

HOLD**TP: Rs 316 | ▲ 5%****GUJARAT STATE
PETRONET**

| Oil & Gas

| 14 November 2025

Weak operational performance on high opex

- EBITDA decreased by 10.2%YoY, impacted by lower volumes and high transmission expenses
- Volumes to improve steadily with increase in demand from various sectors
- Assuming coverage with HOLD and TP of Rs316, based on SOTP – core business at 5.5x plus value of its stake in Gujarat Gas

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Operational performance below expectations on higher gas cost: Revenue came at Rs2,741mn (+6.2%YoY, -3.5%QoQ) and was 2% above consensus estimates. EBITDA came at Rs1,732mn (-10.2%YoY, -14.4%QoQ), was 20% below consensus estimates. Blended EBITDA spread was Rs0.7/scm for the quarter; lower by 6.5%YoY.

Performance parameters: Transmission volumes came at 28.5mmcmd, lower by 4.0%YoY and lower by 3.9%QoQ. Blended realisation was higher by 12.4%YoY to Rs1/scm (~Rs31/mmbtu). Blended EBITDA was lower by 6.5%YoY to Rs0.7/scm (~Rs20/mmbtu). Revenue is as per the revised tariff by PNGRB in April 2024, when it revised GSPL tariff from Rs34/mmbtu to Rs18/mmbtu.

Capex intensity: GSPL incurred a capex of Rs1,563mn on standalone basis in H1FY26 and Rs4,466mn on consolidated basis in H1FY26E.

Outlook: Tariff was cut by 47% from Rs34/mmbtu to Rs18/mmbtu in May 2024 by PNGRB. and GSPL's revenue and EBITDA have fallen to a low base, since. Thus, tariff will likely stay around the current level and volume growth will be steady. As part of 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, the Gas transmission business will be demerged and listed as new entity GTL (GSPL Transmission Ltd).

Coverage with HOLD: We expect growth in transmission volumes to be steady and remain positive on transmission volume growth. Realisation is likely to remain at the current level. We assume coverage with HOLD and TP of Rs316, based on SOTP – core business at 5.5x plus value of its stake in Gujarat Gas and Sabarmati Gas.

Key changes

Target	Rating
▼	◀ ▶

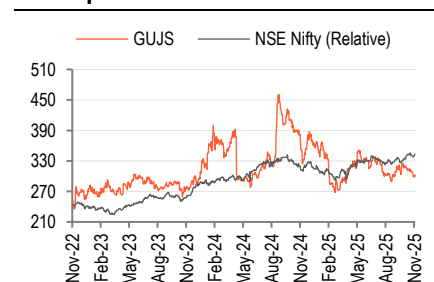
Ticker/Price	GUJS IN/Rs 302
Market cap	US\$ 1.9bn
Free float	62%
3M ADV	US\$ 2.3mn
52wk high/low	Rs 395/Rs 261
Promoter/FPI/DII	38%/15%/25%

Source: NSE | Price as of 14 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	173,701	182,186	184,646
EBITDA (Rs mn)	26,910	24,528	26,752
Adj. net profit (Rs mn)	11,111	14,559	14,872
Adj. EPS (Rs)	19.7	25.5	26.3
Consensus EPS (Rs)	19.7	23.5	25.7
Adj. ROAE (%)	9.9	11.9	11.1
Adj. P/E (x)	15.3	11.8	11.5
EV/EBITDA (x)	5.6	5.8	4.9
Adj. EPS growth (%)	1.1	(33.0)	31.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	H1FY26	H1FY25	YoY (%)
Revenue	2,741	2,839	(3.5)	2,580	6.2	5,580	6,123	(8.9)
EBITDA	1,732	2,024	(14.4)	1,929	(10.2)	3,756	4,939	(24.0)
EBITDA margin (%)	63.21	71.28		74.80		67.32	80.67	
Depreciation	547	539	1.5	511	7.1	1,086	1,001	8.5
Interest	10	11	(6.1)	11	(11.8)	21	24	(14.5)
Other income	3,060	433	606.8	2,939	4.1	3,493	3,267	6.9
PBT	4,235	1,907	122.1	4,346	(2.5)	6,142	7,181	(14.5)
Tax	411	482	(14.8)	453	(9.4)	893	1,168	(23.6)
Reported PAT	3,825	1,425	168.4	3,893	(1.8)	5,250	6,013	(12.7)
PATM (%)	139.55	50.20		150.91		94.09	98.21	
EPS (Rs)	6.55	2.44	168.4	6.66	(1.8)	8.99	10.29	(12.7)

Source: Company

Fig 2 – Q2FY26 Actual v/s consensus

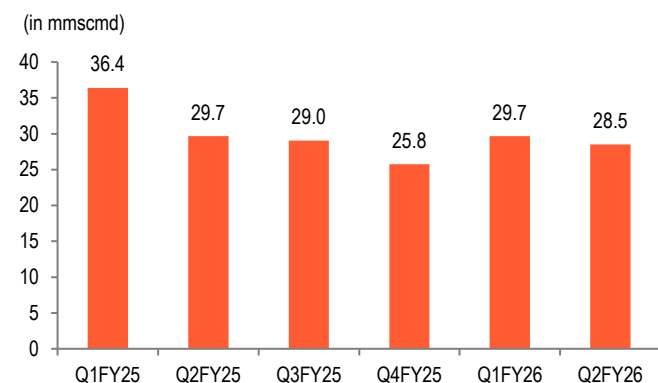
Particulars	Q2 Actual	Consensus	VAR(%)
Revenue (Rs mn)	2,741	2,692	1.8
EBITDA (Rs mn)	1,732	2,177	(20.4)
EBITDA margin (%)	63.21	80.9	
PAT (Rs mn)	3,825	3,286	16.4
EPS (Rs)	6.5	5.6	16.4

Source: Company, Bloomberg

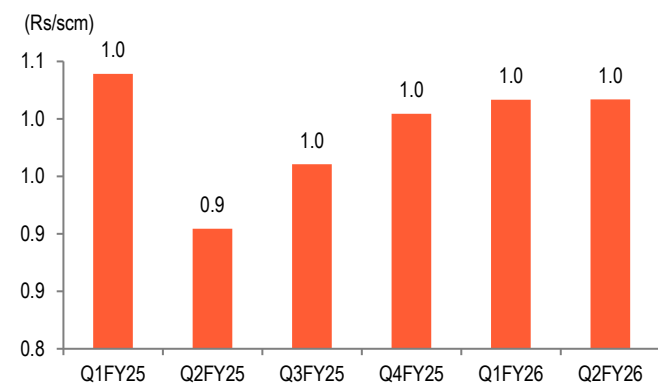
Fig 3 – Business parameters

Rs mn	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YOY (%)	H1FY26	H1FY25	YOY (%)
Gas transmission volumes (mmscmd)	28.5	29.7	(3.9)	29.7	(4.0)	29.1	33.0	(12.0)
Realisation/scm	1.0	1.0	0.0	0.9	12.4	1.0	1.0	4.6
EBITDA/scm	0.7	0.8	(11.9)	0.7	(6.5)	0.7	0.8	(12.7)

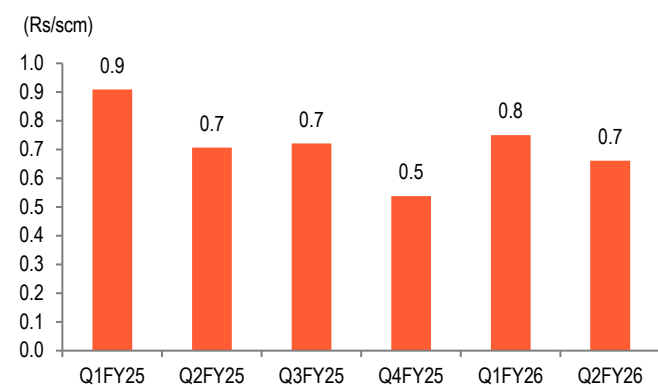
Source: Company

Fig 4 – Gas transmission volumes

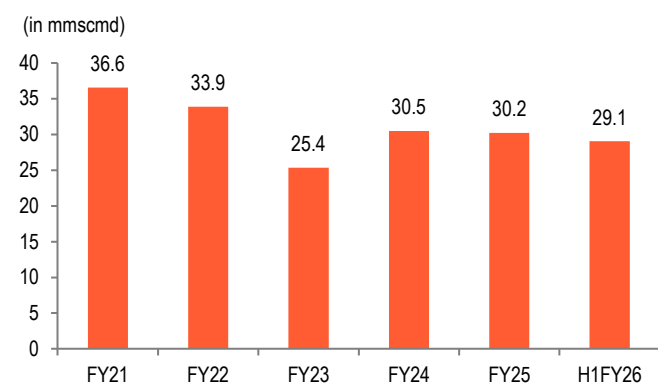
Source: Company

Fig 5 – Realisation trend

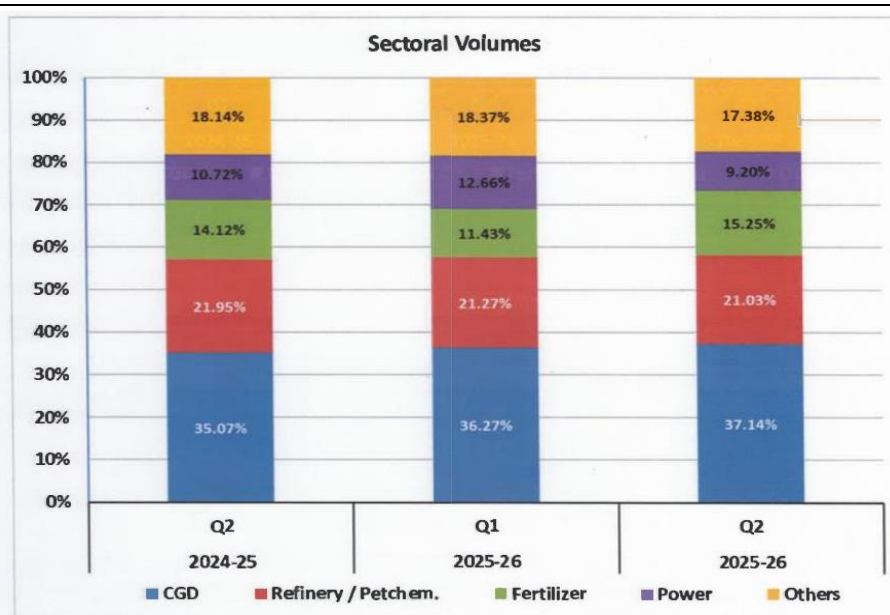
Source: Company

Fig 6 – Blended EBITDA trend

Source: Company

Fig 7 – Gas transmission volume (annual)

Source: Company

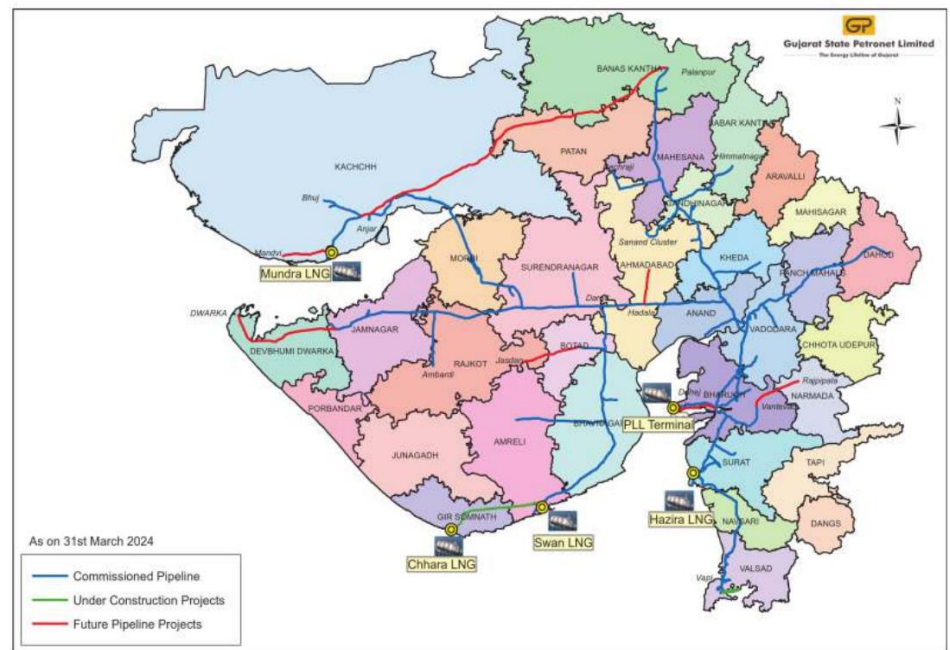
Fig 8 – Sector-wise flow of transmission volumes

Source: Company

Business Overview

- Gujarat State Petronet (GSPL) is a gas transmission company in Gujarat. GSPL owns stakes in two city gas distribution (CGD) companies operating in Gujarat — Gujarat Gas (54.17%) and Sabarmati Gas (27.47%).
- It owns a pipeline network of 2,700+km.
- The company is promoted by Gujarat State Petroleum Corporation Ltd (37.63% stake).

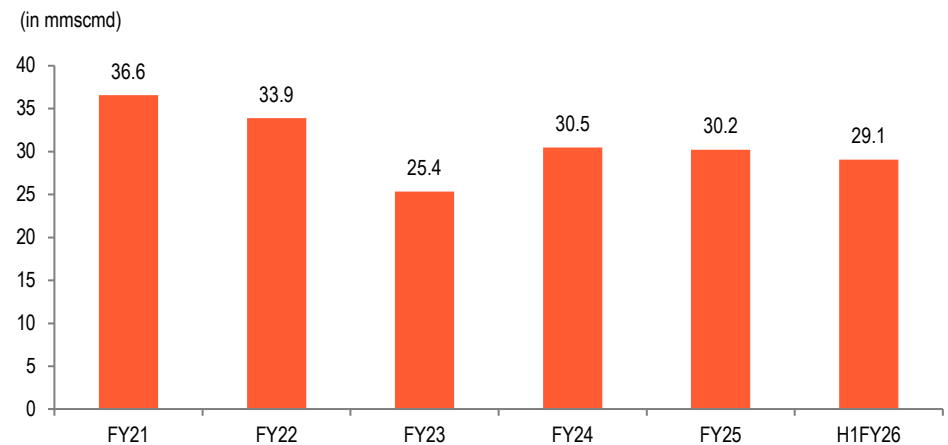
Fig 9 – Pipeline network



Source: Company

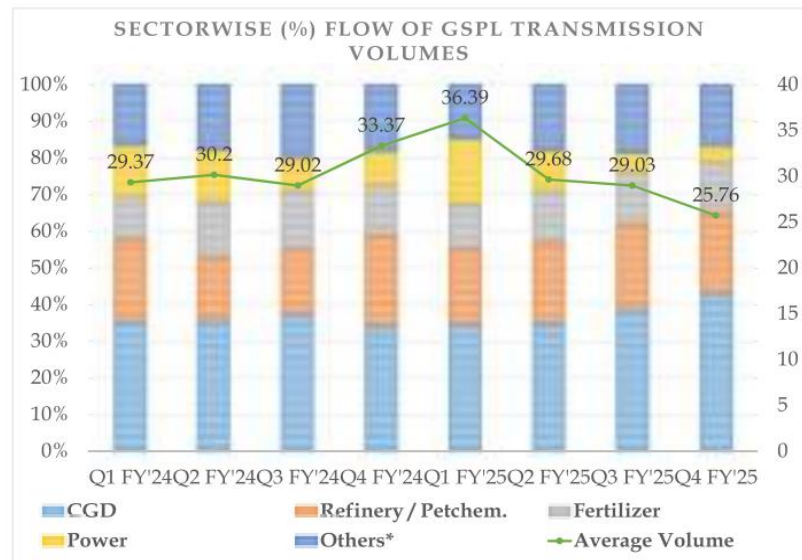
- Transmission volumes performance has come down to 29.1mmscmd from a level of 36.6mmscmd in FY21.

Fig 10 – Transmission volume performance over past 5 years



Source: Company

- Sector-wise, flow of GSPL volumes: Sectoral breakup of volumes over the last 2 years has been constant.
 - CGD has a major share of 35-37% and has consistent growth of 5%YoY
 - Fertiliser volumes have been steady
 - Power sector has witnessed the most volatility

Fig 11 – Sector-wise flow of transmission volumes

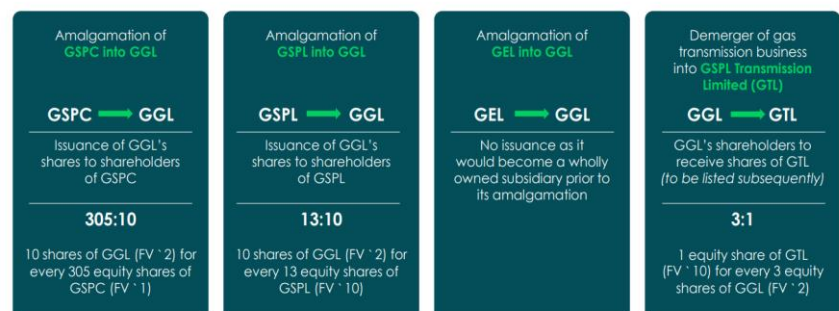
Source: Company

Scheme of arrangement

- Scheme approved by the Board in August 2024 involves merger of GSPC, GSPL and GEL (GSPC energy Ltd) into Gujarat Gas and the demerger of Gas transmission business into GSPL Transmission Ltd.
- This will consolidate all business verticals in one entity – Gujarat Gas.
- Scheme was approved by equity shareholder in October 2025. Further regulatory approvals and process is expected to be completed by December 2025. Listing of additional shares of Gujarat Gas and GTL are expected by February 2026

Fig 12 – 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 cut by 47% from Rs34/mmmbtu to Rs18/mmmbtu in May 2024 by PNGRB. And GSPL's revenue and EBITDA have fallen to a low base, since. Thus, its tariff will likely remain around the current level and volume growth will be steady.

- **Volume growth:** We estimate growth to be weak in FY26E with a 1%YoY decline and estimate it to grow by 1.5% in FY27E and 2.0% in FY28E.
- **Realisation growth:** We estimate realisation to remain around the current level of Rs1/scm.

Fig 13 – Key assumptions

	FY24	FY25	FY26E	FY27E	FY28E
Transmission and Trading					
Volumes (mmscmd)	30.5	30.2	29.9	30.3	31.0
Volumes (mnscm)	11,133	11,023	10,913	11,076	11,298
% growth	20.1	(1.0)	(1.0)	1.5	2.0
Realized tariff (Rs/scm)	1.8	1.0	1.0	1.0	1.0
% growth	(0.0)	(45.1)	0.0	0.0	0.0
USD-INR	82.8	87.0	87.0	87.0	87.0

Source: Company, BOBCAPS Research

EV/EBITDA based valuation rationale

We assume coverage with HOLD and TP of Rs316, based on -.

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

Fig 14 – Valuation Summary

Business	EBITDA (Rs mn)	Multiple (x)	Holding co. discount (%)	Rs mn	Value (Rs/share)	Comments
GSPL Core business	8,343	5.5	NA	45,889	81	discount to multiple of 6.5x applied to GAIL transmission business
Gujarat Gas (54.17% stake)			30.0	107,014	190	
Sabarmati gas (27.47% stake)				2,287	4	0.5x Book Value
Sub-total	8,343			155,189	275	
Total EV				155,189	275	
Less - Net Debt				(22,901)	(41)	as on Mar. 25
Target price (Rs)				178,090	316	

Source: Company, BOBCAPS Research

Fig 15 – 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	410	152,877	30.0	107,014	190
Total value					107,014	190

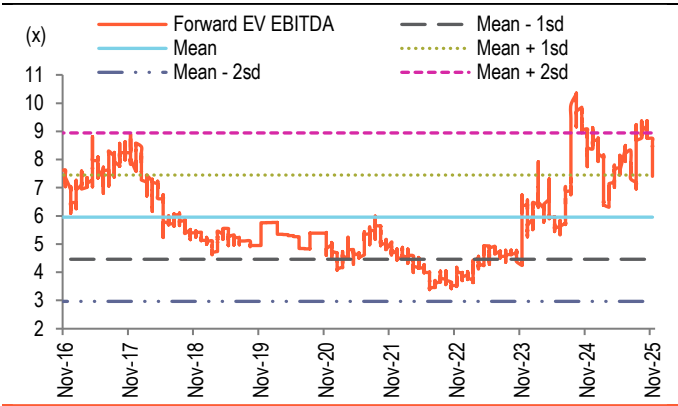
Source: BOBCAPS Research

Key risks

Key downside risk to our estimates:

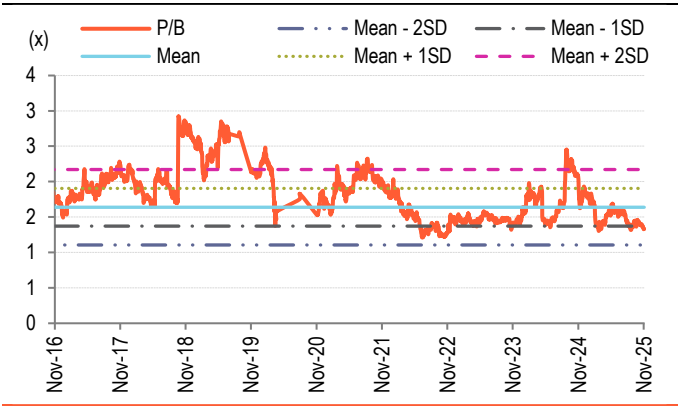
- **Low offtake in gas transmission business:** Volume offtake depends on favourable pricing vs alternate fuels. Therefore, if pricing of LNG gets expensive, we may see a lower offtake from various sectors. This would impact revenue and EBITDA growth of GSPL.

Fig 16 – EV/EBITDA 2YF



Source: Bloomberg

Fig 17 – 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	182,186	184,646	198,096
EBITDA	33,830	26,910	24,528	26,752	36,941
Depreciation	(6,638)	(7,089)	(8,115)	(9,973)	(11,540)
EBIT	29,057	23,321	19,984	20,420	29,115
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	19,609	20,030	28,715
Income taxes	(7,510)	(5,968)	(5,050)	(5,158)	(7,753)
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	14,559	14,872	20,962
Adjustments	0	0	0	0	0
Adjusted net profit	16,595	11,111	14,559	14,872	20,962

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	7,141	7,829	8,336	8,575	9,335
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	122,412	134,181	151,899
Shareholders' fund	108,249	116,458	128,054	139,823	157,541
Total liab. and equities	190,558	208,070	220,174	232,181	250,659
Cash and cash eq.	13,996	22,901	32,418	43,695	61,600
Accounts receivables	11,481	11,182	11,729	11,887	12,753
Inventories	2,695	3,189	3,345	3,390	3,637
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	108,476	109,003	108,463
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	22,318	23,676	24,743
Total assets	190,558	208,070	220,174	232,181	250,659

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	20,928	23,193	22,853	25,271	32,549
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	9,516	11,278	17,905
Closing cash & cash eq.	13,996	22,901	32,418	43,695	61,600

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	29.4	19.7	25.8	26.4	37.2
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	227.0	247.8	279.2

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.9	0.9	0.8	0.7	0.6
EV/EBITDA	4.6	5.6	5.8	4.9	3.2
Adjusted P/E	10.3	15.3	11.8	11.5	8.5
P/BV	1.6	1.5	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	73.0
Interest burden (PBT/EBIT)	1.0	1.0	1.0	1.0	1.0
EBIT margin (EBIT/Revenue)	16.8	13.4	11.0	11.1	14.7
Asset turnover (Rev./Avg TA)	1.0	0.9	0.9	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	11.9	11.1	14.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(82.5)	(4.5)	0.4	4.9	1.3
EBITDA	(82.9)	(7.4)	(20.5)	(8.8)	9.1
Adjusted EPS	(4.6)	1.1	(33.0)	31.0	2.2

Profitability & Return ratios (%)

EBITDA margin	19.6	15.5	13.5	14.5	18.6
EBIT margin	16.8	13.4	11.0	11.1	14.7
Adjusted profit margin	9.6	6.4	8.0	8.1	10.6
Adjusted ROAE	16.4	9.9	11.9	11.1	14.1
ROCE	19.2	14.0	11.2	10.7	14.2

Working capital days (days)

Receivables	24	23	23	23	23
Inventory	6	7	7	7	7
Payables	19	19	19	20	21

Ratios (x)

Gross asset turnover	1.0	0.9	0.9	0.8	0.8
Current ratio	1.3	1.6	1.8	2.2	2.6
Net interest coverage ratio	90.6	62.4	53.3	52.4	72.8
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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BUY – Expected return >+15%

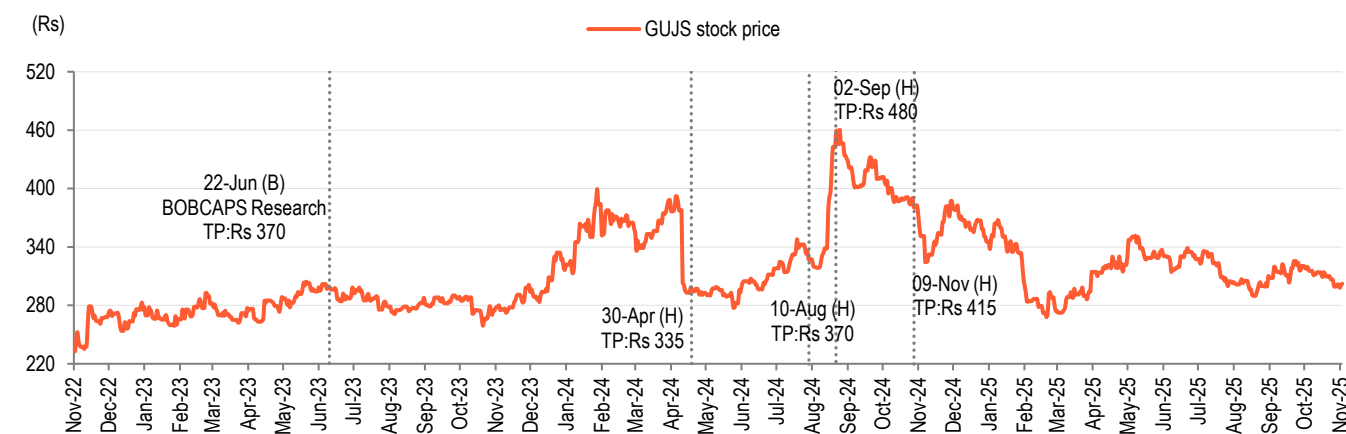
HOLD – Expected return from -6% to +15%

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

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