

GGL/SEC/2024/1340

30th August, 2024

BSE Limited, Phiroze Jijibhoy Tower, Dalal Street, Mumbai Company Code: BSE-539336	National Stock Exchange of India Ltd, Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai Company Code: NSE-GUJGASLTD
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Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Respected Sir/ Madam,

We are pleased to enclose herewith the Investor Presentation on the Scheme of Arrangement. The same will be made available on the website of the Company viz. www.gujaratgas.com.

The said presentation will also be used for Investor / Analyst Meets by GGL.

This is for your information and records.

Thanking you,

For, Gujarat Gas Limited

Sandeep Dave
Company Secretary

Encl: As above



Gujarat Gas Limited & Gujarat State Petronet Limited

INVESTOR UPDATE
On 'The Scheme of Arrangement'

30 August 2024



Cautionary Statement

This presentation contains 'forward-looking statements' – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as 'expects,' 'anticipates,' 'intends,' 'plans,' 'believes,' 'seeks,' or 'will.' These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements.

GSPC Group does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

This presentation is not intended, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities in Gujarat Gas Limited and Gujarat State Petronet Limited and any of their subsidiaries or undertakings or any other invitation or inducement to engage in investment activities, nor shall this presentation (or any part of it) nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

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- 02** Proposed Scheme and Transaction Highlights
- 03** Key Considerations for GGL & GSPL's Stakeholders
- 04** Roadmap





01

Setting the Context

Key Entities involved in the Scheme of Arrangement



37.63%

Shareholding of GSPC in GSPL



54.17%

Shareholding of GSPL in GGL



GUJARAT GAS

Gujarat State Petroleum Corporation Limited

GSPC

India's 2nd largest Natural Gas Trading Company

Since 1979

Incorporated by the Government of Gujarat in 1979 as a petrochemical corporation. Forayed into energy resources business since 1994

Gas Trading

Traded average ~15 mmscmd of natural gas over a period of five years.

GSPC has cloaked cumulative revenues of more than ~Rs. 1 Lakh Crores and PAT of more than ~Rs. 6,500 crores in past five years

Other Businesses

While key focus area is gas trading activity, the Company also has participating interest in 11 operational E&P blocks and 71.4MW of Wind Farms

Gujarat State Petronet Limited

GSPL

India's 2nd largest Natural Gas Transmission Company

Since 1998

Incorporated by GSPC in the year 1998 for Gas Transmission Business-operating on an open access basis

~2,706 KMs of pipelines in Gujarat

GSPL has JV with 2 transmission companies GIGL* & GITL*. GSPL along with 2 JV's cater to 4,373 KMs of natural gas pipeline transporting ~38 mmscmd of gas with presence across 6 states

**GSPL India Gasnet Ltd. & GSPL India Transco Ltd.*

Gujarat Gas Limited

GGL

India's Largest City Gas Distribution Company

3+ decades

Track record in ensuring uninterrupted distribution of natural gas to domestic, commercial, industrial and transport customers

Business

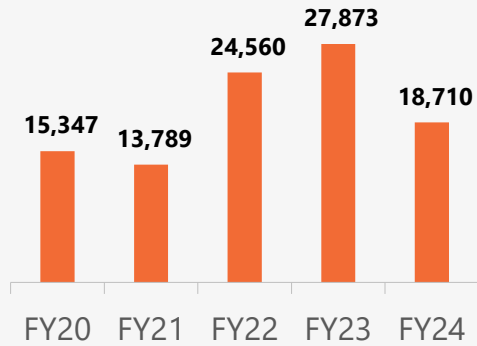
Distributing ~11 mmscmd of natural gas, 810+ CNG stations, ~22 Lakh PNG connections. Steel/MDPE pipeline network of more than ~40,200 kms Serving across 6 states and 1 union territory having 27 CGD Authorizations

Innovation

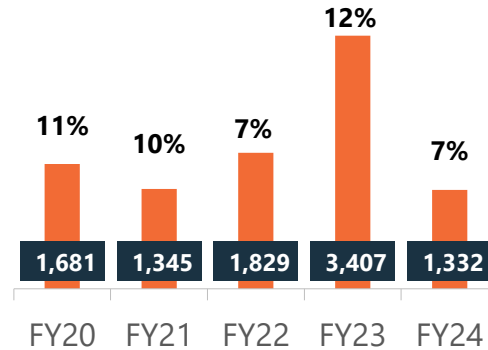
Successfully Commissioned India's 1st Pilot Project of blending green hydrogen with Piped Natural Gas for Domestic Customers in collaboration with NTPC

Group's Presence across the Natural Gas Value Chain

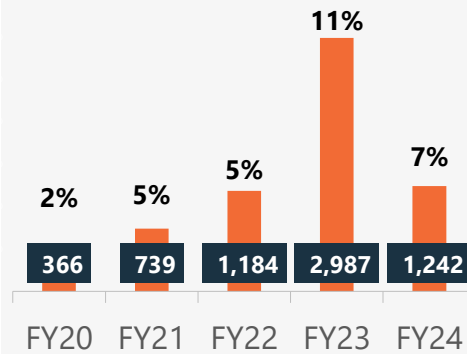
Total Revenue (₹ crore)



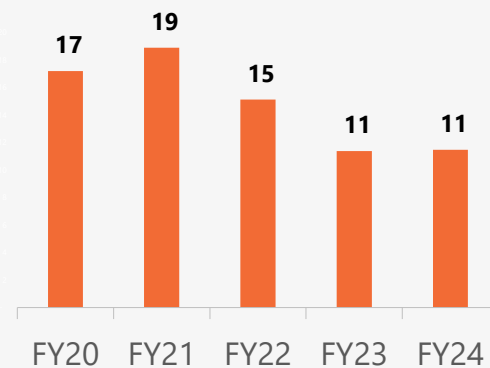
EBIDTA (₹ crore) EBITDA Margin (%)



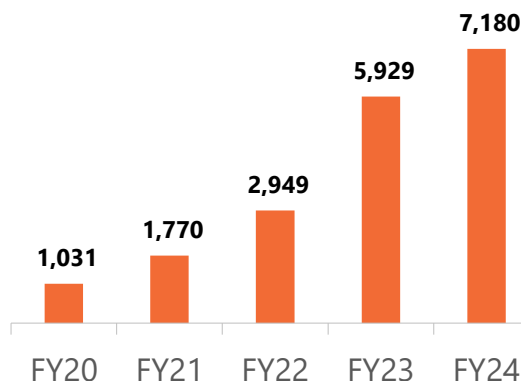
PAT (₹ crore) & PAT Margin (%)



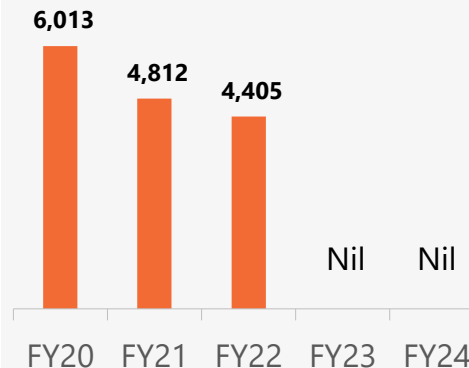
Gas Trading Volumes (mmscmd)



Net Worth (₹ crore)



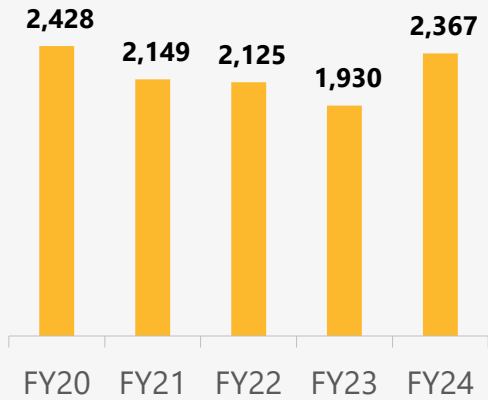
Total Debt (₹ crore)



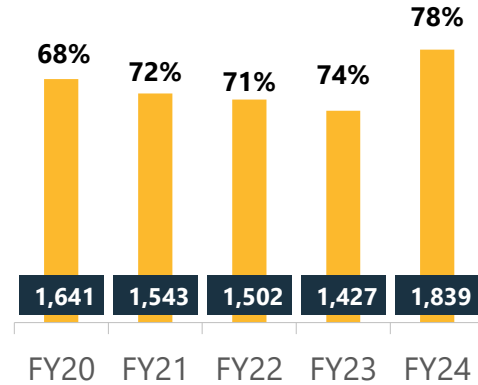
GSPC's value derived from Gas Trading Business

- India's second largest Natural Gas Trading Company
- Largest demand aggregator in Gujarat
- Having a strong natural gas sourcing portfolio with a mix of domestic gas and imported LNG tie-up on long-term, mid-term and spot basis – Imported more than 400 LNG cargos till June 2024
- Having strong customer base across sectors such as fertilizer, power, CGD, steel, petrochemicals, refineries etc. spread across India
- Long-term regasification capacity tie-up with LNG terminals assuring availability of cargo slots round the year
- Gas transmission arrangements with GAIL, GSPL & PIL
- Presence in renewables having 71.40 MW of windmill generation capacity backed by PPA with GUVNL

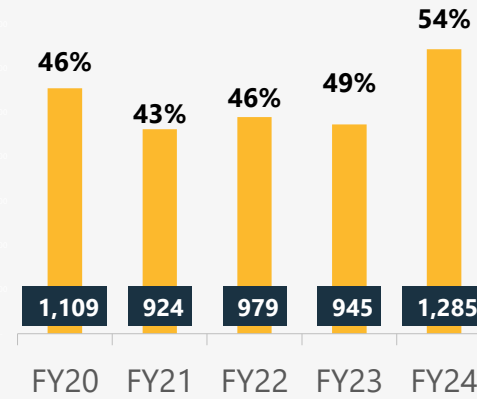
Total Revenue (₹ crore)



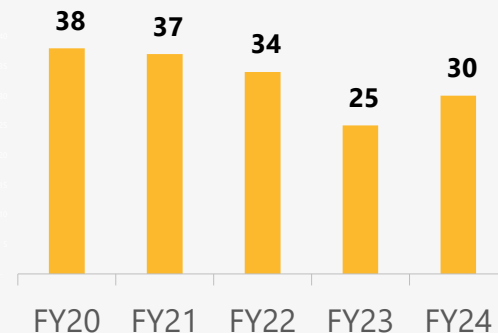
EBIDTA (₹ crore) EBITDA Margin (%)



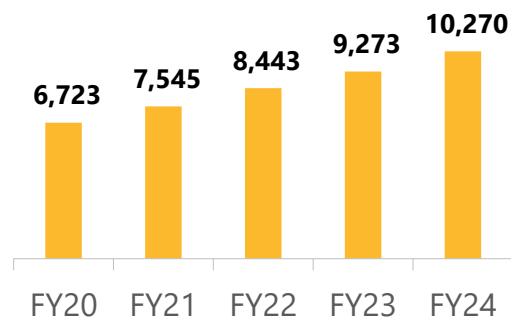
PAT (₹ crore) & PAT Margin (%)



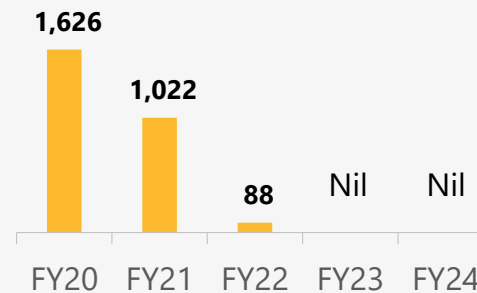
Gas Transmission Volumes (mmscmd)



Net Worth (₹ crore)



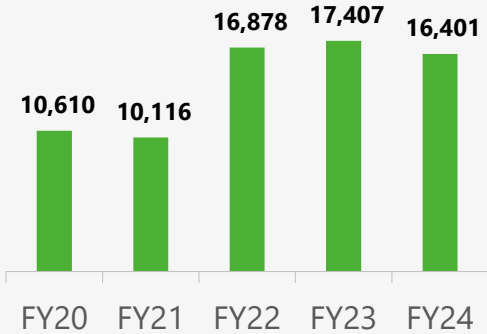
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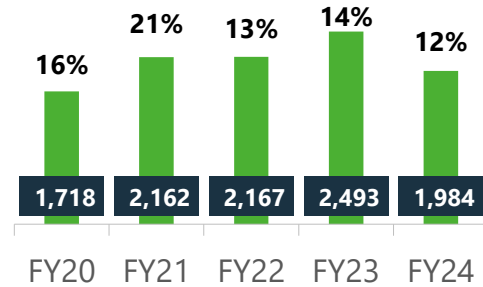
GSPL's value derived from Gas Transmission Business

- India's second largest Natural Gas Transmission Company with 2,706 km pipeline in operation in the State of Gujarat
- The gas grid is connected with all demand and supply centres in Gujarat and operates on an open access basis with bi-directional flow capability
- Transmission business operates in a Regulated Environment under the aegis of PNGRB
- Presence in renewables having 52.50 MW of windmill generation capacity backed by PPA with GUVNL
- Investment through its JV- GSPL India Gasnet Limited (GIGL) is implementing 1,694 kms of gas pipeline in the states of Gujarat, Rajasthan, Punjab & Haryana. Currently 1,302 km of pipeline is in operations
- Investment through its JV- GSPL India Transco Limited (GITL) is operating 365 kms of gas pipeline in the states of Andhra Pradesh & Telangana

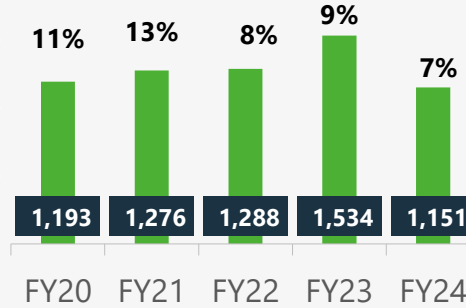
Total Revenue (₹ crore)



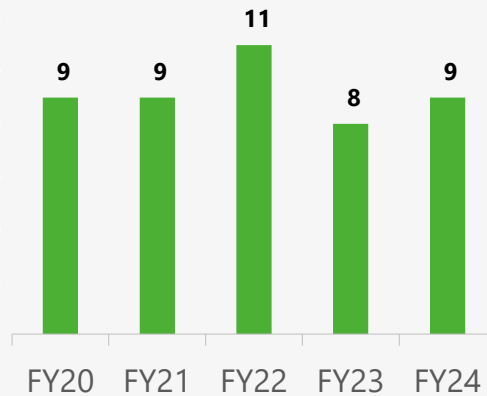
EBIDTA (₹ crore) EBITDA Margin (%)



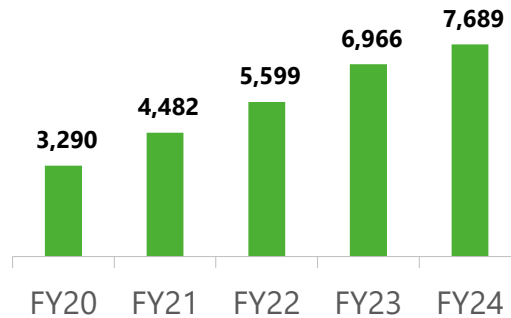
PAT (₹ crore) & PAT Margin (%)



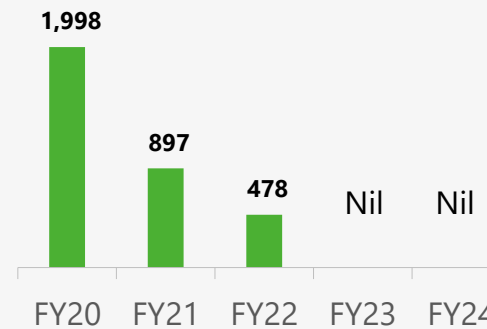
Gas Distribution Volumes (mmscmd)



Net Worth (₹ crore)



Total Debt (₹ crore)



GGL's value derived from CGD Business

- India's largest City Gas Distribution (CGD) Company
- One of the earliest entrants in CGD space in India having commissioned first PNG connection in 1989 in Ankleshwar, Gujarat
- Operates in 27 CGD Authorization across 6 states and 1 union territory
- Caters to more than ~22 lakh PNG domestic connection, ~4,400 PNG industrial connections, and ~15,200 PNG commercial connections
- Operates more than 810 CNG Stations across 6 states and 1 UT
- Steel/MDPE pipeline network of more than ~40,200 kms
- Ranked amongst the 'Top 150 Wealth Creators 2024' by Dalal Street Investment Journal
- 'SKOCH ESG Award 2024' in City Gas Distribution (CGD) Project

Strategic Factors: Leading to the Scheme of Arrangement



GUJARAT GAS

Gujarat Gas Limited
(GGL)

Market Capitalization#

₹ 41,531 crore

Revenue

+7%

10-year CAGR*

Profit (PAT)

+44%

10-year CAGR



Gujarat State Petronet Limited
(GSPL)

Market Capitalization#

₹ 23,657 crore

Revenue

+8%

10-year CAGR

Profit (PAT)

+12%

10-year CAGR

Key Factors Influencing the scheme of arrangement

- Decade of **robust industry-driven growth and rapid business segment expansion** for GSPC's Gas Trading Business, GSPL & GGL
- **Strong, diversified growth and earnings** from underlying performance of each business.
- India's position as the fastest-growing economy with **expected continued growth and substantial capex in the oil & gas industry**
- **GOI's vision** is to increase the share of natural gas in India's energy basket from 6% to 15%
- GSPC 'India's 2nd largest Natural Gas Trading Company' is a key player in developing Gujarat as a "Gas Based Economy" having the size of a **behemoth which would have higher synergies** with GGL.
- GSPC has cloaked cumulative revenues of more than Rs.1 lakh crore and PAT of more than Rs.6,500 crore in past five years
- GSPL's growth not fully reflected in its valuation due to **holding company discount**



Collectively, these strategic factors have catalysed the initiation of our comprehensive amalgamation and arrangement process and enable unleash the potential of all entities involved

Leverage Position across Group Companies

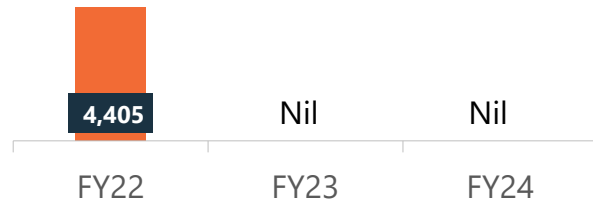
Total Debt (₹ crore)

Credit Rating

Financial Comments



Significant synergy to unleash post the merger with GGL

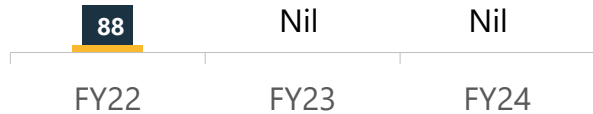


**CARE AA;
(Stable) /
CARE A1+**

- Comfortable Leverage position with Nil debt since the past two years
- Prudent working capital management



Transmission business to grow independently



**CARE AA+;
(Stable) /
CARE A1+**

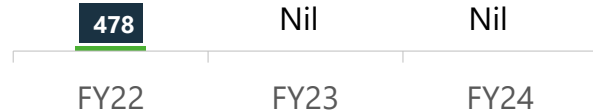
- Comfortable Leverage position with Nil debt since the past two years
- Poised to undertake capex towards gas pipeline expansion in future years



GUJARAT GAS

GGL

Integrated Gas Trading & Distribution to generate next phase of Growth



**CRISIL, CARE and
India Ratings
AAA (Stable)/ A1+**

- Debt free company provides enough scope to expand the CGD network thereby increasing the volumes

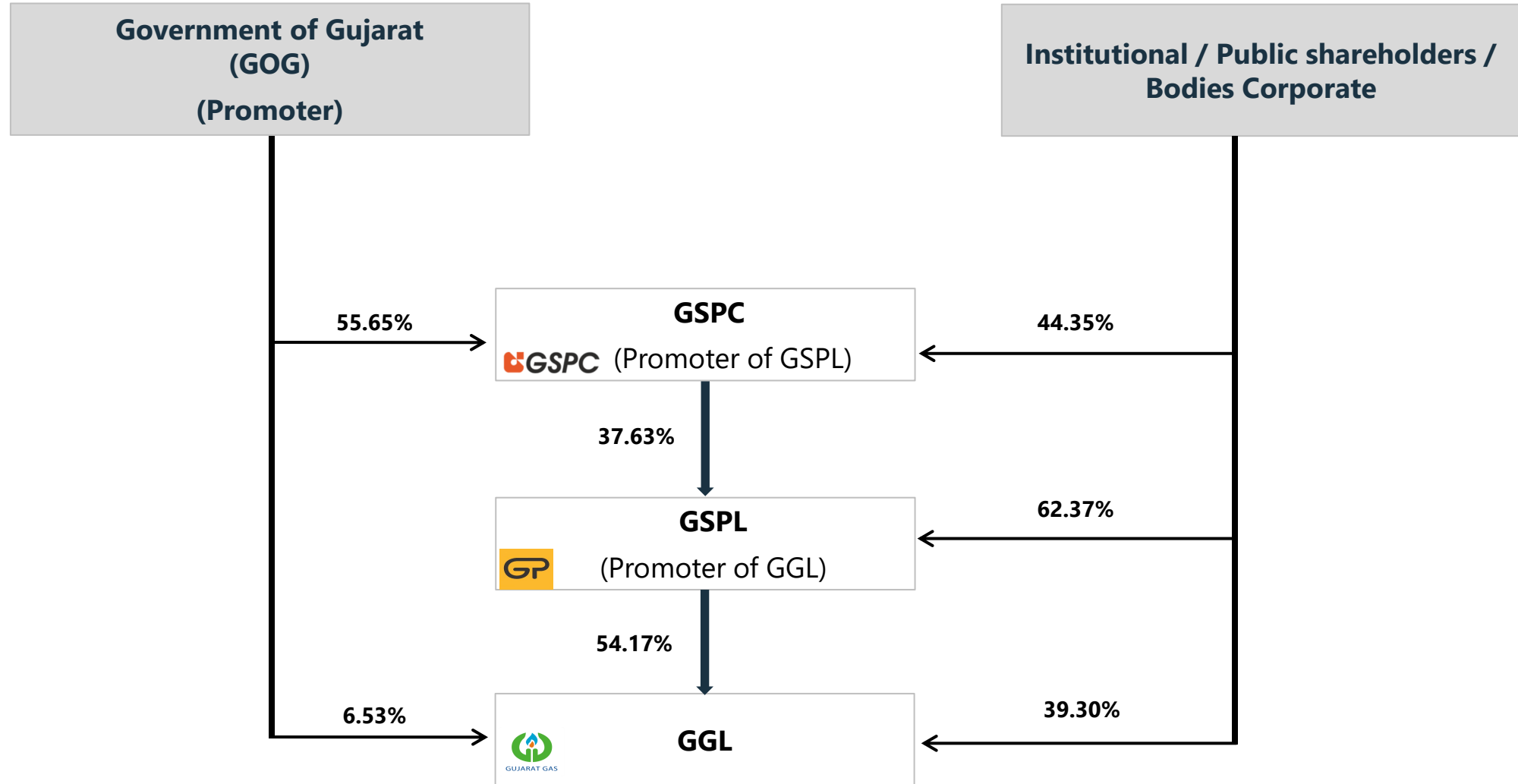


02

**Proposed Scheme
and
Transaction Highlights**



Existing Shareholding Structure



Proposed Scheme of Arrangement

Scheme of Arrangement

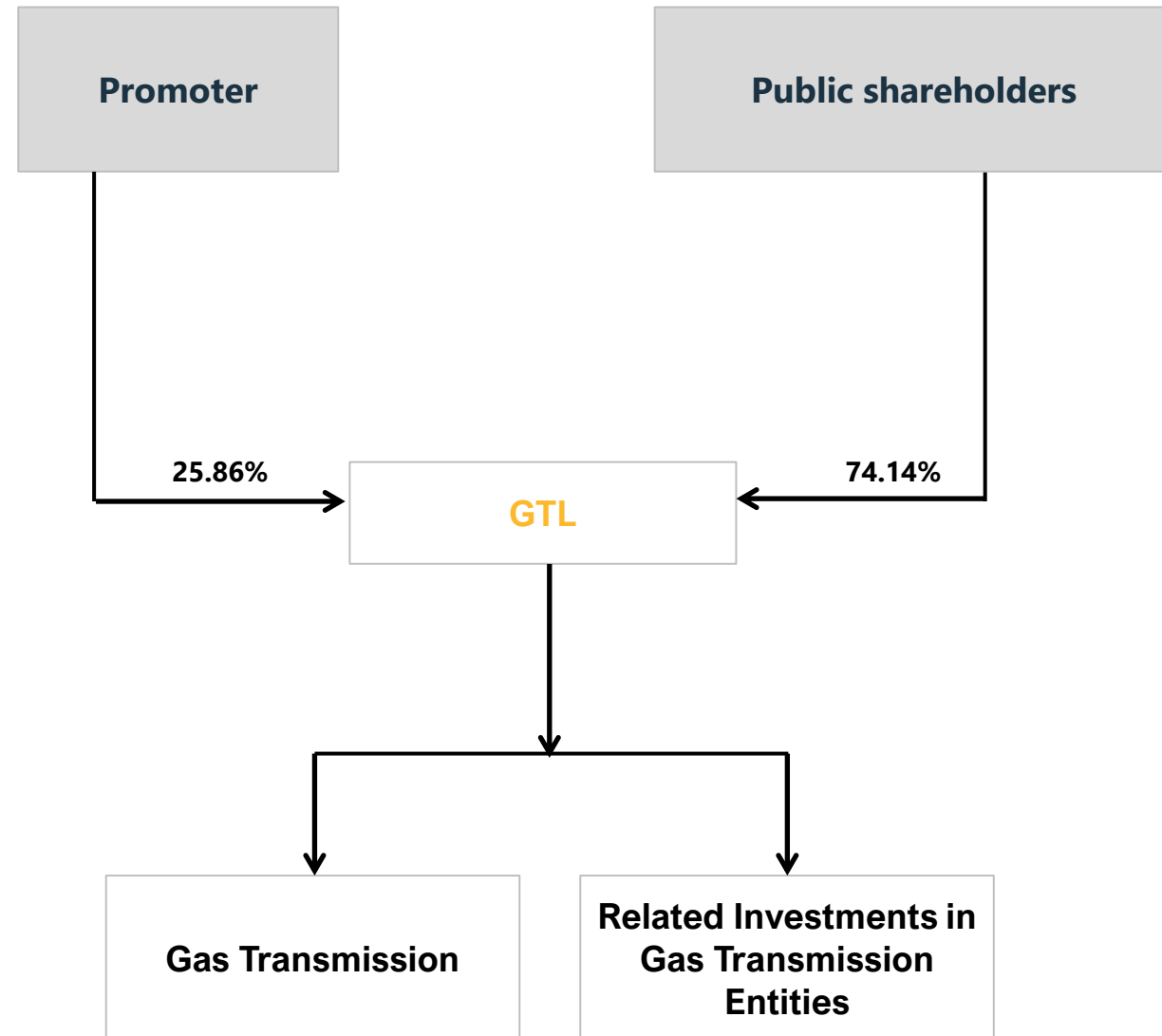
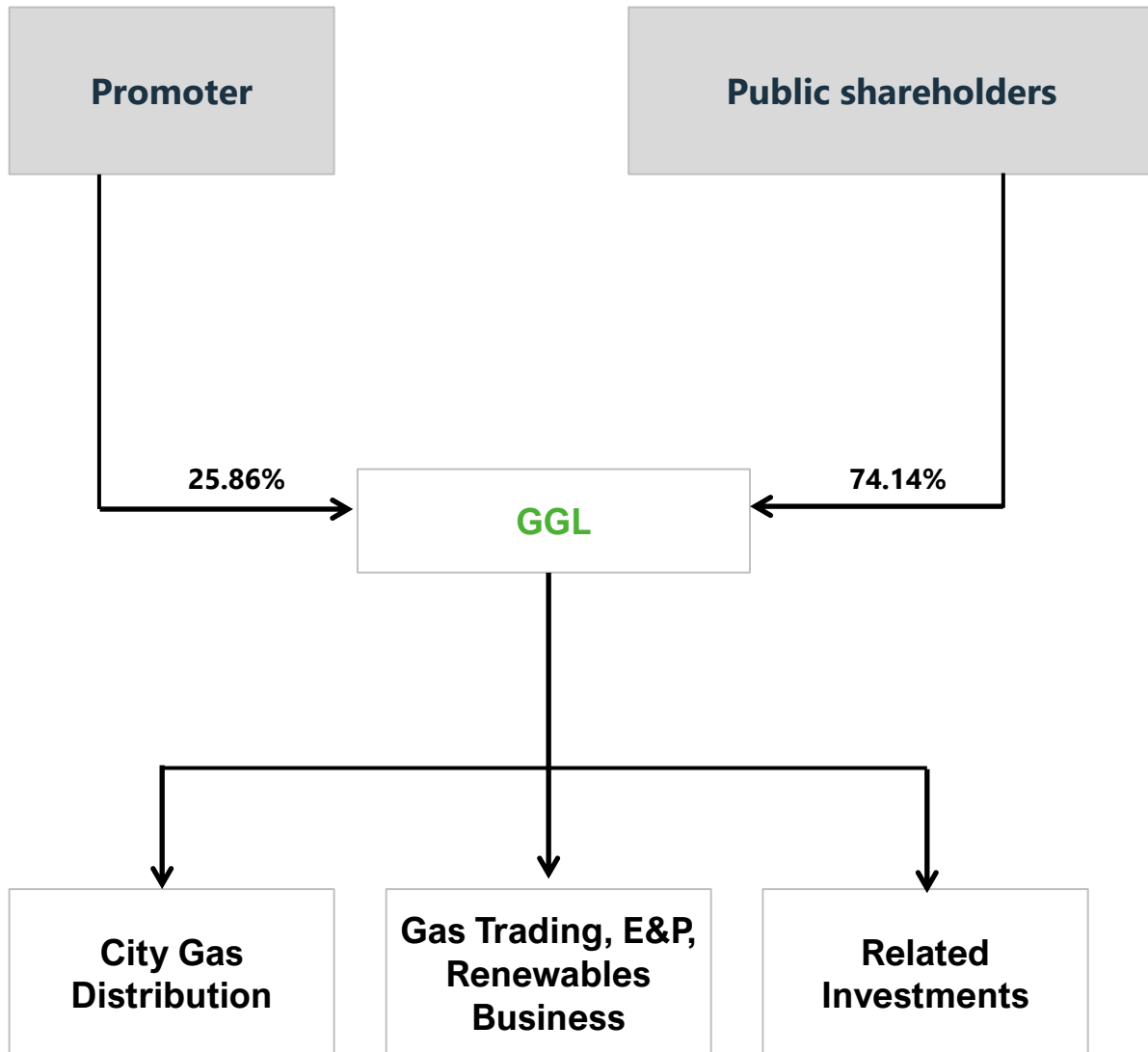
Board of Directors of all respective companies have approved 'The Scheme of Arrangement' in the Board meetings held on 30th August 2024

Transaction	Issuance of Equity shares	Share Exchange Ratio
Amalgamation of GSPC into GGL	Issuance of GGL's shares to shareholders of GSPC	10 shares of GGL (FV Rs. 2) for every 305 equity shares of GSPC (FV Rs. 1)
Amalgamation of GSPL into GGL	Issuance of GGL's shares to shareholders of GSPL	10 shares of GGL (FV Rs. 2) for every 13 equity shares of GSPL (FV Rs. 10)
Amalgamation of GEL into GGL	No issuance as it would become a wholly owned subsidiary prior to its amalgamation	
Demerger of gas transmission business into GSPL Transmission Limited (GTL)	GGL's shareholders to receive shares of GTL (to be listed subsequently)	1 equity share of GTL (FV Rs. 10) for every 3 equity shares of GGL (FV Rs. 2)

Objectives of the Scheme of Arrangement

- Simplification of the layered structure
- Enhancing business synergies and growth opportunities by combining the inter-linked business of GSPC and GGL
- Elimination of related party transactions and thereby further improving GGL's EBITDA and RoCE
- To increase market share of gas trading business of GSPC Group and more competitive
- Enhanced scale of operations and efficiency improvement with optimum utilization of resources
- Demerger of natural gas transmission business is to ensure adherence to regulatory requirement
- Potential value unlocking for GSPL shareholders

Resultant Shareholding Structure



Key Aspects of the Transaction

Valuation

Joint valuation by registered valuers

- ❑ **Ernst & Young Merchant Banking Services LLP**
- ❑ **SSPA & Co Chartered Accountants**

To recommend share exchange ratio (merger) & share entitlement ratio (demerger)

Transaction Tax / Legal Advisors

- ❑ **Ernst & Young LLP**
- ❑ **Shardul Amarchand Mangaldas & Co.**

Fairness Opinion

Fairness opinion on recommended share exchange ratio was given by the following merchant banker:

- ❑ **Fortress Capital Management Services Private Ltd - GSPL**
- ❑ **Saffron Capital Advisors Private Limited - GGL**

Share Swap / Entitlement Ratio

Recommended share exchange ratio

- ❑ On merger of GSPC into GGL:
 - ❑ 10 shares of GGL for every 305 shares held in GSPC.
- ❑ On merger of GSPL into GGL:
 - ❑ 10 shares of GGL for every 13 shares held in GSPL
- ❑ On demerger of gas transmission business from GGL:
 - ❑ 1 share of GTL for every 3 shares held in GGL

Accounting Treatment

- ❑ Accounting for the merger to be done based on the **applicable accounting standards under IND AS**

Appointed Date

- ❑ Appointed date for the merger is April 01, 2024, and for the demerger is April 01, 2025

Milestones and Approvals



Necessary Approvals to be obtained and the Scheme is Expected to be Completed by August 2025



03

**Key Considerations for
Stakeholders of GGL and
GSPL**



Key Considerations for GGL & GSPL's Stakeholders

Gujarat Gas Limited

GGL

- **Expected improvement in margins and return ratios of GGL** on account of consolidation of gas trading business of GSPC with distribution business of GGL.
- **Strong cash flows** to result in better dividend paying capacity of GGL
- **Only CGD Company** having access and expertise to varied sourcing portfolio directly from domestic and international market and regasification capacity tie-up resulting in business synergy
- Combined entity will benefit from a **stronger market presence, enabling better pricing power and the ability to capture a larger share** of the growing demand for natural gas
- **Elimination of Related Party transactions** between GSPC and GGL.

Gujarat State Petronet Limited

GSPL

- **Value unlocking** for shareholders as the shareholders of GSPL are getting the shares of GGL and GTL
- **Enable independent market driven valuation** of GTL



04

Roadmap



Future Priorities and Growth Areas

GUJARAT GAS LIMITED (GGL) STRATEGIC PRIORITIES

Operational Efficiency

Integration of Gas sourcing, leading to cost reductions and assured availability of natural gas supply.

Optimum Utilization of Resources

Consolidation of diverse skills, talent, manpower and merging of various functions to enable scale of operations and cost effectiveness.

Renewables

Existing renewable portfolio of 123.9 MW of wind power generation capacity to be expanded organically in future.



Enhanced Scale of Operations

Better leverage combined assets & expanded capital base all put together.

Unfettered access to cash flow generated by combined businesses to be deployed more efficiently to fund organic/inorganic opportunities.

Synergy Capitalization

Reap synergistic advantages of presence in allied business.

Investment Advantage

Investments in entire energy value chain will lead to increase in the stakeholders' wealth.



One of India's largest integrated player

To become one of India's largest integrated player with presence in gas trading & city gas distribution business.



Better Profitability

Further improve profitability and return ratios on account of varied gas sourcing portfolios.

Future Priorities and Growth Areas

GUJARAT STATE PETRONET LIMITED (GSPL) / GSPL TRANSMISSION LIMITED (GTL) STRATEGIC PRIORITIES

Expansion of Gas Grid

Focus on the geographical expansion and the capacity expansion of the existing gas pipeline grid.

Independently listed entity

Transition to independently listed entity 'GTL', dedicated to transmission business for regulatory adherence.

Enhance Operational Excellence

Growth in gas transportation volumes by connecting new customers and gas sources.

Investor & Analyst Call to discuss the Scheme of Arrangement

Dial-in Details for Investor & Analyst Call

Event	Location & Time	Telephone Number
Conference Call on 31st August 2024, Saturday	India – 15:00hrs, IST USA – 5:30 AM (Eastern Time – New York) UK – 10:30 AM (London Time) Singapore – 5:30 PM (Singapore Time) Hong Kong – 5:30 PM (Hong Kong Time)	+91 22 6280 1107 +91 22 7115 8008 (Primary Number)
For online registration	Please use this link for prior registration to reduce wait time at the time of joining the call - Diamond Pass Registration	



Thank You



GUJARAT GAS

Gujarat Gas Limited

Sandeep Dave, CS

Rajesh Sivadasan, CFO

✉ corpcom@gujaratgas.com



Ernst & Young LLP

Diwakar Pingle, Partner,

Investor Relations

✉ diwakar.pingle@in.ey.com

Abbreviations

Abbreviation	Explanation
GSPC	Gujarat State Petroleum Corporation Limited
GSPL	Gujarat State Petronet Limited
GIGL	GSPL India Gasnet Limited
GITL	GSPL India Transco Limited
GEL	GSPC Energy Limited
GGL	Gujarat Gas Limited
GTL	GSPL Transmission Limited
GOG	Government of Gujarat
ROC	Registrar of Companies
SEBI	Securities and Exchange Board of India
MCA	Ministry of Corporate Affairs
IND AS	Indian Accounting Standards