Ernst & Young Merchant Banking Services LLP Registered Valuer Registration No. IBBI/RV-E/05/2021/155 14th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, Maharashtra, India.	**SSPA & Co., Chartered Accountants** Registered Valuer Registration No. IBBI/RV-E/06/2020/126 1st Floor, 'Arjun', Plot No. 6A, V.P. Road, Andheri (West) Mumbai – 400058 Maharashtra, India.

Dated: 30 August 2024

To,

The Audit Committee/ The Board of Directors, Gujarat Gas Limited	**The Audit Committee/ The Board of Directors, Gujarat State Petroleum Corporation Limited**	**The Audit Committee/ The Board of Directors, Gujarat State Petronet Limited**	**The Audit Committee/ The Board of Directors, GSPC Energy Limited**
Gujarat Gas CNG Station, Sector-5/C, Gandhinagar, Gujarat - 382006	GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar, Gujarat - 382010	GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar, Gujarat - 382010	GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar, Gujarat - 382010

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Gujarat State Petroleum Corporation Limited and Gujarat State Petronet Limited with Gujarat Gas Limited and share entitlement ratio for demerger of gas transmission business of the merged entity into GSPL Transmission Limited

Dear Sir / Madam,

We refer to respective engagement letters of Ernst & Young Merchant Banking Services LLP ("EY") and SSPA & Co., Chartered Accountants ("SSPA"), whereby EY & SSPA are appointed by Gujarat Gas Limited ("GGL" or "Transferee company"), Gujarat State Petroleum Corporation Limited ("GSPC" or "Transferor company 1"), Gujarat State Petronet Limited ("GSPL" or "Transferor company 2") and GSPC Energy Limited ("GEL" or "Transferor company 3"), for recommendation of fair equity share exchange ratio for the proposed amalgamation of GSPC and GSPL with GGL ("Proposed Amalgamation"); and share entitlement ratio for the proposed demerger of gas transmission business of the merged entity into GSPL Transmission Limited ("GTL") ("Proposed Demerger").

GGL, GSPC, GSPL and GEL are hereinafter jointly referred to as "Companies" or "Clients".

EY and SSPA are hereinafter jointly referred to as "Valuers" or "we" or "us" in this report.

The Proposed Amalgamation and Proposed Demerger are collectively referred to as "Proposed Transaction".

For the amalgamation of GSPC with GGL, since GGL is one of the shareholders of GSPC, equity shares of GGL will be issued only to the remaining shareholders of GSPC. For the amalgamation of GSPL with GGL, since GSPC was one of the shareholders of GSPL, equity shares of GGL will be issued only to the remaining

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shareholders of GSPL. For the amalgamation of GEL with GGL, since GEL is a wholly-owned indirect subsidiary of GGL, no shares of GGL will be granted to the shareholders of GEL.

The Share Exchange Ratio for this report refers to number of equity shares of GGL which would be issued and allotted to the equity shareholders of GSPC and GSPL. The Share Entitlement Ratio refers to the number of equity shares of GTL which would be issued and allotted to the equity shareholders of GGL (post-merger) pursuant to Proposed Demerger.

Our deliverable for this engagement would be a report recommending fair equity Share Exchange Ratio and Share Entitlement Ratio for the Proposed Transaction ("Report") with 29 August 2024 being the Valuation Date.

For the purpose of this valuation, the bases of value is 'Relative Value' and the valuation is based on 'Going Concern' premise.

SCOPE AND PURPOSE OF THIS REPORT

GGL was incorporated on 21 February 2012 under the Companies Act, 1956 and has its registered office at Gujarat, India. GGL is a City Gas Distribution company and engaged in Natural Gas Business in India. Natural gas business involves distribution of gas from sources of supply to centers of demand and to the end customers. The equity shares of GGL are listed on the stock exchanges in India. For the financial year ended 31 March 2024, GGL reported a consolidated revenue of INR 16,401 cr and a consolidated profit of INR 1,143 cr.

GSPC was incorporated on 29 January 1979 under the Companies Act, 1956 and has its registered office at Gujarat, India. GSPC is a government company and is primarily engaged in trading of natural gas, oil and gas activities comprising of oil & gas exploration, development and production. As of the Valuation Date, GSPC holds a 37.63% stake in GSPL. For the financial year ended 31 March 2024, GSPC reported a consolidated revenue of INR 27,358 cr and consolidated profit of INR 3,357 cr.

GSPL was incorporated on 23 December 1998 under the Companies Act, 1956 and has its registered office at Gujarat, India. GSPL is primarily engaged in transmission of natural gas through pipeline on an open access basis from supply points to demand centers. As of the Valuation Date, GSPL holds a 54.17% stake in GGL. The equity shares of GSPL are listed on the stock exchanges in India. For the year ended 31 March 2024, GSPL reported a consolidated revenue of INR 18,084 cr and a consolidated profit of INR 2,184 cr.

GEL was incorporated on 18 December 2015 under the Companies Act, 1956 and has its registered office at Gujarat, India. GEL is primarily engaged in business of trading of natural gas. As of the Valuation Date, GSPC holds a 99.988% stake in GEL and the remaining 0.012% stake is held by nominees of GSPC. For the financial year ended 31 March 2024, GEL reported a revenue of INR 132 cr and profit of INR 0.3 cr.

GTL was incorporated on 23 July 2024 under the Companies Act, 2013 and has its registered office at Gujarat, India. The company is proposed to be engaged in the business of transmission of natural gas through pipeline on an open access basis from supply points to demand centers.

We understand that the management of the Companies (hereinafter collectively referred to as "the Management") are evaluating a merger of GSPC, GSPL and GEL with GGL and demerger of gas transmission business from the merged entity into GTL through a Composite Scheme of Arrangement under the provisions of Sections 230-232 and the other applicable provisions of the Companies Act, 2013.

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As per the Scheme, the shareholders of GSPC and GSPL will be issued and allotted equity shares of GGL as a consideration for Proposed Amalgamation. Further, the existing equity shares of GSPC and GSPL would stand cancelled following the issuance of shares of GGL. The shareholders of merged entity will be issued and allotted equity shares of GTL as a consideration for Proposed Demerger. It is envisaged by the Management that all the shareholders of the merged entity would also become the shareholders of GTL, and their shareholding in GTL would mirror their shareholding in the merged entity.

In this connection, the Board of Directors of GGL, GSPC, GSPL and GEL have appointed EY and SSPA, the Registered Valuers, to recommend Share Exchange Ratio, for issue of GGL equity shares to the equity shareholders of GSPC and GSPL and Share Entitlement Ratio, for shares to be issued to the equity shareholders of GGL pursuant to demerger of gas transmission business into GTL, to be placed before the Audit Committee/ Board of Directors of the Companies.

We understand that the appointed date for the Proposed Amalgamation as per the draft scheme shall be 01 April 2024 and the appointed date for the Proposed Demerger as per the draft scheme shall be 01 April 2025.

The scope of our services is to conduct a valuation of equity shares of the Companies on a relative basis and recommend Share Exchange Ratio and Share Entitlement Ratio for the Proposed Transaction.

The Valuers have worked independently in their analysis. The Valuers have independently arrived at different values per share of the Companies. However, to arrive at the consensus on the Share Exchange Ratio and Share Entitlement Ratio for the Proposed Transaction, appropriate minor adjustments/rounding off have been done in the values arrived at by the Valuers.

We have been provided with the audited financials of GGL, GSPC, GSPL and GEL for the three months ended 30 June 2024. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. Further, we have been informed that all material information impacting the Companies have been disclosed to us.

We have been informed by the Management that:

a) there would not be any capital variation in the Companies till the Proposed Transaction becomes effective, except issuance of Employee Stock Options in normal course of the business of the Companies. In the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Transaction becomes effective, the issue of shares pursuant to the fair equity Share Exchange Ratio and Share Entitlement Ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.
b) till the Proposed Transaction becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years.
c) there are no unusual/abnormal events in the Companies materially impacting their operations/financial position after 30 June 2024 till the Report date.

We have relied on the above while arriving at the Share Exchange Ratio and Share Entitlement Ratio for the Proposed Transaction.

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This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts.

BACKGROUND OF VALUERS

ERNST & YOUNG MERCHANT BANKING SERVICES LLP

Ernst & Young Merchant Banking Services LLP is a Limited Liability Partnership registered under The Limited Liability Partnership Act, 2008 having its registered office at The Ruby, 14th Floor, 29 Senapati Bapat Marg, Dadar West, Mumbai – 400028. We are also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV-E/05/2021/155.

SSPA & CO., CHARTERED ACCOUNTANTS

SSPA, is a partnership firm, located at 1st Floor, 'Arjun', Plot No. 6A, V. P. Road, Andheri (West), Mumbai - 400 058, India. SSPA is engaged in providing various corporate consultancy services.

We are a firm of practising Chartered Accountants registered with The Institute of Chartered Accountants of India ('ICAI'). We are also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV-E/06/2020/126.

SOURCES OF INFORMATION / MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION

In connection with this exercise, we have received/obtained the following information about the Companies from the Management:

- Draft Composite Scheme of Arrangement for the Proposed Transaction.
- Annual reports of GGL and GSPL for years ended 31 March 2020 to 31 March 2023.
- Audited standalone financial statements of GGL and GSPL for year ended 31 March 2024 and for three months ended 30 June 2024.
- Audited standalone financial statements of GSPC for years ended 31 March 2020 to 31 March 2024 and for three months ended 30 June 2024.
- Audited financial statements of GEL for years ended 31 March 2020 to 31 March 2024 and for three months ended 30 June 2024.
- Audited financial statements of GSPL India Gasnet Limited, GSPL India Transco Limited, GSPC Pipavav Power Company Limited, Gujarat State Energy Generation Limited, Guj Info Petro Limited, Sabarmati Gas Limited for year ended 31 March 2020 to 31 March 2024 and for three months ended 30 June 2024.
- Audited financial statements of GSPC LNG Limited for year ended 31 March 2020 to 31 March 2024.
- Audited financial statements of Swan LNG Limited for year ended 31 March 2020 to 31 March 2023.
- Financial forecasts of GSPC, GGL, Sabarmati Gas Limited and Guj Info Petro Limited and GSPC LNG Limited for 9 months period ended 31 March 2025 and from 31 March 2026 to 31 March 2029.

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- Financial forecasts of GSPL, GSPL India Gasnet Limited, GSPL India Transco Limited for 9 months period ended 31 March 2025 and from 31 March 2026 to 31 March 2034.
- Number of equity shares of the Companies, their subsidiaries, and associates as on the Valuation Date on a fully diluted basis.
- Other relevant information and documents for the purpose of this engagement provided through emails or hard copy of documents or during discussion.

In addition, we have obtained information from public sources/ proprietary databases including quarterly results.

During discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. The Clients have been provided with the opportunity to review the draft report (excluding the recommended Share Exchange Ratio and Share Entitlement Ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information, and clarifications regarding past financial performance of the Companies, their subsidiaries and associates.
- Considered data available in public domain related to the Companies, their subsidiaries and associates, and its peers.
- Discussions (physical/over call) with the Management to:
  - Understand the business and fundamental factors that affect its earning-generating capability and historical financial performance of the Companies, their subsidiaries and associates, as available in public domain.
  - Understand the assumptions and the basis of key assumption used by the Management in developing projections.
- Undertook Industry Analysis:
  - Researched publicly available market data including economic factors and industry trends that may impact the valuation.
  - Analysed key trends and valuation multiples of comparable companies using proprietary databases subscribed by us or our network firms.
- Selected internationally / well accepted valuation methodology/(ies) as considered appropriate by us.
- Arrived at valuation of Companies in order to conclude our analysis on Share Exchange Ratio and Share Entitlement Ratio for the Proposed Transaction.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This report is subject to the limitations detailed in the respective engagement letters. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

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Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the Valuation Date. Due to possible changes in market forces and circumstances, this valuation Report can only be regarded as relevant as at the Valuation Date.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Clients are the only authorized users of this report and use of the report is restricted for the purpose indicated in the respective engagement letters. This restriction does not preclude the Clients from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client's existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Report Date; (iii) audited financials of GGL, GSPC, GSPL and GEL for three months ended 30 June 2024; and (iv) other information obtained by us from time to time. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between 30 June 2024 and the Report date and that no material changes have occurred in their respective operations and financial position between 30 June 2024 and the Report date.

An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Clients or Companies, their directors, employees or agents.

The Clients/owners and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Clients, their management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the companies, their directors, employee or agents.

Valuers are not aware of any contingency, commitment or material issue which could materially affect the Companies' economic environment and future performance and therefore, the equity value of the Companies. The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and

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other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the Companies, if any provided to us.

This Report does not look into the business/ commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

We do not provide assurance on the achievability of the results forecast by the Management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.

The valuation analysis and result are governed by concept of materiality.

It has been assumed that the required and relevant policies and practices have been adopted by the Companies and would be continued in the future.

The fee for the engagement is not contingent upon the results reported.

We have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

The Valuers will owe the responsibility only to the Board of Directors of the Companies who have been appointed under the terms of their respective engagement letters. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions or advice given by any other person.

DISCLOSURE OF RV INTEREST OR CONFLICT, IF ANY AND OTHER AFFIRMATIVE STATEMENTS

We do not have any financial interest in the Clients, nor do we have any conflict of interest in carrying out this valuation.

Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information was provided to us to carry out the valuation.

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SHAREHOLDING PATTERN

Gujarat Gas Limited

The issued and subscribed equity share capital of GGL as of 30 June 2024 is INR 137.7 Cr consisting of 68,83,90,125 equity shares of face value of INR 2/- each. The shareholding pattern is as follows:

Shareholding Pattern as on 30 June 2024	No. of Shares	% Shareholding
Promoter & Promoter Group	41,91,83,540	60.89%
Public	26,92,06,585	39.11%
Grand Total	**68,83,90,125**	**100.00%**

Source: www.bseindia.com accessed on 29 August 2024

Gujarat State Petroleum Corporation Limited

The issued and subscribed equity share capital of GSPC as of 30 June 2024 is INR 1,075.6 Cr consisting of 10,75,65,40,264 equity shares of face value of INR 1/- each. The shareholding pattern is as follows:

Shareholding Pattern as on 30 June 2024	No. of Shares	% Shareholding
Governor of Gujarat	5,98,63,28,531	55.65%
Gujarat State Investment Limited	3,76,79,10,793	35.03%
Gujarat Gas Limited	2,00,00,000	0.19%
Others	98,23,00,940	9.13%
Grand Total	**10,75,65,40,264**	**100.00%**

Source: Management information

Gujarat State Petronet Limited

The issued and subscribed equity share capital of GSPL as of 30 June 2024 is INR 564.2 Cr consisting of 56,42,11,376 equity shares of face value of INR 10/- each. The shareholding pattern is as follows:

Shareholding Pattern as on 30 June 2024	No. of Shares	% Shareholding
Promoter & Promoter Group	21,23,05,270	37.63%
Public	35,19,06,106	62.37%
Grand Total	**56,42,11,376**	**100.00%**

Source: www.bseindia.com accessed on 29 August 2024

GSPC Energy Limited

The issued and subscribed equity share capital of GEL as of 30 June 2024 is INR 0.05 Cr consisting of 50,000 equity shares of face value of INR 10/- each. The shareholding pattern is as follows:

Shareholding Pattern as on 30 June 2024	No. of Shares	% Shareholding
Gujarat State Petroleum Corporation Limited ("GSPC")	49,994	99.988%
Others (as nominee on behalf of GSPC)	6	0.012%
Grand Total	**50,000**	**100.00%**

Source: Management information

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APPROACH FOR RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO

The Composite Scheme of Arrangement contemplates the merger of GSPC, GSPL and GEL with GGL. Arriving at the Share Exchange Ratio for the Proposed Amalgamation would require determining the value of equity shares of GGL, GSPC and GSPL on a relative basis. These values are to be determined independently, but on a relative basis for the Companies, without considering the effect of the Proposed Amalgamation.

Following the merger of GSPC into GGL, GEL, currently a wholly-owned subsidiary of GSPC, would become a wholly owned subsidiary of GGL. Consequently, no valuation of GEL would be necessary for the purpose of the Proposed Amalgamation.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for mergers and our reasonable judgment, in an independent and bona fide manner.

The valuation approach adopted by EY and SSPA is given in Annexure 1A and 1B respectively (Annexure 1A and 1B together referred to as Annexures).

APPROACH FOR RECOMMENDATION OF SHARE ENTITLEMENT RATIO

The Composite Scheme of Arrangement contemplates the demerger of gas transmission business of the merged entity into GTL. It can be seen that currently GTL is not engaged in any operations and GGL indirectly holds 100% equity shares of GTL. Once the scheme is implemented, all the shareholders of the merged entity would also become the shareholders of GTL, and their shareholding in GTL would mirror their shareholding in the merged entity. The effect of the demerger is that each shareholder of GGL become the owner of shares in two companies instead of one company. The percentage holding of a shareholder in GGL (post the demerger) and in GTL would remain unchanged from the proportion of capital held by such shareholder in GGL.

BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO AND SHARE ENTITLEMENT RATIO

The basis of the transaction of GGL, GSPC, GSPL and GEL would have to be determined after taking into consideration all the factors and methods mentioned herein after. Though different values have been arrived at under each of the approaches / methods as mentioned in the Annexures, for the purposes of recommending the Share Exchange Ratio it is necessary to arrive at a final value for each Companies. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach / method.

The Share Exchange Ratio has been arrived at on the basis of value of equity shares of the Companies based on the various approaches/methods explained herein after considering various qualitative factors relevant to each company, business dynamics and growth potentials of the businesses of the Companies, information base and key underlying assumptions and limitations.

The Share Entitlement Ratio would not have any impact on the ultimate value of the shareholders of the merged entity and the Proposed Demerger will be value-neutral to the shareholders of the merged entity. Further, as stated in SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June 2023, valuation is not required in cases where there is no change in the shareholding pattern of the merged entity. Therefore, we have not carried out valuation of gas transmission business. Accordingly, the valuation under the valuation approaches mentioned in the format prescribed under BSE Circular No. LIST/COMP/02/2017-18 dated 29 May 2017 and NSE Circular No. NSE/CML/2017/12 dated 01 June 2017 are not applicable in the given case.

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Based on the above, any Share Entitlement Ratio can be considered appropriate and fair for the Proposed Demerger as the proportionate equity shareholding of any shareholder before and after the Proposed Demerger would remain same.

While we have provided our recommendation of the Share Exchange Ratio and Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Share Exchange Ratio and Share Entitlement Ratio. The final responsibility for the determination of the Share Exchange Ratio and Share Entitlement Ratio at which the Proposed Transaction shall take place will be with the Board of Directors of the respective Companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

We have independently applied approaches/methods discussed in the Annexures, as considered appropriate, and arrived at the value per share ofGSPC, GSPL and GGL. To arrive at the consensus on the Share Exchange Ratio and Share Entitlement Ratio for the Proposed Transaction, suitable minor adjustments / rounding off have been done.

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CONCLUSION

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following fair equity Share Exchange Ratio and Share Entitlement Ratio for the Proposed Transaction are:

Amalgamation of GSPC into GGL
10 (Ten) equity shares of GGL of INR 2/- each fully paid up for every 305 (Three Hundred and Five) equity shares of GSPC of INR 1/- each fully paid up.

Amalgamation of GSPL into GGL
10 (Ten) equity shares of GGL of INR 2/- each fully paid up for every 13 (Thirteen) equity shares of GSPL of INR 10/- each fully paid up.

Demerger of Gas Transmission business from GGL into GTL
1 (One) equity share of GTL of INR 10/- each fully paid up for every 3 (Three) equity shares of GGL of INR 2/- each fully paid up.

It should be noted that we have not examined any other matter including economic rationale for the Proposed Transaction per se or accounting, legal or tax matters involved in the Proposed Transaction.

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<td>Respectfully submitted,

Ernst & Young Merchant Banking Services LLP
Registered Valuer
Registration No. IBBI/RV-E/05/2021/155

Nilesh Jain
Partner
IBBI Membership No.: IBBI/RV/05/2024/15540

EYMBS/RV/2024-25/077
Place: Gandhinagar
Date: 30 August 2024</td>
<td>Respectfully submitted,

SSPA & Co., Chartered Accountants
Registered Valuer
Registration No. IBBI/RV-E/06/2020/126

Parag Ved
Partner
ICAI Membership No.: 102432
IBBI Membership No.: IBBI/RV/06/2018/10092
UDIN: 24102432BKCJAY1359
Place: Gandhinagar
Date: 30 August 2024</td>
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Annexure 1A- Approach to Valuation – EY

We have followed the International Valuation Standards ("IVS") (effective January 31, 2022) published by the International Valuation Standards Council, for carrying out our valuation analysis and delivering our valuation conclusion. There are primarily three approaches in valuation (viz., Cost/Asset Approach, Market Approach and Income Approach). For any valuation, all the approaches may not be relevant and therefore will not give a fair estimate of value. Hence, the approach most suitable for that specific business / company must be applied in the valuation exercise, based on the experience and common practices adopted by valuers.

We have adopted a definition of Market Value as given in IVS 104: "Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".
The Fair Value referred in the Report is same as Market Value as defined above.

We have considered internationally accepted valuation standards and approaches in delivering our valuation conclusion. There are several principal valuation approaches under International Valuation Standard of which we have considered only those approaches to the extent, it is applicable and relevant.

The various approaches generally adopted in valuation are as under:

1. Cost/Asset Approach: Net Asset Value method
2. Income Approach: Discounted Cash Flows (DCF) method
3. Market Approach: Comparable Companies' Market Multiple (CCM) method, Comparable Transactions' Multiple (CTM) method and Market Price method

We have used the Market Approach (i.e., Market Price method and CCM method) and Income Approach (i.e., DCF Method) for valuation of all the Companies.

Fair valuation of the Companies factors various intangible assets whether or not recorded in the financials of the respective companies.

Cost/ Asset Approach – Net Asset Value (NAV) method: Under this approach, the net asset value method is considered, which is based on the underlying net assets and liabilities. Cost approach is not considered suitable for Oil & Gas companies intended to be continued on going concern basis. Hence, in the present valuation analysis, we have not considered NAV method.

Income Approach - Discounted Cash Flow (DCF) method: Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. Such DCF analysis involves determining the following:

- *Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's capital – both debt and equity.

- *Appropriate discount rate to be applied to cash flows i.e., the cost of capital:*

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This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

We have considered DCF Method for arriving at value per equity share of GGL, GSPC and GSPL

Market Approach - Multiples method: Under this method, one attempts to measure the value of the shares / business of a company by applying the derived market multiple based on market quotations of comparable public / listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company / business. This valuation is based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. In the present valuation analysis, we have considered relative EV/EBITDA multiples for arriving at the equity value of GSPC.

Market Approach - Market Price (MP) method: Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price.

The equity shares of GGL and GSPL are listed on NSE and BSE and are traded frequently. In these circumstances the share prices observed on NSE over a reasonable period have been considered for arriving at the value per equity share of GGL and GSPL under the Market Price method. For arriving at the market price, we have considered prices over appropriate period up to 29 August 2024.

The equity shares of GSPC are not listed on any recognized stock exchange. In these circumstances, we have not used this method for the valuation of GSPC.

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Fair Valuation:

We have arrived at the fair value of equity shares of GSPC and GSPL by applying below mentioned weights to the value derived under various methods.

The computation of fair equity Share Exchange Ratio for Proposed Amalgamation of GSPC with GGL by EY is tabulated below:

As per Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 dated 20 June 2023, "*The issuance of shares under schemes in case of allotment of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes shall follow the pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.*"

As per regulations 164 (1) of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (last amended on 23 May 2023), *If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:*
a. the 90 trading days' volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
b. the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date."

Based on above, the equity shares of GGL to be allotted pursuant to the preferential issue cannot be lower than the higher of 10 trading days' volume weighted average price ("VWAP") and 90 trading days' VWAP ("Preferential Issue Price"). Fair value of equity shares of GGL using Income Approach (DCF method), as presented in the table below, is higher than the value of equity shares of GGL computed basis Preferential Issue Price. Hence, we have given weights to the value of equity shares of GGL computed based on the Preferential Issue Price and DCF Method for the Proposed Amalgamation of GSPC with GGL.

Valuation Approach	**GGL**		**GSPC**	
	Value per Share of GGL (INR)	**Weight**	**Value per Share of GSPC (INR)**	**Weight**
Cost/Asset Approach (i)	NA	0%	NA	0%
Income Approach – DCF method	604.7	50%	21.2	50%
Market Approach				
Multiples method (ii)	NA	0%	18.3	50%
Market Price method (iii)	598.7	50%	NA	0%
Relative Value per Share (Weighted Average of (i),(ii) and (iii) – (A)	**601.7**		**19.7**	

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Market Price method - 90 trading days VWAP as at 29 August 2024 (Being the preceding day of the Relevant Date i.e. 30 August 2024 as informed to us by GGL) (B)	598.7		NA	
Market Price method - 10 trading days VWAP as at 29 August 2024 (Being the preceding day of the Relevant Date i.e. 30 august 2024 as informed to us by GGL) (C)	598.3		NA	
Preferential Issue Price (D) – higher of (B) and (C)	**598.7**		**NA**	
Price considered for recommendation of SWAP ratio (Higher of A and D)	**601.7**		**19.7**	
Fair Equity Share Exchange Ratio (Rounded)	**30.5**			

NA = Not Applied / Not Applicable

**Since, the business of GGL and GSPC are both intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the 'Asset' approach is not adopted for the present valuation exercise.*

The computation of fair equity Share Exchange Ratio for Proposed Amalgamation of GSPL with GGL by EY is tabulated below:

Valuation Approach	**GGL**		**GSPL**	
	Value per Share of GGL (INR)	**Weight**	**Value per Share of GSPL (INR)**	**Weight**
Cost/Asset Approach (i)	NA	0%	NA	0%
Income Approach – DCF method	604.7	50%	534.9	50%
Market Approach				
Multiples method (ii)	NA	0%	NA	0%
Market Price method (iii)	598.7	50%	389.2	50%
Relative Value per Share (Weighted Average of (i), (ii) and (iii)	**601.7**		**462.0**	
Fair Equity Share Exchange Ratio (Rounded)	**1.3**			

NA = Not Applied / Not Applicable

**Since, the business of GGL and GSPL are both intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the 'Asset' approach is not adopted for the present valuation exercise.*

The computation of Share Entitlement Ratio for Proposed Demerger of gas transmission business of the merged entity into GTL by EY is tabulated below:

Valuation Approach	**Gas transmission business of GGL (post Proposed Amalgamation)**		**GTL**	
	Value per Share (INR)	**Weight**	**Value per Share (INR)**	**Weight**
Cost/Asset Approach (i)	NA	NA	NA	NA
Income Approach – DCF method	NA	NA	NA	NA
Market Approach				
Multiples method (ii)	NA	NA	NA	NA
Market Price method (iii)	NA	NA	NA	NA
Relative Value per Share (Weighted Average of (i), (ii) and (iii)	**NA**		**NA**	

NA = Not Applicable

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Annexure 1B - Approach to Valuation – SSPA

Bases and Premise of Valuation

Valuation of the equity shares of the Companies as on the Valuation Date is carried out in accordance with ICAI Valuation Standards, 2018 ('ICAI VS') considering 'relative value' base and 'going concern value' premise. Any change in the valuation base, or the valuation premise could have a significant impact on the valuation outcome of the Companies.

The following are commonly used and accepted methods for determining the value of the equity shares of a company:

1. **Cost Approach – Net Asset Value method**
2. **Income Approach – Discounted Cash Flow method**
3. **Market Approach:**

a) **Market Price method**

b) **Comparable Companies Multiple method**

Each of the aforesaid approaches proceeds on different fundamental assumptions which have greater or lesser relevance and at times even no relevance, to a given situation. Thus, the approach to be adopted for a particular valuation exercise must be judiciously chosen.

For the Proposed Amalgamation, we have considered the following commonly used and accepted methods for determining the value of equity shares of the Companies for the purpose of recommending fair equity share exchange ratio to the extent relevant and applicable:

1. Cost Approach

The Cost Approach reflects the amount that would be required currently to replace the service capacity of an asset; often referred to as current replacement cost.

In the present case, the business of GSPC, GSPL and GGL are intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the Cost Approach is not adopted for the present valuation exercise.

2. Income Approach

Under the Income Approach, equity shares of GSPC, GSPL and GGL are valued using DCF Method.

Under DCF method, the projected free cash flows from business operations, after considering fund requirements for projected capital expenditure and incremental working capital, are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

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The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are determined by adding back to earnings before interest and tax (i) depreciation and amortizations (non-cash charge), and (ii) any non-operating item. The cash flow is adjusted for outflows on account of (i) capital expenditure, (ii) incremental working capital requirements and (iii) tax.

WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the company. In other words, WACC is the weighted average of cost of equity and cost of debt of the respective Companies.

To the value so arrived, appropriate adjustments (as may be applicable) have been made for contingent liabilities, loan funds, cash and cash equivalents, value of investments, value of surplus assets after considering the tax wherever applicable, to arrive at the equity value of GSPC, GSPL and GGL.

3. Market Approach

a) Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

In the present case, the equity shares of GSPL and GGL are listed on National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'). The equity shares of both the Companies are frequently traded on the recognized stock exchanges. The value of equity shares of GSPL and GGL under this method is determined considering the share prices of GSPL and GGL on NSE over an appropriate period.

b) Comparable Companies' Multiple (CCM) / Comparable Transactions Multiples (CTM) Method

Under CCM method, the value of equity shares of companies is determined by using multiples derived from valuations of comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for material differences, if any.

In the present case, Enterprise Value ('EV') to Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') multiple of comparable listed companies are considered to arrive at EV of GSPC.

To the value so arrived, appropriate adjustments (as may be applicable) have been made for contingent liabilities, loan funds, cash and cash equivalents, value of investments, lease liabilities, value of surplus assets after considering the tax wherever applicable, to arrive at the equity value.

Under CTM, the value of shares / business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

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Based on our analysis and discussion with the Management, we understand that there are no recent comparable transactions, data of which is available in public domain, involving companies of similar nature and having a similar operating financial metrics as that of GSPC, of GSPL and of GGL, we have therefore not used CTM method to value the equity shares of these companies.

FAIR EQUITY SHARE EXCHANGE RATIO

The fair basis of amalgamation of GSPC and GSPL with GGL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under different approaches, for the purposes of recommending a ratio of exchange it is necessary to arrive at a single value for the equity shares of GSPC, GSPL and GGL. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the equity shares of each company. Our exercise is to work out relative value of equity shares of GSPC, GSPL and GGL to facilitate the determination of share exchange ratio. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.

As mentioned above, we have considered a combination of Market Approach and Income Approach for arriving at the relative value per equity share of GSPC, GSPL and GGL.

The recommendation of fair equity share exchange ratio for the Proposed Amalgamation of GSPC with GGL by SSPA is tabulated below:

As per preliminary para 5 of the Master Circular on Scheme of Arrangement by Listed Entities dated 20 June 2023, "The issuance of shares under schemes in case of allotment of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes shall follow the pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time (hereinafter referred to as "the ICDR Regulations").

As per regulations 164 (1) of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, if the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

a. the 90 trading days' volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date: or

b. the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date."

We have therefore, given due cognizance to the base price derived using the formula prescribed under ICDR Regulations after considering the fair value of GGL while determining the share exchange ratio.

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Valuation Approach	GGL		GSPC	
	Value per Share (INR)	**Weight**	**Value per Share (INR)**	**Weight**
Cost/Asset Approach* (i)	NA	0%	NA	0%
Income Approach DCF Method (ii)	609.7	50%	21.9	50%
Market Approach				
Market Price Method (iii)	621.0	50%	NA	0%
CCM Method (iv)	NA	0%	18.4	50%
Relative Value per Share (Weighted Average of (i), (ii) (iii) and (iv) – (A)	**615.4**		**20.2**	
Value per share based on ICDR Pricing (B)	**598.7**		**NA**	
Relative value per share for the purpose of share exchange ratio (higher of A or B)	**615.4**		**20.2**	
Fair Equity Share Exchange Ratio (Rounded)	**30.5**			

NA = Not Adopted/ Not Applicable

**Since, the business of GGL and GSPC are both intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the 'Asset' approach is not adopted for the present valuation exercise.*

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The recommendation of fair equity Share Exchange Ratio for Proposed Amalgamation of GSPL with GGL by SSPA is tabulated below:

Valuation Approach	**GGL**		**GSPL**	
	Value per Share (INR)	**Weight**	**Value per Share (INR)**	**Weight**
Cost/Asset Approach* (i)	NA	0%	NA	0%
Income Approach DCF Method (ii)	609.7	50%	560.7	50%
Market Approach				
Market Price Method (iii)	621.0	50%	382.8	50%
CCM Method (iv)	NA	0%	NA	0%
Relative Value per Share (Weighted Average of (i), (ii), (iii) and (iv)	**615.4**		**471.7**	
Fair Equity Share Exchange Ratio (Rounded)	**1.3**			

NA = Not Applied / Not Applicable

**Since, the business of GGL and GSPL are both intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the 'Asset' approach is not adopted for the present valuation exercise.*

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FAIR EQUITY SHARE ENTITLEMENT RATIO

As mentioned above, post the Proposed Demerger all the shareholders of GGL (post Proposed Amalgamation) are and will be the ultimate beneficial owners of GTL in the same ratio (inter se) as they hold shares in GGL (post Proposed Amalgamation). Therefore, no relative valuation of Gas transmission business of GGL (post Proposed Amalgamation) and of GTL is required to be undertaken for the Proposed Demerger. Accordingly, valuation approaches as indicated in the format (as attached below) as prescribed by circular number NSE/CML/2017/12 of NSE and LIST/COMP/02/2017-18 of BSE have not been undertaken as they are not relevant in the instant case.

The recommendation of fair equity Share Entitlement Ratio for Proposed Demerger of Gas transmission business of GGL (post Proposed Amalgamation) into GTL by SSPA is tabulated below:

Valuation Approach	**Gas Transmission Business of GGL (post Proposed Amalgamation)**		**GTL**	
	Value per Share (INR)	**Weight**	**Value per Share (INR)**	**Weight**
Cost/Asset Approach (i)	NA	NA	NA	**NA**
Income Approach DCF Method (ii)	NA	NA	NA	NA
Market Approach				
Market Price Method (iii)	NA	NA	NA	NA
CCM Method (iv)	NA	NA	NA	NA
Relative Value per Share (Weighted Average of (i), (ii), (iii) and (iv)	**NA**		**NA**	

NA = Not Applicable