

HOLD**TP: Rs 305 | ▲ 2%****GUJARAT STATE
PETRONET**

| Oil & Gas

| 24 January 2026

Reported weak operational performance on high opex

- EBITDA decreased by 14.0%YoY, impacted by lower volumes and high transmission expenses. Realised tariff increased 10.7%YoY
- Volumes through GSPL network will likely remain soft from Refinery, Petrochemical and Power consumers
- Maintain HOLD and revise TP to Rs305 from Rs316, valuing the core business at 5.5x on Dec'27 EBITDA + value of stake in Guj. Gas

Sukhwinder Singh
Research Analyst
 research@bobcaps.in

Operational performance below expectations on higher opex Revenue came at Rs2,722mn (+4.5%YoY, -0.7%QoQ) and was 2.8% above estimates. EBITDA came at Rs1,656mn (-14.0%YoY, -4.4%QoQ), and was 3.8% below consensus estimates. Lower-than-expected EBITDA was due to higher operating expenses. Blended EBITDA spread was Rs0.7/scm — lower by 9.2%YoY.

Performance parameters: Transmission volumes came at 27.5mmcmd, lower by 5.3%YoY and 3.5%QoQ. Blended tariff was higher by 10.7%YoY to Rs1.1/scm (~Rs32/mmbtu). Blended EBITDA was lower by 9.2%YoY to Rs0.7/scm (~Rs20/mmbtu).

Outlook: Tariff was reduced 47% from Rs34/mmbtu to Rs18/mmbtu for its high-pressure gas network in May'24 by PNGRB. And GSPL's revenue and EBITDA have fallen to a low base, since then. Thus, going forward, blended tariff will likely stay around the current level and volume growth is likely to stay subdued, due to better pricing of alternate fuels.

As part of the ongoing restructuring, GSPC, GSPL & GEL will be first amalgamated into Gujarat Gas. For each of the 13 shares of GSPL, investors will get 10 shares of Gujarat Gas. Post this, gas transmission business will be demerged and listed as new entity GTL (GSPL Transmission Ltd). The restructuring process is likely to be completed by Feb'26 and the listing by April/May 2026.

Maintain HOLD rating and revised TP: We expect transmission volumes to remain subdued primarily led by the Refinery, Petchem and Power sectors, on the back of better price dynamics of alternate fuels. Realisation is likely to remain around the current level. We maintain HOLD rating and revise TP to Rs305 from Rs316, based on SOTP – core business on 5.5x on Dec'27 EBITDA + value of stake in Gujarat Gas.

Key changes

Target	Rating
▼	◀ ▶

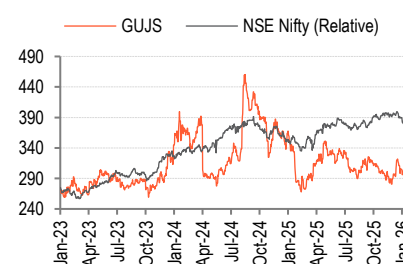
Ticker/Price	GUJS IN/Rs 298
Market cap	US\$ 1.8bn
Free float	62%
3M ADV	US\$ 2.9mn
52wk high/low	Rs 361/Rs 261
Promoter/FPI/DII	38%/15%/25%

Source: NSE | Price as of 23 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	173,701	162,061	169,493
EBITDA (Rs mn)	26,910	22,523	24,177
Adj. net profit (Rs mn)	11,111	13,641	13,633
Adj. EPS (Rs)	19.7	25.5	26.3
Consensus EPS (Rs)	19.7	25.0	24.0
Adj. ROAE (%)	9.9	11.2	10.3
Adj. P/E (x)	15.1	11.7	11.3
EV/EBITDA (x)	5.6	6.3	5.5
Adj. EPS growth (%)	1.1	(33.0)	22.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Revenue	2,722	2,741	(0.7)	2,604	4.5	8,302	8,727	(4.9)
EBITDA	1,656	1,732	(4.4)	1,925	(14.0)	5,412	6,864	(21.2)
EBITDA margin (%)	60.8	63.2		73.9		65.2	78.7	
Depreciation	549	547	0.4	512	7.2	1,635	1,513	8.0
Interest	10	10	(1.1)	9	10.4	30	33	(7.7)
Other income	433	3,060	(85.9)	412	5.0	3,926	3,679	6.7
PBT	1,530	4,235	(63.9)	1,816	(15.8)	7,672	8,997	(14.7)
Tax	387	411	(5.8)	460	(15.9)	1,280	1,629	(21.4)
Reported PAT	1,142	3,825	(70.1)	1,356	(15.7)	6,392	7,369	(13.3)
Exceptional item	0	0	NA	0	NA	0	0	NA
Adjusted PAT	1,142	3,825	(70.1)	1,356	(15.7)	6,392	7,369	(13.3)
Adj. PATM (%)	42.0	139.6		52.1		77.0	84.4	
EPS (Rs)	2.02	6.78	(70.1)	2.40	(15.7)	11.33	13.06	(13.3)

Source: Company

Fig 2 – Q3FY26 Actual vs Estimates

Particulars	Q3 Actual	Estimates	VAR (%)
Revenue (Rs mn)	2,722	2,647	2.8
EBITDA (Rs mn)	1,656	1,720	(3.8)
EBITDA margin (%)	60.82	65.00	
PAT (Rs mn)	1,142	1,310	(12.8)
EPS (Rs)	2.0	2.3	(12.8)

Source: Company, Bloomberg

Fig 3 – Business parameters

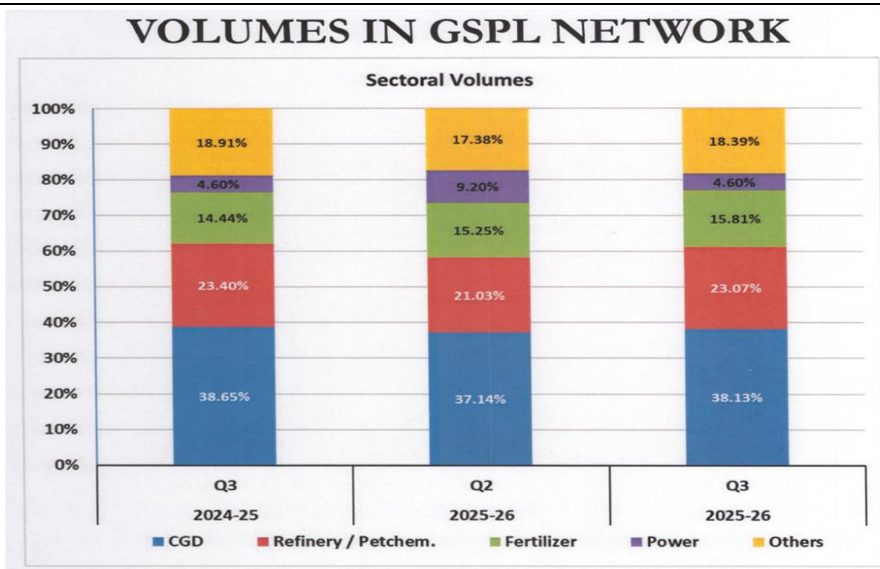
Rs mn	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Gas transmission volumes (mmscmd)	27.5	28.5	(3.5)	29.0	(5.3)	28.5	31.7	(10.0)
Realised tariff - (Rs/scm)	1.1	1.0	4.6	1.0	10.7	1.0	1.0	6.6
EBITDA/scm - (Rs/scm)	0.7	0.7	(1.0)	0.7	(9.2)	0.7	0.8	(11.6)

Source: Company

Sector-wise volume transmission

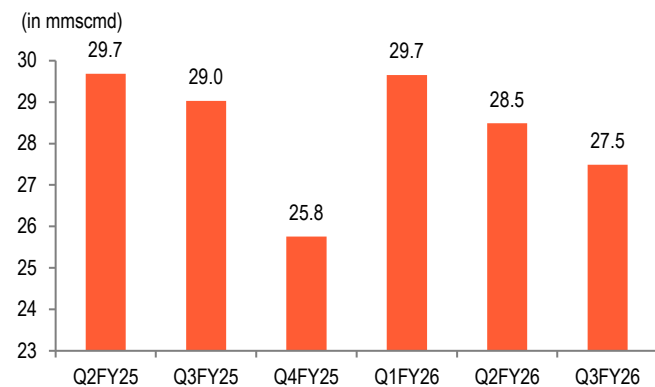
- Volumes transmitted are from sectors – CGD, Refinery & Petrochemicals, Fertiliser, Power and others. Among all, volumes from the fertiliser segment have increased on YoY basis.
- Share of various segments:
 - CGD share decreased to 38.13% in Q3FY26 from 38.65% in Q3FY25
 - Share of Refinery and Petrochem decreased to 23.07% in Q3FY26 from 23.40% in Q3FY25
 - Share of Fertilisers increased to 15.81% in Q3 from 14.44% in Q3FY25
 - Share of power has remained flat at 4.60% on YoY
 - Share of others have decreased to 18.39% in Q3 from 18.91% in Q3FY25

Fig 4 – Sector-wise flow of transmission volumes



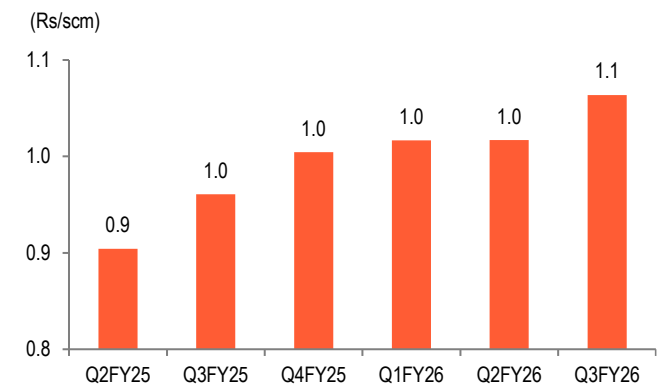
Source: Company

Fig 5 – Gas transmission volumes

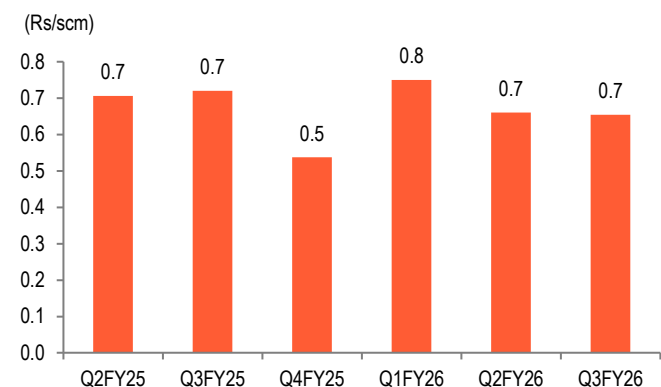


Source: Company

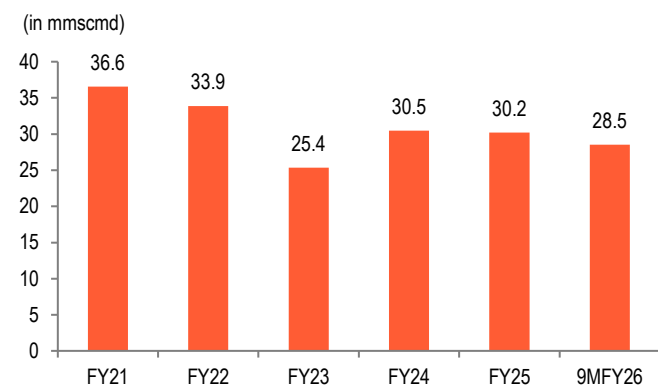
Fig 6 – Tariff trend



Source: Company

Fig 7 – Blended EBITDA trend

Source: Company

Fig 8 – Gas transmission volumes (annual)

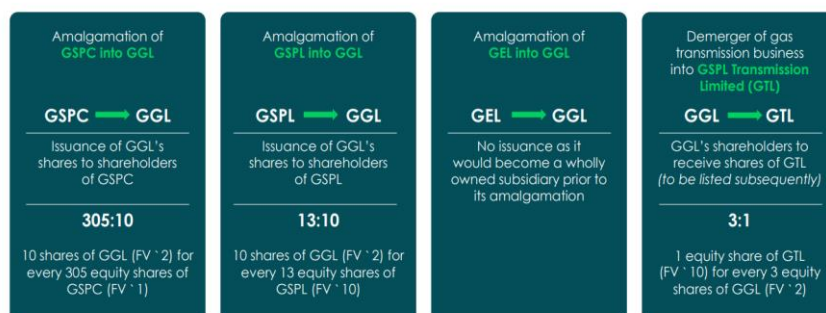
Source: Company

Scheme of arrangement

- The scheme approved by the Board in Aug'24 involves the merger of GSPC, GSPL and GEL (GSPC energy Ltd) into Gujarat Gas and demerger of the gas transmission business into GSPL Transmission Ltd.
- This will consolidate all business verticals into one entity – Gujarat Gas.
- The scheme was approved by equity shareholders in Oct'25. Further, necessary approvals from statutory and regulatory authorities are awaited. Expect MCA approval by Feb'26 and listing by April/May 2026.

Fig 9 – Scheme of arrangement

Amalgamation of GSPC, GSPL & GEL into GGL & Demerger of gas transmission business into GSPL Transmission Limited (GTL)



Source: Company

Valuation Methodology

Tariff was reduced 47% from Rs34/mmmbtu to Rs18/mmmbtu in May'24 by PNGRB for its high-pressure gas network. And GSPL's revenue and EBITDA have fallen to a low base, since then. Thus, going forward, blended tariff will likely stay around the current level and volume growth is likely to stay subdued, due to the better pricing of alternate fuels.

Changes in assumptions based on 9M performance:

- **Volume growth:** We revise the growth downwards to negative 8.0% vs earlier -1.0% in FY26E; growth at -2.0% vs the earlier 1.5% for FY27E and growth at 1.0% vs the earlier 2.0% for FY28E; the company reported a 10.0%YoY decline in 9MFY26.
- **Realisation growth:** We estimate realisation growth at 6.5% vs the earlier 0% for FY26E, estimate 0.5% vs the earlier 0% for FY27E and estimate 0.5% vs the earlier 0% for FY28E. 9M realisation growth is 6.6%.

Fig 10 – Revision in Estimates

(Rs mn)	Actual	New				Old			Change (%)		
	FY25A	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	
Revenue	173,701	162,061	169,493	180,791	182,186	184,646	187,500	(11.0)	(8.2)	(3.6)	
EBITDA	26,910	22,523	24,177	26,190	24,528	26,752	26,801	(8.2)	(9.6)	(2.3)	
EBITDA % margin	15.5	13.9	14.3	14.5	13.5	14.5	14.3	NA	NA	NA	
PAT	11,111	13,641	13,633	13,338	14,559	14,872	14,962	(6.3)	(8.3)	(10.9)	
EPS (Rs)	19.7	24.2	24.2	23.6	25.8	26.4	26.5	(6.3)	(8.3)	(10.9)	

Source: Company, BOBCAPS Research

Fig 11 – Key assumptions

	FY24	FY25	FY26E	FY27E	FY28E
Transmission and Trading					
Volumes (mmscmd)	30.5	30.2	27.8	27.2	27.5
Volumes (mmscm)	11,133	11,023	10,141	9,938	10,038
% growth	20.1	(1.0)	(8.0)	(2.0)	1.0
Realized tariff (Rs/scm)	1.8	1.0	1.0	1.0	1.1
% growth	(0.0)	(45.1)	6.5	0.5	0.5
USD-INR	82.8	87.0	89.0	91.0	91.0

Source: Company, BOBCAPS Research

EV/EBITDA-based Valuation Rationale

We moderate our numbers on account of 9MFY26 performance. We revise TP to Rs305 from Rs316 and maintain a HOLD rating.

- 5.5x EV/EBITDA on Dec'27 EBITDA for core transmission business. Multiple of 5.5x is at a discount to multiple of 6.5x applied to GAIL transmission business.
- A 54.17% stake in Gujarat Gas – is valued at 30% holding company discount to the market cap.
- A 27.5% stake in Sabarmati Gas – is valued at 0.5x book value as on Mar'25.

Fig 12 – Valuation summary

Business	Dec. 27 EBITDA (Rs mn)	Multiple (x)	Holding co. discount (%)	Rs mn	Value (Rs/share)
GSPL Core business	7,467	5.5	NA	41,067	73
Gujarat Gas (54.17% stake)			30.0	105,709	187
Sabarmati gas (27.47% stake)				2,287	4
Sub-total	7,467			149,062	264
Total EV				149,062	264
Less - Net Debt				(22,901)	(41)
Target price (Rs)				171,963	305

Source: Company, BOBCAPS Research

Fig 13 – Value of stake in Gujarat Gas

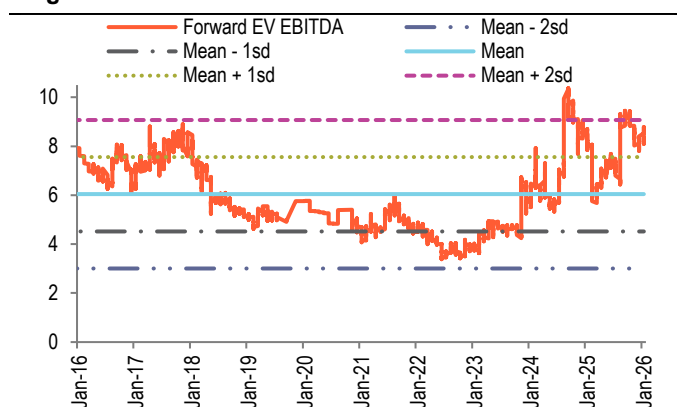
Particulars	No of shares (mn)	CMP	Full value (Rs mn)	Holding co discount	Fair value (Rs mn)	Value/share (Rs)
Gujarat Gas	373	405	151,012	30.0	105,709	187
Total value					105,709	187

Source: BOBCAPS Research

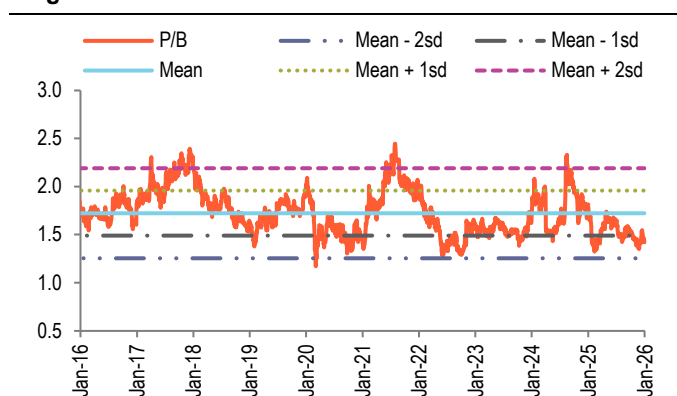
Key Risks

Key downside risks to our estimates:

- **Low offtake in gas transmission business:** Volume offtake depends on favourable pricing of LNG vs alternate fuels. Therefore, if LNG pricing remains expensive for a long period, we may continue to see a weak business performance, i.e. GSPL's revenue and EBITDA growth.

Fig 14 – EV/EBITDA 1YF

Source: Bloomberg

Fig 15 – P/B 1YF

Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	172,948	173,701	162,061	169,493	180,791
EBITDA	33,830	26,910	22,523	24,177	26,190
Depreciation	(6,638)	(7,089)	(7,346)	(9,067)	(11,540)
EBIT	29,057	23,321	18,747	18,752	18,364
Net interest inc./(exp.)	(321)	(374)	(375)	(390)	(400)
Other inc./(exp.)	1,865	3,500	3,570	3,641	3,714
Exceptional items	0	0	0	0	0
EBT	29,293	22,947	18,372	18,362	17,964
Income taxes	(7,510)	(5,968)	(4,731)	(4,729)	(4,626)
Extraordinary items	557	0	0	0	0
Min. int./Inc. from assoc.	(5,187)	(5,869)	0	0	0
Reported net profit	16,595	11,111	13,641	13,633	13,338
Adjustments	0	0	0	0	0
Adjusted net profit	16,595	11,111	13,641	13,633	13,338

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	7,141	7,829	7,415	7,871	8,520
Other current liabilities	22,800	27,175	27,175	27,175	27,175
Provisions	311	318	318	318	318
Debt funds	0	0	0	0	0
Other liabilities	16,481	17,196	17,196	17,196	17,196
Equity capital	5,642	5,642	5,642	5,642	5,642
Reserves & surplus	102,607	110,816	121,494	132,024	142,118
Shareholders' fund	108,249	116,458	127,137	137,666	147,760
Total liab. and equities	190,558	208,070	218,335	229,321	240,063
Cash and cash eq.	13,996	22,901	31,475	40,413	50,760
Accounts receivables	11,481	11,182	10,433	10,912	11,639
Inventories	2,695	3,189	2,976	3,112	3,319
Other current assets	11,892	18,664	18,664	18,664	18,664
Investments	16,382	15,517	15,517	15,517	15,517
Net fixed assets	98,291	106,591	109,245	110,679	110,139
CWIP	16,614	11,058	11,058	11,058	11,058
Intangible assets	9,485	10,241	10,241	10,241	10,241
Deferred tax assets, net	0	0	0	0	0
Other assets	17,414	22,560	21,549	22,770	24,743
Total assets	190,558	208,070	218,335	229,321	240,063

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	20,928	23,193	21,911	22,931	24,991
Capital expenditures	(12,329)	(10,559)	(10,000)	(10,500)	(11,000)
Change in investments	(155)	865	0	0	0
Other investing cash flows	(2,816)	943	0	0	0
Cash flow from investing	(15,300)	(8,751)	(10,000)	(10,500)	(11,000)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(321)	(374)	(375)	(390)	(400)
Dividends paid	(2,821)	(2,821)	(2,962)	(3,103)	(3,244)
Other financing cash flows	(474,674)	(2,216)	(2,341)	0	0
Cash flow from financing	(5,358)	(5,536)	(3,337)	(3,493)	(3,644)
Chg in cash & cash eq.	269	8,906	8,574	8,938	10,347
Closing cash & cash eq.	13,996	22,901	31,475	40,413	50,760

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	29.4	19.7	24.2	24.2	23.6
Adjusted EPS	29.4	19.7	25.5	26.3	35.6
Dividend per share	5.0	5.0	5.3	5.5	5.8
Book value per share	191.9	206.4	225.3	244.0	261.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.9	0.9	0.9	0.8	0.7
EV/EBITDA	4.6	5.6	6.3	5.5	4.7
Adjusted P/E	10.1	15.1	11.7	11.3	8.4
P/BV	1.6	1.4	1.3	1.2	1.1

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.4	74.0	74.2	74.2	74.2
Interest burden (PBT/EBIT)	1.0	1.0	1.0	1.0	1.0
EBIT margin (EBIT/Revenue)	16.8	13.4	11.6	11.1	10.2
Asset turnover (Rev./Avg TA)	1.0	0.9	0.8	0.8	0.8
Leverage (Avg TA/Avg Equity)	0.0	0.0	0.0	0.0	0.0
Adjusted ROAE	16.4	9.9	11.2	10.3	9.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(82.5)	(4.5)	0.4	(6.7)	4.6
EBITDA	(82.9)	(7.4)	(20.5)	(16.3)	7.3
Adjusted EPS	(4.6)	1.1	(33.0)	22.8	(0.1)

Profitability & Return ratios (%)

EBITDA margin	19.6	15.5	13.9	14.3	14.5
EBIT margin	16.8	13.4	11.6	11.1	10.2
Adjusted profit margin	9.6	6.4	8.4	8.0	7.4
Adjusted ROAE	16.4	9.9	11.2	10.3	9.3
ROCE	19.2	14.0	10.5	9.9	9.2

Working capital days (days)

Receivables	24	23	23	23	23
Inventory	6	7	7	7	7
Payables	19	19	19	20	20

Ratios (x)

Gross asset turnover	1.0	0.9	0.8	0.8	0.8
Current ratio	1.3	1.6	1.8	2.1	2.3
Net interest coverage ratio	90.6	62.4	50.0	48.1	45.9
Adjusted debt/equity	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)

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

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Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

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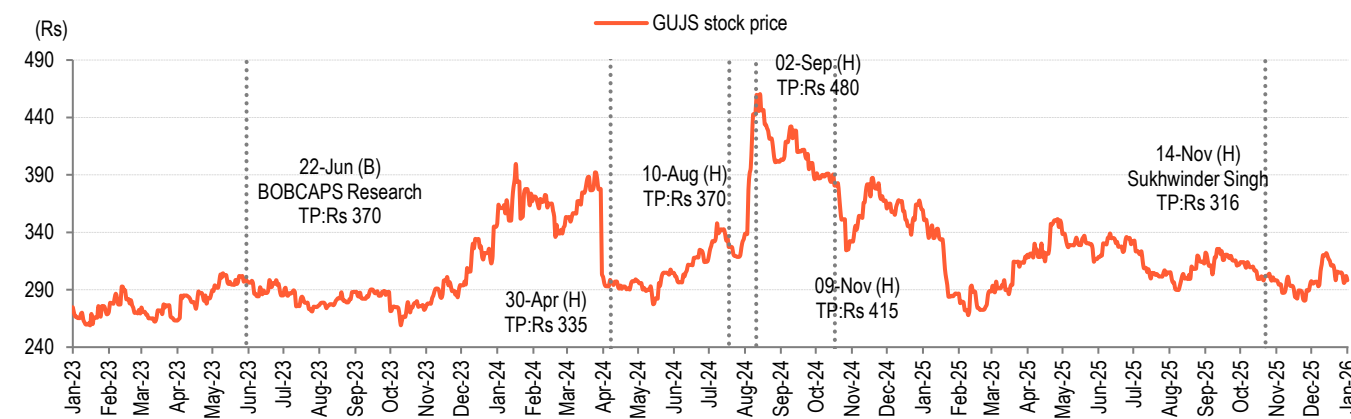
HOLD – Expected return from -6% to +15%

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 STATE PETRONET (GUJS IN)



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

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