Surat
17.	Application for Non-Agricultural Use of Land	Collector, Ahmedabad	December 19, 2003	For land at Bibipura, Ahmedabad under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
18.	Application No. GSPL/O&G/RoU/PF/GNR for Non-Agricultural Use of Land	Collector, Kheda	January 01, 2004	For land at Dabhan, Kheda under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
19.	Application for crossing Protected Forest	Deputy Conservator of Forest, Social Forestry Division Anand	January 27, 2004	For crossing Protected Forest
20.	Application for Non-Agricultural Use of Land	Collector, Gandhinagar	January 31, 2004	For land at Saij, Gandhinagar under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline

S.No.	No./Description of Permit/License	Issuing Authority	Date	Consents/Remarks
21.	Application for crossing Protected Forest	Deputy Conservator of Forest, Social Forestry Division Rajkot	July 14, 2004	For crossing Protected Forest
22.	Application for Non-Agricultural Use of Land	Collector, Kheda	September 08, 2004	For land at Gadva, Kheda under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
23.	Application for Non-Agricultural Use of Land	Collector, Kheda	September 08, 2004	For land at Chhapra, Kheda under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
24.	Application for Non-Agricultural Use of Land	Collector, Kheda	September 08, 2004	For land at Kanij, Kheda under Bombay Land Revenue Code, 1879 in connection with the Baroda-Ahmedabad-Kalol pipeline
25.	GSPL/O&G/ROU/PF/Gandhinagar	Deputy Conservator of Forest, Social Forestry Division Gandhinagar, Dist. Gandhinagar	November 29, 2004	For crossing Protected Forest
26.	GSPL/O&G/ROU/SF/Gandhinagar Dist/2004	Deputy Conservator of Forest, Social Forestry Division Gandhinagar, Dist. Gandhinagar	December 09, 2004	For crossing Social Forest
27.	GSPL/O&G/ROU/PF/KH/2005	Deputy Conservator of Forest, Social Forestry Division Sabarkantha, Dist. Sabarkantha, Himatnagar	January 10, 2005	For crossing Protected Forest
28.	GSPL/O&G/ROU/PF/Sabarkantha	Deputy Conservator of Forest, Social Forestry Division Sabarkantha (N), Himatnagar, Dist. Sabarkantha	January 31, 2005	For crossing Protected Forest
29.	GSPL/O&G/ROU/PF/Gandhinagar	Deputy Conservator of Forest, Social Forestry Division Gandhinagar, Dist. Gandhinagar	February 15, 2005	For crossing Protected Forest

S.No.	No./Description of Permit/License	Issuing Authority	Date	Consents/Remarks
30.	GSPL/O&G/ROU/PF/Gandhinagar	Deputy Conservator of Forest, Social Forestry Division Gandhinagar, Dist. Gandhinagar	February 15, 2005	For crossing Protected Forest
31.	Application for crossing Protected Forest	Deputy Conservator of Forest, Social Forestry Division Surendranagar	March 04, 2005	For crossing Protected Forest
32.	Application for Non-Agricultural Use of Land	Collector, Navsari	March 24, 2005	For land at Maroli, Navsari under Bombay Land Revenue Code, 1879 in connection with the Mora-Vapi pipeline
33.	Application for Non-Agricultural Use of Land	Collector, Valsad	March 31, 2005	For land at Olgam, Valsad under Bombay Land Revenue Code, 1879 in connection with the Mora-Vapi pipeline
34.	Application for crossing Social Forest	Deputy Conservator of Forest, Social Forestry Division Rajkot	May 23, 2005	For crossing Social Forest
35.	Application for Non-Agricultural Use of Land	Collector, Valsad	May 26, 2005	For land at Saran, Valsad under Bombay Land Revenue Code, 1879 in connection with the Mora-Vapi pipeline
36.	Application for factory license under the Factories Act	Deputy Chief Factory Inspector, Bharuch	June 23, 2005	To establish, operate and maintain the control station at Paguthan, Bharuch
37.	Application for Non-Agricultural Use of Land	Collector, Valsad	June 30, 2005	For land at Eklahere, Valsad under Bombay Land Revenue Code, 1879 in connection with the Mora-Vapi pipeline
38.	Application for Non-Agricultural Use of Land	Collector, Valsad	June 30, 2005	For land at Attakpardi, Valsad under Bombay Land Revenue Code, 1879 in connection with the Mora-Vapi pipeline

S.No.	No./Description of Permit/License	Issuing Authority	Date	Consents/Remarks
39.	Application for Non-Agricultural Use of Land	Collector, Navsari	August 03, 2005	For land at Ichhapore, Navsari under Bombay Land Revenue Code, 1879 in connection with the Mora-Vapi pipeline
40.	Application for renewal of factory license under the Factories Act	Deputy Chief Factory Inspector, Surat	August 26, 2005	To operate and maintain the control station at Hazira, Surat
41.	Application for renewal of factory license under the Factories Act	Deputy Chief Factory Inspector, Baroda	September 01, 2005	To operate and maintain the control station at Sherkhi, Baroda
42.	GSPL/O&G/ROU/SF/SABARKANTHA DISTRICT/2005	Deputy Conservator of Forest, Social Forestry Division, Sabarkantha, Himatnagar	August 29, 2005	For crossing Social Forest
43.	GSPL/O&G/ROU/SF/SABARKANTHA DISTRICT/2005	Deputy Conservator of Forest, Social Forestry Division, Sabarkantha, Himatnagar	September 22, 2005	For crossing Social Forest
44.	GSPL/O&G/PF/SPUT/2005-1	Deputy Conservator of Forest, Social Forestry Division, Sabarkantha, Himatnagar	August 25, 2005	For crossing Protected Forest
45.	GSPL/O&G/ROU/SF/SABARKANTHA DISTRICT/2005	Deputy Conservator of Forest, Social Forestry Division, Sabarkantha, Himatnagar	September 22, 2005	For crossing Protected Forest
46.	GSPL/KHPL/RCH/2005	Collector, Anand	September 2005	For land at Dhuvaran, District Anand under the Bombay Land Revenue Code, 1879, in connection with Anklav-Dhuvaran section
47.	GSPL/KHPL/RCH/2005	Collector, Anand	September 2005	For land at Gorva, District Anand under the Bombay Land Revenue Code, 1879, in connection with Anklav-Dhuvaran section

S.No.	No./Description of Permit/License	Issuing Authority	Date	Consents/Remarks
48.	GSPL/KHPL/RCH/2005	Collector, Himatnagar	September 2005	For land at Gadhoda, District Sabarkantha under the Bombay Land Revenue Code, 1879, in connection with Kalol-Himatnagar section
49.	GSPL/KHPL/RCH/2005	Collector, Gandhinagar	September 2005	For land at Mubarakpur, District Gandhinagar under the Bombay Land Revenue Code, 1879, in connection with Kalol-Himatnagar section
50.	GSPL/KHPL/RCH/2005	Collector, Himatnagar	September 2005	For land at Sadoliya, District Sabarkantha under the Bombay Land Revenue Code, 1879, in connection with Kalol-Himatnagar section
51.	GSPL/KHPL/RCH/2005	Collector, Himatnagar	September 2005	For land at Sonasan, District Anand under the Bombay Land Revenue Code, 1879, in connection with Kalol-Himatnagar section

Note:

1. The Company has also obtained RoWs from various government and other agencies, including National High Authority of India; Sardar Sarovar Nigam Limited; Road and Building Department, GoG, Western Railway, which are material to our business.
2. In respect of the Expansion, we will require fresh approvals, licenses, and permissions, including RoUs and RoWs for the lands traversed by our pipelines. Further, each time we decide to construct new gas transmission pipelines, we will require further approvals, licenses, and permissions. We are in the process of obtaining or making applications for obtaining such licenses or approvals.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to resolution passed at its meeting held on September 20, 2005, authorized the Issue subject to the approval by the Shareholders of the Company under Section 81(1A) of the Companies Act.

The Shareholders have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the annual general meeting of the Company held on September 29, 2005 at Gandhinagar.

The Company had applied to the FIPB for approval to issue the Equity Shares in this Issue to non-resident investors. On November 30, 2005, the Company received the approval of the FIPB to issue up to 138,000,000 Equity Shares, representing 25.45% of its post-issue capital, through an initial public offering to non-resident investors such as FIIs, FVCIs and multilateral and financial institutions that are classified as QIBs, and to non-resident Indians on a repatriation basis.

The Company had written to the GoG on July 12, 2005 seeking its approval for the Issue. The E&PD, by its letter dated October 11, 2005, has granted in-principle approval for the Issue subject to certain conditions, including that (i) the Company has to obtain policy level approvals from the GoG through the E&PD, wherever required; (ii) the equity holding in the Company by the government and government owned entities shall not be diluted below 51% without the prior permission of the GoG; and (iii) IDF shall not participate in the Issue, directly or indirectly. The Company has, by its letter dated December 13, 2005, confirmed to the GoG that it has complied with the conditions in the GoG's in-principle approval.

The Company has received approvals from those of its lenders whose financing arrangements required it to obtain such approvals in connection with the Issue.

Prohibition by SEBI

The Company, the Directors, the Promoter, directors or the person(s) in control of the Promoter or the Promoter group, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Eligibility for the Issue

The Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI Guidelines as described below:

- The Company has net tangible assets of at least Rs.30 million in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has a track record of distributable profits in terms of Section 205 of the Companies Act for at least three out of immediately preceding five years;
- The Company has a net worth of at least Rs.10 million in each of the preceding three full years (of 12 month each); and
- The proposed Issue size, including all previous public issues in the same financial years, is not expected to exceed five times the pre-Issue net worth.

The net profit, dividend, net worth, net tangible assets and monetary assets for purposes of the eligibility criteria described above have been derived from the auditor's report included in this Prospectus under the Section titled "Financial Statements", for the last five years ended March 31, 2005 is set forth below:

(Rs. Million)

S.No.	Eligibility Criteria	Year Ended March 31,				
		2001	2002	2003	2004	2005
1.	Net Tangible assets[1]	1178.71	1283.85	2144.17	2654.86	4219.17
2.	Monetary assets[2]	850.75	212.01	76.47	74.47	426.12
3.	Distributable profits, as per Section 205 of the Companies Act	Nil	Nil	99.60	17.73	160.46
4.	Net worth	1,186.74	1,311.05	2,113.37	2,580.17	4,026.96
5.	Monetary Assets as a percentage of Net Tangible asset	72%	17%	4%	3%	10%

1. *"Net tangible assets" means the sum of all net assets (net of all liabilities) of the Company, excluding net deferred tax asset/liability and intangible assets , as defined in Accounting Standard 26 (AS 26) issue by the Institute of Chartered Accountants of India).*

2. *Monetary assets include cash in hand and bank and quoted investments.*

The Company undertakes that the number of Allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

The Promoter, the Company, and associate companies are not defined as willful defaulters by the RBI/Government of India authorities and there are no violations of securities laws committed by them in the past or pending against them. No penalty has been imposed by SEBI and other regulatory bodies against the Company, the Directors, the Promoter and other companies promoted by our Promoter.

Disclaimer Clause

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED AND ICICI SECURITIES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED AND ICICI SECURITIES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED OCTOBER 21, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

"(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

- **THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**
- **THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**

(III) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID;

(IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS." AND

(V) WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENTS OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

Disclaimer from the Company and the BRLMs

The Company, the Directors, and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.gujpetronet.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and us dated October 20, 2005 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/

hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to permitted Non Residents including FIIS, Eligible NRIs and other eligible foreign investors. This Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ahmedabad only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Disclaimer clause of NSE

As required, a copy of this prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/18372-S dated November 16, 2005 permission to the Issuer to use the Exchange's name in this Red Herring Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e the paid up capital shall not be less than Rs. 10 crores and market capitalization shall not be less than Rs.25 crores at the time of listing). The Exchange has scrutinized this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer clause of BSE

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated November 17, 2005 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document, or

ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

iii) take any responsibility for the financial or other soundness of this Compnay, its promoters, its management or any scheme or project of this Company.

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus dated October 21, 2005 has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with RoC situated at Jivabhai Chambers, RoC Bhawan, Opp. Rupal Park, Naranpura, Ahmedabad-380013, Gujarat, India.

Listing

Applications have been made to NSE and BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. NSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then the Company shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, the Domestic Legal Counsel, the International Legal Counsel, the Bankers to the Issue, Bankers to the Company; and (b) the Book Running Lead Managers, the Syndicate Members, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

T.N. Shah & Co, Chartered Accountants, our auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Expert Opinion

Except as stated elsewhere in this Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Expense (Rs. millions)
Lead management, underwriting and selling commission	90.00
Advertisement and marketing expenses	33.58
Printing, stationery including transportation of the same	38.21
Others (Registrar's fees, legal fees, listing fees, etc.)	48.21
Total estimated Issue expenses	210.00

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable by us to the Book Running Lead Managers and Syndicate Members (including underwriting commission and selling commission) will be as per the memorandum of understanding between the Company and the BRLMs dated October 20, 2005, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding between the Registrar to the Issue and the Company dated October 19, 2005.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by us to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Previous Rights and Public Issues

We have not made any public issue or rights issue of Equity Shares either in India or abroad in the five years preceding the date of this Prospectus.

Issues otherwise than for Cash

Except as stated in the Section titled "Capital Structure" on page 17 of this Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Equity Issues by us

Except for the syndication fee of Rs.7.2 million (plus taxes and out-of-pocket expenses) paid to Meghraj Financials Private Limited in connection with the investment by IDF, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Companies under the Same Management

We do not have any other company under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act, which has made any capital issue during the last three years.

Promise v/s Performance – Last Issue of Group/Associate Companies

Neither the Company nor its group/associate companies have made any capital issues.

Outstanding Debentures or Bonds or Redeemable Preference Shares

There are no outstanding debentures or bonds or redeemable preference shares issued by us as of the date of this Red Herring Prospectus.

Stock Market Data For Our Equity Shares

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of Allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant, and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances by the Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Sandeep Dave, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

Mr. Sandeep Dave,
Company Secretary
Gujarat State Petronet Limited
GSPC Bhavan, Sector 11, Gandhinagar
Gujarat – 382 011, India
Tel: +91-79 5570 1005/1312/1320
Fax: +91-79-2323 6477
Email: Sandeep@gujaratpetro.com

Changes in Auditors

There have been no changes in the auditors in the last three years except as detailed below:

Name of Auditors	Date of Appointment	Reasons for Change
T.N. Shah & Co.	September 2, 2005	Appointment by CAG
T.N. Shah & Co.	August 31, 2004	Appointment by CAG
G.C. Patel & Co.	January 7, 2004	Appointment by CAG
G.C. Patel & Co.	November 13, 2002	Appointment by CAG

Capitalization of Reserves or Profits

We have not capitalized any reserves or profits since our incorporation.

Revaluation of Assets

There has been no revaluation of assets by the Company.

Payment or benefit to officers of the Company

Except as stated otherwise in this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees since incorporation of the Company.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

ISSUE STRUCTURE

The present Issue of 138,000,000 Equity Shares at a price of Rs. 27 per Equity Share for cash, aggregating up to Rs. 3,726 million is being made through the Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares[1]	Up to 69,000,000 Equity Shares less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Minimum of 20,700,000 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum of 48,300,000 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue size available for allocation	Up to 50% of Issue or the Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Minimum of 15% of Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum of 35% of Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allocation if respective category is oversubscribed	Proportionate. a. 3,450,000 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and b. 65,550,000 Equity Shares shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate.	Proportionate.
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 250 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 250 Equity Shares thereafter.	250 Equity Shares and in multiples of 250 Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Allotment lot	250 Equity Shares and in multiples of 1 Equity Share.	250 Equity Shares and in multiples of 1Equity Share.	250 Equity Shares and in multiples of 1 Equity Share.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply[2]	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial	Resident Indian individuals, HUF (in the name of Karta), Eligible NRIs, companies, corporate bodies, scientific institutions societies and trusts.	Individuals (including HUFs (in the name of Karta) applying for such number of Equity Shares such that the Bid Amount does not exceed Rs.100,000 and Eligible NRIs) Resident Indian individuals HUF (in the name of Karta) and Eligible NRIs.

	institutions, venture capital funds registered with SEBI, state industrial development corporations, FVCIs, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Retail Individual Bidders shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate.
Margin Amount	Atleast 10% of the Bid Amount on bidding.	Full Bid Amount on bidding.	Full Bid Amount on bidding.

[1] Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 3,450,000 Equity Shares (assuming QIB Portion is 50% of the Issue Size, i.e. 138,000,000 Equity Shares), the remaining Equity Shares available for allocation in the Mutual Fund portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription if any will be allowed to be met with spill-over from any categories or combination of categories at the discretion of our Company in consultation with the BRLMs.

[2] In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefor.

Letters Of Allotment Or Refund Orders

We shall give credit to the beneficiary account with depository participants within two working days from the date of the finalization of basis of allotment. We shall ensure dispatch of refund orders, if any, of value up to Rs.1,500 by 'Under Certificate of Posting', and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to Bidders within the 15 day time prescribed above provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of upload of the demat credit.

We will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bid/ Issue Programme

BID/ISSUE OPENED ON	**: TUESDAY**	**JANUARY 24,**	**2006**
BID/ISSUE CLOSED ON	**: SATURDAY**	**JANUARY 28,**	**2006**

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) on all working days except Saturdays when they shall be accepted only between 10 a.m and 1 p.m (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/ Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/ Issue Closing Date.

The Company reserves the right to revise the Price Band during the Bidding/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the price band disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding/Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders, including upto 5% of the QIB Portion which shall be available for allocation to the Mutual Funds only. Further, a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and a minimum of 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, our Company in consultation with BRLMs may reject Bid at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares would be Allotted to all successful Bidders only in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents, including Eligible NRIs, FVCIs and FIIs, applying on a repatriation basis	Blue

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. Hindu undivided families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Eligible NRIs on a repatriation basis or a non-repatriation basis;
5. FIIs registered with SEBI on a repatriation basis;
6. State industrial development corporations;
7. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
8. Provident funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in Equity Shares;

9. Pension funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in Equity Shares;
10. Companies, corporate/bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares;
11. Venture Capital Funds registered with SEBI;
12. Foreign Venture Capital Investors registered with SEBI;
13. Mutual Funds registered with SEBI;
14. Indian financial institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
15. Multilateral and bilateral development financial institutions;
16. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in Equity Shares;
17. Scientific and/or industrial research organizations in India authorized under their constitution to invest in equity shares; and
18. Any other QIBs permitted to invest in the Issue under applicable law or regulation.

As per existing regulations, OCBs cannot Bid in the Issue.

Note: The BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bidders should note that:

Bidders are advised to ensure that any single Bid from them does not exceed the investments limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

In accordance with the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid up capital of the Company (i.e. 10% of 542,243,270 Equity Shares). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid up capital or 5% of the total paid up capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of its total paid up capital. With the approval of GoI, the Board of Directors and the Shareholders by way of a special resolution, the aggregate FII holding can go up to 100%**.**

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favor of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

In accordance with the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any venture capital fund or foreign venture capital investor should not exceed 25% of the corpus of the venture capital fund or of the foreign venture capital investor.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) For Retail Individual Bidders:

The Bid must be for a minimum of 250 Equity Shares and in multiples of 250 Equity Shares thereafter, so as to ensure that the Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIB Bidders:**

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 250 Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to the option of bidding at Cut-off Price.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

Information for the Bidders:

1. The Company has filed the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bids.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the member of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of Bidding

1. Our Company and the BRLMs has declared the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus filed with RoC and publish the same in two widely circulated newspapers (one each in English and Hindi) and in a regional newspaper. This advertisement shall contain the minimum disclosures as specified under Schedule XX-A of the SEBI Guidelines. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period (in accordance with the terms of the Syndicate Agreement).
2. The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding/Issue Period will be published in two national newspapers (one each in English and Hindi) and in a regional newspaper and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate and the Bidding/Issue Period may be extended, if required, by an additional three working days, subject to the total Bidding/Issue Period not exceeding 10 working days.
3. During the Bidding/Issue Period, investors who are interested in subscribing to our Equity Shares should approach the members of Syndicate or their authorized agents to register their Bid.
4. Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page 184 of the Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
5. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page187of the Red Herring Prospectus.
6. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS, for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment" on page 185 of the Red Herring Prospectus.
8. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 23 to Rs. 27 per Equity Shares, Rs. 23 being the floor of the Price Band and Rs. 27 being the cap of the Price Band.
2. Our Company in consultation with the BRLMs, can revise the Price Band during the Bidding/Issue Period, in which case the Bidding/issue Period shall be extended further for a period of three additional working days, subject to the total Bidding/Issue Period being a maximum of 10 working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the price band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and in a regional newspaper, and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate.

4. Our Company, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder has to Bid for the desired number of Equity Shares at a specific price. The Bidder can Bid at any price within the price band in multiples of Re.1. Retail Individual Bidders may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
6. Retail Individual Bidders who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the cap of the Price Band with the members of the Syndicate. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs.100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 250 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Application in the Issue

Equity Shares being issued through the Red Herring Prospectus can be applied for in the dematerialized form only.

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Issue Account and the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder, shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph

"Payment Instructions" on page 192 of the Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash/stock investment/money order shall not be accepted. The maximum Bid Amount has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account of the Company shall be transferred to the Refund Account. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment, to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 178 of this Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the Syndicate Members by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
   - Name of the investor;
   - Investor category –Individual, Corporate, QIBs, Eligible NRI, FII or Mutual Fund, etc;
   - Numbers of Equity Shares bid for;
   - Bid price;
   - Bid cum Application Form number;
   - Whether payment is made upon submission of Bid cum Application Form; and
   - Depository participant identification number and client identification number of the beneficiary account of the Bidder.

5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
6. **Such TRS will be non-negotiable and by itself will not create any obligation of any kind.**
7. Incase of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case on Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 195 of this Prospectus.
8. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company.
9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on NSE and BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to NSE or BSE mainframe on a regular basis in accordance with market practice.
2. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
3. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**
6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of [cheque or demand draft] for the incremental amount in the QIB Margin, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
7. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

8. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Company in consultation with the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with us.
2. Our Company in consultation with the BRLMs, shall finalize the "Issue Price" (and the number of Equity Shares to be allocated in each investor category).
3. The allocation for QIBs for up to 50% of the Issue would be on a proportionate basis (with a minimum 5% allocation of the QIB Portion reserved for Mutual Funds, and such Mutual Funds can participate in the remaining allocation for QIBs), in consultation with the Designated Stock Exchange subject to valid Bids being received at or above the Issue Price, in the manner as described in the Section titled "Basis of Allotment – Allotment to QIB Bidders". The allocation to Non-Institutional Bidders and Retail Individual Bidders of atleast 15% and 35% of the Issue respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Under subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of the Company, in consultation with the BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 3,450,000 Equity Shares, the balance Equity Shares from 5% specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
5. The BRLMs, in consultation with our Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
7. Allotment to Eligible NRIs, FIIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.
8. We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
9. In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Signing of Underwriting Agreement and RoC Filing

(a) We, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement on finalization of the Issue Price.

(b) After signing the Underwriting Agreement, we have updated and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus has details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by us after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

Subject to "Allotment Reconciliation and Revised CANs" as set forth under Chapter "Terms of Issue"

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be Allotted to such Bidder.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.

(b) As per SEBI Guidelines, **Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees**. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

(c) After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, the Company will allot the Equity Shares to the Allottees.

(d) Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;

b) Ensure that you Bid within the Price Band;

c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application From (blue in colour), as the case may be;

d) Ensure that the details about your depository participant and beneficiary account are correct as Equity Shares will be Allotted in the dematerialized form only;

e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

f) Ensure that you have been given a TRS for all your Bid options;

g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

h) If your Bid is for Rs.50,000 or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached copies of your PAN card or PAN allotment letter with the Bid cum Application Form. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. (See to the section "Issue Procedure - 'PAN' or 'GIR' Number" on page 194 of the Red Herring Prospectus.); and

i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the depository participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/revise Bid to a price that is less than the Floor Price or higher than the Cap Price;

(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid amount in cash;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs.100,000);

(g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

(h) Do not submit Bids accompanied by Stockinvest or postal order or money order; and

(i) Do not submit the GIR number in stead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and Eligible NRIs applying on non-repatriation basis and blue color for Non Residents including, Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis.
2. Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum application Forms or Revision Forms are liable to be rejected.
4. The Bids from the Retail Individual Bidders must be for a minimum of 250 Equity Shares and in multiples of 250 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 250 Equity Shares. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, depository participant's name and identification number and the beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the details of the Bidder's bank account. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND

BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, the Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLMs may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars and the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the depository of the Bidder). In such cases, the Registrar shall use the Demographic Details as given in the Bid cum Application Form in stead of those obtained from the depositories.

Bids by Eligible NRIs

Eligible NRI Bidders should comply with the following:

1. Individual Eligible NRIs can obtain the Bid cum Application Forms from our registered office, our corporate office, members of the Syndicate or the Registrar to the Issue.
2. Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through NRO Accounts shall use the Bid cum Application Form meant for resident Indians (White in color).

Bids by Eligible NRI's/ FIIs registered with SEBI / FVCIs registered with SEBI on a repatriation basis

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. By Eligible NRIs – Bids for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of Allocation and for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of Allocation.
4. By FIIs /FVCIs registered with SEBI – for a minimum of such number of Equity Shares and in multiples of 250 Equity Shares thereafter that the Bid Amount exceeds Rs. 100,000. For further details see section titled "Issue Procedure - Maximum and Minimum Bid Size" on page 183 of this Prospectus.
5. In the names of individuals, or in the names of FIIs or FVCIs, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Payment Instructions

We shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Accounts

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLMs.
3. In case the payment of the Bid Amount has been waived by a member of the Syndicate for Retail Individual Bidders and Non-Institutional Bidders during the Bidding Period, on receipt of the CAN, an amount equal to the Issue Price multiplied by the Equity Shares allotted to the Bidder, shall be paid by the Bidder into the Escrow Account within the period specified in the CAN which shall be a minimum period of two days from the date of communication list to the members of the Syndicate by the BRLMs.
4. The payment instruments for payment into the Escrow Account should be drawn in favour of:
   (a) In case of Resident QIB Bidders: **"Escrow Account QIB – GSPL Public Issue – R"**
   (b) In case of Non Resident QIB Bidders: **"Escrow Account QIB – GSPL Public Issue – NR"**
   (c) In case of Resident Retail and Non-Institutional Bidders: **"Escrow Account – GSPL – Public Issue"**
   (d) In case of Non Resident Retail and Non-Institutional Bidders: **"Escrow Account GSPL Public Issue – NR"**
   - In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.
   - In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
   - In case of Bids by FIIs, FVCIs registered with SEBI the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.
5. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
6. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders till the Designated Date.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account.
8. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be

accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/money orders/postal orders will not be accepted.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through stockinvest will not be accepted in the Issue.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. In case of QIB Bidders, subject to the payment of a minimum of 10% Margin Amount as required under the recently amended SEBI Guidelines, a member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form, provided, however, that for QIB Bidders the Syndicate Member shall collect the QIB Margin and deposit the same in a specified escrow account.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the despository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

'PAN' or 'GIR' Number

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. **Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.** In case the sole/First Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving license (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Age of First Bidder not given;
3. Bids by minors;
4. PAN not stated if Bid is for Rs. 50,000 or more and GIR number given instead of PAN and proof of PAN is not attached to the Bid cum Application Form;
5. Bids for lower number of Equity Shares than specified for that category of investors;
6. Bids at a price less than lower end of the Price Band;
7. Bids at a price more than the higher end of the Price Band;
8. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
9. Bids for number of Equity Shares, which are not in multiples of 250;
10. Category not ticked;
11. Multiple Bids;
12. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Bids accompanied by Stockinvest/money order/postal order/cash;
14. Signature of sole and/or joint Bidders missing;
15. Bid cum Application Form does not have the stamp of the BRLMs or the Syndicate Members;
16. Bid cum Application Form does not have the Bidder's depository account details;
17. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the depositary participant's identity (DP ID) and the beneficiary account number;
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.

20. Bids by OCBs;
21. Bids by U.S. residents or U.S. persons excluding "qualified institutional buyers" as defined in Rule 144A under the Securities Act; and
22. Bids by person who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

In terms of the in-principle approval received from the GoG dated October 11, 2005, IDF is not permitted to participate in this Issue either directly or indirectly.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 48,300,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 48,300,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 250 Equity Shares and in multiples of 1 (one) Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 20,700,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 20,700,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 250 Equity Shares and in multiples of 1 (one) Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows;
    (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
    (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;

(b) In the second instance allocation to all QIBs shall be determined as follows:

   (i) In the event of oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

   (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

   (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate allocation to QIB Bidders shall be up to 69,000,000 Equity Shares.

Method of proportionate basis of allocation in the QIB, Retail, and Non-Institutional Portions

Bidders will be categorized according to the number of Equity Shares applied for by them.

(a) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.

(c) If the proportionate Allotment to a Bidder is a number that is more than 250 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

(d) In all Bids where the proportionate Allotment is less than 250 Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of 250 Equity Shares; and
- The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and

(e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

Equity Shares in Dematerialized form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be Allotted only in a dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

(a) an agreement dated January 5, 2006 between NSDL, us and Registrar to the Issue;

(b) an agreement dated December 12, 2005 between CDSL, us and Registrar to the Issue.

Bidders will be Allotted Equity Shares only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either

NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.
9. Non-transferable allotment, advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.

Communications

All future communication in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Pre-Issue and Post Issue related problems

We have appointed Mr. Sandeep Dave, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

Mr. Sandeep Dave,
Company Secretary
Gujarat State Petronet Limited
GSPC Bhavan, Sector 11, Gandhinagar
Gujarat
Tel: +91-79 5570 1005/1312/1320
Fax: +91-79-2323 6477
Email: Sandeep@gujaratpetro.com

Disposal of applications and interest in case of delay

We shall ensure dispatch of Allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of finalization of Allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs. 1,500, 'Under Certificate of Posting', and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalization of the basis of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;
- dispatch of refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- we shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Undertakings by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
- that the funds required for dispatch of refund orders or Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the Non Residents shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilization of Issue proceeds

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilized monies have been invested;

We shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and the FEMA and circulars and notifications issued thereunder. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. As per the sector specific guidelines of the GoI, FDI up to 100% is permitted for natural gas/LNG pipelines with prior Government approval.

The Company has made an application to the FIPB for approval to issue the Equity Shares in this Issue to non-resident investors.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company (i.e., 10% of 542,243,270 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual.

As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company. With approval of our Board and that of the shareholders by way of a special resolution, the aggregate FII holding limit can be enhanced up to 100%; however as of the date of this Prospectus no such resolution has been recommended to our shareholders for approval.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI Guidelines, the important provisions of the Articles of Association of the Company relating to members' voting rights, lien on Equity Shares and process for modification of such rights, forfeiture of Equity Shares, restrictions on transfer and transmission of Equity Shares and debentures and on their consolidation and splitting are detailed below:

Capitalized terms in this section have the meaning that has been given to such terms in the Articles of Association of the Company.

CAPITAL

3. The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively and preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

   Provided however that where the Central Government has made an Order under Sub-Section 4 of Section 81 directing that any debenture issued by the Company or loan taken by the Company or any part thereof shall be converted into shares of the Company or where in pursuance of an option attached to debentures issued to or loans raised by the Company from a public Financial Institution, such Financial Institution, has proposed, to convert such debentures or loans or any part thereof into shares of the Company and on the application of such Public Financial Institution the Central Government shall make any order under Section 94.A (1) of the Act for increasing the Share Capital of the Company, the Authorized Share Capital of the Company shall stand increased by an amount equal to the amount of the value of the shares in to which such debenture or loans or part thereof has been converted.

Preference shares Right of Holders

(b) The holders of Preference shares shall be entitled to be paid out of the profits which the Directors shall determine to distribute by way of dividend, a fixed cumulative preferential dividend at such rate as may be decided at the time of issue on the amount credited as paid up there on and to the right, on winding up, to be paid all arrear of preferential dividend, whether earned or declared or not, down to the commencement of the winding up, and also to be repaid the amount of capital paid or credited as paid up on the preference shares held by them respectively in priority to any payment in respect of Equity Shares, but shall not be entitled to any other rights in the profits or assets of the Company.

    Subject as aforesaid and to the rights of the holders of any other shares entitled by the terms of issue to Preferential repayment over the equity shares in the event of the winding up of the Company, the holders of the Equity Shares shall be entitled to be repaid the amounts of the capital paid up or credited as paid up on such shares, and all assets thereafter shall belong to the holders of the Equity shares in proportion to the amount paid up or credited as paid up on Equity Shares respectively at the commencement of the winding up.

(c) Subject to the provisions of Section 80 of the Act, the following provision shall apply in regard to the redemption of the Cumulative Preference Shares.

    (i) The Company may from the date of issue of the shares, at any time at its option apply any profits or moneys of the Company which may be lawfully applied for the purpose in the redemption of the Preference shares at par, together with a sum equal to arrears of dividend thereon down to the date of redemption.

    (ii) In case of any partial redemption under sub-clause c(i) of this Article, the Company shall for the purpose of ascertaining the particular share to be redeemed, cause a drawing to be made at the office or at such other place as the Directors may decide in the presence of a representative of the Auditors for the time being of the Company.

    (iii) Forthwith after every such drawing the Company shall give to the holders of the shares drawn for redemption notice in writing of the Company's intention to redeem the same fixing a time (not less than three months thereafter) and the place for the redemption and surrender of the shares to be redeemed.

(iv) At the time and place so fixed each holder shall be bound to surrender to the Company the Certificate for his shares to be redeemed and the Company shall pay to him the amount payable in respect of such redemption and where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefore.

(v) Any of the Redeemable Cumulative Preference shares not previously redeemed under the foregoing provisions shall be redeemed at the expiry of 15 years from the date of the issue of the shares at par together with all arrears of the dividend thereon (whether earned or declared or not up to that date).

(d) The Redeemable Cumulative Preference Shares shall not confer on the holders thereof the right to vote either in person or by proxy at any general meeting of the Company save to the extent and in the manner provided by Section 87(2) of the Act.

(e) The rights, privileges and conditions for the time being attached to the Redeemable Cumulative Preference Shares may be varied, modified or abrogated in accordance with the provisions of these Articles and of the Act.

Increase of Capital by the Company and how carried into effect

4. (a) The Company in general meeting may, by ordinary resolution from time to time, increase the capital by creation of new shares and of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at general meeting of the Company in conformity with Section 87 of the Act.

Capital of two kinds only

5. Neither the original capital nor any increased capital shall be of more than two kinds, namely (i) Equity Share Capital and (ii) Preference Share Capital as defined in Section 85 of the Act.

New capital same as existing capital

6. Except in so far as otherwise provided by the conditions of issue or by these Articles any capital raised by creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of such calls and installment, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Redeemable Preference Shares

7. Subject to the provisions of Section 80, of the Act the Company shall have the power to issue preference shares which are or at the option of the Company are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

Provisions to apply on issue of Redeemable Preference Shares

8. (1) On the issue of Redeemable Preference Shares under the provisions of Article 7 hereof, the following provisions shall take effect:

(a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.

(b) No such shares shall be redeemed unless they are fully paid.

(c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed.

(d) Where any such shares are redeemed otherwise than out of the. proceeds of a fresh issue, there shall out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund to be called "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply, as if the capital redemption reserve account were the paid up share capital of the Company.

(e) Subject to the provisions of Section 80 of the Act, the redemption of preference shares hereunder may be affected in accordance with the terms and conditions in that behalf, in such manner as the Directors may think fit.

Reduction of Capital

9. The Company may (subject to the provisions of Section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by special resolution, reduce (a) its share capital (b) any capital redemption reserve account or (c) any share premium account in any manner and with and subject to any incidents, authorizations and consent required by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

Consolidation, division, sub-division and Cancellation of Shares

10. Subject to the provisions of Section 94 of the Act, the Company in general meeting may from time to time by an ordinary resolution alter the conditions of its memorandum as follows:

(a) Consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(b) Sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of share from which the reduced share is derived;

(c) Cancel any shares which, at the date of the passing of the resolution have not been taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

Modification of rights

11. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be varied, modified, commuted, affected or abrogated, or dealt with by the consent in writing of the holders of not less than three fourth of the issued capital of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class, and all the provisions hereafter contained as to general meetings shall, mutatis mutandis, apply to every such meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.

The rights conferred upon the holders of the shares, (including Preference shares, if any) of any class issued with preferred or other rights to privileges shall unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.

Commencement of business

The Company shall not commence any business until the requirements of Section 149 of the Act shall have been complied with.

SHARES AND CERTIFICATES

Further issue of Capital

14. (1) Where at any time it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of unissued share capital or out of increased share capital:

(a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date;

(b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than forty five days from the date of the offer within which the offer, if not, accepted, will be deemed to have been declined;

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in Sub-clause (b) hereof shall contain a statement of this right;

(d) PROVIDED THAT the Directors may decline, without assigning any reason, to allot any shares to any person in whose favour any member may renounce the Shares offered to him.

(e) After the expiry of the time specified in the aforesaid notice, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept shares offered, the Board of Directors may dispose them off in such manner as they think most beneficial to the Company.

Shares under control of Directors

15. [A] Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Directors who may allot or otherwise dispose off the same to such persons on such terms and conditions and at such times, as they think fit and with full power, subject to the sanction of the Company in general meeting to give any person the option to call for or, be allotted shares of any class of the Company either at a premium or at par or at a discount subject to the provisions of Sections 78 and 79 of the Act and for such time and for such consideration as the Directors think fit.

Non-resident Shareholders

[B] Company shall be entitled to invite non-resident individuals and other non-resident persons to invest in the shares and debentures of the Company subject to the rules and regulations of the Reserve Bank of India.

Application of premium received on shares

16. (1) Where the Company, issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these shares shall be transferred to an account, to be called "THE SHARE PREMIUM ACCOUNT' and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this clause, apply as if the share premium account were the paid up share capital of the Company.

Power to Company in General Meeting to issue shares

17. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 15 and 16, the Company in General Meeting may subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Sections 78 and 79 of the Act) as such general meeting shall determine and with full power to give any person whether a member or not the option to call for or be allotted shares of any class of the Company either at a premium or at par or at a discount (subject to compliance with the provisions of Sections 78 and 79 of the Act) such option being exercisable at such time and for such consideration as may be directed by such general meeting or the Company in general meeting may make any other provisions whatsoever for the issue, allotment or disposal of any such shares.

Shares at a discount

18. The Company may issue shares at discount of a class already issued, if the following conditions are fulfilled, namely:

(i) the issue of the shares at a discount is authorised by a resolution passed by the Company in general meeting and sanctioned by the Company Law Board.

(ii) the resolution specifying the maximum rate of discount (not exceeding ten per cent or such higher percentage as the Central Government may permit in any special case) at which the shares are to be issued; and

(iii) the shares to be issued at a discount are issued within two months after the date on which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.

The Board may issue shares as fully paid up

20. Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the capital of the Company as payment of any property sold or transferred or for service rendered to the Company in the conduct of its business and any shares which may be so issued shall be deemed to be fully paid up shares.

Deposit and call etc., to be a debt payable

22. The money (if any) which the Board of Directors shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit. call or otherwise, in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the register of member as the name of the holder of such shares, become a debt to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

Liability of Members

23. Every member, or his heirs, executors or administrators to the extent of his assets which come to their hands shall be liable to pay to the Company, the portion of the capital represented by his share or shares which may for the time being remain unpaid thereon in such amounts, at such time or times, and in such manner as the Board of Directors shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

Share Certificate

24. a) Every member or allottee of shares shall be entitled, without payment, to receive one certificate for all the shares of the same class registered in his name every share certificate specifying the name of the person in whose favour it is issued, the share certificate number and the distinctive number(s) of the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation or in cases of issue of bonus shares PROVIDED THAT if the letter of allotment is lost or destroyed the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence. The certificates of the title to shares shall be issued under the Seal of the Company and shall be signed in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force. Printing of blank forms to be used for issue of Share Certificates shall be in accordance with the provisions of aforesaid rules. Such certificates of title to shares shall be completed and kept ready for delivery within three months after the allotment unless the conditions of shares provide otherwise.

(b) Any two or more joint allottees or holders of shares shall for the purpose of this Article, be treated as a single member and the certificate of any share which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them.

Renewal of share certificates

25. No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.

The first name of joint holders deemed sole holder

26. If any share stands in the names of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at

meetings and the transfer of the shares, be deemed the sole holder thereof but joint holders of a share, shall severally as well as jointly be liable for the payment of all instalments and calls due in respect of such share, and for all incidents thereof according to the Company's regulations. .

Company not bound to recognize any interest in share other than of registered holders

27. Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall not be bound to recognize, even when having notice thereof, any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, in the person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion, to register any share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

No purchase of or loans on Company's Shares

28. None of the funds of the Company shall except as provided by Section 77 of the Act be employed in the purchase of its own shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 and 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person, of or for any share in the Company or in its holding Company.

UNDERWRITING AND BROKERAGE

Commission may be paid

29. Subject to the provisions of Section 76 of the Act the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures of the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued and in the case of debentures two and a half percent of the price at which the debentures are issued. Such Commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or debentures as the case may be or partly in one way and partly in the other.

Brokerage

30. The Company may on any issue of shares or debentures pay such brokerage as may be reasonable and lawful.

INTEREST OUT OF CAPITAL

Interest out of capital

32. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provisions of any plant, which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to Capital as part of the cost of construction of the work or building or the provision of the plant.

CALLS

Directors may make calls

33. Subject to the provisions of Section 91 of the Act the Board of Directors may, from time to time, by a Resolution passed at a meeting of the Board (and not by a circular resolution) make such calls as it thinks fit upon the members in respect of all moneys unpaid on the shares whether on account of the nominal value of the shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by instalments. A call may be postponed or revoked as the Board may determine.

Notice of calls

34. Thirty day's notice at least in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

Partial payment not to preclude forfeiture

41. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his share, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any sum of money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

Payment in anticipation of calls may carry interest

42. The Board of Directors may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amount due upon the shares held by him beyond the sums actually called for and upon moneys so paid in advance or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board of Directors may pay or allow interest, at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum as the member paying the sum in advance and the Board of Directors may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to such members three months notice in writing.

    No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment presently payable.

LIEN

Company to have lien on shares

43. The Company shall have a first and paramount lien upon all shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such shares shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends from time to time declared in respect of shares. PROVIDED THAT the Board of Directors may, at any time, declare any share to be wholly or in part exempt from the provisions of this Article.

Enforcing lien by sale

44. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien for the purpose of enforcing the same.

FORFEITURE OF SHARES

If money payable on share not paid, notice to be given to member

47. If any member fails to pay any call or any instalment of a call on or before. the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter, during such time as the call or instalment remains unpaid give notice to him requiring him to pay the same together with any interest that. may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

In default of payment, shares to be forfeited

50. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually before the forfeiture.

Effect of forfeiture

54. The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in and all claims and demands against the Company in respect of the share, except, only such of those rights as by these Articles are expressly saved.

Power to annul forfeiture

55. The Board of Directors may at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.

Surrender of shares

59. The Directors may, subject to the provisions of the Act, accept a surrrender of any share from or for any member desirous of surrendering on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

To be executed by transferor and transferee

63. Every such instrument of transfer duly stamped shall be executed by or on behalf of both the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of members in respect thereof.

Transfer by legal representative

64. A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

Directors may refuse to register transfers

65. (a) Subject to the provisions of Section 111 of the Act, or any statutory modification thereof for the time being in force, the Directors may at any time in their own absolute and uncontrolled discretion and without assigning any reasons or grounds, decline to register or acknowledge any transfer of any shares and in particular may so decline in any case in which the Company had a lien upon the shares desired to be transferred or any call or installment regarding any of them remains unpaid. The registration of a transfer shall be conclusive evidence of the approval of the Directors to the transfer.

PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.

(b) No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

Directors may decline to recognize transfer

66 A. The Board may also decline to recognise any instrument of transfer unless:

(i) The instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(ii) The instrument of transfer is in respect of only one class of share; and

(iii) The instrument of transfer is duly stamped.

Persons entitled may receive dividend without being registered as member

74. [A] A person entitled to a share by transmission shall subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share.

Transfer to be presented with evidence of title

[B] Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the Transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board of Directors shall, from time to time prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors. But any instrument of transfer which the Board of Directors may decline to register shall on demand be returned to the person depositing the same,

Dematerialization of Securities

77A b. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize it securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996. Securities of the Company can be held in Physical form or Dematerialized form as permitted by law from time to time.

c. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of the depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed issue to the Beneficial Owner the required certificates of securities. If a person opts to hold his security with a depository the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Nomination Facility

77B a. Every holder of shares, or holder of debentures of the Company may at any time, nominate, in the prescribed manner a person to whom his shares in or debentures of the Company shall vest in the event of his death.

c. Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder of debentures holder of the Company or as the case may be on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or as the case may be all the joint holders in relation to such shares in or debenture of the company to the exclusion of all the other persons, unless the nomination is varied or cancelled in the prescribed manner.

Buy back of shares

77 C. Subject to the other terms of these Articles, the Company shall be entitled to purchase its own shares or other securities, subject to such limits and upon such terms and conditions and subject to such approvals as required under Section 77 A and other applicable provisions of the Companies Act, 1956, The Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 and any amendments, modification(s), repromulgation (s) or re enactment(s) thereof.

COPIES OF MEMORANDUM AND ARTICLES OF ASSOCIATION TO BE SENT TO MEMBERS

Copies of Memorandum and Articles of Association to be sent to members

78. The Company shall subject to the payment of the fees prescribed under Section 39 of the Act or its statutory modification for the time being in force, on being so, required by a member send to him within seven days of the requirement a copy of each of the following documents as in force for the time being.

(a) The Memorandum

(b) The Articles, and

(c) Every agreement and every resolution referred to in Section 192 of the Act and in so far as they have not been embodied in the Memorandum of the Company or these Articles.

BORROWING POWERS

Powers to Borrow

79. Subject of the provisions of Sections 58A, 292 and 293 of the Act and of these Articles, the Board of Directors may from time to time at its discretion by a resolution passed at a meeting of the Board accept deposits from members either in advance of calls or otherwise and generally accept deposits, raise loans or borrow or secure the payment of any sum or sums of money for the purpose of the Company from any source. PROVIDED HOWEVER where the moneys to be borrowed together with the money already borrowed including acceptance of deposits (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such moneys without the sanction of the Company in general meeting. No debt incurred by the Company in the excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been so exceeded.

Terms of issue of debentures

81. Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and condition as to redemption, surrender, drawing allotment of shares attending (but not voting) at general meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in general meeting.

Mortgage of uncalled capital

82. If any uncalled capital of the Company is included in or charged by any mortgage or other security, the directors may, subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

SHARE WARRANTS

Power to issue share warrants

85. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 and accordingly the Board may in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the share and the amount of the stamp duty on the warrant and such fee as the board may from time to time require issue a share warrant.

Deposit of share warrant

86. (1) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of the member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of Members as the holder of the share included in the deposited warrant.

(2) Not more than one person shall be recognised as depositor of the share warrant.

(3) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may be converted into stock

89. The Company, may be Ordinary Resolution.

a) convert any paid up shares into stock,

(b) reconvert any stock into paid-up shares of any denomination.

MEETINGS OF MEMBERS

Annual General Meeting

93. (1) The Company shall in each year hold, in addition to any other meetings, a general meeting as its Annual General Meeting in accordance with the provisions of Sections 166 and 210 of the Act and shall specify the meeting as such in the notice calling it, except in the case where the Registrar, has given an extension of time for holding any annual general meeting and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

(2) Every annual general meeting shall be called for any time during business hours, on a day that is not a public holiday and shall be held either at the registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated for the time being.

(3) Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as auditor.

Statutory meeting

93A. The statutory meeting of the Company shall be held at such place and time (not less than one month or more than six months from the date at which the Company is entitled to commence business) as the Directors may determine and the Directors shall comply with the provisions of Section 165 of the Act relating thereto.

Report, statement and Registers to be laid before the annual general meeting

94. At every annual general meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited statement of accounts), the proxy register with proxies, and the Register of Directors' Shareholding.

Extraordinary General Meeting

95. All general meetings other than annual general meeting shall be called Extra Ordinary General Meetings.

Circulation of Members' Resolution

97. (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such member or members as is hereinafter specified and (unless the annual general meeting otherwise resolves) at the expense of the requisitionists:

(a) give to the members of the Company entitled to receive a notice of the next annual general meeting, notice of any resolution which may properly be moved and is intended to be moved at the meeting,

(b) circulate to members entitled to have notice of any general meeting sent to them, any statement of not more than one thousand words with respect, to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

(2) The number of members necessary for a requisition under clause (1) hereof shall be :

(a) Such member or members as represent not less than one twentieth of the total voting power of all the members having at the date of requisition a right to vote on the resolution or business to which the requisition relates; or

(b) not less than one hundred members having the right aforesaid and holding shares in the Company on which there has been paid up an aggregate sum of not less than rupees 0.1 million in all.

(3) Notice of any such resolution shall be given and any such statement shall be circulated to members of the Company entitled to have *notice* of the meeting sent to them by serving a copy of the resolution or statement on each member in any manner permitted by the Act for service of notice of the meeting and notice of any such resolution shall be given to any other member of the Company giving notice of the general effect of the resolution

in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served or notice of the effect of the resolution shall be given as the case may be in the same manner, and so far as practicable at the same time as notice of the meeting, and where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless

(a) a copy of the requisition signed by the requisitionists (or two or more copies which between them contain the signature of all requisitionists) is deposited at the registered office of the Company,

(i) in the case of a requisition requiring notice of resolution, not less than six weeks before the meeting, and

(ii) in the case of any other requisition not less than two weeks before the meeting, and

(b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

PROVIDED THAT IF after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, and an annual general meeting is called for a date six weeks or less after such copy has been deposited the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purpose thereof.

(5) The Company shall not also be bound under this Article to Circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved the court is satisfied that the rights conferred by this clause are being abused to secure needless publicity for defamatory matter.

(6) Notwithstanding anything in the Articles contained, the business which may be dealt with at an annual general meeting shall include a resolution of which notice is given in accordance with this Article and for the purpose of this clause notice shall be deemed to have been so given notwithstanding the accidental omission in giving it to one or more members.

Extra-ordinary general meeting by Board and by requisition

98. The Directors may whenever they think fit convene an extra ordinary general meeting and they shall on requisition of the members as hereinafter provided forthwith proceed to convene an extra-ordinary general meeting of the Company.

Special and ordinary business, explanatory statement

102. (1) (a) In the case of an annual general meeting, all business to be transacted at the meeting, shall be deemed special with the exception of business, relating to :

(i) The consideration of the accounts, balance sheets and reports of the Board of Directors and Auditors.

(ii) The declaration of dividends.

(iii) The appointment of Directors in the place of those retiring, and

(iv) The appointment of and the fixing of the remuneration .of the auditor.

(b) In the case of any other meeting all business shall be deemed special.

(2) Where any item of business to be transacted at the meeting of the Company is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement, setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any therein of every Director.

PROVIDED THAT where any item of special business at the meeting of the Company relates to or affects any other Company the extent of shareholding interest in that other Company of every Director shall be set out in the statement, if the extent of such shareholding interest is not less than 20 per cent of the paid-up share capital of that other Company.

(3) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Notice of business to be given

104. No general meeting, annual or extra-ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the meeting.

Quorum

105. Five members entitled to vote and present in person shall be quorum for general meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. President of India or the governor of a State being a member of the Company shall be deemed to be personally present if he is represented in accordance with Section 187 of the Act.

Voting to be by show of hands in the first instance

111. At any general meeting, a resolution put to the vote of the meeting shall unless a poll is demanded under Article 113 be decided on show of hands.

Demand for Poll

113. (1) Before or on the declaration of the result of the voting on any resolution on show of hands a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on demand made in that behalf by the person or persons specified below, that is to say :

(a) by at least five members having the right to vote on the resolution and present in person or by proxy; or

(b) by any member or members present in person or by proxy and having not less than one tenth of the total voting power in respect of the resolution; or

(c) by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being share on which aggregate sum has been paid up which is not less than one-tenth of the total sum paid up on all the shares conferring that right.

(2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand

Chairman's casting vote

115. In the case *of* an equality of votes the Chairman shall both on a show of hands and a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Scrutinieers at Poll

116. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutinieers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have the power at any time before the result *of* the poll is declared to remove the scrutineer *from* office and fill vacancies in the office *of* the scrutineer arising from such removal or from any other cause.

Resolutions requiring special notice

119. The following resolution shall require special notice:

(1) Resolution under Section 225 of the Act at an annual general meeting appointing as Auditor person other than a retiring Auditor or providing expressly that a retiring Auditor shall not be re-appointed.

(2) Resolution under Section 284 of the Act removing a Director before the expiry of his period of office.

(3) Resolution under Section 284 of the Act appointing a Director in place of the Director so removed.

VOTES OF MEMBERS

Restriction on exercise of voting rights of members who have not paid calls

122. No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other

sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

Number of votes to which member entitled

123. Subject to the provisions of Articles 121 and 122 every member of the Company holding any share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll when present in person (including a body corporate by a duly authorised representatives) or by an agent authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid up equity share capital of the Company.

PROVIDED HOWEVER, if any Preference shareholder be present at any meeting *of* the Company, save as provided in clause (b) *of* sub-section (2) *of* Section 87, he shall have a right to vote only on resolutions before the meeting which directly affect the rights attached to his preference share. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote is taken.

Vote of joint members

125. If there be joint registered holders *of* any shares anyone *of* such persons may vote at any meeting personally or by an agent duly authorised under a Power *of* Attorney or by proxy in respect *of* such shares, as if were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting, and if more than one *of* such joint holders be present at any meeting either personally or by agent or by proxy that one *of* the said person so present who stands higher on the Register shall alone be entitled to speak and to vote in respect *of* such shares, but the other or others *of* the joint holder shall be entitled to be present at the meeting provided always that a person present at any meeting personally shall be entitled to vote in preference to a person present by an agent duly authorised under a Power *of* Attorney or by proxy although the name *of* such person present by agent or proxy stands first or higher in the Register in respect *of* such shares Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.

Voting in person or by proxy

128. Subject to the provisions *of* these Articles vote may be given either personally or by proxy.

Proxies

130. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself. PROVIDED ALWAYS that a proxy so appointed shall not have any right whatsoever to speak at the meeting. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies.

Proxy either for specified meeting or for a period

131. An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purposes of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

No proxy to vote on a show of hands

132. No member present only by proxy shall be entitled to vote on a show of hands.

DIRECTORS

Number of Directors

140. (a) Until otherwise determined in a General Meeting of the Company and subject to the provisions of the Act, the number of Directors of the Company shall not be less than three and nor more than twelve or such higher number is may be permitted from time to time.

Power to Appoint Directors

141. (a) Subject to the provisions of the Act and Articles 142, 143, 144 and 145 of the Articles of Association so long as Gujarat State Petroleum Corporation .Limited holds not less than 26% in the share capital of the Company, directly or indirectly through its subsidiaries or associates, it shall be entitled to nominate and appoint majority of the directors on the Board of Directors of the Company. Such Directors, not exceeding 1\3rd of total number of directors, shall not liable be to retire by rotation. Each such permanent director shall hold office until he is either removed from the office or another person nominated or appointed in his place, or until he vacates the office by resignation or otherwise. The removing the directors shall be as per the provisions of the Act.

Chairman

(b) Subject to the provisions of the Articles 141 (a) so long as Gujarat State Petroleum Corporation Limited holds not less than 26% in share capital of the Company, directly or indirectly through its subsidiaries or associates, the Chairman of the Board shall be nominated by Gujarat State Petroleum Corporation Limited from time to time.

Debenture Directors

142. Any Trust Deed for securing debentures or debenture stock may if so agree provide for the appointment, from time to time, by the Trustees thereof or by the holders of debentures or debenture stock, of some person to be a Director of the Company and may empower such Trustees or holder of debentures or debenture stock, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provision as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Corporation Directors

143. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India Limited (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), Life Insurance Corporation of India (LIC) , Gujarat Industrial Investment Corporation Limited (GIIC), Gujarat State Financial Corporation Limited (GSFC), and Unit Trust of India (UTI) or to any other Finance Corporation or Credit Corporation or to any other Financing Company or Body or any Bank out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC, GIIC, GSFC, and UTI or any other Financing Company or Body or any Bank (each of which IDBI, IFCI, ICICI, LIC, GIIC, GSFC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body or any Bank is hereinafter in this Article referred to as "The Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors, whole time or non whole time, (which Directors or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Special Directors

144. In connection with any collaboration arrangement with any Company or Corporation or any firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, firm or person hereinafter in the clause referred to as "Collaborator" to appoint from time to time any person as a Director of the Company (hereinafter referred to as "Special Director") and may agree that such Special Director shall not be liable to retire by rotation so however that such Special Director shall hold office so long as such collaboration arrangement remains in force.

Share qualification of Directors

149. A Director shall not be required to hold any qualification shares.

Remuneration of Directors

150. The remuneration of Director for his service shall be such sum as may be fixed by the Board of Directors not exceeding Rupees two hundred fifty for each meeting of the Board or a Committee thereof attended by him. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in general meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine, and in default of such determination shall be divided among the Directors equally provided that if a Member of Parliament or a Member of Legislative Assembly is a Director, he shall not be entitled to any such remuneration or further remuneration.

Disqualification of Directors

154. A person shall not be capable of being appointed Director of the Company if

(a) he has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;

(b) he is an undischarged insolvent;

(c) he has applied to be adjudged an insolvent and his application is pending;

(d) he has been convicted by a court of any offence involving moral! turpitude and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.

(e) he has not paid any call in respect of shares of the Company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call, or

(f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and. is in force; unless the leave of the Court has been obtained for his, appointment in pursuance of that section.

Removal of Directors

155. (3) (a) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) by ordinary resolution remove any director before the expiry of his period of office.

(b) Special notice as provided by Article 118 or Section 1.90 of the Act shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of Director so removed at the meeting at which he is removed.

(c) On receipt of notice of resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is member of the Company) shall be entitled to be heard on the resolution at the meeting.

(d) Where notice is given of a resolution to remove. Director under this Article and the Director concerned makes with respect thereto a representation in writing to the company (not exceeding a reasonable length) and requests its notification to members of the company, the company shall unless the representation is received by it too late for it to do so (a) In the notice of resolution given to members of the Company state the facts of the representation having been made, and (b) send a copy of the representation to every member of the company to whom notice of the meeting is sent (before or after the representation by the company) and if a copy of the representation is not sent as aforesaid because it was received too late or because of the company's default the Director may (without prejudice to his right to be heard orally require that the representation shall be read out at the meeting; provided that copies of the representation need not be sent or heard if, the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

(e) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article' 147 or Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under sub-clause (3) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

(f) If the vacancy is not filled under sub-clause (e), it may be filled as a casual vacancy in accordance with the provisions in so far as they are applicable of Article 147 or Section 262 of the Act, the all the provisions of that Article and Section shall apply accordingly.

(g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.

(h) Nothing contained in this Article shall be taken:

(i) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as director; or

(ii) as derogating from any power to remove a Director which may exist apart from this Article.

Directors may contract with Company

156. Subject to compliance with the provisions of Sections 297, 299, 300 and 314 of the Act and save as therein provided no Director shall be disqualified by his office from holding any office or place of profit under the Company or under any Company in which this Company shall be a shareholder or otherwise interested, or from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or any arrangement entered into by or on behalf of the Company in which any Director shall be in anyway interested be avoided, nor shall any Director be liable to account to the Company for profit arising from any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.

Disclosure of Director's interest

157. (1) Every Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed arrangement or contract entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest in a meeting of the Board of Directors in the manner provided in Section 299 (2) of the Act.

(2) (a) In the case of proposed contract or arrangement the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if the Director was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement at the first meeting of the Board held after he be so concerned or interested.

(b) In case of any other contract or arrangement the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement

(3) (a) For the purpose of clause (1) and (2) a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement

which may, after the date of the notice be entered into with that body corporate or firm, shall be deemed to be sufficient disclose of concern or interest into relation to any contract or arrangement so made.

(b) Any such general notice, shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time by a fresh notice given in the last month of financial year in which it would otherwise expire.

(c) No such general notice, and no renewal thereof shall be of effect unless either it is given at a meeting of the Board, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(4) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other Company where anyone or more of the Directors of the Company together holds or hold not more than two per cent of the paid-up share capital in the .other Company.

Board Resolution necessary for certain contracts

158. (1) Except with the consent of the Board of Directors of the Company, a Director of the Company, or his relative, a firm in which such a Director or relative is partner, any other partner in such a firm, or a private Company of which the Director is a member or Director shall not enter into any contract with the Company.

(a) for the sale, purchase or supply of goods, materials or services, or

(b) for underwriting the subscription of any shares in or debentures of the Company.

PROVIDED THAT so long as paid up share capital of the Company is not less than Rupees one crore no such contract shall be entered into except with the previous approval of the Central Government.

(2) Nothing contained in clause (a) of sub-clause (1) shall affect :

(a) the purchase of goods and materials for the Company or the sale of goods and materials to the Company by any Director relative firm, partner, or private company as aforesaid for cash at prevailing market prices; or

(b) any contract or contracts between the Company on one side and any such Director relative firm partner, or private company on the other for sale, purchase or supply of any goods, materials and services which either the Company or the Director, relative, firm partner or private company as the case may be regularly trades or does business, PROVIDED that such contract or contracts do not relate to goods and materials the value of which or services the cost of which exceeds five thousand rupees in the aggregate in any year comprised in the periods of the contract or contracts, or

(3) Notwithstanding anything contained in Clause (1) & (2) a Director relative, firm, partner or private company as aforesaid may, in circumstances of urgent necessity enter, without obtaining the consent of the Board, into any contract with the Company for the sale, purchase of any goods, materials or services even if the value of such goods or cost of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract but in such a case of consent of the Board shall be obtained at a meeting within three months of the date on which the contact was entered into.

(4) Every consent of the Board required under this Article shall be accorded by a resolution of the Board required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of date on which it was entered into.

(5) If the consent is not accorded to any contract under this Article anything done in pursuance of the contract will be voidable at the option of the Board.

Disclosure to members of Director’s interest in contract in appointing manager or Managing Director’

159. If the Company:

(a) enters into a contract for the appointment of a manager of a Managing Director of the Company in which contract any Director of the Company is in any way directly or indirectly concerned or interested, or

(b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid the provisions of Section 302 of the Act shall be complied with.

Loans to Directors etc.

161. The Company shall not without obtaining the previous approval of the Central Government in that behalf, directly or indirectly make any loan to or give any guarantee or provide any security in connection with a loan made by any other person to or to any other person by.

(a) any Director of the Company or any partner or relative of any" such Director;

(b) any firm in which any such Director or relative is a partner;

(c) any private company of which any such Director is a Director or member;

(d) any body corporate at a general meeting of which not less than twenty-five per cent of the total voting power may be exercised or controlled by any such directors or by two or more such Directors together, or

(e) any body corporate, the Board of Directors or manager whereof, is accustomed to act in accordance with the directions or instructions of the Board, or of any Director or Directors of the Company.

Loans etc. to Companies under the same management

162. The Company shall observe the restrictions imposed on the Company in regard to making any loans, giving any guarantee or providing any security to the companies or bodies corporate as provided under section 372A of the Act.

Interested Director not to participate or to vote in proceedings

163. No Director of the Company shall as a Director take any part in the discussion of or vote on any contract or arrangement entered into, or to be .entered into, by or on behalf of the Company if he is in any way whether directly or indirectly concerned or interested; in such contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote it shall be void, provided that the Board of Directors or any of its number may vote on any contract of indemnity against any loss which it or anyone or more of its number may suffer by reason of becoming or being sureties or surety for the Company. Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into with a public company or a private company which is subsidiary of a public company in which the interest of the Director aforesaid consists solely.

(1) In his being Director of such Company and the holder of not more than snares of such number and value therein as is requisite to qualify him for the appointment as a Director thereof. he having been nominated as such Director by the Company.

(2) In his being a member holding not more than two per cent of its paid up share capital.

Directors may be Director of Companies promoted by the Company

165. A Director may be or become a Director of any Company promoted by the Company in which it may be interested as a Vendor, share-holder, or otherwise and no such Director shall be accountable for any benefits received as director or shareholder of such company except in so far as Section 309 (6) or Section 314 of the Act may be applicable.

Rotation of Directors

166 Subject to the provisions of Section 256 of the Act and Article 141,142,143,144,145, & 178 and other applicable Articles at every Annual General Meeting of the Company not less than one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or multiple of three the number nearest to one third shall retire from the office. The Government Directors, debenture Directors, the Corporation Directors, Special Directors, and Managing Directors, or whole time Directors if any shall not be subject to retirement under this Article and shall not be taken into account in determining the number of directors to retire by rotation.

Right of State Government to appoint etc. the Directors

167. Subject to the provisions of Article 141, notwithstanding anything contained in Article 166 or any other Articles, so long as Gujarat State Petroleum Corporation Limited, holds not less than 26% in share capital of the Company, directly or

indirectly through its subsidiaries or associates, Government of Gujarat shall have right to appoint, nominate, remove or retire 2 Directors on the Board of the Company who shall be known as 'Government Director' and Gujarat Infrastructure Development Board shall have right to appoint, nominate, remove or retire 1 Director on the Board of the Company who shall be covered in term 'Government Director' for the purposes of this Articles.

MANAGING DIRECTOR

Appointment of Managing Director

178. Subject to the provisions of Section 269 and other applicable provisions of the Companies Act, 1956, so long as Gujarat State Petroleum Corporation Limited holds not less than 26% in share capital of the Company, directly or indirectly through its subsidiaries or associates the nominee of Gujarat State Petroleum Corporation Limited shall be the Managing Director of the Company. Unless otherwise decided by its board of Directors, Managing Director of Gujarat State Petroleum Corporation Limited shall be the Managing Director of the Company.

Retirement of Managing / Whole time Director/s

179. Subject to the provisions of the Act and these Articles, the Managing Director or the whole time Director shall not while he continues to hold that office be subject to retirement by rotation under Article 166 but he shall subject to the provisions of any contract between him and the Company be subject to the same provision pertaining to resignation and removal of Directors as applicable to the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or whole time Director if he ceases to hold the office of Director due to any cause provided that if at any time the number of Director (including Managing Director or whole time Director) as are not subject to retirement by rotation shall exceed 1/3 of the total number of the Directors for the time being then such of the Managing Directors or whole time Directors or two or more than of them as the Directors may from time to time determine shall be liable to retirement by rotation in accordance with the Article 166 to the extent that the number of Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

Remuneration etc. of Managing Director/Chairman

180. So long as Gujarat State Petroleum Corporation Limited holds not less than 26% in share capital of the Company, directly or indirectly through its subsidiaries or associates, its Board shall have right to determine the term and remuneration of the Managing Director/Chairman, from time to time.

181. Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be in the hands of the Managing Director(s) if any, with power to the Board to distribute such day to day management functions among such Director(s) in any manner as deemed fir by the Board and subject to the provisions of the Act and these Articles the Board may be resolution vest any such Managing Director or Managing Directors or whole time Director or whole time Directors such of the power vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or period and upon such conditions and subject to such restrictions as it may determine and they may subject to the provisions of the Act and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Restrictions on powers of Managing Director

181. A. The Managing Director shall not exercise the power to :

- a. make calls on shareholders in respect of money unpaid on their shares in the Company, and
- b. issue debentures and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act. The Managing Director shall also not exercise the power to :
  - (i) borrow moneys otherwise than on debentures,
  - (ii) invest the funds of the Company,
  - (iii) make loans.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Meeting of Directors

182. The Directors may meet together as a Board for the dispatch of business from time to time and unless the Central Government by virtue of the proviso to Section 285 of the Act otherwise directs, shall so meet at least once in every three months and at least four such meetings shall be held in. every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

Quorum for Board Meeting

184. (a) Subject to Section 287 of the Act the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors if any whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, PROVIDED THAT where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the total strength, the number of the remaining Directors (that is to say the number of Directors who are not interested) present at the meeting being not less than two shall be quorum during such time.

(b) For the purpose of Clause (a)

(i) Total Strength of the Board of Directors of the Company shall be determined in pursuance of the Act, after deducting there from number of the Directors, if any, whose places may be vacant at the time, and

(ii) Interested Directors' means any Director whose presence cannot be reason of Article 163 hereof or any other provisions in the Act count for the purpose of forming a quorum at a meeting of the Board at the time of the discussion or vote on any matter.

Procedure when meeting adjourned for want of quorum

185. If a meeting of the Board could not be held for want of quorum then the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place.

Chairman

186. The Directors from among their number may elect a Chairman. The Chairman shall preside at all meetings. If no Chairman is elected or if at any meeting the Chairman is not present at the appointed time for holding the same, the Directors present shall choose one of their numbers to be Chairman of such meeting.

Directors may appoint committees

189. The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of Act and of these Articles appoint committee of the Board and delegate any of the powers other than the powers to make calls and to issue debentures to such committee or committees of the Board either wholly or in part and either as to the persons or purposes, but every committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation that may from time to time be imposed on it by the Board of Directors. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise, shall have the like force and effect, as if done by the Board.

Remuneration of members of the committee

191. A Subject to provisions of Act, the Directors may from time to time fix the remuneration to be paid to any members or members of their body consisting of a Committee appointed by the Board and may pay the same.

Circular resolution

B. (1) A resolution passed by circulation without a meeting of the Board or a Committee of the Board appointed under Article 189 shall subject to the provisions of Sub-clause (2) hereof and the Act be as valid and effectual as the resolution duly passed at meeting of the Directors or of a Committee duly convened and held.

(2) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if

the resolution, has been circulated in draft together with necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum fixed for a meeting of the board or committee as the case may be) and to all other Directors or members of the Committee a their usual addresses in India and has been approved by such of the Directors or members of the committee as are in India or by a majority of such of them as are entitled to vote on the resolution.

POWERS OF THE BOARD

Powers of Directors

193. The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as are not by the Act, or any other Act or by the Memorandum or by the Articles of Company required to be exercised by the Company in general meeting, subject nevertheless to these Articles and to the provisions of the Act, or any other Act and to such regulations (being not inconsistent with the aforesaid regulations or provisions) as may be prescribed by the Company in general meeting but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made PROVIDED that the Board shall not, except with the consent of the Company in general meeting.

(a) sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking;

(b) remit, or give time for the payment of any debt due by a Director;

(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a), or of any premises of properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.

(d) borrow moneys, where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, or

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed twenty five thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial year immediately preceding, whichever is greater;

PROVIDED THAT the Company in general meeting or the Board shall not contribute any amount to any political party or for any political purpose to any individual or body so long as it is prohibited by law.

(i) Provided that in respect of the matter referred to in Clauses (d) or (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under Clause (d) or as the case may be total amount which may be contributed to charitable or other fund in any financial year under Clause (e)

(ii) Provided further that the expression "temporary loans" in Clause (d) above shall mean loans repayable on demand" or within six months from the date of the loan such as short term, cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature.

Certain powers to be exercised by the Board only at meetings

194. Without derogating from the powers vested in the Board of Directors under these Articles the Board shall exercise the following powers on behalf of the Company and they shall do only by means of resolutions passed at the meetings of the Board;

(1) (a) The power to make calls on shareholders in respect of money unpaid on their shares;

(b) The power to issue debentures;

(c) The power to borrow moneys otherwise than on debentures;

(d) The power to invest the funds of the Company;

(e) The power to make loans;

PROVIDED THAT the Board may by resolution passed at a meeting delegate to any committee of Directors, Managing Director or any other principal officer of the Company or in the case of a branch office of the Company principal officer of branch office the powers specified in (c), (d) and (e) of this clause to the extent specified below:

(2) Every resolution delegating the power referred to in sub clause (1) (d) shall specify the total amount, upto which the funds of the Company may invested and the nature of investment which may be made by the delegate.

(3) Every resolution delegating the power referred to in Sub-Clause (1) (d) specify the total amount, upto which the funds of the Company maybe invested and the nature of investment which may be made by the delegate.

(4) Every resolution delegating the power referred to in sub-clause (1) (e) shall specify the total amount upto which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

(5) Nothing in this Article contained shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on exercise by the Board of any of the powers referred to in sub-Clauses (a), (b), (c), (d) and (e) of Clause (1) above.

Certain power of the Board

195. Without prejudice to the general powers conferred by the last proceeding Article and so as not in any way to limit or restrict those powers and without prejudice to the last preceding Article it is hereby declared that the Directors shall have the following powers that is to say Powers:

(1) to pay the costs, charges and expenses preliminary (and incidental to the formulation, promotion, establishment and registration of the Company;

(2) to pay and. charge to the capital account of the Company any commission or interest, lawfully payable there out under the provisions of Sections 76 and 208 of the Act;

(3) subject to Sections 292 and 297 for the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition accept such title as the Directors may believe or may be advised to be reasonably satisfactory;

(4) at their discretion and subject to the provisions of the Act to pay for any property rights or privileges by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

(5) to secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;

(6) to accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;

(7) to appoint any parson to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees;

(8) to institute. conduct, defend, compound or abandon any legal proceeding by or against the Company or its officer, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction

of any debts due and of any claims or demands by or against the Company and to refer any difference to arbitration either according to Indian Law or according to foreign Law and either in India or aboard and observe and perform or challenge any award made therein;

(9) to act on behalf of the Company in all matters relating to bankrupts and insolvents;

(10) to make and give receipts, release and other discharge for moneys payable to the Company and for the claims and demands of the Company;

(11) subject to the provisions of Sections 292, 293(1), 295, 370, 372 and 373 of the Act to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such security (not being the shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;

(12) to execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;

(13) to determine from time to time who shall be entitled to sign, on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividends, warrants, release, contracts and documents and to give the necessary authority for such purpose;

(14) to distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to any officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as part of working expenses of the Company.

(15) to provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and wives, widows and facilities or the dependents or connections of such persons, by building or contributing to the building of house dwellings or chawls or by grants of money, pensions, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts, and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and subject to the provisions of the Section 293(1)(e) of the Act to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reasons of locality of operation or of public and general utility or otherwise;

(16) before recommending any dividend, subject to the provisions of Section 205 of the Act to set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation fund, or to insurance fund, or as a reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or debenture stock or for special dividends or for equalising dividends or for repairing improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purposes referred to in the preceding clauses) as the Board may in their absolute discretion think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than share of this Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manners and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof may be matters to or upon which the capital moneys of the Company rightly be applied or expended. and to divide the reserve fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a reserve fund or division of a Reserve Fund to another Reserve Fund and/or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds including the depreciation fund. in the business or debenture stock and that without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit

of such funds interest at such rate as the Board may think proper not exceeding nine per cent per annum.

(17) to appoint, and at their discretion remove or suspend such general manager, managers. secretaries, assistants, supervisors, scientists, technicians engineers, consultants, legal, medical or economic advisers. research workers laborers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and to fix their salaries, or emoluments or remuneration. and to require security in such instances and to such amounts as they may think fit, and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit, *and* the provision contained in the next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

(18) to comply with the requirement of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with;

(19) from time to time and at any time to establish any local Board for managing any of the affairs of the Company in any personified locality in India or elsewhere and to appoint any person to be members of such local Boards and to fix their remuneration;

(20) at subject to Section 292 of the Act, from time to time and at any time to delegate to any persons so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys, and to authorise the member for the time being of any such Local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and such appointment or delegation may be made on such terms subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed and may annual or vary any such delegation;

(21) at any time from time to time by Power of Attorney under the seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and subject to such conditions as the Board may from time to time think fit, and any such appointments may (if the board thinks fit) be made in favour of the members or any of the members of any local board established as aforesaid or in favour of any Company. or the shareholders, Directors, nominees or managers, of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit. and may contain powers enabling any such delegated attorneys as aforesaid to sub-delegate all OJ any of the powers, authorities and discretion for the time being vested in them;

(22) subject to Sections 294, 294A, 297 & 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for all or any purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and do all such deeds and things in the name and on behalf of the Company as they may consider expedient

(23) from time to time to make, vary and repeal by-laws *for* the regulation of the business of the Company, its officers and servants.

Right of Government of Gujarat

196. Notwithstanding anything contained in any of these Articles, the Government of Gujarat, may from time to time, issue such directions or instructions as it may consider necessary in regard to the finance and business affairs of the Company, and in like manner may vary and annual any such directions or instructions. The Company and its Directors shall duly comply with and give immediate effect to the directions or instructions so issued. In particular, the Government of Gujarat shall have powers.

(a) to call *for* such returns, accounts and other information with respect to property and activities of the Company as may be required from time to time;

(b) to approve the Company's Five Year and Annual Plan's of Development and the Capital Budget;

(c) to approve appointments, extensions in service and re-employment in the higher categories of posts in a grade of Rs. *2,500/-* and above of those who have already attained the age of 58 years, whether they be from private or public sector.

MINUTES

Recording of Minutes

197. (1) The Company shall cause minutes of all proceedings of general meetings and of all proceedings of every meeting of the Board of Directors or of every committee of the Board to be kept by making within 30 days of the conclusion of every such meeting concerned entries thereof in books kept *for* that purpose with their pages consecutively numbered.

Minutes to be evidence of the proceedings

198. The minutes of meeting kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein,

MANAGEMENT

Prohibition of simultaneous appointment of different categories of managerial personnel

202. The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel, namely:

(a) Managing Director;

(b) Manager.

DIVIDEND WARRANTS

Division of profits

205. (1) Subject to the rights of persons, if any entitled to shares with special rights as to dividend all dividends may be declared and paid according to the amounts paid or credited as paid on the shares in respect where of the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

The Company in general meeting may declare dividends

206. The Company in general meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section *207* of the Act, but no dividend's shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

Dividend out of profits only

207*.* (1) No dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (2) or out of the profit of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of ,the moneys provided by the Central Government or State Government for the payment of dividend in pursuance or guarantee given by the Government and except after the transfer to;' the reserves of the Company of such percentage out of the profits for that year not exceeding ten per cent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf.

PROVIDED HOWEVER whether owing to inadequacy or absence of profits in any year, the Company proposes to declare dividends out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and where any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.

(2) The depreciation shall be provided either:

(a) to the extent specified in Section *350* of the Act, or

(b) in respect of each item of depreciable asset, for such an amount as is arrived at by dividing 95 per cent of the original cost thereof to the Company by the specified period in respect of such assets, or

(c) on any other basis approved by the Central Government which has the effect of writing of by way of depreciating 95 per cent of the original cost to the Company of its such depreciable asset on the expiry of the special period, or

(d) as regards any other depreciable assets for which no rate of depreciation has been laid down by the Indian Income Tax Act, 1961" or the Rules made there under on such basis as may be approved by the Central Government by any general order published in the Official Gazette or by special order in the case of the Company.

PROVIDED THAT where depreciation is provided for in the manner laid down in Clause (b) or Clause (c) then in the event of depreciation assets being sold, discarded, demolished or destroyed, the written down value thereof at the end of the financial year in which the asset is sold, discarded, demolished or destroyed shall be written off in accordance with the proviso to Section 350 of the Act.

(3) No dividend shall be payable except in cash provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

(4) Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

(5) For the purposes of this Article (specified period) in respect of any depreciable asset shall mean the number of years at the end of which at least 9.5 percent of the original cost of that asset to the Company will have been provided for by way of depreciation, if depreciation were to be calculated in accordance with the provisions of Section 350 of the Act.

Interim Dividend

208. The Board of Directors may from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

Debts may be deducted

209. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Capital paid in advance of instalment not to earn dividend

210. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest such capital shall not whilst carrying interest, confer a right, to dividend or to participate in profits.

Dividends in proportion to amount paid up

211. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

Retention of Dividends until completion of transfer under Article 71

212. The Board of Directors may retain the dividend payable upon shares in respect of which any person under Article 71 has become entitled to be a member, or any person under the Article is entitled to transfer, until such person becomes a member in respect of such shares or shall duly transfer the same.

No member to receive dividend whilst indebted to the Company and the Company's right of reimbursement thereof

213. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise howsoever either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

Effect of Transfer of Shares

214. A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend to joint-holders

215. Anyone of several persons who are registered as joint holders of any share may give effectual receipt for all dividends or bonus and payments on account of dividends in respect of such shares.

Dividend how remitted

216. The dividend payable in cash may be paid by Cheque or warrant sent through post direct to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holder or the joint holder may in writing direct. The Company shall not be liable or responsible for any Cheque or Warrant or pay slip or receipt lost in transmission at for any dividend lost to the member or person entitled thereto by forged endorsement of any Cheque or Warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

Notice of Dividend

217. Notice of the Declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

Dividend to be paid within thirty days

218. (1) The, Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within thirty days from the date of the declaration unless:

   (a) where the dividend could not be paid by reason of the operation of any law;

   (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;

   (c) where there is a dispute regarding the right to receive the dividend;

   (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder, or

   (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

(2) (a) Where the dividend has been declared but not paid or claimed or the warrant in respect thereof has not been posted, within 30 days from the date of the declaration to any shareholder entitled to the payment thereof the Company shall within 7 days from the date of expiry of the said period of 30 days transfer the total amount of dividend which remains unpaid or in relation to which' no dividend has been posted within the said period of 30 days to a special account to be opened by the Company in that behalf in any Scheduled Bank to be called'

'unpaid dividend' account of GUJARAT STATE PETRONET LIMITED.

Explanation: The expression "dividend which remains unpaid" means any dividend the warrant in respect whereof has not been encashed or which has otherwise not been paid or claimed.

(b) Any money transferred to the unpaid dividend account of the Company in pursuance of Sub-Clause (1) hereof which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund of the Central Government created pursuant to section 205C of the Companies Act, 1956.

Unclaimed dividend

219. Dividends unclaimed until transferred to the unpaid Dividend Account of the Company as aforesaid may be invested or otherwise used by the Board of Directors for the benefit of the Company until claimed, or so transferred,

No interest on dividends

220. No unpaid dividend shall bear interest as against the Company.

Dividend and call together

221. Any general meeting declaring.' a dividend may on the recommendations of the Directors make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and members, be set off against the calls.

CAPITALISATION

Capitalisation

222. (1) The Company in General Meeting may. upon the recommendation of the Board resolve :

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts, or to the credit of the Profit and Loss Account or otherwise available for distribution, and

(b) that such sum be accordingly set free for distribution in the manner specified in Clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.

(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Clause (3), either in or towards;

(i) paying up any amount for the time being unpaid on any shares held by such members respectively;

(ii) paying up in full unissued shares of the company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid, or

(iii) partly in the way specified in Sub-clause (i) and partly in that specified in Sub-clause (ii)

(3) A share premium account and a Capital Redemption Reserve Account may. for the purposes of the regulation, only be applied in the paying up of unissued share to be issued to members of the Company as fully paid bonus shares.

ACCOUNTS

Statement of accounts to be furnished to general meeting

226 The Board of Directors shall in accordance with Sections 210, 212, and 217 of the Act, cause to be prepared and laid before each annual general meeting a Profit and Loss Account for the financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date which shall riot precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.

Form and contents of Balance Sheet and Profit and Loss Account

227. (1) Every Balance Sheet of the Company shall give a true and fair view of the state of affairs of the Company as at the end of the financial year and subject to the provisions of Section 211 of the Act, be in the form set out in Part I of Schedule VI to the Act or as near thereto as circumstances admit or in such other form as may be approved by the Central Government either generally or in case of the Company and in preparing the Balance Sheet due regard shall be had. as far as may be to the general instructions for preparation of Balance Sheet under the heading 'NOTES' at the end of that part.

(2) Every Profit and Loss Account of the Company shall give a true and fair view of the profit or loss of the Company for the financial year and shall comply with the requirements of Part-II of Schedule VI to the Act, so far as they are applicable thereto.

AUDIT

Accounts to be audited

232. Once at least in every year the accounts of the Company shall be balanced and audited and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more Auditor or Auditors.

Appointment of Auditors

233. (1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Sections 224 to 229 of the Act.

(2) The Company shall at each annual general meeting appoint an Auditor or Auditors to hold office from conclusion of that meeting until the conclusion of the next annual general meeting and shall within seven days of the appointment give an intimation thereof to. the Auditor so. Appointed unless he is the retiring Auditor.

(8) Notwithstanding anything contained in sections 224 to 233 of the Act, in the foregoing provisions of this Article and in Articles 233, 234 and 235 so. long as the Company is a Government Company within the meaning of Section 617 of the Act, the provisions of Sections 619 and 619A of the Act, shall be complied with and the Auditor or Auditors of the Company shall be appointed *or* re-appointed by the CENTRAL GOVERNMENT an the advice of the Comptroller and Auditor General of India as Provided in Section 619(2) of the Act.

State Government to direct audit by the comptroller and Auditor General of India or its nominee

234. (1) If and so long as the Government of Gujarat holds (either in the name of the Governor of Gujarat *or.* in the name of its nominee or nominees) at least 25 per cent of the paid up capital of the Company for the time being, it shall be lawful far the State Government to direct the Company to have its accounts for the year or years specified in such direction, audited by the Comptroller and Auditor General of India and it shall be the duty of the Company to abide by and comply with such direction.

WINDING UP

Distribution of Assets

244. If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members is proportion to the capital paid up at the commencement of the winding up, or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of the shares issued upon special terms and conditions.

Distribution in specie or kind

245 (1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributions of any of them, as the Liquidator, with such sanction, shall think fit.

(2) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined upon, any contributory who would be prejudiced thereby shall have right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.

(3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall if practicable act accordingly.

Right of Shareholders in case of sale

246. A special resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidator be distributed amongst the e62 members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said section.

INDEMNITY

Directors' and. others' rights, to indemnity

247. Subject to provisions of Section 201 of the Act, every Director, or Officer or Servant of the Company or any person (whether an officer of the Company or not) employed *by* the Company as auditor shall be indemnified *by* the Company against and it shall be the duty of the Directors out of the funds *of* the Company to pay all costs charges, losses and damages which any such person may incur or become liable to by reason of any contract entered into or act or thing done, concurred in, committed to be done by him in any way in or about the execution. or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred *by* him as such Director, Officer or Auditor or other officer *of* the Company in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted *to* him *by* the Court,

Director/Officer not responsible for acts of others

248. Subject in the provisions *of* Section 201 of the Act, no Director, Auditor or other Officer *of* the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or *for* joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency *of* title to any property acquired *by* order *of* Directors *for* or on behalf *of* the Company or *for* insufficiency or deficiency *of* any security in or on upon which any *of* the moneys *of* the Company shall be invested or for any loss or damages arising from insolvency or tortuous act *of* any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned *by* any error *of* judgement, omission, default or oversight on his part or for any other loss, damage, or misfortune whatsoever which shall happen in relation to the execution *of* the duties of the office or in relation thereto unless the same shall happen through his own dishonesty.

SECRECY CLAUSE

Secrecy clause

249. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required, by the Directors before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs *of* the Company with the customers and the state of the accounts with individuals and in matters thereto and shall by such declaration pledge himself not to 'reveal any of the matters which may come to his knowledge in the discharge *of* his duties except when required to do so *by* the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions, in these presents contained.

No member to enter the premises of the Company without permission

250. No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises *of* the Company without the permission of the Directors or Managing Director or to require discovery *of* or any information respecting any detail *of* the Company's trading, or any matter which is or may be in the nature *of* a trade secret, mystery *of* trade, secret process, or any other matter whi.ch may relate to the conduct *of* the business *of* the Company and which in the opinion *of* the Director, it would be inexpedient in the interest *of* the Company *to* disclose.

Exemption from provisions of the Companies Act

251. Notwithstanding anything contained in the foregoing Articles the Company will be entitled *to* avail of so long as it is a Government Company and or wholly Government owned Company all the exemptions granted declared by *the* Central Government from the various provisions of the Act from time to time.

Provisions pursuant to Shareholders' Agreement with India Development Fund

252. Notwithstanding anything to the contrary contained in these Articles, during the Term of the Shareholders' Agreement executed between the Company, India Development Fund ("**the Investor**") a unit scheme of IDFC Infrastructure Fund a trust created under the Indian Trust Act, 1882, which is a venture capital fund registered under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, and Gujarat State Petroleum Corporation Limited ("**GSPC/the Promoter**") a company registered in India under the Companies Act having its Registered office at GSPC Bhavan, behind Udyog Bhavan, Sector 11, Gandhinagar 382 011, the provisions of Articles 252 to Article 298 shall apply and in the event of any inconsistency between the foregoing provisions of these Articles and the provisions of Articles 252 to Article 298, the provisions of Articles 252 to Article 298 will override and prevail. For the purpose of this Article 252 and Articles from Article [252] upto Article 298the "Term of the Shareholders' Agreement" or "Term of the Agreement" shall mean:

  i. Articles 252 to 298 of this Part shall be effective w.e.f. the date of allotment of shares by the Company to the Investor ("the Effective Date") and for so long as the Investor holds any Equity Shares. Provided that certain provisions of these Articles as more particularly mentioned in clauses ii, iii, and iv below shall cease to operate on the happening of certain events as more particularly mentioned therein.

  ii. Notwithstanding anything contained in these Articles, Articles 267,269,270 and 271and the right of the Investor Director to be part of the committees mentioned in Article 272,273 and 274 shall terminate on the shareholding of the Investor falling below 7.5% of the paid-up Equity Share capital of the Company, irrespective of whether the same is prior to the successful completion of an IPO or thereafter.

  The Investor shall also on happening of the above events forthwith ensure that the Investor Director shall submit his/her resignation from the Board of the Company, failing which it shall be deemed that the Investor Director has vacated office. The Company shall be entitled to undertake any actions that may be required under applicable law including amending these Articles to ensure and reflect the same.

  Provided that in spite of the shareholding of the Investor falling below 7.5% of the paid-up Equity Share capital of the Company, Affirmative Vote of the Investor would be required for Winding-up and/or liquidating the Company or for amendment of Charter Document taking away right of Affirmative Vote of Investor with respect to Winding-up and/or liquidating the Company.

iii. Notwithstanding anything contained in these Articles, Articles 262, 268, 276 to 279, 281, 287 to 290 in its entirety shall terminate on the successful completion of an IPO. The Company shall be entitled to undertake any actions that may be required under applicable law including amending these Articles to ensure and reflect the same.

iv. Articles 258 and 264 (subject to the qualifications contained therein) shall survive the successful completion of an IPO for a period of two years after the successful completion of the IPO.

v. The termination of the Shareholders' Agreement or the ceasing of operation of certain clauses under these Articles shall be without prejudice to any claim or rights of action previously accrued to the Parties hereunder before such termination / cessation.

vi. Notwithstanding the termination of the Shareholders' Agreement, the provisions of these Articles that are expressed to survive termination shall survive the Term of the Agreement.

The Business Plan

255. The Business Plan shall contain the business strategy, project details including but not limited to project cost, means of finance, projected financial statements including profit & loss account, balance sheet and cash flow statements for any financial year and the subsequent two financial years and would form the basis of management of the business of the Company. The Company has formulated a Business Plan for the period commencing from the 1st day of April, 2004 till the 31st day of March, 2007. The first version of this Business Plan **(the "Base Case Business Plan")** covering Phase I of the Business has been approved and finalized.

256. The Business Plan shall be reviewed on an annual basis in the month of March by the Investment/Capex Committee who shall recommend any necessary alteration/ revision/ amendment/updation of the Business Plan for approval to the Board. Apart from the said annual updation/alteration/revision/amendment in the event of any modification being required to be made during the year the same be recommended by the Investment/Capex Committee for approval to the Board.

257. On the recommendations of the Investment/Capex Committee, the Business Plan of the Company may be modified by the Board. The Business Plan shall not be modified save and except with the prior consent of the Board in accordance with the above provisions.

Promoter undertakings in relation to the Business, etc.

258. The Promoter has undertaken:

(a) The Promoter shall not Transfer its Equity Shares in the Company save and except as permitted under the provisions of these Articles. Further, the Promoter shall at all times during the Term of the Agreement hold at least 26% of the paid-up and issued Equity Share Capital of the Company. It is clarified for the purpose of abundant caution that even in the event of a further issue of Equity Shares by the Company in accordance with the other provisions of the Articles of this Part, GSPC shall at all times continue to comply with the provisions of this clause by either subscribing to fresh Equity Shares or by purchasing Equity Shares from the other Equity Shareholders. It is clarified and agreed that the fresh issue of shares by the Company to GSPC shall be at the same price at which the Equity Shares of the Company are proposed to be issued to the other persons.

(b) At all times management control of the Company shall be retained by GSPC.

(c) Subject to applicable laws and government policies, the Promoter undertake that neither the Promoter nor the Affiliates of the Company shall sponsor/ promote directly or indirectly any other Company or engage in any activities and/or business, that would be in direct or indirect competition with the Company or detrimental to the interest of the Company. The Promoter shall ensure that all ventures/investments of the Promoter or the Affiliates of the Company either directly or through the Affiliates of the Company in any entity primarily engaged in the transportation and transmission of Natural Gas shall be implemented only through the Company. Provided that the restriction contained in this Clause shall not apply to the implementation of pipelines for captive use strictly under the terms of applicable production sharing contracts and if substantial additional benefit accrues to the concerned Promoter on account of such implementation which would not have been available to the Company had the project being implemented through the Company. Provided however that the benefit of use of capacity in all such pipelines over and above the utilisation by the concerned Promoter from Production from the oil and gas fields to the extent under its control, management and ownership shall be provided exclusively to the Company. In the event the Promoter does undertake either directly or through any other entity the business of gas distribution, the Promoter shall ensure that such business of gas distribution does not prejudice, jeopardise or adversely affect the existing and potential business of the Company.

(d) Subject to any applicable laws and governmental policies apart from any captive pipelines under production sharing contracts as set out in clause (c) above, the Promoter shall at all times ensure that the Promoter only uses the pipelines of the Company for the transportation and transmission of natural gas marketed and/or sold by the Promoter.

(e) The Promoter shall at all times ensure that the Promoter provide the Company with appropriate management and technical expertise and support to enable the Company to conduct its Business in a manner that is consistent with prudent business practice.

(f) In the event of any cost over-run in completing Phase I of the Business or in the event of any adverse impact on the debt:equity ratio of the Company, the Promoter shall ensure that additional funds are introduced into the Company as unsecured loans to meet all such cost overruns / imbalance in the debt:equity ratio of the Company. These loans shall be advanced at the prevailing bank rate as understood under section 372A of the Companies Act, 1956.

(g) Any gap/ shortfall in equity in meeting the project cost of Phase I shall be introduced by the Promoter into the Company by subscription to fresh Equity Shares.

(h) The Promoter shall provide necessary support to the Company from time to time in order to assist the Company in marketing natural gas and negotiating and entering into Gas Transmission Agreements.

(i) In the event of any costs, expenses and Taxes arising as a consequence of the transfer of Hazira Mora Pipeline to the Company, such costs shall be borne by the Promoter

Transfer restrictions, etc.

a) Right to further subscription:

260. In the event the Company decides to issue additional Equity Shares the Investor would have the first right (but not the obligation) to subscribe up to such number of additional Equity Shares as would enable the Investor to maintain its percentage of Equity Shareholding in the Company. The price and terms at which such option shall be available to the Investor shall be the same price and terms as are offered to such other investor/s / subscribers and shall be subject to applicable laws (if any).

c) Restrictions on Transfer on the Promoter:

263. The Promoter shall not, directly or indirectly, Transfer any Shares or any legal or beneficial interest therein, except in compliance with the other provisions of these Articles, including without limitation Article 264 below. Provided that the Promoter may pledge their Equity Shareholding in the Company in favour of the lenders of the Promoter and the Company, subject to the unencumbered shareholding of the Promoter not falling below 26% of the paid-up share capital of the Company. This restriction shall be subject to the time period specified in Article [252(iv)] above.

d) Right of Tag Along in the event of a sale by the Promoter.

264. (a) In addition to the restrictions mentioned elsewhere in these Articles, the Promoter shall not sell their Equity Shares in the Company unless they have provided the Investor with a "tag-along right" specified in this sub-clause (b) below.

(b) In the event the Promoter desire to sell any Equity shares of the Company (for the purpose of this sub-clause, called the "**Promoter Sale Shares**") the Promoter shall provide the Investor a right to tag-along. If the Promoter propose to sell any of the Equity Shares held by them to any person, then, the Promoter shall give a written notice (the "**Tag-along Offer Notice**") to the Investor copied to the Company. The Tag-along Offer Notice shall state the Promoter Sale Shares proposed to be sold, the proposed price, the proposed date of consummation of the proposed sale and the proposed transferee, a representation that the proposed transferee stated in the Tag-along Offer Notice has been informed of the "tag-along right". The Investor shall then be entitled to respond to the Tag-along Offer Notice by serving a written notice (the "**Response Notice**") on the Promoter within thirty (30) Business Days after the date of receipt of the Tag-along Offer Notice (the "**Tag-along Offer Period**") requiring the Promoter to ensure that the proposed transferee of the Promoter Sale Shares also purchases a proportionate number of the Investor's Equity Shares (in proportion to the number of the Company Shares then held by them) as mentioned in the Response Notice at the same price and on the same terms as are mentioned in the Tag-along Offer Notice.

(c) The Promoter shall ensure that along with the Promoter Sale Shares, the proposed transferee also acquires the Investor's Equity Shares (or such proportion thereof) specified in the Response Notice for the same consideration and upon the same terms and conditions as applicable to the Promoter Sale Shares. Such acquisition of the Promoter Sale Shares and the Equity Shares specified in the Response Notice shall be completed within thirty days (30) days of the receipt of the Response Notice if Investor has indicated that it wants to tag along. The Promoter shall not be entitled to sell or transfer any of the Promoter Sale Shares to any proposed transferee unless the proposed transferee simultaneously purchases and pays for the required number of the Investor's Equity Shares mentioned in the Response Notice in accordance with the provisions of this Article. If the Investor does not deliver the Response Notice to the Promoter prior to the expiry of the Tag-along Offer Period, the Promoter shall be entitled to sell and transfer the Promoter Sale Shares to the proposed transferee mentioned in the Tag-along Offer Notice on the same terms and conditions and for the same consideration as is specified in the Tag-along Offer Notice upon the expiry of the Tag-along Offer Period or upon indication by the Investor that it does not want to tag along. If completion of the sale and transfer to the proposed transferee does not take place within a period of thirty (30) days following the expiry of the Tag-along Offer Period, the Promoter's right to sell the Promoter Sale Shares to such transferee shall lapse and the provisions of this Article shall once again apply to the Promoter Sale Shares.

(d) It is hereby clarified and agreed that after successful completion of an IPO, the tag-along rights contained in the clauses above would be available to the Investor only if the Promoter sells at least 2.5% or more of the paid-up Equity Share capital of the Company under a block sale (irrespective of whether such block sale is split over one or more tranches).

(e) It is further clarified and agreed that subsequent to the successful completion of an IPO, even if the Investor is not entitled to tag-along rights pursuant to (d) above, the Promoter shall, subject to applicable laws permitting the same, provide a report to the Investor of all actual sales made by the Promoter including all details of such sales. Such report would be provided on a quarterly basis (calendar quarter). Provided that if the aggregate sales of the Promoter in a calendar quarter exceeds 2.5% of the paid-up Equity Share capital of the Company, the Promoter shall also provide an interim report within 3 days of such limit being exceeded.

(f) Provided however that the provisions of this Article [252] shall not apply to the sale of Equity Shares by the Promoter to any Affiliate of the Company or to any Existing Shareholders if and only if the said Affiliates of the Company or the Existing Shareholders, as the case may be, shall, prior to such sale, have executed a deed of adherence in favour of the Company and the Investor in the form annexed as Schedule 7 to the Shareholders' Agreement.

f) More Favourable Terms:

266. In the event any rights or more favourable terms are granted by the Company and/or the Promoter to any existing and/or future equity investors which rights or terms are not available to the Investor pursuant to these Articles or any Transaction Documents such rights or terms shall also be available to the Investor provided the Investor agrees to abide by such terms in entirety.

Corporate Governance

a) Investor Director:

267. Subject to Article 252 (ii):

(a) The Company shall be managed by a Board, which shall exercise such powers and functions as are permitted under the Companies Act and the Charter Documents of the Company. The Investor shall be entitled to appoint one (1) nominee director liable to retire by rotation (the "Investor Director") on the Board of the Company.

(b) All expenses relating to an Investor Director's functions as a Director shall be borne by the Company.

(c) The Promoter shall vote and shall ensure that the Affiliates of the Company also vote their Equity Shares (if necessary) and each Director of the Company shall exercise their powers, to facilitate the appointment/ nomination/re-appointment/fresh appointment of the Investor Director. No person other than the Investor shall be permitted to remove or replace at any time and for any reason (or no reason) the Investor Director who has been elected to the Board of the Company. Provided that upon such removal of the Investor Director by the Investor, the Investor shall be entitled to nominate another director to replace such director and such nominated director shall replace the Investor director so removed. Upon notice by the Investor to the Board of the Company of a new Investor Director, the Board of the Company shall appoint such new Investor Director to fill the vacancy at its next meeting and prior to taking any other action including, without limitation, actions taken by written consent. Provided however that in the event the Promoter is unable to ensure the appointment of the Investor Director as a rotational director in accordance with the provisions of this clause, it shall be deemed that the Investor Director so nominated by the Investor has become a non-rotational director and is not liable to retire by rotation. The Promoter shall do all such acts as are required to ensure the same.

(d) In the event the Investor or the Investor Director wishes to appoint an alternate director for the Investor Director, the Board of the Company will promptly upon receipt of a written notice to that effect, appoint an alternate Director for such Investor Director in accordance with the provisions of the Companies Act, 1956. Such written notice shall specify the name and details of the alternate Director.

(c) Meetings of Board:

269. (a) The Board shall meet at least once every three months and the quorum for a Board Meeting (including any adjourned meeting) shall require the presence of at least the Investor Directors or his / her alternate. Provided that in the event the Investor Director is not present within 30 minutes from the time of commencement of the Board Meeting (including any adjourned meeting), the Board Meeting may proceed without the presence of the Investor Director on all specific agenda matters other than Affirmative Vote Items and other than items proposed at the meeting under any general heading on the agenda list such as "any other items that may be raised with the consent of the Chairman". Provided however that in the event the Investor Director has provided its Affirmative Vote on Affirmative Vote Items in accordance with Article 270 (b) below or in the event it is deemed that the Investor Director has provided its Affirmative Vote on Affirmative Vote Items in accordance with the said Article 270 (b) below, the meeting may progress even on such Affirmative Vote Item. It is however clarified that in the event the Investor has refused to grant its Affirmative Vote on an Affirmative Vote Item then the matter shall not be proceeded with.

(b) Subject to Article 252 (ii), all appointments and removals of such Investor Directors shall be decided only by the Investor.

(c) Subject to Article 252 (ii), the Board shall also appoint the Investor Director or his / her alternate or his / her representative on the following committees constituted by the Board, viz. Audit Committee, Investment / Capex Committee and Tariff Committee.

(d) A minimum ten (10) Business Days prior written notice shall be given to each Director (including an Investor Director) of any meetings, accompanied by the detailed agenda for the meetings (unless the Investor Director shall have given prior written approval for a meeting called at shorter notice).

d) Affirmative Vote Items

270. Subject to Article 252 (ii):

(a) No action or decision relating to any of the matters specified in this Clause (each, an "Affirmative Vote Item") shall be taken by the Company, unless the consent of the Investor for such item has been obtained in writing and/or by the positive vote of the Investor / Investor Director at any Board / General Meeting where the Investor / Investor Director is present. To the extent practical the Company shall operationalise these rights through the Board of Directors of the Company:

A. Increasing, decreasing, restructuring or otherwise altering or modifying the authorized share capital including Equity Shares, preference shares, convertible securities, warrants or other equity linked or quasi equity instruments or altering in any manner, the rights, benefits and privileges relating to any existing shares or such other securities or issuing any Equity Shares or other securities entitling the holder thereof to any rights or privileges disproportionate to that of its existing Equity Shares or corresponding securities or entering into any agreement or arrangement granting any conversion rights;

B. Entering into any transactions with an Affiliate of the Company or family member of the employees or Directors of the Company or the Promoter including issuing or giving any guarantee, bond, indemnity or undertaking any similar transaction by whatever name called, in respect of, or to secure the liabilities or obligations (financial, performance or otherwise) of any such person.

C. Availing or borrowing any funds or the issue of any guarantees or other working capital facilities (fund based and non-fund based), such that the total debt:equity is in excess of 2:1.

D. Acquiring, creating or investing in any entity, subsidiary or joint venture or permit any capital restructuring thereof;

E. Altering or revising the Business Plan save and except for any variation recommended by the Investment/ Capex Committee;

F. Any proposal relating to Amalgamation, merger, de-merger, restructuring, capital restructuring or re-organising in any form whatsoever or acquiring any corporation or becoming party to any transaction having similar effect including any merger of the Company with GSPC;

G. Winding-up and/or liquidating or taking any action in relation thereto or undertaking any transaction having similar effect;

H. Declaring or paying any dividend or other distribution by whatever name called, directly or indirectly, on account of any shares except to the extent permitted by and in accordance with the Dividend Policy;

I. Amending the Charter Documents, except as permitted or contemplated under this Agreement;

J. Subject to Article 281, appointing or changing the statutory auditor / internal auditor;

K. Selling, transferring, licensing, creating a Lien on or in any way disposing of any substantial assets of the Company save and except a Lien created in favour of Lenders who have provided / may hereafter provide facilities to the Company in accordance with Clause C above;

L. Making any investments by way of deposits, loans or subscription to shares and debentures other than normal treasury investments made as per the Treasury Management Policy approved by the Investor.

M. Transfer / Sell / Vest / Sub-contract any of the contracts (including GTAs) entered into by the Company save and except a Lien created in favour of Lenders who have provided / may hereafter provide facilities to the Company in accordance with Clause C above.

N. Change the Accounting Year applicable to the Company.

O. Any appointment, termination, reappointment of the Chief Operating Officer of the Company.

P. Any share buy-back by the Company.

Q. Any change in the charter of the Management Committee which affects (a) a right of the Investor under these Articles; or (b) the charter of the Capex/ Investment Committee, the Audit Committee or the Tariff Committee as prescribed under these Articles.

U. Any change in the charter of any other committee mentioned in these Articles.

W. Any significant utilisation of funds for purposes other than the Business.

(b) The Investor shall communicate in writing their consent or refusal to such "affirmative vote items" within 10 Business Days of receipt of an intimation in this regard from the Company, failing which it would be deemed that the Investor has provided its consent for the "Affirmative Vote Items".

e) Shareholder Meetings:

271. (a) All meetings of the shareholders of the Company shall be held in accordance with the Companies Act and these Articles with at least twenty one days prior notice for such meeting or by shorter notice with the consent of members as required by Companies Act. The quorum for a general meeting of the shareholders of the Company shall be determined in accordance with the Companies Act and these Articles and shall include a nominee of the Investor.

(b) At such meeting of the shareholders, the Promoter shall ensure that their voting rights are exercised in accordance with the provisions of these Articles. In the event of any matters on the Agenda being Affirmative Vote Items, the Promoter shall ensure that they shall vote in such manner as may be required by the Investor on such items.

(c) No "Affirmative Vote Items" which are not discussed at the Board or for which the Investor has refused consent at a Board Meeting can be raised by the Company or the Promoter in a shareholders meeting. In the event, such "Affirmative Vote Items" for which the Investor has refused consent is raised in the shareholders meeting by any other Shareholder or third party, the Promoter shall vote as may be required by the Investor.

Tariff Committee, Audit Committee and Investment/ Capex Committee

f) Constitution, role and functions of the Audit Committee:

272. The Audit Committee shall operate in the following manner:

i. Constitution :

Managing Director of the Company (or any other director of the Company nominated by the Promoter), Investor Director and Independent Director.

The audit committee should invite such of the executives of the Company, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Company.

ii. Periodicity of meeting

The audit committee shall meet at least four times a year. One meeting shall be held every quarter of which one of the meetings shall be held before finalization of annual accounts.

iii. Functions of Committee

1. Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of Statutory / Internal auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with management the annual financial statements before submission to the board
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
5. Reviewing the adequacy of internal audit function and frequency of internal audit.
6. Discussion with internal auditors any significant findings and follow up there on.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
8. Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

9. Reviewing the company's financial and risk management policies and internal control systems.

10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any.

iv. Such other matter as the Board may determine from time to time

g) Constitution, role and functions of the Investment/Capex Committee

273. The Investment /Capex Committee shall operate in the following manner:

(i) Constitution:

Managing Director of the Company (or any other director nominated by the Promoter), Investor Director and Independent Director.

(ii) Periodicity of meeting:

Once a quarter and prior to any Board Meeting and more frequently, if required.

(iii) Functions of the committee:

Review the expansion plan for investment beyond Rs.500 millionpresented by the Company (including the Phase-II expansion). In this regard the committee shall require independent market/ demand study done for such investment by a pre-approved agency (an agency approved by both the Company and the Investor)

Review the proposed financing pattern (debt and equity along with the terms) to fund the above expansion (including the Phase-II expansion)

Subject to satisfaction from above, recommend any proposal for investment (including the Phase-II expansion) and the financing pattern to the Board

Approve any variation in the project cost beyond 10% of the cost approved earlier by this committee and the Board

Review any alteration / revision / amendment / update of the Business Plan (except to the extent of allowed variation in project cost of the expansions under implementation) suggested by the Company and recommend the same for approval to the Board

Review the progress on the sections under implementation

All decisions of the Committee shall be taken on simple majority basis.

h) Constitution, role and functions of the Tariff Committee

274. The Tariff Committee shall operate in the following manner:

(i) Constitution:

Managing Director of the Company (or any other director of the Company nominated by the Promoter), Investor Director and Independent Director

(ii) Periodicity of meeting:

Once a quarter and prior to any Board Meeting (and more frequently, if required)

(iii) Functions of the committee:

Review from time to time the tariff setting framework for GTAs.

Prior review of modification of tariffs under existing GTAs or sign new GTAs with tariffs substantially different from current average tariffs. The new tariffs shall be approved by this committee along with the modified business plan clearly showing the impact on future profitability of the Company.

Prior review of related party transactions with Affiliates.

Covenants

a) Voting Covenants

275. Each *of the Promoter and the Investor* hereby agree and undertake that the voting rights in respect of any Shares held

by ***them*** shall be exercised in accordance and full compliance with the terms of ***these Articles*** and further that such party shall cause its nominees (if any) on the Board the Company, to act and carry on their respective businesses and operations in accordance and full compliance with the terms of ***these Articles***.

Without prejudice to the above, each party agrees and undertakes to exercise all powers and rights available to them (including, without limitation, their voting rights as Shareholders and those as/in respect of directors) in accordance with, and to effectuate, the decision of the Investor in relation to any Affirmative Vote Item and all other provisions of these Articles.

d) Other Covenants:

282. (a) The Promoter shall not pledge their shareholding in the Company during the Term of the Agreement without the prior consent in writing from the Investor save and except to the extent of project loans required for the Promoter and the Company and subject to the unencumbered shareholding of the Promoter not falling below 26% of the paid-up share capital of the Company. This restriction shall be subject to the time period specified in Article 252 (iv) above.

(b) The Company shall not transfer or send on deputation any employees of the Company in the Managerial Cadre M5 and above to any of the Promoter or any other company such that it would have an adverse effect on the Company.

(c) The Policies to be followed by the Company shall be as contained in Schedule 6 to the Shareholders' Agreement.

(d) The Company shall appoint two independent directors on the Board of Directors of the Company within a period of three months from the date of subscription of Equity Shares by the Investor.

(e) The Company shall operationalise the Tariff Committee and the Capex/Investment Committee within a period of 3 months from the date of subscription by the Investor. Pending the said finalisation the matters to be decided by the said committees pursuant to these Articles shall be deemed to be Affirmative Vote Items under these Articles and the provisions of these Articles shall mutatis mutandis apply to such items.

(f) The Company shall appoint a Chief Operating Officer ("COO"), whose roles and responsibilities shall be acceptable to the Investor. The time frame within which such COO shall be appointed shall be discussed and decided at the first board meeting of the Company where the Investor Director is present.

(g) The Company shall ensure that all its transactions, whether with Affiliates or otherwise shall be on an arms length basis.

(h) The Company shall not hereafter issue any further equity shares to any Person at a price lower that the Acquisition Cost to the Investor.

b) Indemnification

284. The Company and the Promoter shall jointly and severally indemnify the Investor and / or each officer, Director, employee, agent and hold them harmless and keep them at all times fully indemnified and held harmless from and against all actions, proceedings, claims, liabilities (including statutory liability), losses, expenses, penalties, demands and costs (including reimbursement of any reasonable attorney fees) arising out of legal claims made by third parties relating to the ownership or any other right, title, interest or lien or encumbrance owing to any Equity Shares of the Company, not exceeding 100% of the amount subscribed by the Investors to the equity share capital of the Company.

285. The indemnification rights of the Investor under these Articles are independent of, and in addition to, such other rights and remedies as the Investor may have at law or in equity or otherwise

Dispute Resolution:

291. All disputes and differences that may arise between the Investor, the Company and/or the Promoter shall be referred to arbitration under the Arbitration & Conciliation Act, 1996 to three arbitrators, one to be appointed by the Investor, the second to be appointed by the Company/the Promoter and the third to be appointed by the two arbitrators so appointed. The place of arbitration shall be Mumbai and the language shall be English.

292. Subject to Article 291 above, the Company and the Investor agree to be subject to the exclusive jurisdiction of the courts in Mumbai.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies, Gujarat for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of the Company situated at Gujarat State Petronet Limited, GSPC Bhavan, Sector 11, Gandhinagar, India from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid Closing Date/Issue Closing Date.

Material Contracts

1. Engagement Letters dated August 3, 2005 for appointment of KMCC, HSBC and I-Sec as the BRLMs, respectively.
2. Memorandum of Understanding dated October 20, 2005 amongst the Company and the BRLMs.
3. Memorandum of Understanding dated October 19, 2005 executed by the Company with Registrar to the Issue.
4. Shareholders' and Share Subscription Agreement dated November 4, 2004 amongst the Company, GSPC and IDF.
5. Shareholders' Agreement dated October 18, 2005 amongst the Company, GSPC, IDFC, UTI Bank and IDBI.
6. The Escrow Agreement entered into among the Company, the BRLMs, the Escrow Collection Banks, and the Registrar to the Issue dated January 16, 2006.
7 The Syndicate Agreement entered into among the Company, the BRLMs and the Syndicate Members dated January 16, 2006.
8. The Underwriting Agreement entered into among the Company, the BRLMs and the Syndicate Members dated February 1, 2006

Material Documents

1. Our Memorandum and Articles of Association as amended till date.
2. Our certification of incorporation dated December 23, 1998.
3. In-principle approval for the Issue received from the Energy & Petrochemicals Department, Government of Gujarat, dated October 11, 2005.
4. Shareholders' resolutions dated September 29, 2005 in relation to this Issue and other related matters.
5. Resolutions of the Board dated September 20, 2005 authorizing the Issue.
6. Resolutions of the Board of Directors for appointment of Mr. Pandian as Managing Director.
7. Reports of the Auditors, T.N. Shah & Co., Chartered Accountants, prepared as per Indian GAAP and mentioned in this Prospectus.
8. Copies of annual reports of the Company for the past five financial years ended March 31, 2005.
9. Consents of the Auditors, being T.N. Shah & Co., Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Prospectus.
10. Certificate from Pandya & Mehta, Chartered Accountants, dated December 10, 2005 on expenditure incurred on the Expansion as of December 5, 2005.
11. General Powers of Attorney executed by the Directors of the Company in favour of person(s) for signing and making necessary changes to this Prospectus and other related documents.
12. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker to the Issue, Domestic Legal Counsel to the Company, Advisor to the Issue, Domestic Legal Counsel to the BRLMs, International Legal Counsel to the BRLMs, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
13. Applications dated October 26, 2005 for in-principle listing approval from BSE and NSE.

14. In-principle listing approvals pursuant to letters November 17, 2005 and November 16, 2005 from BSE and NSE respectively.
15. Agreement amongst NSDL, the Company and the Registrar to the Issue dated January 5, 2006.
16. Agreement amongst CDSL, the Company and the Registrar to the Issue dated December 12, 2005.
17. Due diligence certificate dated October 21, 2005 to SEBI from the BRLMs.
18. Statement of all outstanding litigation against the Company as of December 5, 2005.
19. SEBI observation letter no. CFD/DIL/ISSUES/MKS/55436/2005, dated December 9, 2005.

Any of the contracts or documents mentioned in the Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in this Prospectus are true and correct.

Signed by all Directors

Mr. Balwant Singh

Mr. D.J. Pandian (Managing Director)

Mr. P.K. Pujari

Mr. Jayant Parimal*

Mr. H.K. Dash*

Mr. Luis Miranda

Mr. N.J. Jhaveri

Mr.U. Sundarajan

Mr. Suresh Mathur

Signed by,

Mr. Sandeep Dave (Company Secretary)

Mr. Manish Seth (Senior Manager (Finance & Accounts))

* Through their duly constituted power of attorney

Date: February 1, 2006

Place: Gandhinagar, Ahmedabad

This page has been left blank intentionally