

November 07, 2014

The Company Secretary
Gujarat Gas Company Ltd.
2, Shantisadan Society,
Near Parimal Garden, Ellisbridge ,
Ahmedabad- 380 006,
Gujarat.

Dear Sir/Madam,

Sub: Observation letter regarding the Draft Scheme of Arrangement involving amalgamation of Gujarat Gas Company Ltd, GSPC Gas Company Ltd, Gujarat Gas Financial Services Ltd & Gujarat Gas Trading Company Ltd with GSPC Distribution Networks Ltd.

We refer to your draft Scheme of Arrangement involving amalgamation under Sections 391 to 394 of the Companies Act, 1956 of Gujarat Gas Company Ltd, GSPC Gas Company Ltd, Gujarat Gas Financial Services Ltd & Gujarat Gas Trading Company Ltd (Transferor Company / Demerged Company) into GSPC Distribution Networks Ltd. (Transferee Company / Resulting Company).

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated October 31, 2014 given the following comment(s) on the draft scheme of arrangement:

- *Company to ensure that explanatory statement to be forwarded by the company to the shareholders u/s 393 of the Companies Act, 1956 should clearly mention the fact that the resulting unlisted company is proposing to issue shares to the transferor companies in a swap ratio that is different from that mentioned in the Valuation Report.*
- *The company shall duly comply with various provisions of the Circulars.*

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

However, the listing of equity shares of GSPC Distribution Networks Limited (GDNL) on the BSE Limited, shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. Further, GDNL shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of GDNL is at the discretion of the Exchange. In addition to the above, the listing of GDNL pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

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1. To submit the Information Memorandum containing all the information about GDNL and its group companies in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all the information about GDNL in line with the details required as per the aforesaid SEBI circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.
3. To disclose all the material information about GDNL to BSE on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
 - i) The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
 - ii) "There shall be no change in the shareholding pattern in GDNL between the record date and the listing which may affect the status of this approval."

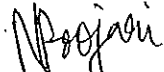
Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of arrangement.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Status of compliance with the Observation Letter/s of the stock exchanges;
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of this Circular.

Yours faithfully,



Nitin Pujari
Manager



Bhuvana Sriram
Dy. Manager