GUJARAT GAS

GGL/SEC/1347/2024 **6th September, 2024**

BSE Limited Phrioz Jijibhoy Tower, Dalal Street, Mumbai Company Code: BSE-539336	**National Stock Exchange of India Ltd.** Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai Company Code: NSE-GUJGASLTD

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/ Madam,

Please find attached the Non-Rating Action Commentary dated 6th September, 2024 and the Press Release issued by India Ratings & Research (Fitch Group). Gujarat Gas's Scheme of Amalgamation involving Gujarat State Petronet Ltd. and Gujarat State Petroleum Corporation is Credit Neutral.

Kindly take it on record.

Thanking you,

For Gujarat Gas Limited

SANDEEP VISHNUPRASAD DAVE

Sandeep Dave
Company Secretary

Encl.: As above

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Gujarat Gas's Scheme of Amalgamation Involving Gujarat State Petronet and Gujarat State Petroleum Corporation Credit Neutral

India Ratings and Research (Ind-Ra) believes that the proposed amalgamation of Gujarat State Petronet Limited (GSPL) and Gujarat State Petroleum Corporation Limited (GSPC) with Gujarat Gas Limited (GGL) and thereafter the demerger of the transmission business into GSPL Transmission Limited (GTL) is credit neutral. Ind-Ra notes that the proposed scheme would lead to better synergies in gas procurement and end use as well as improve the overall scale of operations of GGL. There is no debt on the balance sheet of the three companies; therefore, a negative impact on their credit metrics is not envisaged. However, given the process would take 12-18 months to complete, Ind-Ra will again evaluate the impact after the transaction is completed.

The proposed amalgamation is divided into two legs: the merger of GSPL and GSPC into GGL and then the demerger of the transmission business into GTL. The resultant business segments of GGL will include city gas distribution (CGD) business, gas trading, exploration and production, renewable business, and related investments, while GTL will engage in gas transmission and related investment in gas transmission entities. The demerger aims at ensuring compliance with regulatory norms of keeping the CGD business and the gas transmission business in different entities.

The government of Gujarat (GoG), the promoter of the group, holds a 55.65% stake in GSPC and a 6.53% stake in GGL while no direct ownership in GSPL. After the completion of the amalgamation, GoG will directly own 25.86% each in GGL and GTL and indirectly own nearly 30% stake through its entities.

GGL's management expects to complete the amalgamation process by August 2025. The approval from board of directors has been received and the management expects the remaining approval from the Securities and Exchange Board of India, stock exchanges, minority shareholders, regulatory bodies such as registrar of companies, regional director, income tax and others, and the ministry of corporate affairs to come by May 2025. The appointed date for the merger is 1 April 2024 and for the demerger is 1 April 2025.

GGL recorded revenue (including other income) of INR46.53 billion in 1QFY25 (FY24: INR164.01 billion; FY23: INR174.07 billion; FY22: INR168.78 billion) and an EBITDA (including other income) of INR5.74 billion (INR19.84 billion; INR24.93 billion; INR21.67 billion). GSPL's revenue (including other income) stood at INR3.87 billion in 1QFY25 (FY24: INR23.67 billion; FY23: INR19.30 billion; FY22: INR21.25 billion) and the EBITDA (including other income) at INR3.33 billion (INR18.39 billion; INR14.27 billion; INR15.02 billion). GSPC generated an EBITDA (including other income) of INR13.32 billion during FY24 (FY23: INR34.07 billion; FY22: INR18.29 billion). None of the entities have any debt outstanding since FY23. Post-completion of the amalgamation process, GGL and GSPC will be merged into one entity and GSPL will be demerged into GTL.

The management expects the backward integration of value chain will benefit GGL by unleashing the business synergy and eliminating related-party transactions and thereby improving its EBITDA and return on capital employed thus reflecting full visibility of margin, which had been earlier divided into GGL and GSPC, the same would be a key rating monitorable.

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