

May 23, 2025

## Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	348		288	
Sales (Rs. m)	12	13	12	13
% Chng.	(1.7)	(1.6)		
EBITDA (Rs. m)	10	11	10	11
% Chng.	(4.3)	(3.8)		
EPS (Rs.)	15.3	16.1	15.8	16.6
% Chng.	(3.4)	(2.8)		

### Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	17.6	10.1	12.1	13.2
EBITDA (Rs. bn)	15.0	8.1	10.0	10.9
Margin (%)	85.6	80.2	82.3	82.8
PAT (Rs. bn)	12.8	8.1	8.6	9.1
EPS (Rs.)	22.8	14.3	15.3	16.1
Gr. (%)	36.0	(37.1)	6.9	5.3
DPS (Rs.)	5.0	5.0	4.6	4.8
Yield (%)	1.5	1.5	1.4	1.4
RoE (%)	13.1	7.7	7.8	7.8
RoCE (%)	13.4	5.8	7.2	7.6
EV/Sales (x)	10.6	17.0	14.1	12.9
EV/EBITDA (x)	12.4	21.1	17.1	15.5
PE (x)	14.9	23.6	22.1	21.0
P/BV (x)	1.9	1.8	1.7	1.6

### Key Data

GSPT.BO | GUJS IN

52-W High / Low	Rs.470 / Rs.260
Sensex / Nifty	81,721 / 24,853
Market Cap	Rs.191bn / \$ 2,242m
Shares Outstanding	564m
3M Avg. Daily Value	Rs.290.56m

### Shareholding Pattern (%)

Promoter's	37.63
Foreign	15.21
Domestic Institution	24.87
Public & Others	22.29
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	5.7	2.0	13.9
Relative	3.6	(1.3)	5.1

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## Steady volume growth anticipated

### Quick Pointers:

- Transmission volume fell 23% YoY and 11% QoQ to 25.8mmscmd in Q4
- Main contributors to decline were refinery/Petrochem, fertilizer and power sectors

**Gujarat State Petronet (GSPL) reported a sharp decline in transmission volume both YoY and QoQ led by liquid fuels being cheaper than gas and shutdown of few fertilizer plants during the quarter. Implied tariff is not comparable YoY due to downward revision. Sequentially, implied tariff stood at Rs847/mscm, -3% QoQ. Lower volume and lower implied tariff resulted in EBITDA of Rs1.2bn, -35% QoQ (PLe & consensus Rs1.9bn). Higher interest cost resulted in even sharper decline of 48% in PAT to Rs0.7bn (PLe and consensus Rs1.3bn). The stock is currently trading at 22x FY26 EPS. Maintain 'HOLD' rating with a TP of Rs348. Investments in Gujarat Gas (54.2% stake) and Sabarmati Gas (27.5% stake) at a 25% holding discount provide a valuation of Rs230, and valuing the core business at 8x FY27E adj EPS at Rs118, we arrive at a TP of Rs348.**

**Transmission volume declines:** For the full year, transmission volume stood at 30.2mmscmd, down 1% YoY. However, due to the downward revision in tariff, implied tariff stood at Rs882/mscm in FY25 vs Rs1,536/mscm in FY24, a decline of 43%. Lower implied tariff and marginally lower volume resulted in EBITDA of Rs8.1bn in FY25, -28% YoY. PAT stood at Rs8.1bn, -21% YoY.

**Ref/Petrochem, fertilizer key contributors to decline QoQ:** Total transmission volume slid by 3.3mmscmd QoQ. Out of this, 1.1mmscmd was on account of lower offtake from ref/Petrochem. Due to shutdown of few fertilizer plants, offtake for this segment too declined by 0.6mmscmd QoQ. Power contributed for additional 0.3mmscmd while others contributed to 1.1mmscmd.

**Company outlook:** LNG prices are expected to decline in the longer run with addition of capacities globally. As a result, the transmission volumes are likely to rise. For FY26 and FY27, we estimate transmission volume to rise from 30.2mmscmd in FY25 to 34mmscmd in FY26 and then to 37mmscmd in FY27 driven by growth in CGDs, ref/Petrochem. However, trading at 22x FY26 EPS, the company appears fairly valued.

**Exhibit 1: Valuation Table**

Valuation	Adj. EPS (INR)	P/E Multiple (x)	Value (INR/share)	Remarks
GSPL	11.8	10	118	FY27E EPS
Value of investments post 25% discount			230	54.2% stake in Gujarat Gas; 27.5% in Sabarmati Gas
<b>Fair Value</b>			<b>348</b>	

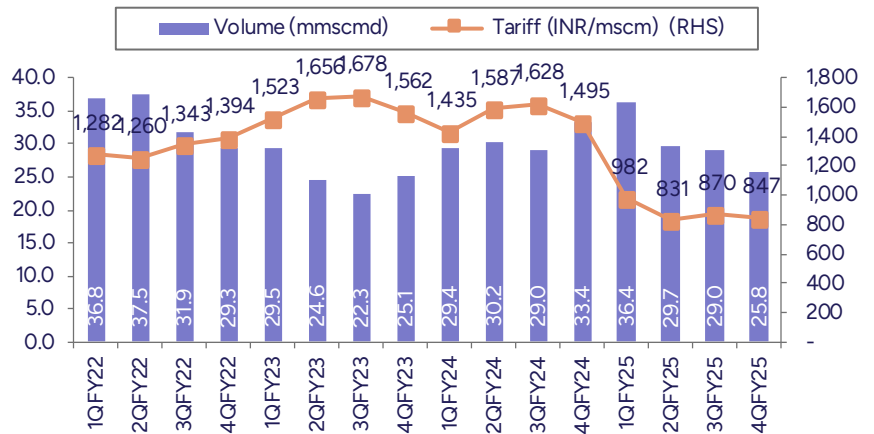
Source: PL

**Exhibit 2: Quarterly Financials (Rs bn)**

Y/e March	Q4FY25	Q3FY25	QoQ gr.	Q4FY25E	% Var	Q4FY24	YoY gr.	FY25	FY24	YoY gr.
<b>Net Sales</b>	<b>2.0</b>	<b>2.4</b>	<b>-14.6%</b>	<b>2.5</b>	<b>-18.4%</b>	<b>4.5</b>	<b>-55.7%</b>	<b>10.1</b>	<b>13.0</b>	<b>-22.4%</b>
YoY Change (%)	-55.7	-48.2		-45.6		21.6		-22.4		
Total Expenditure	0.8	0.4	76.4%	0.5	42.4%	0.8	0.3%	2.0	1.8	13.5%
<b>EBITDA</b>	<b>1.2</b>	<b>1.9</b>	<b>-35.2%</b>	<b>1.9</b>	<b>-35.4%</b>	<b>3.8</b>	<b>-67.0%</b>	<b>8.1</b>	<b>11.3</b>	<b>-28.0%</b>
Margins (%)	61.8%	81.5%		78.1%		83.1%		80.2%	86.5%	
Depreciation	0.5	0.5	2.0%	0.6	-5.7%	0.5	7.4%	2.0	1.4	42.0%
Interest	0.1	0.0	478.9%	0.0	470.1%	0.0	174.0%	0.1	0.0	173.2%
Other Income	0.4	0.4	-12.1%	0.3	7.6%	0.3	22.3%	4.0	3.1	32.3%
<b>PBT</b>	<b>1.0</b>	<b>1.8</b>	<b>-43.0%</b>	<b>1.7</b>	<b>-39.3%</b>	<b>3.6</b>	<b>-71.0%</b>	<b>10.0</b>	<b>12.9</b>	<b>-21.9%</b>
Tax	0.3	0.5	-28.8%	0.4	-23.6%	1.0	-65.8%	2.0	2.6	-25.2%
Rate (%)	31.7	25.3		25.2		26.9		19.5	20.4	
<b>Reported PAT</b>	<b>0.7</b>	<b>1.4</b>	<b>-47.8%</b>	<b>1.3</b>	<b>-44.6%</b>	<b>2.6</b>	<b>-72.9%</b>	<b>8.1</b>	<b>10.2</b>	<b>-21.1%</b>
<b>Transmission vol (mmscmd)</b>	25.8	29.0	-11.3%	28.9	-10.9%	33.4	-22.8%	30.2	30.5	-1%
<b>Implied Tariff (Rs/mscm)</b>	847.3	869.6	-2.6%	880.2	-3.7%	1495.2	-43.3%	882.4	1536.4	-43%

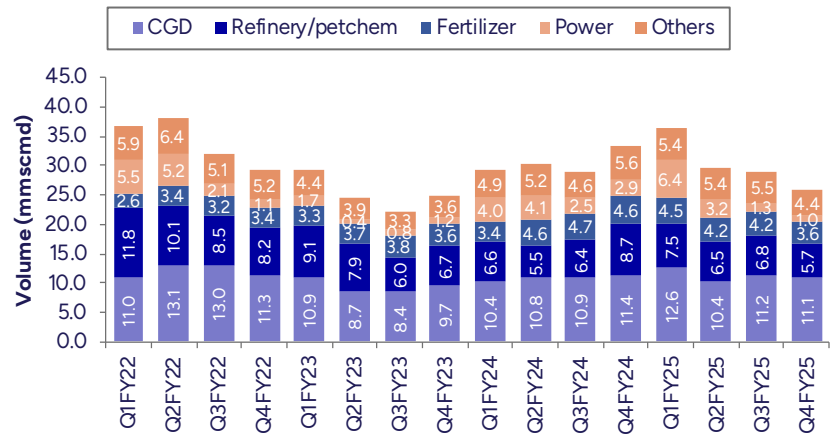
Source: Company, PL

**Exhibit 3: Total volume fell 11% QoQ**



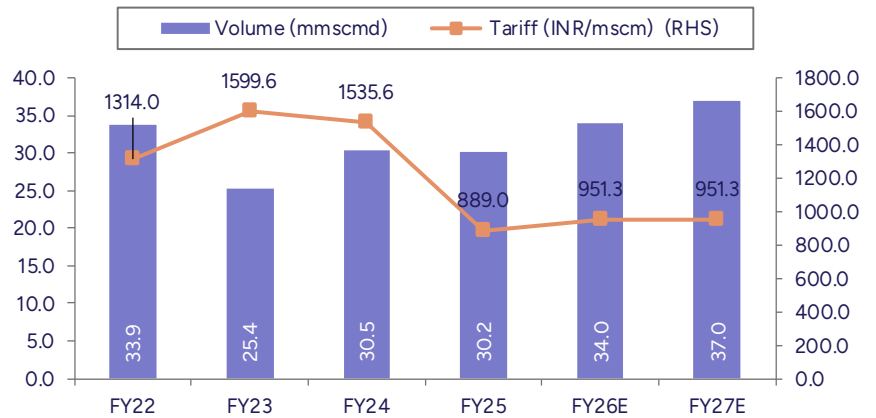
Source: Company, PL

**Exhibit 4: Ref/Petrochem, fertilizer main contributors to decline QoQ**



Source: Company, PL

**Exhibit 5: Volume estimated at 37mmscmd for FY27E**



Source: Company, PL

## Financials

### Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>17.6</b>	<b>10.1</b>	<b>12.1</b>	<b>13.2</b>
YoY gr. (%)	15.0	(42.5)	19.8	8.6
Cost of Goods Sold	-	-	-	-
Gross Profit	17.6	10.1	12.1	13.2
Margin (%)	100.0	100.0	100.0	100.0
Employee Cost	0.8	0.9	0.9	1.0
Other Expenses	1.7	1.1	1.2	1.3
<b>EBITDA</b>	<b>15.0</b>	<b>8.1</b>	<b>10.0</b>	<b>10.9</b>
YoY gr. (%)	19.5	(46.1)	22.8	9.3
Margin (%)	85.6	80.2	82.3	82.8
Depreciation and Amortization	1.9	2.0	2.0	2.0
<b>EBIT</b>	<b>13.1</b>	<b>6.1</b>	<b>7.9</b>	<b>8.9</b>
Margin (%)	74.7	60.1	65.6	67.7
Net Interest	0.0	0.1	0.0	0.0
Other Income	3.4	4.0	3.6	3.3
<b>Profit Before Tax</b>	<b>16.4</b>	<b>10.0</b>	<b>11.5</b>	<b>12.2</b>
Margin (%)	93.5	99.2	95.3	92.4
Total Tax	4	2	3	3
Effective tax rate (%)	21.8	19.5	25.2	25.2
<b>Profit after tax</b>	<b>12.8</b>	<b>8.1</b>	<b>8.6</b>	<b>9.1</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>12.8</b>	<b>8.1</b>	<b>8.6</b>	<b>9.1</b>
YoY gr. (%)	35.9	(37.1)	6.9	5.3
Margin (%)	73.1	79.9	71.3	69.1
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>12.8</b>	<b>8.1</b>	<b>8.6</b>	<b>9.1</b>
YoY gr. (%)	35.9	(37.1)	6.9	5.3
Margin (%)	73.1	79.9	71.3	69.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	12.8	8.1	8.6	9.1
<b>Equity Shares O/s (m)</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
<b>EPS (Rs)</b>	<b>22.8</b>	<b>14.3</b>	<b>15.3</b>	<b>16.1</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>47.4</b>	<b>54.7</b>	<b>60.4</b>	<b>67.2</b>
Tangibles	47.4	54.7	60.4	67.2
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>17.0</b>	<b>19.0</b>	<b>21.1</b>	<b>23.0</b>
Tangibles	17.0	19.0	21.1	23.0
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>30.4</b>	<b>35.6</b>	<b>39.4</b>	<b>44.2</b>
Tangibles	30.4	35.6	39.4	44.2
Intangibles	-	-	-	-
Capital Work In Progress	7.6	2.8	4.1	4.3
Goodwill	-	-	-	-
Non-Current Investments	53.3	53.4	53.4	53.4
Net Deferred tax assets	(4.2)	(4.3)	(4.3)	(4.3)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	2.1	2.6	2.8	2.9
Trade receivables	1.4	1.1	1.3	1.4
Cash & Bank Balance	4.7	19.3	20.4	21.8
Other Current Assets	-	-	-	-
<b>Total Assets</b>	<b>110.8</b>	<b>119.9</b>	<b>127.4</b>	<b>134.5</b>
<b>Equity</b>				
Equity Share Capital	5.6	5.6	5.6	5.6
Other Equity	97.1	102.2	108.2	114.6
<b>Total Network</b>	<b>102.7</b>	<b>107.8</b>	<b>113.9</b>	<b>120.2</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	0.4	0.8	0.8	0.9
Other current liabilities	3.6	7.0	8.4	9.1
<b>Total Equity &amp; Liabilities</b>	<b>110.8</b>	<b>119.9</b>	<b>127.4</b>	<b>134.5</b>

Source: Company Data, PL Research

**Cash Flow (Rs bn)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	16.4	10.0	11.5	12.2
Add. Depreciation	1.9	2.0	2.0	2.0
Add. Interest	0.0	0.1	0.0	0.0
Less Financial Other Income	3.4	4.0	3.6	3.3
Add. Other	(3.2)	(3.9)	(3.6)	(3.3)
Op. profit before WC changes	15.1	8.2	10.0	10.9
Net Changes-WC	0.1	3.1	0.1	0.0
Direct tax	(3.5)	(2.0)	(2.9)	(3.1)
<b>Net cash from Op. activities</b>	<b>11.7</b>	<b>9.4</b>	<b>7.1</b>	<b>7.8</b>
Capital expenditures	(4.2)	(2.2)	(7.0)	(7.0)
Interest / Dividend Income	0.5	1.0	-	-
Others	(6.5)	(5.0)	3.6	3.3
<b>Net Cash from Invst. activities</b>	<b>(10.2)</b>	<b>(6.2)</b>	<b>(3.4)</b>	<b>(3.7)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(2.8)	(2.8)	(2.6)	(2.7)
Interest paid	-	-	0.0	0.0
Others	0.0	0.0	-	-
<b>Net cash from Fin. activities</b>	<b>(2.8)</b>	<b>(2.8)</b>	<b>(2.6)</b>	<b>(2.8)</b>
<b>Net change in cash</b>	<b>(1.3)</b>	<b>0.3</b>	<b>1.1</b>	<b>1.3</b>
Free Cash Flow	7.6	7.2	0.1	0.8

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	22.8	14.3	15.3	16.1
CEPS	26.2	17.9	18.9	19.6
BVPS	182.2	191.3	202.1	213.3
FCF	13.4	12.7	0.2	1.4
DPS	5.0	5.0	4.6	4.8
<b>Return Ratio(%)</b>				
RoCE	13.4	5.8	7.2	7.6
ROIC	12.4	6.0	7.4	7.9
RoE	13.1	7.7	7.8	7.8
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.0	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	980	1,092	1,087	1,061
<b>Valuation(x)</b>				
PER	14.9	23.6	22.1	21.0
P/B	1.9	1.8	1.7	1.6
P/CEPS	12.9	18.9	17.9	17.2
EV/EBITDA	12.4	21.1	17.1	15.5
EV/Sales	10.6	17.0	14.1	12.9
Dividend Yield (%)	1.5	1.5	1.4	1.4

Source: Company Data, PL Research

**Quarterly Financials (Rs bn)**

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
<b>Net Revenue</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>2</b>
YoY gr. (%)	21.6	(14.8)	(47.5)	(48.2)
Raw Material Expenses	-	-	-	-
Gross Profit	-	-	-	-
Margin (%)	-	-	-	-
<b>EBITDA</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>2</b>
YoY gr. (%)	28.3	(10.5)	(53.0)	(49.3)
Margin (%)	83.1	89.7	81.1	81.5
Depreciation / Depletion	-	-	1	1
<b>EBIT</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>1</b>
Margin (%)	72.4	75.1	59.6	59.8
Net Interest	-	-	-	-
Other Income	-	-	3	-
<b>Profit before Tax</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>2</b>
Margin (%)	78.5	84.5	182.7	76.9
Total Tax	1	1	-	-
Effective tax rate (%)	26.9	25.2	10.4	25.3
<b>Profit after Tax</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>1</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>1</b>
YoY gr. (%)	16.4	(7.5)	(26.8)	(48.3)
Margin (%)	57.4	63.2	163.6	57.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>1</b>
YoY gr. (%)	16.4	(7.5)	(26.8)	(48.3)
Margin (%)	57.4	63.2	163.6	57.4
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>1</b>
Avg. Shares O/s (bn)	1	1	1	1
<b>EPS (Rs)</b>	<b>4.6</b>	<b>3.8</b>	<b>6.9</b>	<b>2.4</b>

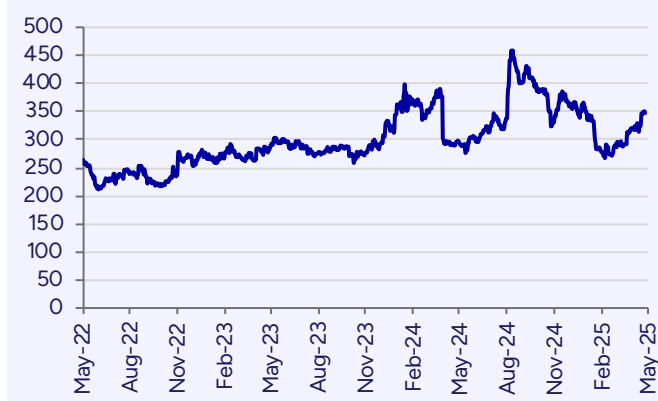
Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
Volume (mmscmd)	30	30	34	37
Implied Tariff (Rs/mscm)	1,536	889	951	951

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	Hold	288	288
2	10-Feb-25	Hold	327	334
3	08-Jan-25	Hold	351	359
4	07-Nov-24	Hold	380	390
5	07-Oct-24	Hold	422	411
6	09-Aug-24	BUY	417	336
7	07-Jul-24	BUY	409	311

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	394	449
2	Bharat Petroleum Corporation	Reduce	267	311
3	Bharti Airtel	Accumulate	1,988	1,834
4	Clean Science and Technology	Hold	1,354	1,329
5	Deepak Nitrite	Reduce	1,645	1,835
6	Fine Organic Industries	BUY	4,930	4,176
7	GAIL (India)	Hold	191	184
8	Gujarat Fluorochemicals	Reduce	3,328	3,671
9	Gujarat Gas	Sell	372	464
10	Gujarat State Petronet	Hold	288	288
11	Hindustan Petroleum Corporation	Sell	321	410
12	Indian Oil Corporation	Reduce	122	143
13	Indraprastha Gas	Sell	150	185
14	Jubilant Ingrevia	Hold	735	700
15	Laxmi Organic Industries	Reduce	172	190
16	Mahanagar Gas	Hold	1,410	1,410
17	Mangalore Refinery & Petrochemicals	Sell	109	129
18	Navin Fluorine International	Accumulate	5,161	4,595
19	NOCIL	Reduce	172	184
20	Oil & Natural Gas Corporation	Accumulate	276	242
21	Oil India	BUY	659	343
22	Petronet LNG	Reduce	292	321
23	Reliance Industries	Accumulate	1,482	1,300
24	SRF	Hold	3,069	2,928
25	Vinati Organics	Accumulate	1,882	1,765

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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