# Oil & Gas

## Gujarat Gas-GSPL: Better-than-expected numbers

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**Oil & Gas** ▸ Sector Update ▸ **August 13, 2025**

**NIFTY 50: 24,487**

**Gujarat Gas and GSPL reported a beat on earnings in Q1FY26, with better-than-expected margins for the former and volumes for the latter. GGL's total gas volume fell 19% YoY/5% QoQ to 8.9mmscmd, a 4% miss. IPNG volume dipped 35%/6%. CNG volume, however, rose 12%/3%; DPNG and CPNG was up 11% YoY/down 22% QoQ and up 8% YoY/down 13% QoQ, respectively in Q1. Gross margin rose 25% YoY and 6% QoQ to Rs10.8/scm, an 8% beat. Unit gas cost declined 4% QoQ to Rs37.2/scm, while book net realization fell 2% QoQ at Rs48/scm. Unit opex was largely in-line at Rs4.3/scm, up 32% YoY/down 10% QoQ. EBITDA/scm came in at Rs6.4 (up 20% each YoY and QoQ), a 13% beat. GSPL's volume saw a 14% or 3.7mmscmd beat. Standalone EBITDA of Rs2bn was 11% above our estimate, with other expenses coming in higher than expected. PAT of Rs1.4bn saw a 13% beat, on Other Income also coming in 8% higher than expected at Rs433mn, up 32% YoY. GSPL's pipeline volume rose 15% or 3.9mmscmd QoQ to 29.7mmscmd. This was driven by higher power sector demand QoQ (by 2.8mmscmd), while other segments rose by 1mmscmd and refinery-petchem by 0.6mmscmd. Fertilizer and CGD fell by 0.2-0.3mmscmd each. Average tariff realization rose 2% QoQ to Rs863/mscm, a 1% miss and down 12% YoY. Unit opex was 2% above our estimate. We maintain REDUCE on GGL, with TP of Rs480, while retaining ADD on GSPL with TP of Rs369.**

### Gujarat Gas: Q1FY26 margins better than expected amid lower volumes

GGL reported Q1FY26 SA EBITDA/PAT of Rs5.2/3.3bn, down 3%/1% YoY, up 16%/14% QoQ. EBITDA saw an 8% beat to our estimate on better gross margin. Other income came in 36% below our estimate at Rs594mn, up 54% YoY/down 20% QoQ. Total volumes saw a 4% miss at 8.9mmscmd, with IPNG volumes down 35% YoY and 6% QoQ. CNG volumes rose 12% YoY/3% QoQ, while DPNG volume was up 11% YoY/down 22% QoQ. Gross margin rose 6% QoQ to Rs10.8/scm (an 8% beat), as book gas cost came in 2% lower than expected. Opex at Rs3.5bn was 4% below our estimate, while unit opex at Rs4.3/scm was largely in line. CNG station/DPNG customer base reached 830/2.3mn. The Board has approved the company to undertake sourcing and sale of propane/LPG to industrial customers, to become a total energy solutions provider.

### Gujarat State Petronet: Higher volumes drive earnings beat in Q1FY26

GSPL reported Q1FY26 SA revenue of Rs2.84bn (up 19% QoQ, down 20% YoY), 12% above our estimate on higher volumes. EBITDA of Rs2.02bn (up 62% QoQ/down 33% YoY) saw an 11% beat, while PAT doubled QoQ to Rs1.42bn (down 33% YoY) with a 13% beat. Opex was higher than expected with other expenses at Rs220mn (up 31% YoY), 32% above our estimate. Other income (up 32% YoY/20% QoQ) at Rs433mn saw an 8% beat; finance charge was slightly higher and the tax rate declined to 25%. Power segment volumes registered robust growth, rising 2.7mmscmd QoQ, while refinery-petchem and other sector volumes rose 0.6mmscmd and 1.1mmscmd, respectively. Total volumes fell 19% YoY/rose 15% QoQ. EBITDA/mscm rose 39% QoQ to Rs750, a 2% miss, while average realization inched up 2% QoQ to Rs863/mscm, at a 1% miss.


***Sabri Hazarika***
*sabri.hazarika@emkayglobal.com*
*+91-22-66121282*

***Arya Patel***
*arya.patel@emkayglobal.com*
*+91-22-66121285*


**Rating, Target Price and Valuation**

| | Rating | CMP (Rs) | TP (Rs) | Upside (%) | EV/EBITDA (x) FY26 | EV/EBITDA (x) FY27 | P/E (x) FY26 | P/E (x) FY27 | P/B (x) FY26 | P/B (x) FY27 |
|---|---|---|---|---|---|---|---|---|---|---|
| Gujarat Gas | REDUCE | 425 | 480 | 13 | 13.3 | 12.2 | 21.3 | 19.5 | 3.1 | 2.8 |
| Gujarat State Petronet | ADD | 304 | 369 | 21 | 18.6 | 17.2 | 21.1 | 19.1 | 1.5 | 1.4 |

*Source: Company, Emkay Research*

# Gujarat Gas

**Exhibit 1: Actuals vs Estimates (Q1FY26)**

| (Rs mn) | Actual | Estimates (Emkay) | Consensus (Bloomberg) | Variation | | Comments |
|---|---|---|---|---|---|---|
| | | | | Emkay | Consensus | |
| Total Revenue | 38,709 | 40,473 | 40,385 | -4% | -4% | Lower-than-expected volumes |
| Adjusted EBITDA | 5,199 | 4,815 | 5,243 | 8% | -1% | Lower-than-expected unit gas cost |
| *EBITDA Margins* | *13.4%* | *11.9%* | *13.0%* | *153bps* | *45bps* | |
| Adjusted Net Profit | 3,268 | 3,268 | 3,106 | 0% | 5% | Lower Other Income |

*Source: Company, Emkay Research*

**Exhibit 2: Quarterly Summary (Standalone)**

| (Rs mn) | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | YoY | QoQ | FY24 | FY25 | YoY |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Revenue** | **44,503** | **37,818** | **41,529** | **41,020** | **38,709** | **-13%** | **-6%** | **156,902** | **164,870** | **5%** |
| Dec/(Inc) in Stock In Trade | -15 | -3 | -26 | 6 | 6 | | | 3 | -39 | |
| Raw Material Cost | 35,902 | 29,473 | 34,295 | 32,529 | 30,022 | -16% | -8% | 125,554 | 132,199 | 5% |
| Purchases | - | - | - | - | - | | | - | - | |
| Total COGS | 35,887 | 29,470 | 34,269 | 32,535 | 30,028 | -16% | -8% | 125,557 | 132,160 | 5% |
| **Adjusted Gross Profit** | **8,616** | **8,347** | **7,260** | **8,486** | **8,681** | **1%** | **2%** | **31,345** | **32,710** | **4%** |
| Employee Cost | 489 | 501 | 466 | 438 | 495 | 1% | 13% | 1,989 | 1,893 | -5% |
| Other Expenses | 2,771 | 2,705 | 2,990 | 3,553 | 2,987 | 8% | -16% | 10,593 | 12,019 | 13% |
| OPEX | 3,260 | 3,206 | 3,456 | 3,991 | 3,482 | 7% | -13% | 12,582 | 13,912 | 11% |
| **Adjusted EBITDA** | **5,356** | **5,142** | **3,805** | **4,495** | **5,199** | **-3%** | **16%** | **18,764** | **18,798** | **0%** |
| Depreciation | 1,231 | 1,295 | 1,294 | 1,286 | 1,314 | 7% | 2% | 4,743 | 5,106 | 8% |
| EBIT | 4,126 | 3,846 | 2,510 | 3,209 | 3,884 | -6% | 21% | 14,021 | 13,691 | -2% |
| Interest Cost | 78 | 80 | 93 | 74 | 79 | 2% | 7% | 293 | 325 | 11% |
| Other Income | 386 | 386 | 585 | 744 | 594 | 54% | -20% | 1,078 | 2,100 | 95% |
| PBT Before Exceptional Items | 4,433 | 4,152 | 3,002 | 3,878 | 4,399 | -1% | 13% | 14,805 | 15,466 | 4% |
| Exceptional Items | - | - | - | - | - | | | 557 | - | |
| **PBT** | **4,433** | **4,152** | **3,002** | **3,878** | **4,399** | **-1%** | **13%** | **15,362** | **15,466** | **1%** |
| Current Tax | 980 | 893 | 645 | 1,008 | 1,032 | 5% | 2% | 3,315 | 3,526 | 6% |
| Deferred Tax | 155 | 190 | 141 | -1 | 99 | -36% | -7700% | 619 | 485 | -22% |
| Total Tax | 1,135 | 1,083 | 786 | 1,007 | 1,131 | 0% | 12% | 3,934 | 4,011 | 2% |
| **Reported PAT** | **3,298** | **3,069** | **2,216** | **2,872** | **3,268** | **-1%** | **14%** | **11,428** | **11,455** | **0%** |
| Reported EPS (Rs) | 4.8 | 4.5 | 3.2 | 4.2 | 4.7 | -1% | 14% | 16.6 | 16.6 | 0% |
| Adjusted PAT | 3,298 | 3,069 | 2,216 | 2,872 | 3,268 | -1% | 14% | 11,013 | 11,455 | 4% |
| Adjusted EPS (Rs) | 4.8 | 4.5 | 3.2 | 4.2 | 4.7 | -1% | 14% | 16.0 | 16.6 | 4% |
| Shares O/S (mn) | 688 | 688 | 688 | 688 | 688 | | | 688 | 688 | |
| EBITDA Margin | 12% | 14% | 9% | 11% | 13% | | | 12% | 11% | |
| NPM | 7% | 8% | 5% | 7% | 8% | | | 7% | 7% | |
| Effective Tax Rate | 26% | 26% | 26% | 26% | 26% | | | 26% | 26% | |
| **Sales Volume (mmscmd)** | **11.0** | **8.8** | **9.5** | **9.3** | **8.9** | **-19%** | **-5%** | **9.3** | **9.6** | **3%** |
| Industrial PNG | 7.3 | 4.9 | 5.5 | 5.0 | 4.7 | -35% | -6% | 5.8 | 5.7 | -2% |
| Commercial PNG | 0.1 | 0.2 | 0.2 | 0.2 | 0.1 | 8% | -13% | 0.1 | 0.1 | 5% |
| Domestic PNG | 0.6 | 0.8 | 0.7 | 0.9 | 0.7 | 11% | -22% | 0.7 | 0.8 | 5% |
| CNG | 3.0 | 2.9 | 3.1 | 3.2 | 3.3 | 12% | 3% | 2.7 | 3.1 | 12% |
| Average Realisation (Rs/scm) | 44.5 | 47.0 | 47.7 | 49.0 | 48.0 | 8% | -2% | 45.9 | 46.9 | 2% |
| **Gross Margin (Rs/scm)** | **8.6** | **10.4** | **8.3** | **10.1** | **10.8** | **25%** | **6%** | **9.2** | **9.3** | **2%** |
| Opex (Rs/scm) | 3.3 | 4.0 | 4.0 | 4.8 | 4.3 | 32% | -10% | 3.7 | 4.0 | 8% |
| **EBITDA/scm (Rs)** | **5.4** | **6.4** | **4.4** | **5.4** | **6.4** | **20%** | **20%** | **5.5** | **5.4** | **-2%** |

*Source: Company, Emkay Research; Note: Some numbers may not fully match the ones in the annual tables due to different adjustment methods in the detailed Emkay annual model, averaging discrepancies, and past revisions*

**Exhibit 3: Change in assumptions**

| | FY26E | | | FY27E | | | FY28E |
|---|---|---|---|---|---|---|---|
| | **Previous** | **Revised** | **Variance** | **Previous** | **Revised** | **Variance** | **Introduced** |
| EBITDA/scm (Rs) | 5.5 | 6.0 | 10% | 5.6 | 5.8 | 4% | 6.0 |
| Volumes (mmscmd) | 10.6 | 9.8 | -7% | 11.6 | 10.8 | -7% | 11.9 |
| Growth | 10% | 2% | -800bps | 10% | 10% | 0bps | 10% |

*Source: Company, Emkay Research*

**Exhibit 4: Change in estimates**

| (Rs mn) | FY26E | | | FY27E | | | FY28E |
|---|---|---|---|---|---|---|---|
| | **Previous** | **Revised** | **Variance** | **Previous** | **Revised** | **Variance** | **Introduced** |
| Revenue | 184,878 | 171,501 | -7% | 207,326 | 192,318 | -7% | 216,261 |
| EBITDA | 21,140 | 21,511 | 2% | 23,793 | 22,962 | -3% | 26,046 |
| *EBITDA Margins* | *11.4%* | *12.5%* | *111bps* | *11.5%* | *11.9%* | *46bps* | *12.0%* |
| PAT | 13,493 | 13,771 | 2% | 15,614 | 14,993 | -4% | 17,430 |
| EPS (Rs) | 19.6 | 20.0 | 2% | 22.7 | 21.8 | -4% | 25.3 |

*Source: Company, Emkay Research*

**Exhibit 5: Gujarat Gas – Financial Snapshot (Standalone)**

| Y/E March (Rs mn) | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Revenue | 156,902 | 164,870 | 171,501 | 192,318 | 216,261 |
| EBITDA | 18,764 | 18,798 | 21,511 | 22,962 | 26,046 |
| Adj PAT | 11,013 | 11,455 | 13,771 | 14,993 | 17,430 |
| Adj EPS (Rs) | 16.0 | 16.6 | 20.0 | 21.8 | 25.3 |
| EBITDA margin (%) | 12.0 | 11.4 | 12.5 | 11.9 | 12.0 |
| EBITDA growth (%) | (21.6) | 0.2 | 14.4 | 6.7 | 13.4 |
| Adj. EPS growth (%) | (27.8) | 4.0 | 20.2 | 8.9 | 16.3 |
| RoE (%) | 15.6 | 14.2 | 15.5 | 15.2 | 16.0 |
| RoIC (%) | 13.8 | 11.9 | 12.3 | 12.3 | 13.7 |
| P/E (x) | 25.6 | 25.6 | 21.3 | 19.5 | 16.8 |
| EV/EBITDA (x) | 15.2 | 15.5 | 13.3 | 12.2 | 10.4 |
| P/B (x) | 3.8 | 3.5 | 3.1 | 2.8 | 2.6 |
| FCFF yield (%) | 2.8 | 3.6 | 2.3 | 3.1 | 4.0 |

*Source: Company, Emkay Research*

# Gujarat Gas Concall Highlights

- The GSPC Group has filed the Scheme of Arrangement (SoA) with both BSE and NSE, receiving the necessary NOCs from the exchanges. The SoA has also been submitted to the MCA, though approval is still awaited. The company remains in active dialogue with the MCA to expedite the process. Given the extended delay, the Group has initiated filings for other regulatory approvals in parallel. The SoA is now expected to be completed by Q3FY26.
- APM allocation for the DPNG segment remained steady at 100%, while the allocation for CNG declined to 41%, resulting in an overall APM mix of 51% in priority volumes. The shortfall was compensated through NWG, HP-HT, long-term RLNG, and spot contracts. Overall, 34% of the gas was procured via short-term contracts, 38% through long-term contracts, and the remainder from domestic sources, including 0.7mmscmd of HP-HT gas. The company sourced 2.5mmscmd through an oil-linked contract with BG, which was due for renewal in CY25; this has been extended until end-Mar-26, with renewal discussions planned thereafter.
- CNG volumes recorded a healthy 12% YoY growth, driven by a 10% increase in Gujarat and 27% growth outside Gujarat, reflecting deeper network penetration across GAs. Growth was supported by the expanding CNG infrastructure, a growing CNG vehicle base, and continued cost competitiveness vs alternate fuels. The CNG vehicle base rose 15% YoY to 1.67mn vehicles (Q1FY26), from 1.36mn YoY. Three new CNG stations were added in the quarter, taking the count to 830 as of Q1FY26-end. Each station services ~0.4mn vehicles per day. CNG remains ~45% cheaper than petrol and ~23% cheaper than diesel. GGL continues to enhance CNG infrastructure to support the green energy transition and remains well-positioned to benefit from the growing shift to cleaner fuels.
- CNG station utilization remains strong, with average ~3,000kgs dispensed per day. FY26 CNG volumes are expected to surpass FY25 levels, supported by continued CNG vehicle growth. Currently, 69 FDODO stations are under construction, with a target to commission double-digit stations by Dec-25. While FDODO rollout faced initial delays due to extensive approval requirements, GGL is actively assisting dealers. Of the 69, 59 applications have been submitted and 43 approvals (regulatory) granted. FDODO stations are expected to deliver volumes of ~2,000–3,000 kg/day. COCO stations have an estimated payback period of ~3–4 years.
- GGL has begun injecting biogas into its pipeline network. Additionally, it has achieved an 8% hydrogen blend on a pilot basis and aims to increase the blend ratio to 12% in the coming quarters.
- The company added over 35,000 new DPNG connections in Q1FY26, taking the total to ~2.3mn connections. DPNG volumes continued to show healthy momentum, registering an 11% YoY growth.
- The commercial segment continues to expand steadily, with the customer base crossing 15,700 as of Q1FY26-end. The I/C segment is expected to ramp up gradually as newer GAs mature. Notably, GGL signed a Gas Sale Agreement with the Bhatinda Military Station to supply PNG to over 11,300 residential quarters and 230 commercial units.
- Morbi volumes declined 52% YoY to 2.51mmscmd, largely owing to customers shifting to propane due to the price difference. Reduction in spot RLNG price and crude oil price enabled GGL to reduce IPNG prices by Rs3.5/scm, largely in line with reducing propane prices, thereby maintaining price difference to propane. Currently, IPNG is trading at a premium of Rs4/scm, with price at ~Rs44/scm, while Propane is priced at ~Rs40/scm. The price difference was steady before and after the IPNG price cut.
- The total potential demand in Morbi stands at ~9mmscmd, with current consumption at ~7–7.5mmscmd, implying a steady utilization rate of ~75%. There are no signs of production shutdown or export disruptions. Monthly exports remain robust, exceeding Rs10bn, and are expected to sustain at this level. Of the current consumption, around one-third is met through natural gas, while the remaining two-thirds are served by propane. Within this, ~1–1.5mmscmd is consumed by units that operate solely on gas, while the rest comprises dual-fuel units capable of using

both gas and propane. Specifically, 370 units consume only gas, whereas 530 units have dual-fuel flexibility.

- However, Morbi demand is expected to be low at ~2.3-2.5mmscmd in Q2 due to Janmashtami and other festival-related shutdowns. In addition, persistent uncertainty related to tariffs and geopolitical dynamics continue to cloud the overall business outlook at Morbi. Further, lower propane prices could hamper volumes.
- Ahead, global LNG supply is expected to rise with significant liquefaction capacity coming online which could soften LNG prices and improve competitiveness of IPNG versus propane. Once RLNG becomes more economical—as anticipated—GGL expects to ramp up volumes to ~6 mmscmd in Morbi and ~2.5 mmscmd in non-Morbi regions. While short-term challenges persist, the medium-to long-term outlook remains positive, with improved volume prospects across Morbi and non-Morbi markets. The company is actively working toward signing long-term contracts and aims to secure two-thirds of Morbi volumes under such agreements.
- Industrial volumes were supported by strong growth in non-Morbi regions, where the company is witnessing a healthy uptick. GGL has entered into fixed-term contracts with several large consumers and is pursuing long-term agreements in areas such as Vapi, Valsad, and Thane. It is also engaging with bulk industrial customers. Ahead, regions like Ahmedabad, Thane, Dahej, and Surat are expected to drive further volume growth, with CNG demand projected to grow at ~10–15%.
- Despite a robust Q1 performance, EBITDA/scm guidance continues at Rs4.5–5.5, given uncertainties around APM gas allocations and expectations of a softer Q2. The guidance will be revisited post Q3FY26. Margins are expected to remain stable, although potential APM de-allocations could pose downside risks. CNG margins were impacted during the quarter due to lower APM allocation and higher commissions paid to OMCs. Capex for Q1FY26 stood at Rs1.2bn, while full-year capex guidance remains at Rs8–10bn.
- GGL's board has also approved sourcing and sale of Propane and LNG to industrial customers in Morbi and other regions as a new business. The total propane potential in Morbi is ~167MT/month, and the company is targeting a 25% market share as part of its strategy to become an integrated energy provider. Of the current 5mmscmd Morbi market, GGL aims to supply 1.2–1.3mmscmd over the next few months to the end of FY26, gradually scaling up thereafter. Margin guidance is currently unavailable and will become clearer once propane supply operations commence.
- GGL offers a key advantage to customers by helping free up their working capital. This is because customers have already given financial security to GGL, thus they need not go to other suppliers with advance money for financial security.
- A key differentiator for GGL in the propane business will be its sourcing strategy. The company plans to directly import propane on a DES basis from international markets and is confident of securing the lowest prices. GSPC already has established sourcing leads. Rather than entering long-term contracts, GGL plans to procure propane on a spot basis. Discussions are underway with multiple suppliers, and GGL is confident that its existing customers will offtake propane, eliminating the need for them to turn to alternate suppliers. Currently, GSPC sources propane through a combination of domestic and imported volumes, with imports forming the larger share.
- No major capex is required for initiating propane sales, apart from the booking of capacities at LNG terminals. The company is currently evaluating multiple terminal options to finalize the most cost-effective choice.
- GGL has obtained the necessary credit rating from an agency, a prerequisite for approval to supply propane.
- GGL offers commissions of Rs3–4/kg to CNG dealers and OMCs under the standard model. Under the FDODO model, where the dealer bears both capex and opex, the commission is higher—Rs8/kg for online stations and Rs10/kg for daughter booster stations. These dealer margins are factored into operational costs.
- Based on current zonal tariffs, GGL is expected to benefit from the upcoming reforms, as a large portion of its volumes are in Zone 2. Post-reform, GGL's volume split is expected to shift to 42% in Zone 1 and 46% in Zone 2. The current zonal mix is 14%/ 53%/ 21% in Zone 1/2/3.

- GSPC's total gas volume in FY25 stood at 12.5mmscmd, of which ~50% was supplied to GGL. ~65% of this volume was RLNG, with the remaining 35% sourced domestically. RLNG volumes are a mix of long-term and short-term contracts. Supplies to GGL are made on an arm's length basis, while volumes sold to other customers are bid out. Margins vary depending on offtake patterns.
- GGL achieved a significant milestone in its digital transformation journey during the quarter, with a focused approach on innovation and operational excellence. The company is expanding its ESP (Enterprise Service Platform) ecosystem to include additional core business functions, aiming for seamless cross-functional integration.
- The planned overhaul of its PRP system will leverage AI-powered analytics to enhance decision-making, risk management, and operational agility.
- A blueprint has been drawn for deploying a robust and secure centralized monitoring and control system across GAs. This scalable and agile infrastructure is designed to support dynamic business needs and ensure responsiveness in a fast-evolving global environment.
- GSPC LNG is not consolidated on a line-by-line basis. Since the carrying value of the investment has not fallen below its original cost of Rs10, MTM losses are not recognized in the financials.

# Gujarat State Petronet

**Exhibit 6: Actuals vs Estimates (Q1FY26)**

| (Rs mn) | Actual | Estimates (Emkay) | Consensus (Bloomberg) | Variation | | Comments |
|---|---|---|---|---|---|---|
| | | | | Emkay | Consensus | |
| Total Revenue | 2,839 | 2,536 | 2,395 | 12% | 19% | Higher-than-expected volumes. |
| Adjusted EBITDA | 2,024 | 1,818 | 1,612 | 11% | 26% | Higher opex. |
| *EBITDA Margin* | *71.3%* | *71.7%* | *67.3%* | *-41bps* | *398bps* | |
| Adjusted Net Profit | 1,425 | 1,258 | 1,064 | 13% | 34% | Higher other income partly offset by higher D/A and ETR. |

*Source: Company, Emkay Research*

**Exhibit 7: Quarterly Summary (Standalone)**

| Rs mn | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | YoY | QoQ | FY24 | FY25 | YoY |
|---|---|---|---|---|---|---|---|---|---|
| Reported Net Revenue | 3,543 | 2,580 | 2,604 | 2,381 | -53% | -9% | 20,147 | 11,108 | -45% |
| Gas Transmission | 3,441 | 2,469 | 2,565 | 2,328 | -54% | -9% | 19,826 | 10,804 | -46% |
| Sale of Electricity | 103 | 110 | 39 | 52 | -8% | 35% | 321 | 304 | -5% |
| CGD Business/Adj | -0 | -0 | 0 | 0 | | | -0 | 0 | |
| OPEX | 533 | 650 | 679 | 1,133 | -12% | 67% | 5,109 | 2,996 | -41% |
| Employee Cost | 177 | 188 | 232 | 271 | 2% | 17% | 803 | 868 | 8% |
| Gas Transmission | 189 | 200 | 243 | 364 | -30% | 50% | 2,744 | 996 | -64% |
| Others | 167 | 262 | 204 | 498 | -1% | 144% | 1,563 | 1,131 | -28% |
| **EBITDA** | **3,010** | **1,929** | **1,925** | **1,247** | **-67%** | **-35%** | **15,038** | **8,112** | **-46%** |
| Depreciation | 490 | 511 | 512 | 522 | 7% | 2% | 1,920 | 2,035 | 6% |
| EBIT | 2,520 | 1,419 | 1,413 | 725 | -78% | -49% | 13,118 | 6,077 | -54% |
| Interest Cost | 13 | 11 | 9 | 52 | 174% | 479% | 49 | 85 | 72% |
| Other Income | 328 | 2,939 | 412 | 362 | 22% | | 3,351 | 4,041 | 21% |
| PBT | 2,835 | 4,346 | 1,816 | 1,035 | -71% | -43% | 16,419 | 10,033 | -39% |
| Exceptional Items | - | - | - | - | | | 3 | - | |
| PBT After Exceptionals | 2,835 | 4,346 | 1,816 | 1,035 | -71% | -43% | 16,422 | 10,033 | -39% |
| Current Tax | 713 | 457 | 461 | 254 | -74% | -45% | 3,612 | 1,885 | -48% |
| Deferred Tax | 1 | -4 | -1 | 74 | | | -37 | 72 | |
| Total Tax | 715 | 453 | 460 | 328 | -66% | -29% | 3,576 | 1,957 | -45% |
| **Reported PAT** | **2,120** | **3,893** | **1,356** | **707** | **-73%** | **-48%** | **12,846** | **8,076** | **-37%** |
| Reported EPS (Rs) | 3.8 | 6.9 | 2.4 | 1.3 | -73% | -48% | 22.8 | 14.3 | -37% |
| Adjusted PAT | 2,120 | 3,893 | 1,356 | 707 | -73% | -48% | 12,844 | 8,076 | -37% |
| Adjusted EPS (Rs) | 3.8 | 6.9 | 2.4 | 1.3 | -73% | -48% | 22.8 | 14.3 | -37% |
| Shares O/S (mn) | 564 | 564 | 564 | 564 | | | 564 | 564 | |
| EBITDA Margin | 85% | 75% | 74% | 52% | | | 75% | 73% | |
| NPM | 60% | 151% | 52% | 30% | | | 64% | 73% | |
| Effective Tax Rate | 25% | 10% | 25% | 32% | | | 22% | 20% | |
| **Gas Volumes (mmscmd)** | **36.4** | **29.7** | **29.0** | **25.8** | **-23%** | **-11%** | **30.5** | **30.2** | **-1%** |
| CGD Share | 35% | 35% | 39% | 43% | | | 36% | 38% | |
| Refinery/Petchem Share | 21% | 22% | 23% | 22% | | | 22% | 22% | |
| Fertilizer Share | 12% | 14% | 14% | 14% | | | 14% | 14% | |
| Power Share | 18% | 11% | 5% | 4% | | | 11% | 9% | |
| Other Segments Share | 15% | 18% | 19% | 17% | | | 17% | 17% | |
| **Adjusted Tariff (Rs/scm)** | **0.98** | **0.83** | **0.87** | **0.85** | **-43%** | **-3%** | **1.53** | **0.89** | **-42%** |
| Adjusted OPEX/scm (Rs) | 0.10 | 0.16 | 0.16 | 0.33 | 31% | 103% | 0.21 | 0.18 | -14% |
| **EBITDA/scm (Rs)** | **0.91** | **0.71** | **0.72** | **0.54** | **-57%** | **-25%** | **1.35** | **0.74** | **-45%** |

*Source: Company, Emkay Research*

**Exhibit 8: Gujarat State Petronet – Financial Snapshot (Standalone)**

| Y/E March (Rs mn) | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Revenue | 20,147 | 11,108 | 11,282 | 11,980 | 12,679 |
| EBITDA | 15,038 | 8,112 | 8,056 | 8,554 | 9,043 |
| Adj. PAT | 12,844 | 8,076 | 8,137 | 8,982 | 10,006 |
| Adj. EPS (Rs) | 22.8 | 14.3 | 14.4 | 15.9 | 17.7 |
| EBITDA margin (%) | 74.6 | 73.0 | 71.4 | 71.4 | 71.3 |
| EBITDA growth (%) | 19.5 | (46.1) | (0.7) | 6.2 | 5.7 |
| Adj. EPS growth (%) | 36.0 | (37.1) | 0.7 | 10.3 | 11.3 |
| RoE (%) | 13.1 | 7.7 | 7.4 | 7.7 | 8.2 |
| RoIC (%) | 27.4 | 12.6 | 11.7 | 11.3 | 11.0 |
| P/E (x) | 13.3 | 21.2 | 21.1 | 19.1 | 17.2 |
| EV/EBITDA (x) | 11.1 | 18.8 | 18.6 | 17.2 | 15.7 |
| P/B (x) | 1.7 | 1.6 | 1.5 | 1.4 | 1.4 |
| FCFF yield (%) | 4.5 | 4.7 | 0.5 | 0.6 | 1.4 |

*Source: Company, Emkay Research*

# Valuation

**Exhibit 9: SOTP-based proforma valuation of merged GGL and GSPL, based on swap ratio**

| SA PAT and recurring P/E | (Rs) | Target P/E (x) | Value (Rs bn) |
|---|---|---|---|
| GGL | 18,431 | 17.0 | 313 |
| GSPL | 8,500 | 7.5 | 64 |
| GSPC | 6,919 | 7.5 | 52 |
| Power | 575 | 7.0 | 4 |
| Tax Benefit | | | 17 |
| **Total** | **34,425** | **12.5** | **450** |
| **Per-share value for GGL (Rs)** | **37** | | **480** |
| **Per-share value for GSPL (Rs)** | | | **369** |

*Source: Company, Emkay Research*

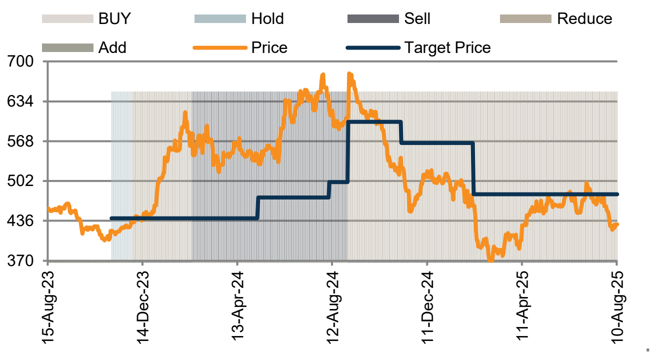
We value GGL based on the proforma recurring earnings of the merged entity, assigning CGDs' multiple benefits to GSPC's gas sales income from GGL. As GSPC is predominantly a gas trading entity, we retain our recurring earnings estimates. Rs17bn accrues from the accumulated losses and the consequent tax benefit from the merger. We value on a blended multiple of 12.5x. GSPL's derived valuation is based on the announced merger ratio.

### GUJARAT GAS
### RECOMMENDATION HISTORY - DETAILS

| Date | Closing Price (INR) | TP (INR) | Rating | Analyst |
|---|---|---|---|---|
| 07-Jul-25 | 485 | 480 | Reduce | Sabri Hazarika |
| 24-May-25 | 462 | 480 | Reduce | Sabri Hazarika |
| 08-Feb-25 | 461 | 480 | Reduce | Sabri Hazarika |
| 08-Nov-24 | 524 | 565 | Reduce | Sabri Hazarika |
| 18-Oct-24 | 563 | 600 | Reduce | Sabri Hazarika |
| 01-Sep-24 | 607 | 600 | Reduce | Sabri Hazarika |
| 08-Aug-24 | 622 | 500 | Sell | Sabri Hazarika |
| 09-May-24 | 532 | 475 | Sell | Sabri Hazarika |
| 15-Feb-24 | 581 | 440 | Sell | Sabri Hazarika |
| 03-Jan-24 | 499 | 440 | Reduce | Sabri Hazarika |
| 30-Nov-23 | 433 | 440 | Reduce | Sabri Hazarika |
| 04-Nov-23 | 419 | 440 | Hold | Sabri Hazarika |

*Source: Company, Emkay Research*

### RECOMMENDATION HISTORY - TREND



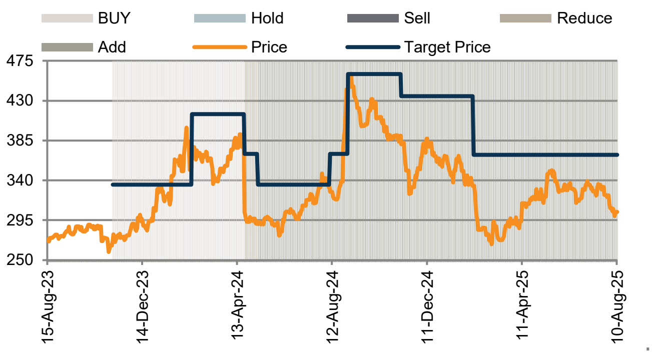

*Source: Company, Bloomberg, Emkay Research*

### GUJARAT STATE PETRONET
### RECOMMENDATION HISTORY - DETAILS

| Date | Closing Price (INR) | TP (INR) | Rating | Analyst |
|---|---|---|---|---|
| 24-May-25 | 339 | 369 | Add | Sabri Hazarika |
| 08-Feb-25 | 334 | 369 | Add | Sabri Hazarika |
| 08-Nov-24 | 381 | 435 | Add | Sabri Hazarika |
| 01-Sep-24 | 443 | 460 | Add | Sabri Hazarika |
| 09-Aug-24 | 327 | 370 | Add | Sabri Hazarika |
| 09-May-24 | 291 | 335 | Add | Sabri Hazarika |
| 22-Apr-24 | 304 | 370 | Reduce | Sabri Hazarika |
| 15-Feb-24 | 374 | 415 | Buy | Sabri Hazarika |
| 03-Jan-24 | 326 | 335 | Buy | Sabri Hazarika |
| 30-Nov-23 | 289 | 335 | Buy | Sabri Hazarika |
| 06-Nov-23 | 273 | 335 | Buy | Sabri Hazarika |

*Source: Company, Emkay Research*

### RECOMMENDATION HISTORY - TREND




*Source: Company, Bloomberg, Emkay Research*

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**Emkay Global Financial Services Ltd.**
CIN - L67120MH1995PLC084899
7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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