RESULT REVIEW

HOLD

TP: Rs 287 | ⮝ 5%

GUJARAT ENERGY | Oil & Gas | 12 August 2026

Results beat expectation on CGD & gas trading performance

- **Revenue increased by 63.1%YoY, on account of strong growth in CGD and gas trading businesses; EBITDA grew by 65.0%YoY**
- **Positive on CNG volumes growth, supported by infra expansion; industrial volumes are expected to normalise in coming quarters**
- **Maintain HOLD with a revised TP to Rs287, roll forward valuation to Jun'28E on SoTP-based EV/EBITDA methodology across segments**

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Results above expectation: Overall revenue came at Rs95bn (+63.1%YoY, +64.8%QoQ) – and was 60% above our estimates. EBITDA came at Rs13bn (+65.0%YoY, 126.8% QoQ) – and was 125% above our estimates. Performance was higher than expected due to strong growth of 91%YoY in gas trading business and 90%YoY in CGD business due to jump in Industrial volumes to Morbi ceramic industry.

Volumes: CGD volumes stood at 12.3mmscmd, up 39.1% YoY/QoQ, driven by strong growth in industrial volumes. CNG volumes grew 12.9% YoY, while D-PNG volumes increased 1.4% YoY and commercial PNG volumes rose 21.4% YoY. Industrial volumes were robust at 7.7mmscmd, up 63.7% YoY, as the company ensured gas supply to the Morbi ceramic cluster amid the Middle East crisis. Gas trading volumes increased 31% YoY and 20% QoQ to 12.2mmscmd.

Operational performance and outlook: EBITDA spread in the CGD business moderated to Rs5.2/scm, lower than Rs10.4/scm in Q1FY26 and Rs6.8/scm in Q4FY26. EBIT performance remained strong, led by 83.9% YoY growth in gas trading and 35.0% YoY growth in CGD. Management expects to sustain 10%+ CNG volume growth, supported by CNG infrastructure expansion and deeper household penetration. The company continues to explore long-term gas contracts to mitigate cost volatility from imported gas. However, industrial volumes, which account for 52% of total volumes, are expected to remain subdued in the near term.

Maintain HOLD; revise down TP: We maintain HOLD with a revised TP of Rs287, as we roll forward our valuation to Jun'28E and shift to an SoTP-based EV/EBITDA methodology from the earlier P/E framework to better reflect the addition of new businesses. The revised TP is based on Jun'28E EBITDA across the company's expanded portfolio.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	GUJENERG IN/Rs 274
Market cap	US$ 2.7bn
Free float	61%
3M ADV	US$ 3.1mn
52wk high/low	Rs 452/Rs 261
Promoter/FPI/DII	39%/11%/24%

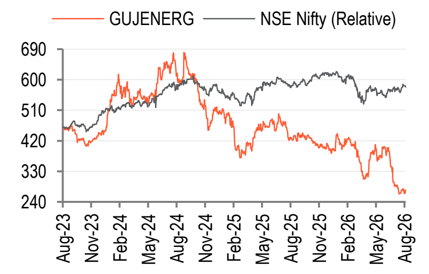
Source: NSE | Price as of 12 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	236,144	234,102	244,677
EBITDA (Rs mn)	30,520	30,724	37,525
Adj. net profit (Rs mn)	21,687	18,093	22,809
Adj. EPS (Rs)	23.1	19.3	24.3
Adj. ROAE (%)	10.4	9.6	11.4
Adj. P/E (x)	11.9	14.2	11.3
EV/EBITDA (x)	8.7	8.8	6.9
Adj. EPS growth (%)	(56.4)	(16.6)	26.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance (Consolidated)

(Rs mn)	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YOY (%)
Revenue	**95,450**	**57,919**	**64.8**	**58,514**	**63.1**
EBITDA	**13,807**	**6,088**	**126.8**	**8,369**	**65.0**
EBITDA margin (%)	14.46	10.51	395bps	14.30	16bps
Depreciation	2,007	2,236	(10.3)	2,201	(8.8)
Interest	630	456	37.9	584	7.9
Other income	1,930	1,588	21.5	1,282	50.5
PBT	13,101	4,984	162.8	6,867	90.8
Tax	3,297	2,217	48.7	1,813	81.8
Reported PAT	**9,992**	**3,512**	**184.5**	**5,885**	**69.8**
Exceptional item	0	(1,466)	NA	0	NA
Adjusted PAT	**9,992**	**4,978**	**100.7**	**5,885**	**69.8**
Adj. PATM (%)	10.47	8.60	187bps	10.06	41bps
Adjusted EPS (Rs)	**10.67**	**5.31**	**100.7**	**6.28**	**69.8**

Source: Company

Fig 2 – Q1FY27 Actual v/s estimates

Particulars	Q1 Actual	Estimates	VAR (%)
Revenue (Rs mn)	95,450	59,759	59.7
EBITDA (Rs mn)	13,807	6,138	124.9
EBITDA margin (%)	14.5	10.3	419bps
PAT (Rs mn)	9,992	3,879	157.6
EPS (Rs)	10.7	4.1	157.6

Source: Company, Bloomberg

Fig 3 – Business parameters

Particulars	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YOY (%)
PNG-Industrial volume (mmscmd)	7.7	4.2	84.0	4.7	63.7
CNG volume (mmscmd)	3.8	3.6	4.4	3.3	12.9
PNG-Domestic volume (mmscmd)	0.7	0.9	(23.1)	0.7	1.4
PNG-Commercial volume (mmscmd)	0.2	0.2	0.0	0.1	21.4
Total Volume (mmscmd)	**12.3**	**8.9**	**39.1**	**8.9**	**39.1**
Realization/scm (Rs) - CGD	**66.8**	**48.3**	**38.3**	**48.0**	**39.3**
EBITDA/scm (Rs) - CGD	**5.2**	**6.8**	**(23.8)**	**10.4**	**(50.0)**

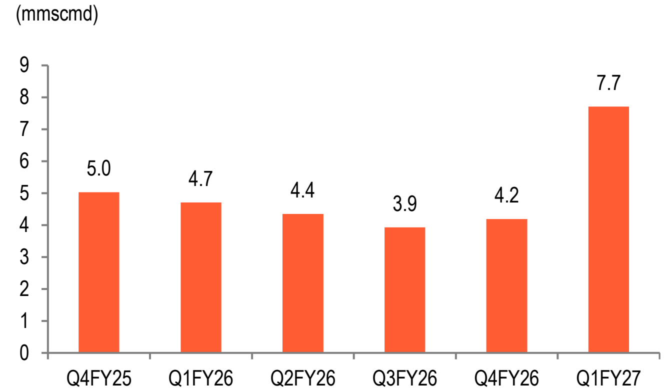
Source: Company

Fig 4 – Segmental performance

Revenue (Rs mn)	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YOY (%)
E&P	306	240	27.3	251	21.8
Gas Trading	71,316	39,641	79.9	37,323	91.1
Power	1,339	853	56.9	2,353	(43.1)
City Gas Distribution	77,291	40,666	90.1	40,654	90.1
Regasification business	1,341	921	45.6	749	78.9
Unallocated	133	144	(7.2)	96	39.1
Total	**151,726**	**82,465**	**84.0**	**81,426**	**86.3**

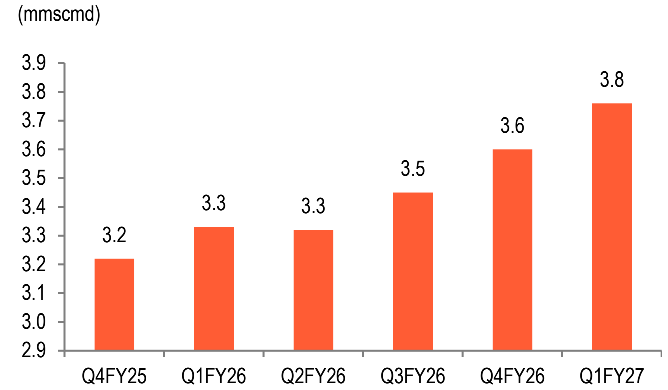
Source: Company

Fig 5 – PNG Industrial volumes



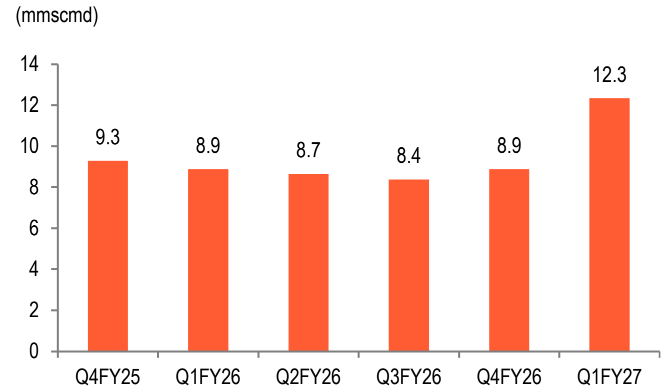
Source: Company

Fig 6 – CNG Volumes



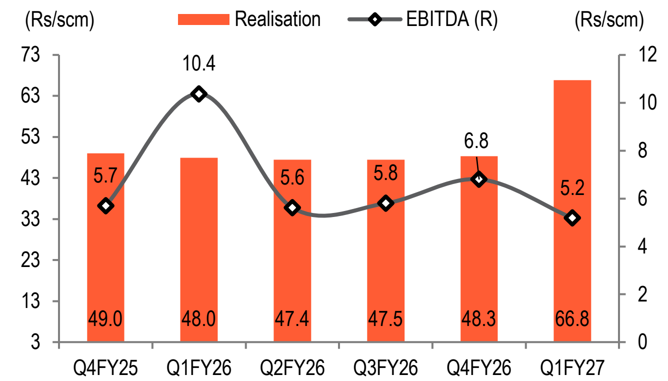
Source: Company

Fig 7 – Total Volumes



Source: Company

Fig 8 – Realisation & EBITDA trend (CGD)



Source: Company

Call Highlights

- **Volumes Performance:** CNG volume growth remained strong at 12.9% YoY in Q1FY27, compared with 11.8% YoY in Q4FY26. Industrial volumes showed strong growth of 63.7%YoY as company ensured gas supply to Morbi ceramic industry amidst Middle East crisis. Industrial volumes account for 52% of total volumes, while the volume mix stood at CNG: 30% and PNG: 70%.
    - **CNG outlook:** Management is positive on the CNG volume outlook and expect growth to sustain, driven by network expansion and increasing conversion of private vehicles to CNG.
- **Operational performance:** Overall EBITDA increased 65.0% YoY. This is driven by gas trading and CGD business performance. EBIT grew by 91%YoY for gas trading and 90%YoY for CGD business. CGD business EBITDA spread declined by 50%YoY due to higher LNG imported prices.
- **CGD:** 27 GAs across 6 states and 1 UT, serving +24.8lakh PNG domestic customers, +16,600 PNG commercial customers & +4,496 PNG industrial customers. Added 6 new stations in Q1 totaling 844 CNG stations. Plans to have 75 new CNG stations in FY27E.
- **Gas trading:** Trading volume increasing to 12.2 mmscmd v/s 9.3 mmscmd in Q1FY26. Gas trading sales increased to Rs71,316mn.
- **E&P:** 16 E&P blocks, including 11 producing fields and 6 operated assets. The portfolio provides upstream exposure through oil and gas production from onshore Gujarat and offshore basins. Produced 336 BOPD of crude oil and 23,000scmd of gas in Q1FY27.
- **Gas sourcing mix:** 20% term contracts, 12.5% domestic gas, and the balance 67.5% spot; Sourcing portfolio comprises 1.7mmscmd of APM gas, 0.7mmscmd of New Well Gas (NWG), 0.25mmscmd pooled gas; 1.1mmscmd under long-term contracts (LTC) and 8.5mmscmd under spot/short-term contracts (STC)..
- **Capex:** It incurred a capex of Rs1,270mn in CGD business in Q1FY27 and guided FY27 capex of Rs10bn for the CGD business.

Valuation Methodology

We remain positive on CNG and domestic PNG growth, driven by CNG infrastructure expansion and rising household penetration.

We revise the numbers downwards, primarily on subdued EBITDA spread offset by improved gas trading performance.

- **CNG growth to continue:** We estimate growth sustenance on account of the expansion in outlets and demand.
  - Estimate CNG growth to be 13.0% vs the earlier 12.0%YoY for FY27E; estimate unchanged at 12.5% for FY28E; at 13.0% for FY29E
- Industrial volumes revised up: estimate at 7% vs earlier decline of 5% for FY27E; estimate at +6% vs earlier 2.5% for FY28E and estimate at 5% vs earlier 2.8% for FY29E
- **EBITDA/scm:** Considering the moderation in CGD margins, we revise our EBITDA/scm assumptions to Rs5.2 vs earlier 6.2/scm for FY27E; at Rs5.6 vs earlier Rs6.5/scm for FY28E and estimate at Rs6.5 vs earlier Rs7.2 for FY29E.
- USD-INR assumption revised to Rs97.0 vs the earlier Rs95.0 for FY27E,FY28. And FY29E

Fig 9 – Revision in estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	236,144	234,102	244,677	262,237	242,077	257,535	276,302	(3.3)	(5.0)	(5.1)
EBITDA	30,520	30,724	37,525	43,573	33,089	36,290	41,340	(7.1)	3.4	5.4
EBITDA % margin	12.9	13.1	15.3	16.6	13.7	14.1	15.0	(54bps)	125bps	165bps
PAT	21,687	18,093	22,809	26,935	20,222	22,499	26,192	(10.5)	1.4	2.8
EPS (Rs)	23.1	19.3	24.3	28.8	21.6	24.0	28.0	(10.5)	1.4	2.8

Source: Company, BOBCAPS Research

Fig 10 – Key assumptions

Particulars	FY25	FY26	FY27E	FY28E	FY29E
USD-INR rate	87.0	90.0	97.0	97.0	97.0
CNG sales price (Rs/kg)	78.0	80.5	86.0	86.0	86.0
Volumes (mmscmd)					
CNG	3.0	3.4	3.9	4.4	4.9
YoY growth (%)	12.1	12.0	13.0	12.5	13.0
PNG	6.5	5.3	5.6	6.0	6.4
YoY growth (%)	(1.2)	(19.2)	7.0	6.6	5.8
Total volumes	9.6	8.7	9.5	10.4	11.3
D-PNG (mmscmd)	0.7	0.8	0.9	1.0	1.1
YoY %	3.0	9.0	7.0	10.0	10.0
I&C (mmscmd)	5.8	4.5	4.8	5.0	5.3
YoY %	(1.7)	(23.0)	7.0	6.0	5.0
EBITDA spread (Rs/scm)	**5.4**	**6.2**	**5.2**	**5.6**	**6.5**

Source: Company, BOBCAPS Research

EV/EBITDA based Valuation Rationale

We maintain HOLD with a revised TP of Rs287 from Rs406, as we roll forward valuation to Jun'28E and shift to SoTP-based EV/EBITDA methodology from the earlier P/E framework. The revision reflects the merged entity's expanded business profile, now comprising gas trading, power and E&P, in addition to the earlier standalone CGD business.

Fig 11 – Valuation summary

Business	June28 EBITDA (Rs mn)	Multiple (x)	Rs mn	Value (Rs/share)
CGD business	22,590	7.5	169,425	181
Natural Gas Trading	15,125	7.0	105,876	113
Power	465	12.0	5,582	6
E&P	313	6.5	2,031	2
Regassification business	544	6.5	3,536	4
Total EV			**286,450**	**306**
Less - Net debt			17,458	(19)
Target price (Rs/share)				**287**

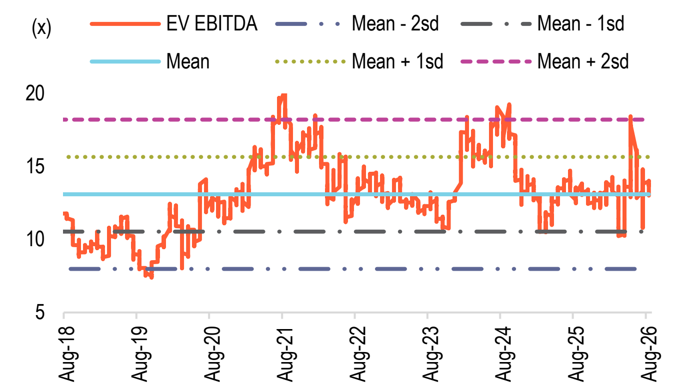
Source: BOBCAPS Research

Key Risks

Key downside risks to our estimates:

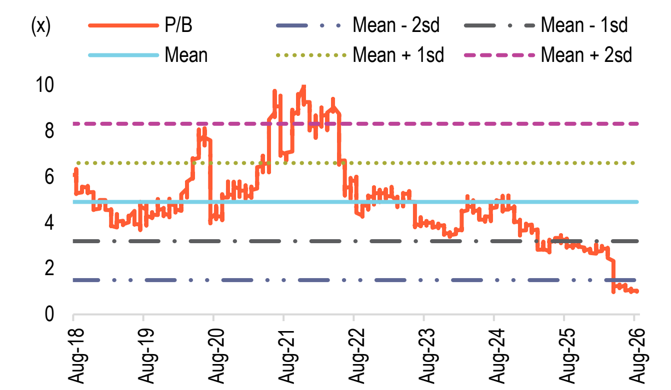
- **APM allocation sourcing mix can raise input gas cost**: APM gas has been limited for CGD companies, due to production constraints from ONGC. This led Gujarat Gas to procure imported gas at elevated prices. Further, elevated LNG prices continue to impact the offtake from industrial customers. So, normalisation of LNG prices is key to future performance.

Fig 12 – EV/EBITDA 1YF



Source: Bloomberg

Fig 13 – P/B 1YF



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**276,149**	**236,144**	**234,102**	**244,677**	**262,237**
EBITDA	34,744	30,520	30,724	37,525	43,573
Depreciation	(8,641)	(8,990)	(10,025)	(10,686)	(11,771)
EBIT	31,669	27,005	26,284	32,535	37,612
Net interest inc./(exp.)	(2,902)	(2,511)	(2,150)	(1,609)	(748)
Other inc./(exp.)	5,567	5,475	5,584	5,696	5,810
Exceptional items	0	0	0	0	0
EBT	20,145	22,997	24,134	30,926	36,864
Income taxes	12,442	(7,634)	(7,481)	(9,587)	(11,428)
Extraordinary items	(8,623)	(1,498)	0	0	0
Min. int./Inc. from assoc.	1,339	4,826	1,441	1,470	1,499
Reported net profit	**41,146**	**20,189**	**18,093**	**22,809**	**26,935**
Adjustments	8,623	1,498	0	0	0
Adjusted net profit	**49,769**	**21,687**	**18,093**	**22,809**	**26,935**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	15,024	16,544	16,561	17,477	18,911
Other current liabilities	39,657	35,605	35,605	35,605	35,605
Provisions	432	593	593	593	593
Debt funds	29,872	30,600	25,600	18,600	8,600
Other liabilities	4,545	3,536	3,536	3,536	3,536
Equity capital	628	628	628	628	628
Reserves & surplus	233,751	182,513	192,033	206,036	223,930
Shareholders' fund	234,380	183,141	192,662	206,664	224,558
Total liab. and equities	**330,096**	**275,459**	**279,997**	**287,915**	**297,243**
Cash and cash eq.	30,028	13,143	16,797	22,613	29,576
Accounts receivables	21,458	17,524	17,372	18,157	19,460
Inventories	8,650	11,216	11,119	11,621	12,455
Other current assets	40,953	59,406	59,406	59,406	59,406
Investments	21,756	9,050	9,050	9,050	9,050
Net fixed assets	154,671	118,574	119,706	120,520	120,749
CWIP	11,948	8,361	8,361	8,361	8,361
Intangible assets	17,396	17,673	17,673	17,673	17,673
Deferred tax assets, net	0	0	0	0	0
Other assets	(89,387)	84,340	28,394	28,712	29,298
Total assets	**330,096**	**275,459**	**279,997**	**287,915**	**297,243**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**5,144**	**7,029**	**29,093**	**33,262**	**37,252**
Capital expenditures	(106,019)	30,433	(11,157)	(11,500)	(12,000)
Change in investments	(21,411)	12,706	0	0	0
Other investing cash flows	(15,456)	2,637	0	0	0
Cash flow from investing	**(142,887)**	**45,776**	**(11,157)**	**(11,500)**	**(12,000)**
Equities issued/Others	497	0	0	0	0
Debt raised/repaid	29,872	728	(5,000)	(7,000)	(10,000)
Interest expenses	(2,902)	(2,511)	(2,150)	(1,609)	(748)
Dividends paid	(5,452)	(8,338)	(8,572)	(8,806)	(9,041)
Other financing cash flows	(612)	136,494	(59,570)	1,441	1,470
Cash flow from financing	**158,509**	**(69,691)**	**(14,282)**	**(15,946)**	**(18,290)**
Chg in cash & cash eq.	**20,767**	**(16,886)**	**3,654**	**5,817**	**6,963**
Closing cash & cash eq.	**30,028**	**13,142**	**16,797**	**22,613**	**29,576**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	43.9	21.5	19.3	24.3	28.8
Adjusted EPS	53.1	23.1	19.3	24.3	28.8
Dividend per share	5.8	8.9	9.2	9.4	9.7
Book value per share	250.2	195.5	205.6	220.6	239.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.9	1.1	1.2	1.1	0.9
EV/EBITDA	7.3	8.7	8.8	6.9	5.6
Adjusted P/E	5.2	11.9	14.2	11.3	9.5
P/BV	1.1	1.4	1.3	1.2	1.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	204.6	73.3	69.0	69.0	69.0
Interest burden (PBT/EBIT)	0.9	0.9	0.9	1.0	1.0
EBIT margin (EBIT/Revenue)	11.5	11.4	11.2	13.3	14.3
Asset turnover (Rev./Avg TA)	1.2	0.8	0.8	0.9	0.9
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.4	1.4	1.4
Adjusted ROAE	31.9	10.4	9.6	11.4	12.5

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	NA	(14.5)	(0.9)	4.5	7.2
EBITDA	NA	(12.2)	0.7	22.1	16.1
Adjusted EPS	NA	(56.4)	(16.6)	26.1	18.1
Profitability & Return ratios (%)					
EBITDA margin	12.6	12.9	13.1	15.3	16.6
EBIT margin	11.5	11.4	11.2	13.3	14.3
Adjusted profit margin	18.0	9.2	7.7	9.3	10.3
Adjusted ROAE	31.9	10.4	9.6	11.4	12.5
ROCE	17.4	10.9	11.7	14.1	15.8
Working capital days (days)					
Receivables	28	27	27	27	27
Inventory	11	17	17	17	17
Payables	23	29	30	31	32
Ratios (x)					
Gross asset turnover	1.2	0.8	0.8	0.9	0.9
Current ratio	1.8	1.9	1.9	2.0	2.1
Net interest coverage ratio	10.9	10.8	12.2	20.2	50.3
Adjusted debt/equity	0.0	0.1	0.0	0.0	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

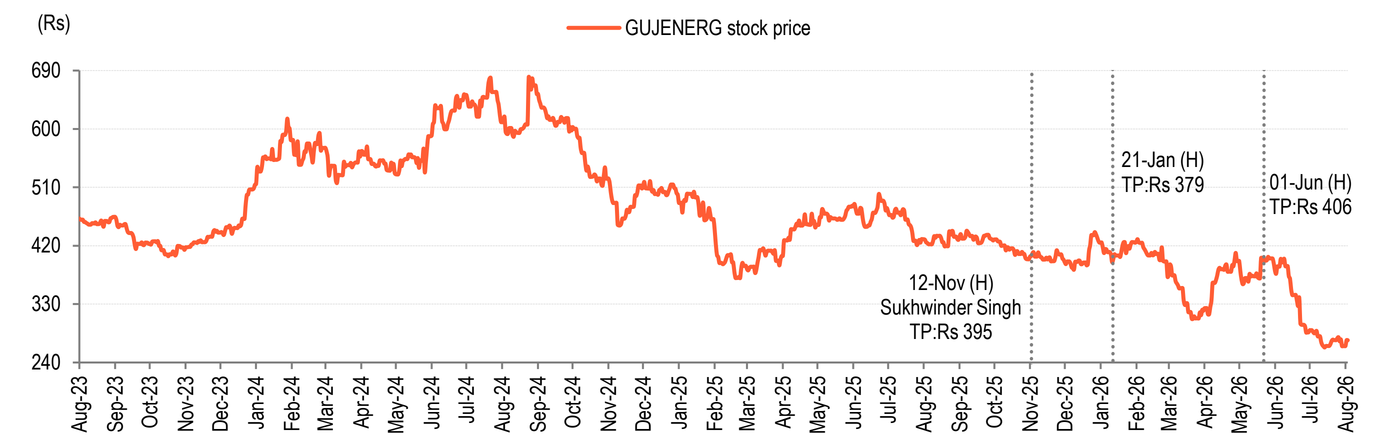
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): GUJARAT ENERGY (GUJENERG IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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