

HOLD
 TP: Rs 370 | ▲ 13%

**GUJARAT STATE
 PETRONET**

| Oil & Gas

| 10 August 2024

Transmission volume pick up not value accretive

- Q1 EBITDA was in line with consensus. Factoring in beat to our Q1 estimate and gas consumption pick up, we raise our FY25-26 estimates
- Core transmission value is now indifferent to pick up in volumes above normative utilisation as it will be adjusted at next tariff review
- Maintain HOLD with higher TP of Rs 370 with increase in market value of investment in GUJGA; holding discount on GUJGA value is key

Kirtan Mehta, CFA
 research@bobcaps.in

Q1 ahead of our estimates: Adjusting for non-recurring inventory gain on system-use gas, GUJS Q1 EBITDA at Rs 2.9bn was in line with consensus but 30% ahead of our estimate. Volumes and blended tariff were higher than our prior forecasts.

Volume to moderate in Q2: With the increase in LNG prices above US\$ 12/MMBtu, we already see pullback in LNG consumption. While GUJGA flagged on its earnings call that its Morbi industrial consumers had lowered gas usage to 2-2.5mmscmd from 5.25mmscmd in Q1, RIL has completely stopped usage of LNG. Power usage has also normalised with the onset of monsoon.

Further cut in blended tariff in Q2: Q1 blended tariff was down 36% QoQ as a result of a tariff cut for HP Gas grid effective from 1 May. We are likely to see further 15-20% QoQ cut in blended tariff in Q2 with a full quarter impact of the cut.

Raise estimates: Factoring in beat in Q1 and pick up in gas consumption, we raise FY25E/FY26E EBITDA by 19%/25%. After a 40% YoY cut in FY25E EBITDA on tariff cut, we build in a 6% CAGR over FY25-FY27E on volume growth.

Core transmission value not linked to profitability: We maintain the DCF-based value of the core transmission business at Rs 50/sh (WACC 11.1%), recognising (i) economic life only up to FY32/FY31 for HP/LP Gas grids and (ii) using cash flow and terminal value estimates used by the regulator. Any excess cash flow earned between two tariff reviews will be adjusted in present value terms at the next tariff review. Refer to our note [Decoding HP Gas grid tariff order](#), published on 30 Apr.

Maintain HOLD: We raise our SOTP-based TP for GUJS to Rs 370 from Rs 335, factoring in the increase in value of investment in GUJGA at market value to Rs 283 (Rs 253) after applying a 30% holding discount. Given 13% upside, maintain HOLD.

A discount play on GUJGA: With only a modest residual fair value of core transmission business, GUJGA's value and the level of holding discount are the key drivers for GUJS now as this accounts for ~80% of GUJS's value.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	GUJS IN/Rs 327
Market cap	US\$ 2.2bn
Free float	51%
3M ADV	US\$ 6.0mn
52wk high/low	Rs 407/Rs 255
Promoter/FPI/DII	38%/16%/24%

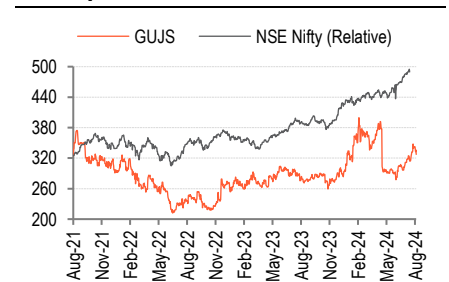
Source: NSE | Price as of 9 Aug 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs mn)	20,148	13,925	14,793
EBITDA (Rs mn)	14,875	8,829	9,309
Adj. net profit (Rs mn)	12,679	7,448	7,676
Adj. EPS (Rs)	22.5	13.2	13.6
Consensus EPS (Rs)	22.5	15.0	17.0
Adj. ROAE (%)	13.0	7.1	6.9
Adj. P/E (x)	14.6	24.8	24.1
EV/EBITDA (x)	12.2	20.3	19.3
Adj. EPS growth (%)	36.5	(41.3)	3.1

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE



Q1 reflects impact of sharp tariff cut

In line with consensus: GUJS's Q1FY25 underlying EBITDA works out to Rs 2.9bn after adjusting for Rs 145mn of inventory gain on system-use gas. While headline EBITDA was 5% above consensus, underlying EBITDA was in line. Underlying EBITDA was 30% above our estimate reflecting higher volumes and blended tariff.

Fig 1 – GUJS's Q1 vs consensus and our forecasts

(Rs mn)	Q1FY25	Consensus	Delta	BOBCAPS	Delta
Revenue	3,543	4,210	(15.8)	3,800	(6.8)
EBITDA reported	3,010	2,860	5.2	2,208	36.3
EBITDA underlying	2,865	2,860	0.2	2,208	29.7
PAT	2,120	1,940	9.3	1,450	46.2
EPS (Rs)	3.8	-	-	2.6	46.2

Source: Company, BOBCAPS Research, Bloomberg

Tariff cut led to EBITDA decline: Even after a Rs 145mn inventory gain in Q1FY25, EBITDA slipped by 20.4% QoQ driven by a sharp cut in HP Gas grid transmission tariff to Rs 18.1/MMBtu (from Rs 34) from 1 May 2024. Owing to the tariff impact, the gross spreads contracted by Rs 0.48/scm QoQ and EBITDA declined by Rs 0.34/scm QoQ. However, a Rs 0.15/scm reduction in opex including the benefit of inventory gain partially offset the decline in the tariff cut.

Sharp uptick in volume: The Q1FY25 volume stood at 36.4mmscmd which grew by 9.1% QoQ. The growth was primarily driven by Power which grew by 3.4mmscmd QoQ and CGD (City Gas Distribution) which grew by 1.2mmscmd QoQ. The Refinery and Petrochemicals (-1.2mmscmd QoQ) and other industrial consumers (-0.2mmscmd QoQ) backed down LNG usage with the increase in LNG prices during the quarter.

Q2 EBITDA to retract further: We expect Q2 EBITDA to retract further with normalisation of volume and further cut in blended tariff.

- LNG consumption by the power segment has declined with the onset of monsoon. Besides, Gujarat Gas has indicated that its Morbi volumes are down 2-2.5mmscmd in Q2 and RIL too had indicated a stop in the usage of LNG.
- Blended tariff is likely to drop by another 15-20% owing to a full quarter implementation of the tariff.

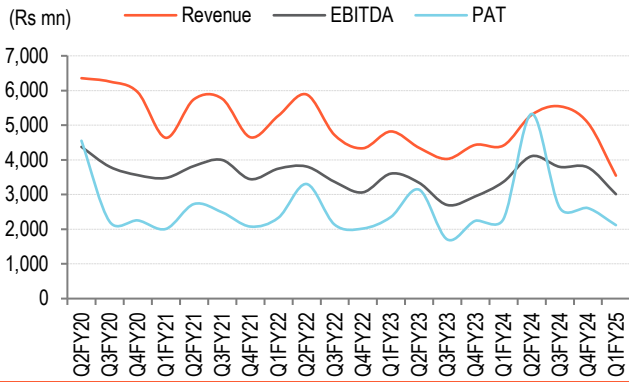
Affiliate loss widened in Q1: Collective share of losses from JVs or affiliates have widened to Rs 150mn in Q1 from Rs 78mn in Q4. This largely reflects increased losses at GIGL (GSPL India Gasnet).

Fig 2 – Quarterly performance

(Rs mn)	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)
Revenue	3,543	5068	(30.1)	4,412	(19.7)
Cost of gas	189	521	(63.7)	475	(60.2)
Gross spread	3,354	4547	(26.2)	3,937	(14.8)
OPEX	344	768	(55.2)	572	(39.9)
EBITDA	3,010	3780	(20.4)	3,364	(10.5)
Depreciation	490	486	0.8	468	4.7
Other income	328	296	10.7	180	81.8
Interest	13	19	(32.3)	10	24.7
Tax	715	960	(25.5)	773	(7.5)
PAT	2,120	2611	(18.8)	2,293	(7.5)
Profitability indicator (Rs/MCM)					
Revenue	1,070	1669	(35.9)	1,651	(35.2)
Cost of gas	57	171	(66.7)	178	(67.9)
Gross spread	1,013	1498	(32.4)	1,473	(31.2)
OPEX	104	253	(58.9)	214	(51.5)
EBITDA	909	1245	(27.0)	1,259	(27.8)
Depreciation	148	160	(7.6)	175	(15.5)
Other income	99	98	1.6	68	46.7
Interest	4	6	(37.9)	4	0.6
Tax	216	316	(31.7)	289	(25.4)
PAT	640	860	(25.5)	858	(25.4)
Volumes (mmscmd)					
CGD	12.6	11.4	10.2	10.4	20.8
Refinery/Petchem	7.5	8.7	(13.9)	6.6	14.5
Fertiliser	4.5	4.6	(3.4)	3.4	30.0
Power	6.4	2.9	116.6	4.0	57.9
Others	5.4	5.6	(3.7)	4.9	10.8
Total	36.4	33.4	9.1	29.4	23.9
Volume growth (% YoY)					
CGD	20.8	14.8	-	(4.3)	-
Refinery/Petchem	14.5	29.8	-	(27.6)	-
Fertiliser	30.0	28.6	-	4.1	-
Power	57.9	135.4	-	131.3	-
Others	10.8	58.8	-	10.4	-
Total	23.9	33.1	-	(0.3)	-
Revenue per scm excl TOP revenues	1.04	1.63	(36.3)	1.44	(27.8)
Revenue per scm adj for gas transport, trading and TOP revenues	0.98	1.46	(32.7)	1.26	(22.2)
EBITDA per scm excl TOP revenue	0.91	1.22	(25.8)	1.09	(16.2)

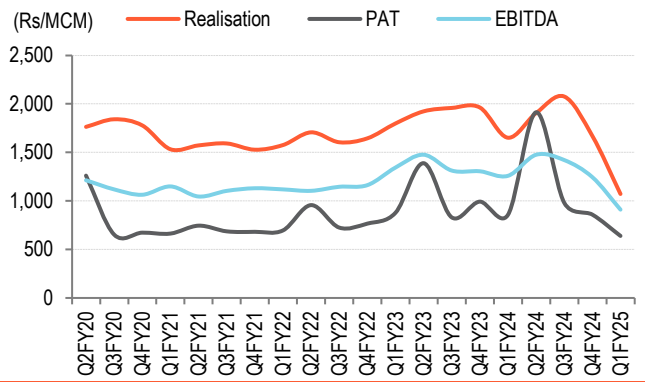
Source: Company, BOBCAPS Research

Fig 3 – Revenue and profit declined in Q1...



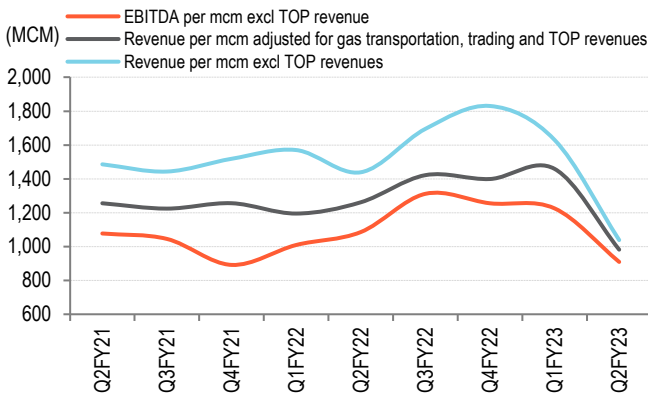
Source: Company, BOBCAPS Research

Fig 4 – ... on sharp cut in HP Gas grid transmission tariff



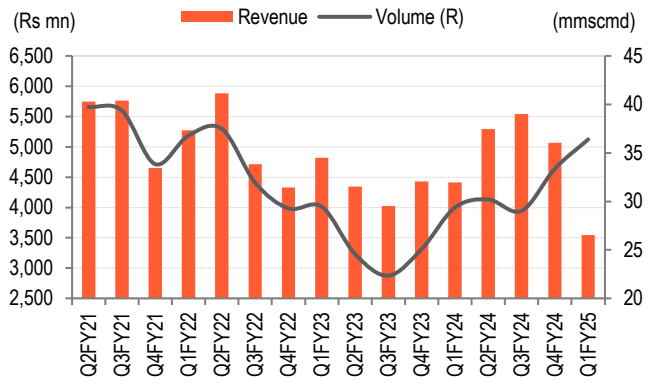
Source: Company, BOBCAPS Research

Fig 5 – Revenue and EBITDA excluding TOP



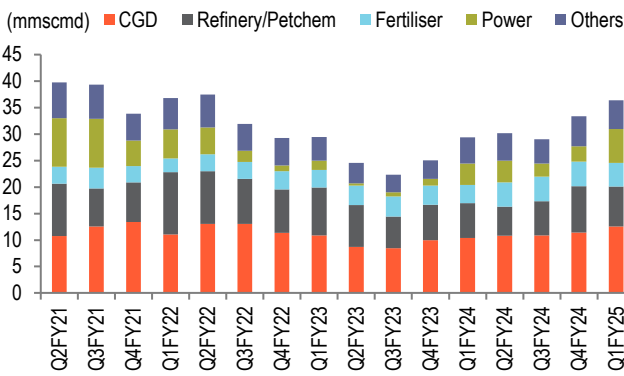
Source: Company, BOBCAPS Research

Fig 6 – Tariff cut also offsets benefit of volume growth



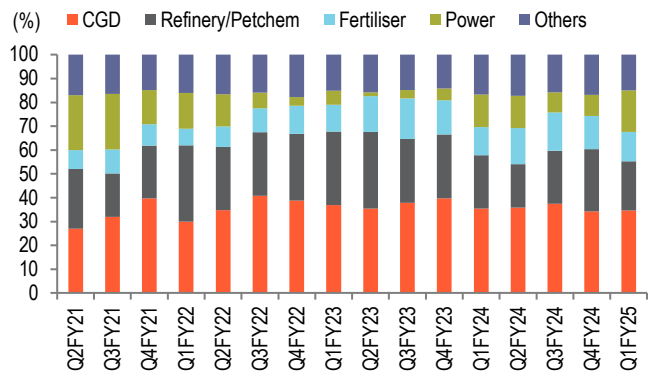
Source: Company, BOBCAPS Research

Fig 7 – Power and CGD segments drive uptick in volume



Source: Company, BOBCAPS Research | CGD: City Gas Distribution

Fig 8 – Volume mix history



Source: Company, BOBCAPS Research

Valuation methodology

Sharp reduction in standalone estimates with tariff cut

Factoring in beat to our estimates in Q1 as well as higher volumes on pick up in gas consumption in India, we raise our FY25 EBITDA estimates by 19% and FY26 by 25%. We have also introduced our FY27 estimates. After a 40% YoY cut in EBITDA in FY25E on tariff cut, we build in a 6% CAGR over FY25-FY27E driven primarily by volume growth.

- Tariff cut:** We have incorporated the 46% tariff cut for the HP Gas grid to Rs 18.1/MMBtu from 1 May 2024. This results in a 38% YoY cut in our blended tariff for FY25E. We arrive at the blended tariff by factoring in YoY reduction in revenues assessed by the regulator for both the HP and LP Gas grids and assume that other recovery components remain unchanged in FY25.
- Volume increase:** We raise our volume forecasts for FY25 by 5% to 33.8mmscmd and for FY26 by 10% to 36.0mmscmd and introduce the FY27 estimate at 38.8mmscmd assuming growth in gas consumption in India with moderation in global LNG prices. With a recent sharp cut in the tariff for the HP Gas grid sharply lowering transmission costs for consumers, we believe that the risk of shift-out of customers to dedicated pipelines has significantly come down.
- Realisation drivers:** Besides transmission tariff, blended realisation depends on other revenue elements such as ship or pay, pay out to PIL (Pipeline Infrastructure) from compressor usage charge, revenue collection on behalf of other pipelines under the zonal tariff mechanism as well as opportunistic gas trading. However, most of these components contribute little to EBITDA and are less relevant for forecasting profitability.

Fig 9 – Revised estimates

(Rs mn)	Provisional	New			Old		Change (%)	
	FY24P	FY25E	FY26E	FY27E	FY25E	FY26E	FY25E	FY26E
Revenue	20,148	13,925	14,793	15,907	13,263	13,515	5.0	9.5
EBITDA	14,875	8,829	9,309	9,944	7,425	7,451	18.9	24.9
EBITDA growth YoY	19.7	(40.6)	5.4	6.8	(49.8)	0.4	-	-
Net income	12,679	7,448	7,676	10,441	6,436	6,354	15.7	20.8

Source: Company, BOBCAPS Research

Fig 10 – Key assumptions

Parameter	FY24P	FY25E	FY26E	FY27E
Transmission volume (mmscmd)	30.5	33.8	36.0	38.8
Blended tariff (Rs/mscm)	1,777	1,101	1,101	1,101
EBITDA (Rs/scm)	1.3	0.7	0.7	0.7
Capex (Rs bn)	4,082	6,709	6,830	6,932
Growth				
Transmission volume (% YoY)	20.3	10.9	6.4	7.7
Blended tariff (% YoY)	(3.8)	(38.0)	0.0	-
EBITDA/scm (% YoY)	(0.7)	(46.3)	(0.9)	(0.8)

Source: Company, BOBCAPS Research

Maintain HOLD with a revised TP of Rs 370

We raise our SOTP-based TP to Rs 370 from Rs 335, factoring in a recent rally in the stock price of GUJGA which accounts for close to ~80% of our TP for GUJS. We apply an unchanged holding discount of 30% of the investment value. We value the transmission pipeline using the DCF method to arrive at a Mar'25 fair value. We then roll forward the value to Jun'25 to arrive at 12-month forward TP. Given 13% upside, we maintain our HOLD rating on GUJS.

SOTP valuation

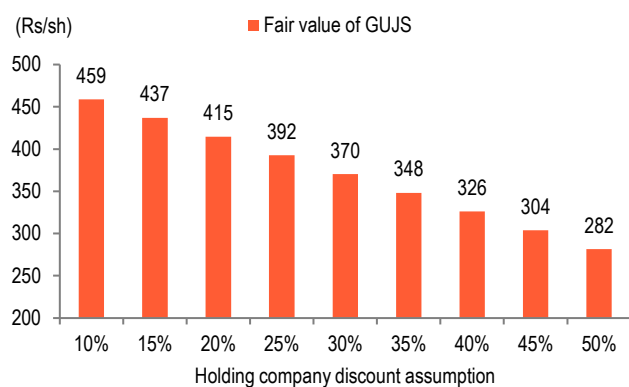
- **Core transmission business:** We maintain the value of the core business at Rs 50/sh using the DCF method, assuming WACC of 11.1% and an economic life up to FY32 for the HP Gas grid and up to FY31 for the LP Gas grid and terminal value of the grids as assessed by the regulator in the latest tariff orders. The tariff order has ascertained the regulatory principal that the transmission company does not enjoy the benefit of higher volumes (above 75% of capacity) or extension of economic life for an asset like pipeline. The regulator adjusts the benefit of excess revenue earned by the pipeline company on a present value basis from the prospective tariff.
- **Investments:** We value investments applying a holding company discount of 30%.
 - **Investments in city gas distribution:** While GUJS's stake in GUJGA is assessed at Rs 283/sh based on market price, we ascribe to Sabarmati Gas a trailing P/E of 12x on a conservative basis for a value of Rs 13/sh.
 - **Investment in pipelines:** For stakes in cross-country pipeline JVs, we use a trailing P/B given regulated returns. While we value GSPL India Gasnet (GIGL) at Rs 6/sh using an FY23 P/B of 0.5x given the long ramp-up period ahead, we do not factor in any value for GSPL Transco India (GTIL) at this stage due to the regulatory overhang on tariffs and potential penalty for the incomplete pipeline sections. Our DCF model for these two pipelines confirms these multiples after accounting for the impact of additional support for debt service coverage.
 - **Other investments:** We value other investments in GSPC LNG, Gujarat State Energy Generation and Swan LNG at book value.

Fig 11 – Valuation summary

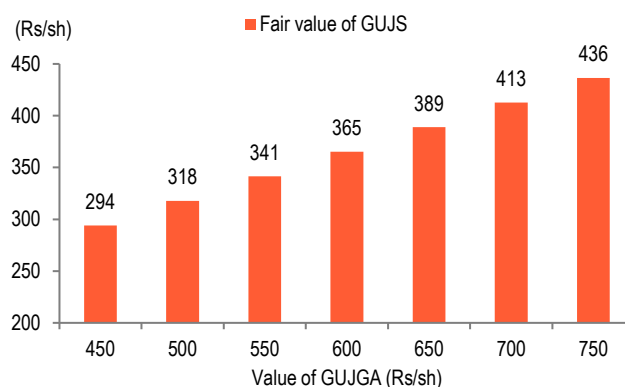
Valuation parameters	Value (Rs bn)	Value per share (Rs)	Valuation approach
GUJS Core Transmission			DCF, WACC of 11.1%, Economic life of HP and LP Gas grids up to FY32 and FY31, respectively
PV of FCF FY26E-FY32E	14.6	-	-
PV of terminal value	13.8	-	As assessed by the regulator in the latest Tariff Orders
Fair value of core transmission Mar'25	28.4	50	-
Net cash Mar'25	4.5	8	-
Value of investments			-
Gujarat Gas (54.17% stake)	159.4	283	Market price, 30% holding discount
Sabarmati Gas (27.47% stake)	7.4	13	Trailing P/E of 12x, 30% holding discount
GIGL (52% stake)	3.2	6	Trailing P/B of 0.5x, 30% holding discount. Factors in potential debt-service support as confirmed by our DCF approach
GTIL (52% stake)	0.0	0	Trailing P/B of 0x, 30% holding discount. Factors in potential debt-service support as confirmed by our DCF approach
Other investments	0.6	1	Trailing P/B of 1x, 30% holding discount
Fair equity value of investments	170.6	302	-
Fair value GUJS Mar'25	203.5	361	-
Fair value GUJS Jun'25	-	370	-
Target price rounded to nearest Rs 5	-	370	-

Source: BOBCAPS Research

While the value of the stake in GUJGA now accounts for 78% of our value of GUJS, the value of all investments account for 84% of the value. We highlight below the sensitivity of fair value of GUJS to the (i) holding company discount and (ii) value of GUJGA.

Fig 12 – Sensitivity of GUJS's fair value to assumption of holding company discount

Source: BOBCAPS Research

Fig 13 – Sensitivity of GUJS fair value to GUJGA value

Source: BOBCAPS Research

Besides the value of investment in GUJGA, the start-up of Mehsana-Bhatinda pipeline, and ramp-up of GIGL volume could also have a positive impact on GUJS.

Key risks

Key upside/downside risks to our estimates and TP are:

- **Regulations:** Petroleum and Natural Gas Regulatory Board (PNGRB) regulates GUJS's pipeline tariffs. Any subsequent reduction in tariffs due to a change in guidelines could impact the value of the transmission pipeline. Any upward revision in the HP Gas grid tariff against a potential appeal on review of the recently approved tariff could impact the value positively.
- **Below-expected volume growth:** Slower recovery in transmission volumes below the level of 32.67mmscmd assumed by the regulator for setting the HP Gas grid tariff could impact revenues and returns for GUJS. However, the regulator has mentioned in the Tariff Order that it would review the tariff next year if volume falls significantly below the assumptions used by the regulator. The company is exposed to delays in obtaining regulatory clearances for new pipelines.
- **Above-expected debt coverage support for two JV pipelines:** Slower volume ramp-up than our current assumptions could result in higher support for debt service coverage from project sponsors.
- **Penalty on GTIL:** PNGRB is yet to finalise the penalty for non-completion of the GTIL pipeline, which is no longer financially viable. At this stage, we do not incorporate any value for GUJS's investment in GTIL.
- **Upside or downside risk to value of GUJGA:** As GUJGA's value is material to the value of GUJS, any upside/downside risk to GUJGA's volume and margin will also impact the value of GUJS.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Bharat Petroleum Corp	BPCL IN	17.2	333	315	HOLD
Gujarat State Petronet	GUJS IN	2.2	327	370	HOLD
Hindustan Petroleum Corp	HPCL IN	9.5	377	460	BUY
Indian Oil Corp	IOCL IN	28.4	169	165	SELL
Indraprastha Gas	IGL IN	4.5	537	600	HOLD
Mahanagar Gas	MAHGL IN	2.1	1,806	1,875	HOLD
Petronet LNG	PLNG IN	6.6	367	325	SELL
Reliance Industries	RIL IN	237.6	2,949	3,585	BUY

Source: BOBCAPS Research, NSE | Price as of 9 Aug 2024

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Total revenue	17,458	20,148	13,925	14,793	15,907
EBITDA	12,427	14,875	8,829	9,309	9,944
Depreciation	(1,939)	(1,920)	(2,001)	(2,173)	(2,426)
EBIT	10,488	12,955	6,828	7,137	7,518
Net interest inc./(exp.)	(47)	(51)	0	0	0
Other inc./(exp.)	1,684	3,351	2,895	2,885	2,923
Exceptional items	0	0	0	0	0
EBT	12,125	16,254	9,723	10,021	10,441
Income taxes	(2,836)	(3,576)	(2,275)	(2,345)	0
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	9,289	12,679	7,448	7,676	10,441
Adjustments	0	0	0	0	0
Adjusted net profit	9,289	12,679	7,448	7,676	10,441

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Accounts payables	510	375	382	405	436
Other current liabilities	1,914	1,991	1,991	1,991	1,991
Provisions	262	321	321	321	321
Debt funds	0	0	0	0	0
Other liabilities	5,465	5,421	5,399	5,376	5,353
Equity capital	5,642	5,642	5,642	5,642	5,642
Reserves & surplus	87,090	97,059	1,02,272	1,07,646	1,14,954
Shareholders' fund	92,732	1,02,701	1,07,914	1,13,288	1,20,596
Total liab. and equities	1,00,883	1,10,809	1,16,006	1,21,381	1,28,696
Cash and cash eq.	6,917	4,734	4,477	4,315	5,995
Accounts receivables	1,440	1,412	1,490	1,585	1,707
Inventories	2,121	2,108	2,235	2,377	2,561
Other current assets	2,896	11,285	11,829	12,471	13,295
Investments	51,700	53,297	53,297	53,297	53,297
Net fixed assets	31,552	30,353	36,395	41,004	45,470
CWIP	4,257	7,618	6,284	6,332	6,373
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	1,00,883	1,10,809	1,16,006	1,21,381	1,28,696

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24P	FY25E	FY26E	FY27E
Cash flow from operations	8,148	2,830	5,791	6,086	8,821
Capital expenditures	(1,952)	(4,082)	(6,709)	(6,830)	(6,932)
Change in investments	37	(1,597)	0	0	0
Other investing cash flows	1,684	3,377	2,895	2,885	2,923
Cash flow from investing	(231)	(2,303)	(3,814)	(3,945)	(4,009)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(877)	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(1,128)	(2,821)	(2,234)	(2,303)	(3,132)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(2,006)	(2,821)	(2,234)	(2,303)	(3,132)
Chg in cash & cash eq.	5,911	(2,294)	(257)	(163)	1,680
Closing cash & cash eq.	6,775	4,623	4,477	4,315	5,995

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24P	FY25E	FY26E	FY27E
Reported EPS	16.5	22.5	13.2	13.6	18.5
Adjusted EPS	16.5	22.5	13.2	13.6	18.5
Dividend per share	2.0	5.0	4.0	4.1	5.6
Book value per share	164.4	182.0	191.3	200.8	213.7

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24P	FY25E	FY26E	FY27E
EV/Sales	10.8	9.0	12.8	12.2	11.3
EV/EBITDA	15.2	12.2	20.3	19.3	18.1
Adjusted P/E	19.9	14.6	24.8	24.1	17.7
P/BV	2.0	1.8	1.7	1.6	1.5

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24P	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	76.6	78.0	76.6	76.6	100.0
Interest burden (PBT/EBIT)	115.6	125.5	142.4	140.4	138.9
EBIT margin (EBIT/Revenue)	60.1	64.3	49.0	48.2	47.3
Asset turnover (Rev./Avg TA)	18.0	19.0	12.3	12.5	12.7
Leverage (Avg TA/Avg Equity)	1.1	1.1	1.1	1.1	1.1
Adjusted ROAE	10.5	13.0	7.1	6.9	8.9

Ratio Analysis

Y/E 31 Mar	FY23A	FY24P	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	(13.6)	15.4	(30.9)	6.2	7.5
EBITDA	(11.1)	19.7	(40.6)	5.4	6.8
Adjusted EPS	(5.1)	36.5	(41.3)	3.1	36.0
Profitability & Return ratios (%)					
EBITDA margin	71.2	73.8	63.4	62.9	62.5
EBIT margin	60.1	64.3	49.0	48.2	47.3
Adjusted profit margin	53.2	62.9	53.5	51.9	65.6
Adjusted ROAE	10.5	13.0	7.1	6.9	8.9
ROCE	9.0	10.3	5.0	4.9	6.4
Working capital days (days)					
Receivables	29	26	38	38	38
Inventory	293	265	322	322	320
Payables	42	31	27	26	26
Ratios (x)					
Gross asset turnover	0.4	0.4	0.3	0.3	0.2
Current ratio	5.0	7.3	7.4	7.6	8.6
Net interest coverage ratio	224.1	252.9	0.0	0.0	0.0
Adjusted debt/equity	(0.1)	0.0	0.0	0.0	0.0

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

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

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

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**

Logo:  **BOBCAPS**
TRUST | INNOVATION | EXCELLENCE

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

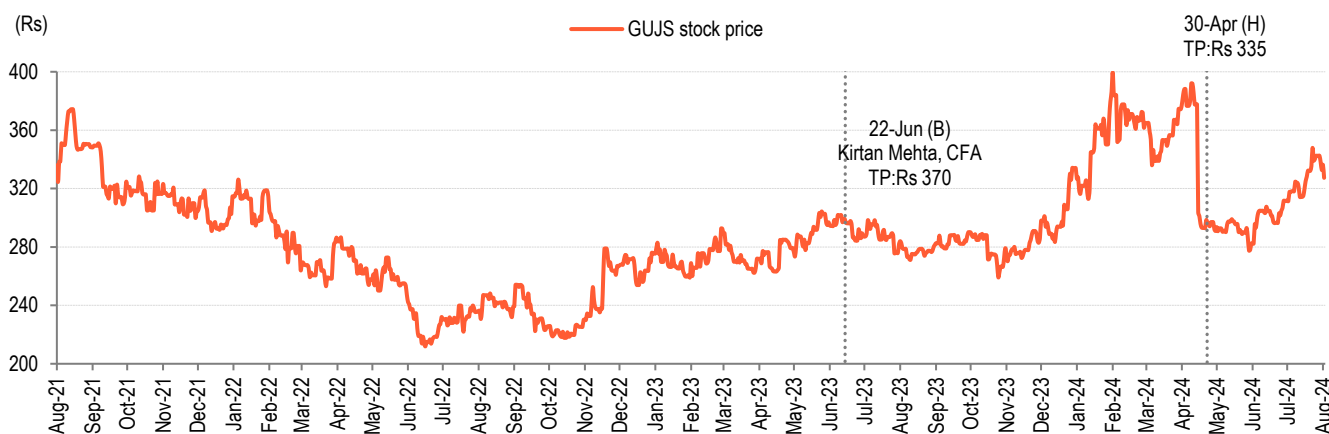
HOLD – Expected return from -6% to +15%

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 STATE PETRONET (GUJS IN)



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

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

Research Analyst Kirtan Mehta has served as an employee of Reliance Industries (RIL IN) during the period 2002-2003, as disclosed by the research analyst.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an “as is” basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the “Losses”) which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom (“UK”):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd (“MSL”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (MSL and its affiliates are collectively referred to as “MAYBANK”). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the “Order”), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as “relevant persons”).

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.