

Date: August 30, 2024

To,
The Audit Committee and the Board of Directors,
Gujrat Gas Limited
2, Shantisadan Society, Nr. Parimal Garden,
Ellis Bridge, Ahmedabad - 380006, India

Dear Members of the Audit Committee and the Board of Directors,

1. Engagement Background

We understand that the Management of Gujarat Gas Limited ("GGL"), Gujarat State Petroleum Corporation Limited ("GSPC"), Gujarat State Petronet Limited ("GSPL") and GSPC Energy Limited ("GEL") are contemplating amalgamation of GSPC, GEL and GSPL with GGL ("Proposed Amalgamation"); and demerger of gas transmission business of the merged entity into GSPL Transmission Limited ("GTL") through a Composite Scheme of Arrangement under the provisions of Sections 230-232 and the other applicable provisions of the Companies Act, 2013.

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

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

The terms and conditions of the Proposed Mergers are more fully set out in the draft Proposed Transaction document shared with us, the final version of which will be filed by the aforementioned companies with the appropriate authorities.

We understand that the Valuation as well as the swap ratio thereof is based on the Joint Valuation Report dated August 30, 2024 issued by Ernst & Young Merchant Banking Services LLP, Independent valuer registered with Insolvency and Bankruptcy Board of India ("IBBI") with Registration No. IBBI/RV-E/05/2021/155 signed by Nilesh Jain, Partner and SSPA & Co., Chartered Accountants, Independent valuer registered with Insolvency and Bankruptcy Board of India ("IBBI") with Registration No. IBBI/RV-E/06/2020/126 signed by Parag Ved, Partner (Jointly referred to as "Valuer").

We, Saffron Capital Advisors Private Limited, a SEBI registered Category-I Merchant Banker, have been engaged by GGL to give a fairness opinion ("Opinion") on Valuation Certificate dated August 30, 2024 issued by the Valuer.



2. Background of the companies and Rationale

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.

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.

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.

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.

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.

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.

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.



3. Recommended Share Exchange Ratio for the Proposed transaction

The Valuer has recommended the following fair equity Share Exchange Ratio and Share Entitlement Ratio for the Proposed Transaction:

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.

We have relied upon the draft Proposed Merger Document and taken the aforementioned (together with the other facts and assumptions set forth therein) into account while determining the meaning of "fairness", from a financial point of view, for the purposes of this Opinion.

4. Exclusions and Limitations

Our opinion and analysis are limited to the extent of review of the valuation report by the Valuer and the Draft Proposed Merger document. In connection with the opinion, we have

- a) Reviewed the Draft Proposed Merger Document.
- b) Valuation Report dated August 30, 2024, issued by Valuer.
- c) Held discussions with the Valuer, in relation to the approach taken to valuation and the details of various methodologies utilized by them in preparing the valuation report and recommendations.
- d) Consideration of various financial data including but not limited to the following:
 - a. Annual reports of GGL and GSPL for years ended 31 March 2020 to 31 March 2023.
 - b. Audited standalone financial statements of GGL and GSPL for year ended 31 March 2024 and for three months ended 30 June 2024.
 - c. Audited standalone financial statements of GSPC for years ended 31 March 2020 to 31 March 2024 and for three months ended 30 June 2024.
 - d. Audited financial statements of GEL for years ended 31 March 2020 to 31 March 2024 and for three months ended 30 June 2024.



- e. 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.
- f. Audited financial statements of GSPC LNG Limited and Swan LNG Private Limited for year ended 31 March 2020 to 31 March 2024.
- g. Financial forecasts of GSPC, GGL, Sabarmati Gas Limited, 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.
- h. 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.
- i. Other relevant information and documents for the purpose of this engagement.

This opinion is intended only for the sole use and information of GGL, GSPC, GSPL and GEL and in connection with the Proposed Transaction, including for the purpose of obtaining judicial and regulatory approvals for the Proposed Transaction and for no other purpose. We are not responsible in any way to any person/party/statutory authority for any decision of such person or party or authority based on this opinion. Any person/party intending to provide finance or invest in the shares/business of GGL, GSPC, GSPL and/or GEL or their subsidiaries /joint ventures/associates 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.

For the purpose of this assignment, Saffron has relied on the Valuation Certificate for the Proposed transaction and information and explanation provided to it, the accuracy whereof has not been evaluated by Saffron. Saffron's work does not constitute certification or due diligence of any past working results and Saffron has relied upon the information provided to it as set out in working results of the aforesaid reports.

Saffron has not carried out any physical verification of the assets and liabilities of the companies and takes no responsibility on the identification and availability of such assets and liabilities.

We hereby give our consent to present and disclose the Fairness Opinion in the general meetings of the shareholders of GGL and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the Proposed Merger with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

The information contained in this report is selective and is subject to updating, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No



obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The report has been prepared solely for the purpose of giving a fairness opinion on Valuation Certificate issued for the Proposed Transaction and may not be applicable or referred to or quoted in any other context.

Our opinion is dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment does not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to this date.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover, in this case where the shares of the GGL are being issued as consideration to the shareholders of GSPC and GSPL, it is not the absolute valuation that is important for framing an opinion but the relative valuation. We have assumed that the Final Proposed Merger document will not differ in any material respect from the Draft Proposed Merger Document shared with us.

We do not express any opinion as to any tax or other consequences that might arise from the Proposed Merger on GGL, GSPC, GSPL, GEL and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which GGL, GSPC, GSPL, GEL and/or their associates/ subsidiaries, are or may be a party.


The company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion. Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Proposed Merger or any matter thereto.



5. Conclusion

Based on and subject to the foregoing, we are of the opinion that the share issuance ratio is fair to the shareholders of GGL from the financial point of view. Further the relative valuation of GGL, GSPC, GSPL and GEL as detailed by the Valuer is fair.

For Saffron Capital Advisors Private Limited,



Sakshi Gupta
Head-Valuation



STRICTLY PRIVATE & CONFIDENTIAL

August 30, 2024

To,

**The Audit Committee / Board of Directors,
Gujarat Gas Limited**
Gujarat Gas CNG Station, Sector-5/C,
Gandhinagar,
Gujarat - 382006

**The Audit Committee / Board of Directors,
Gujarat State Petronet Limited**
GSPC Bhavan,
Behind Udyog Bhavan, Sector - 11,
Gandhinagar,
Gujarat – 382010

**The Audit Committee / Board of Directors,
Gujarat State Petroleum Corporation Limited**
GSPC Bhavan,
Behind Udyog Bhavan, Sector - 11,
Gandhinagar,
Gujarat - 382010

**The Audit Committee / Board of Directors,
GSPC Energy Limited**
GSPC Bhavan,
Behind Udyog Bhavan, Sector - 11,
Gandhinagar,
Gujarat - 382010

Sub: Fairness Opinion on share exchange ratio in connection with 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(s),

We refer to our engagement letter dated August 19, 2024 and discussion wherein the management of Gujarat Gas Limited (hereinafter referred to as “GGL” or “**Transferee company**”), Gujarat State Petroleum Corporation Limited (hereinafter referred to as “GSPC” or “**Transferor company 1**”), Gujarat State Petronet Limited (hereinafter referred to as “GSPL” or “**Transferor company 2**”), and GSPC Energy Limited (hereinafter referred to as “GEL” or “**Transferor company 3**”) has requested Fortress Capital Management Services Private Limited (hereinafter referred to as “**Fortress**”), a SEBI Registered Category I Merchant Banker to give a fairness opinion on the Share Exchange Ratio for the proposed amalgamation of GSPC and GSPL with

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Fortress Capital Management Services Pvt. Ltd. CIN : U67120MH2004PTC145815

Corporate office : 204, Lotus Park, 2nd Floor, Road No 16, Wagle Estate, Thane (W) 400 604, India. Tel : +91 (22) 6288 7900

Registered office : Daryanagar House, 2nd Floor, 69 Maharshi Karve Road, Marine Lines, Mumbai 400 002, India. Tel : +91 (22) 2200 7973



GGL (hereinafter referred to as “**Proposed Amalgamation**”) and Share Entitlement Ratio for the proposed demerger of gas transmission business of the merged entity into GSPL Transmission Limited (hereinafter referred to as “**GTL**”) (hereinafter referred to as “**Proposed Demerger**”) (Proposed Amalgamation and Proposed Demerger are collectively referred to as “**Proposed Transaction**”) recommended by Ernst & Young Merchant Banking Services LLP and SSPA & Co., Chartered Accountants (hereinafter referred to as “**Joint Valuers**”). GGL, GSPC, GSPL, GEL and GTL are hereinafter jointly referred to as “**Companies**”

1. **BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT**

1.1 We understand that the management of 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 (hereinafter collectively referred to as the “**Scheme**”) under the provisions of Sections 230-232 and the other applicable provisions of the Companies Act, 2013. We understand that the appointed date for the Proposed Amalgamation as per the draft Scheme shall be April 1, 2024 and the appointed date for the Proposed Demerger as per the draft Scheme shall be April 1, 2025.

1.2 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 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.

1.3 **Gujarat Gas Limited**

GGL was incorporated on February, 21 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 March 31, 2024,



GGL reported a consolidated revenue of INR 16,401 cr and a consolidated profit of INR 1,143 cr.

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

The shareholding pattern of GGL as on June 30, 2024 is given below:

| Shareholding Pattern | 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 August 29, 2024

1.4 Gujarat State Petroleum Corporation Limited

GSPC was incorporated on January 29, 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 March 31, 2024, GSPC reported a consolidated revenue of INR 27,358 cr and consolidated profit of INR 3,357 cr.

The issued and subscribed equity share capital of GSPC as of June 30, 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 of GSPC as on June 30, 2024 is given below:

| Shareholding Pattern | 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

1.5 Gujarat State Petronet Limited

GSPL was incorporated on December 23, 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 March 31, 2024, GSPL reported a consolidated revenue of INR 18,084 cr and a consolidated profit of INR 2,184 cr

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

The shareholding pattern of GSPL as on June 30, 2024 is given below:

| Shareholding Pattern | 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 August 29, 2024

1.6 GSPC Energy Limited

GEL was incorporated on December 18, 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 March 31, 2024, GEL reported a revenue of INR 132 cr and profit of INR 0.3 cr.

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

The shareholding pattern of GEL as on June 30, 2024 is given below:

| Shareholding Pattern | 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

1.7 GSPL Transmission Limited

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. GTL is a Wholly owned subsidiary of GGL



- 1.8 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.
- 1.9 In this connection, the Board of Directors of GGL, GSPC, GSPL and GEL have appointed Joint 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 (post the Proposed Amalgamation) pursuant to demerger of gas transmission business into GTL.
- 1.10 Accordingly, we have been appointed Board of Directors of GGL, GSPC, GSPL and GEL in the capacity of SEBI Registered Category I Merchant Banker to give a fairness opinion on the Share Exchange Ratio and Share Entitlement Ratio recommended by Joint Valuers in connection with the Proposed Transaction to comply with SEBI Guidelines.
- 1.11 The information contained in our report herein is confidential. It is intended only for the sole use of captioned purpose including for obtaining the requisite statutory approvals.



2. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Draft Composite Scheme of Arrangement for the Proposed Transaction.
- (b) Annual reports of GGL and GSPL for years ended March 31, 2020 to March 31, 2023.
- (c) Audited standalone financial statements of GGL and GSPL for year ended March 31, 2024 and for three months ended June 30, 2024.
- (d) Audited standalone financial statements of GSPC for years ended March 31, 2020 to March 31, 2024 and for three months ended June 30, 2024.
- (e) Audited financial statements of GEL for years ended March 31, 2020 to March 31, 2024 and for three months ended June 30, 2024.
- (f) 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 March 31, 2020 to March 31, 2024 and for three months ended June 30, 2024.
- (g) Audited financial statements of GSPC LNG Limited for year ended March 31, 2020 to March 31, 2024.
- (h) Audited financial statements of Swan LNG Private Limited for year ended March 31, 2020 to March 31, 2023
- (i) Financial forecasts of GSPC, GGL, Sabarmati Gas Limited, Guj Info Petro Limited and GSPC LNG Limited for 9 months period ended March 31, 2025 and from FY March 2026 to FY March 2029.
- (j) Financial forecasts of GSPL, GSPL India Gasnet Limited, GSPL India Transco Limited for 9 months period ended March 31, 2025 and from FY March 2026 to FY March 2034.
- (k) Number of equity shares of the Companies, their subsidiaries, and associates as on the Valuation Date on a fully diluted basis.
- (l) Report dated August 30, 2024 issued by the Joint Valuers.
- (m) Information available in public domain.



- (n) Such other information and explanations as we required and which have been provided to us by the Management and Joint Valuers including Management Representations by the Companies.



3. EXCLUSIONS AND LIMITATIONS

- 3.1 Our conclusion is based on the information furnished to us being complete and accurate in all material respects.
- 3.2 We have been represented by the Management of the Companies that the Companies have clear and valid title of assets. No investigation on Companies claim to title of their assets has been made and their claim to such rights has been assumed to be valid.
- 3.3 Our work does not constitute verification of historical financials of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4 Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- 3.5 The fee for the engagement and this report is not contingent upon the results reported.
- 3.6 Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement.
- 3.7 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the Proposed Transaction with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 3.8 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.
- 3.9 Any person / party intending to provide finance / divest / invest in the shares / convertible instruments / business of the Companies 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.
- 3.10 This Fairness Opinion (“Opinion”) is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial



position of the Companies and any other matter, which may have an impact on the Opinion including any significant changes that have taken place or are likely to take place in the financial position of the Companies. Events and transactions occurring after the date of this Opinion may affect the opinion and assumptions used in preparing it and we do not assume any obligation to update, revise or reaffirm this Fairness Opinion.

- 3.11 We do not express any opinion as to the price at which shares of the Company may trade at any time, including subsequent to the date of this opinion.
- 3.12 This Fairness Opinion has been issued for the sole purpose to facilitate the Companies to comply with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 relating to Scheme of Arrangement by Listed Entities, it shall not be valid for any other purpose and should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom the report is disclosed or otherwise made available.
- 3.13 Fortress nor its directors, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the fairness opinion is provided. All such parties expressly disclaim any and all liability for/or based on or relating to any such information contained in the fairness opinion.



4. REVIEW OF DOCUMENTS

For arriving at the opinion, we have reviewed the following documents:

- Draft Composite Scheme of Arrangement.
- Financials and Projections of Companies as mentioned in para 'Sources of Information'.
- Report dated August 30, 2024 of the Joint Valuers and underlying workings and assumptions used for arriving at the relative equity values of GGL, GSPC and GSPL to arrive at the Share Exchange Ratio for the Proposed Amalgamation and Shareholding Patterns of Companies to arrive at the Share Entitlement Ratio for the Proposed Demerger.
- Explanation and information provided by the Management of Companies and the Joint Valuers.



5. VALUATION METHODOLOGY ADOPTED BY THE JOINT VALUERS

The Composite Scheme of Arrangement contemplates the merger of GSPC, GSPL and GEL with GGL. For the purpose of Valuation and recommending the share exchange ratio for the Proposed Amalgamation, the Joint Valuers have adopted “Discounted Cashflow Method” under Income Approach, “Market Price Method” and “Comparable Companies’ Multiple Method” under Market Approach for valuation of equity shares of GGL, GSPC and GSPL. 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.

The Composite Scheme of Arrangement contemplates the demerger of gas transmission business of the merged entity into GTL. 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 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. 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.



6. CONCLUSION

6.1 We have reviewed methodology as mentioned above used by the Joint Valuers for arriving at the valuation of the equity shares of the GGL, GSPC and GSPL and also reviewed the working and underlying assumptions adopted to arrive at the values under each of the above approaches, for the purposes of recommending Share Exchange Ratio

6.2 **On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the following Share Exchange Ratio and Share Entitlement Ratio for the Proposed Transaction:**

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 shares of GTL of INR 10/- each fully paid up for every 3 (Three) equity shares of GGL of INR 2/- each fully paid up.

recommended by Joint Valuers are fair and reasonable.



Thanking you,

Yours faithfully,

For Fortress Capital Management Services Pvt. Ltd.

Heena M. Joshi

Authorized Signatory



Place: Mumbai

SEBI Registration No.: INM000011146