

RESULT UPDATE

KEY DATA

Rating	HOLD
Sector relative	Neutral
Price (INR)	350
12 month price target (INR)	356
52 Week High/Low	470/260
Market cap (INR bn/USD bn)	198/2.3
Free float (%)	0.0
Avg. daily value traded (INR mn)	286.2

SHAREHOLDING PATTERN

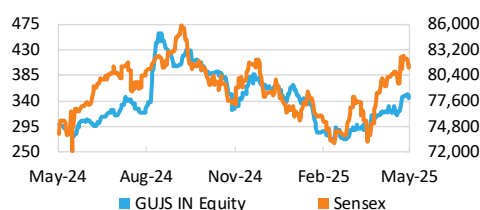
	Mar-25	Dec-24	Sep-24
Promoter	37.63%	37.63%	37.63%
FII	15.21%	15.84%	15.67%
DII	34.87%	25.59%	26.74%
Pledge	0%	0%	0%

FINANCIALS

(INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	20,315	11,108	12,144	13,451
EBITDA	15,041	8,112	8,763	9,739
Adjusted profit	12,846	8,076	8,027	8,867
Diluted EPS (INR)	22.8	14.3	14.2	15.7
EPS growth (%)	35.9	(37.1)	(0.6)	10.5
RoAE (%)	13.1	7.7	7.2	7.5
P/E (x)	14.7	23.3	23.5	21.2
EV/EBITDA (x)	12.2	20.8	18.5	16.0
Dividend yield (%)	1.0	1.5	0.6	0.7

PRICE PERFORMANCE



Weak quarter on challenging demand

GSPL's Q4FY25 EBITDA of INR1.2bn (-67% YoY/-35% QoQ) undershot our/consensus estimate by 44%/35% on a 26% miss in volumes, which fell 23% YoY due to weak demand.

Takeaways: i) Tariff rose 5% QoQ, but slid 39% YoY to INR1/scm due to the PNGRB's 47% cut in GSPL's tariff. ii) Opex continued to fall (-15% YoY) on lower System Use Gas (SUG), compression charges and other expenses. iii) Volumes decreased 23% YoY/11% QoQ to 25.8mmcmd due to lower offtake across customer segments. iv) Long-term volume growth potential is intact given rising domestic demand. We are raising FY26E/27E EBITDA by 4%/2% on lower opex partially offset by lower volumes. TP (pegged to GGL CMP) rises 1% to INR356; 'HOLD'.

EBITDA falters on 26% volume miss; lower opex run-rate continues

Blended tariff rose 5% QoQ to INR1/scm, but fell 39% YoY due to a sharp tariff cut (-47%) by the regulator to INR18.1/mmbtu. Opex came in at INR862mn, down 15% YoY (-60% YoY in Q1/-55% YoY in Q2/-71% YoY in Q3) as benefits continue from lower System Use Gas (SUG), lower compression charge and lower other expenses, among other operational efficiencies. Volumes fell 23% YoY/11% QoQ to 25.8mmcmd as demand waned across customer segments: i) CGD demand down 3% YoY on 4% lower Gujarat Gas volumes; ii) refinery/petchem (-35% YoY) customers switched to cheaper liquid fuel on fall in crude oil prices; iii) fertiliser plants (-23% YoY) were shut for maintenance; and iv) power demand fell 65% YoY on lower deficits.

Plentiful gas supply to drive volumes; pressure in near term

Elevated spot LNG prices (~USD13/mmbtu) are likely to hurt gas consumption in the near term. Tariff cut shall result in lower cash flows, and may delay new pipeline commissioning. GSPL's capex is geared towards offtake from new LNG terminals, and shall support cross-country pipelines of its subsidiaries outside Gujarat. It is the sole off-taker for Mundra LNG terminal's ~9mmcmd volume. The Mehsana-Bhatinda pipeline has been commissioned with 4mmcmd-plus of gas flowing through currently (7-9mmcmd incremental volume potential). Volumes from HPCL's Chhara LNG terminal have also recently started flowing in post-commissioning.

Higher volumes, lower opex to partly offset tariff cut impact; 'HOLD'

A decent volume growth outlook coupled with reduction in opex implies the adverse impact of the sharp tariff cut ([Tariff cut warrants downgrade](#)) is likely to be partially offset. We are raising FY26E/27E EBITDA by 4%/2% primarily due to cuts in our opex forecasts due to benefits sustaining for multiple quarters, partially offset by lower volumes. Our TP edges up 1% to INR356, pegging it to GGL CMP (INR463); 'HOLD'.

Financials

Year to March	Q4FY25	Q4FY24	% Change	Q3FY25	% Change
Net Revenue	2,381	5,068	(53.0)	2,604	(8.6)
EBITDA	1,247	3,780	(67.0)	1,925	(35.2)
Adjusted Profit	707	2,611	(72.9)	1,356	(47.8)
Diluted EPS (INR)	1.3	4.6	(72.9)	2.4	(47.8)

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	20,315	11,108	12,144	13,451
Gross profit	0	0	0	0
Employee costs	803	868	955	1,003
Other expenses	4,472	2,128	2,426	2,709
EBITDA	15,041	8,112	8,763	9,739
Depreciation	1,920	2,035	2,188	2,352
Less: Interest expense	49	85	89	94
Add: Other income	3,351	4,041	4,344	4,670
Profit before tax	16,422	10,033	10,831	11,964
Prov for tax	3,576	1,957	2,803	3,097
Less: Other adj	0	0	0	0
Reported profit	12,846	8,076	8,027	8,867
Less: Excp.item (net)	0	0	0	0
Adjusted profit	12,846	8,076	8,027	8,867
Diluted shares o/s	564	564	564	564
Adjusted diluted EPS	22.8	14.3	14.2	15.7
DPS (INR)	3.4	5.0	2.1	2.4
Tax rate (%)	21.8	19.5	25.9	25.9

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Brent crude (USD/bbl)	82.1	78.2	70.0	70.0
Capex (INR mn)	11,538.3	9,788.1	14,467.5	14,964.9
Vol transported (mmscmd)	30.5	30.2	32.9	35.4
EBITDA margin (%)	74.0	73.0	72.2	72.4
Net profit margin (%)	63.2	72.7	66.1	65.9
Revenue growth (% YoY)	15.3	(45.3)	9.3	10.8
EBITDA growth (% YoY)	19.5	(46.1)	8.0	11.1
Adj. profit growth (%)	35.9	(37.1)	(0.6)	10.5

Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	7.0	7.0	7.0	7.0
Repo rate (%)	4.3	4.3	4.3	4.3
USD/INR (average)	82.8	84.4	86.5	85.0
Transportation tariff (INR/scm)	1.8	1.0	1.0	1.0
Volumes (mmscmd)	30.5	30.2	32.9	35.4
EBITDA (INR/ scm)	1.4	0.7	0.7	0.7

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	14.7	23.3	23.5	21.2
Price/BV (x)	1.8	1.7	1.6	1.5
EV/EBITDA (x)	12.2	20.8	18.5	16.0
Dividend yield (%)	1.0	1.5	0.6	0.7

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	5,642	5,642	5,642	5,642
Reserves	97,059	102,191	109,014	116,551
Shareholders funds	102,701	107,833	114,656	122,193
Minority interest	0	0	0	0
Borrowings	0	0	0	0
Trade payables	375	791	243	269
Other liabs & prov	6,193	7,687	7,997	8,351
Total liabilities	110,809	118,166	124,926	133,042
Net block	28,592	33,891	35,593	37,351
Intangible assets	1,761	0	0	0
Capital WIP	7,618	2,820	2,961	3,109
Total fixed assets	37,971	36,711	38,554	40,460
Non current inv	53,297	53,388	53,388	53,388
Cash/cash equivalent	4,734	19,307	26,136	32,150
Sundry debtors	1,412	1,096	926	1,026
Loans & advances	73	65	137	152
Other assets	13,320	7,599	5,785	5,866
Total assets	110,809	118,166	124,926	133,042

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	12,846	8,076	8,027	8,867
Add: Depreciation	1,920	2,035	2,188	2,352
Interest (net of tax)	39	68	66	69
Others	(3,376)	(3,953)	(4,244)	(4,560)
Less: Changes in WC	8,313	(9,865)	(1,771)	(298)
Operating cash flow	3,116	16,092	7,808	7,025
Less: Capex	(3,780)	(949)	(4,031)	(4,258)
Free cash flow	(664)	15,143	3,777	2,768

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	13.1	7.7	7.2	7.5
RoCE (%)	16.9	14.6	14.2	13.9
Inventory days	38	77	50	22
Receivable days	26	41	30	26
Payable days	8	19	16	7
Working cap (% sales)	61.0	41.5	24.8	21.6
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	0	(0.2)	(0.2)	(0.3)
Interest coverage (x)	266.1	71.6	73.8	79.0

Valuation Drivers

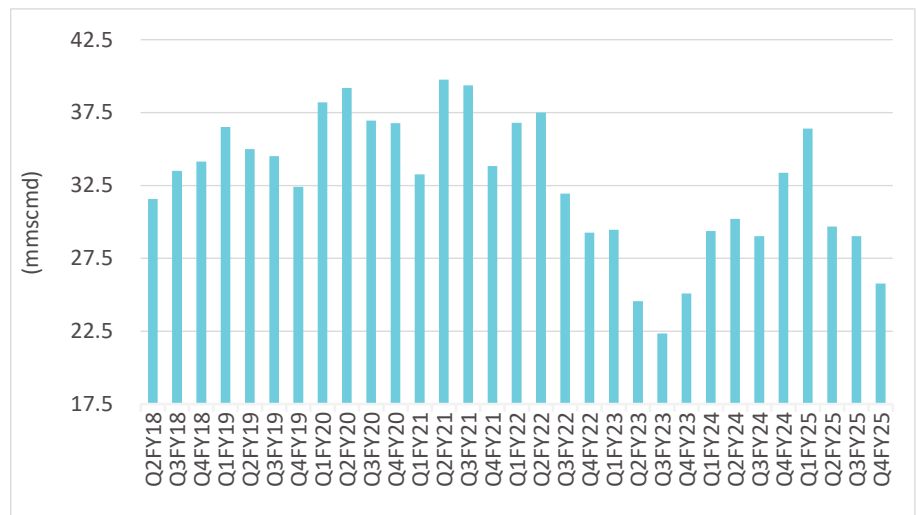
Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	35.9	(37.1)	(0.6)	10.5
RoE (%)	13.1	7.7	7.2	7.5
EBITDA growth (%)	19.5	(46.1)	8.0	11.1
Payout ratio (%)	30.0	30.0	30.0	30.0

Exhibit 1: EBITDA plunges 53% YoY on tariff cut, misses our/consensus estimate by 44%/35% on 26% volume miss

	Q4FY25	Q4FY24	YoY %	Q3FY25	QoQ %	Nuvama Est	Deviation (%)	Consensus	vs. consensus
Revenues (INR mn)	2,381	5,068	-53.0%	2,604	-8.6%	3,030	-21.4%	2,652	-10.2%
EBITDA (INR mn)	1,247	3,780	-67.0%	1,925	-35.2%	2,228	-44.0%	1,926	-35.2%
PAT (INR mn)	707	2,611	-72.9%	1,356	-47.8%	1,502	-52.9%	1,304	-45.8%
Transmission volumes (mmscmd)	25.8	33.4	-22.8%	29.0	-11.3%	35.0	-26%		
Realisation (INR/scm)	1.0	1.7	-39.1%	1.0	4.6%	0.9	8.0%		

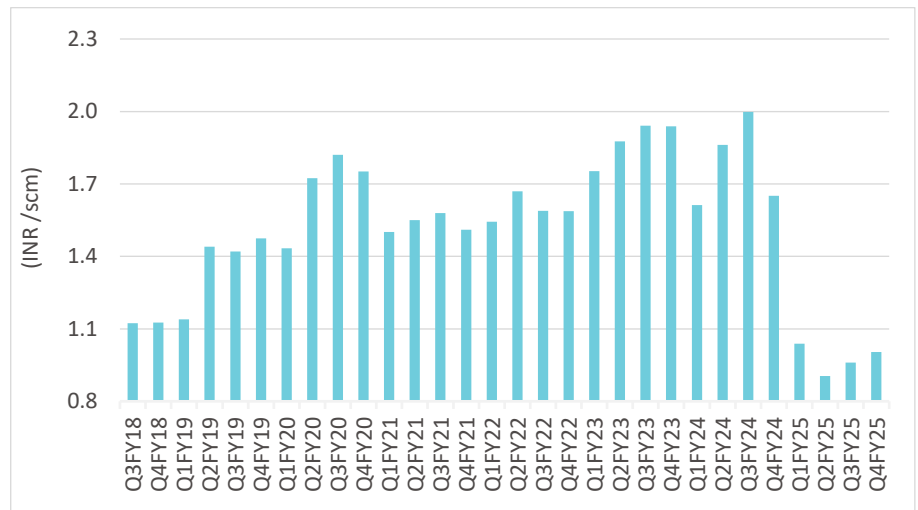
Source: Company, Nuvama Research

Exhibit 2: Transmission volume: 26mmscmd (-23%YoY/-11% QoQ) on weak demand



Source: Company, Nuvama Research

Exhibit 3: Tariffs plunge 40% YoY due to tariff cut by PNGRB



Source: Company, Nuvama Research

Exhibit 4: Annual volume breakdown by consumer segment

All figures in mmscmd	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Volume	34.6	37.8	36.6	33.9	25.4	30.5	30.2	32.9	35.4
RIL	9.6	10.0	7.0	6.0	6.0	6.2	6.1	6.3	6.5
IOC	2.0	1.0	0.5	0.6	0.7	0.7	0.7	0.8	0.9
OPAL	1.0	0.5	1.0	0.6	0.6	0.6	0.4	0.6	0.8
Essar Oil	0.8	0.8	0.8	0.5	0.5	0.5	0.4	0.5	0.6
Refining and Petchem	13.4	12.2	9.0	9.6	7.4	8.0	7.6	8.2	8.8
Power	4.7	5.5	8.3	3.5	1.0	4.0	4.2	4.4	4.6
CGD	8.5	10.6	10.4	12.0	9.5	10.9	11.2	12.2	13.2
Gujarat Gas	6.5	9.4	9.4	10.7	8.4	9.3	9.6	10.3	11.0
Adani Gas	0.3	0.3	0.4	0.5	0.5	0.7	0.7	0.9	1.1
Sabarmati Gas	0.9	1.0	1.1	0.8	0.8	0.9	0.9	1.0	1.1
Fertiliser	5.0	3.9	3.2	3.1	3.6	3.8	3.8	4.5	5.0
Steel/Others	3.0	5.5	5.6	5.6	3.8	3.8	3.4	3.6	3.8

Source: Company, Nuvama Research

Exhibit 5: Gujarat Gas CMP-linked TP of INR356

	Base value (INR mn)	Base value (INR/share)	Comments
Gujarat Gas market cap	318,693	463	
GSPL Equity value	200,702	356	Share exchange ratio of 10:13 with Gujarat Gas
CMP (INR)		350	
Upside (%)		2%	

Source: Nuvama Research

Exhibit 6: Standalone financial snapshot (INR mn)

Year to March	Q4FY25	Q4FY24	YoY %	Q3FY25	QoQ %	FY25	FY26E	FY27E
Net revenue	2,381	5,068	(53.0)	2,604	(8.6)	11,108	12,144	13,451
Employee expenses	271	267	1.8	232	17.0	868	955	1,003
Operating expenses	862	1,022	(15.6)	447	92.8	2,128	2,426	2,709
EBITDA	1,247	3,780	(67.0)	1,925	(35.2)	8,112	8,763	9,739
Depreciation	522	486	7.4	512	2.0	2,035	2,188	2,352
EBIT	725	3,294	(78.0)	1,413	(48.7)	6,077	6,576	7,387
Less: Interest Expense	52	19	174.0	9	478.9	85	89	94
Add: Other income	362	296	22.3	412	(12.1)	4,041	4,344	4,670
Profit before tax	1,035	3,571	(71.0)	1,816	(43.0)	10,033	10,831	11,964
Less: Provision for Tax	328	960	(65.8)	460	(28.8)	1,957	2,803	3,097
Reported Profit	707	2,611	(72.9)	1,356	(47.8)	8,076	8,027	8,867
Adjusted Profit	707	2,611	(72.9)	1,356	(47.8)	8,076	8,027	8,867
No. of Diluted shares outstanding (mn)	564	564	-	564	-	564	564	564
Adjusted Diluted EPS	1.3	4.6	-72.9	2.4	-47.8	14.3	14.2	15.7
Diluted Price to Earnings Ratio (P/E) (x)						23.3	23.5	21.2
Enterprise Value / EBITDA (x)						20.8	18.5	16.0
Return on Average Equity (ROAE) (%)						7.7	7.2	7.5
as % of net revenues								
Employee expenses	11.4	5.3		8.9		7.8	7.9	7.5
Operating expenses	36.2	20.2		17.2		19.2	20.0	20.1
EBIDTA	52.4	74.6		73.9		73.0	72.2	72.4
PBT	43.5	70.5		69.7		90.3	89.2	88.9
Core profit	29.7	51.5		52.1		72.7	66.1	65.9

Source: Company, Nuvama Research

GSPC group arrangement

Restructuring to simplify structure, unlock value, enhance synergies

GSPC, GSPL and GGL announced a Scheme of Arrangement to eliminate the GSPC Group's layered structure. The restructuring involves amalgamation of: i) GSPC and GGL, with GSPC shareholders receiving 10 shares for every 305 held; ii) GSPL and GGL, with GSPL holders getting 10 for every 13 held; iii) GSPC Energy and GGL—no shares change hands as GSPC Energy shall become a wholly-owned subsidiary post-merger of GSPC; and iv) and finally, de-merger and subsequent listing of GTL from GGL with shareholders receiving 1 share for every 3 held. This shall result in two companies: i) GTL—a pure gas transmission and ii) GGL—mainly CGD, gas trading & small 11 upstream E&P fields and RE assets. The restructuring aims to: i) simplify holdings by eliminating ownership layers; ii) unlock value by obviating GSPL's holdco discount; iii) enhance synergies/growth opportunities by combining interlinked business of GSPC and GGL—eliminating indirect taxes on related-party transactions (RPTs); and iv) utilise GSPC's INR72bn tax loss to offset new entity's taxable income.

INR30bn-plus in tangible synergies and ~39% EPS-accretive to GGL

We estimate INR30bn-plus in tangible synergies from the restructuring exercise by way of: i) ~INR18bn from utilisation of GSPC's INR72bn in tax losses by the new entity, which can be set off against taxable income for the next eight years; and ii) savings of ~INR3bn/year in terms of indirect taxes levied on RPTs between GSPC and GGL, which shall be eliminated on account of restructuring. Furthermore, we expect intangible synergies via enhancement in scale of operations, efficiency improvement on account of optimum utilisation of resources and better gas sourcing for GGL's CGD volumes. We also estimate the merger would be EPS-accretive for GGL's shareholders by ~39% for FY25 prior to GTL's demerger.

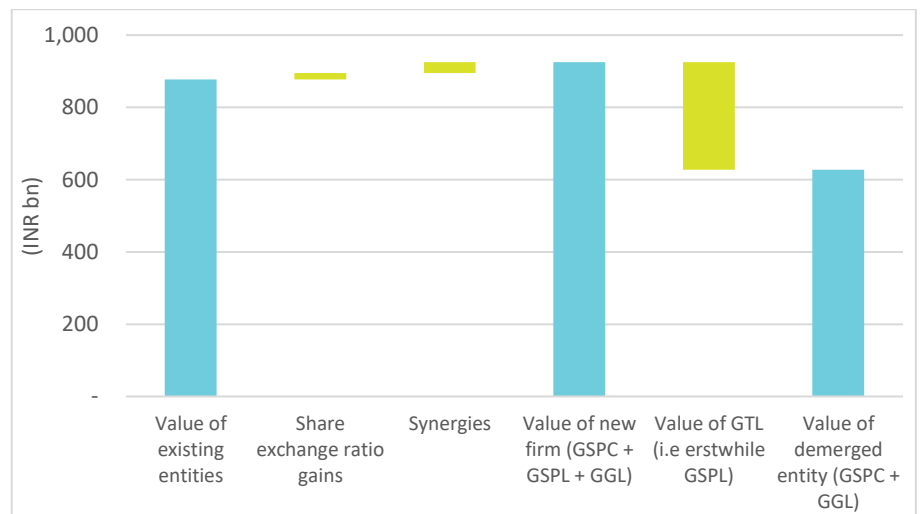
Exhibit 7: Breakdown of value of new entities and synergies – Derived calculation

Particulars	No. of shares (mn)	CMP (INR/sh)	INR mn
Gujarat Gas	688.39	606.95	417,818
GSPL	564.21	442.60	249,720
GSPC (Value considered by management)	10,756.54	19.52	210,000
Value of existing entities			877,538
Gujarat Gas	688.39	GGL 606.95	417,818
GSPL (Restated based on share exchange ratio of 10:13)	434.01	GGL 606.95	263,422
GSPC (Restated based on share exchange ratio of 10:305)	352.67	GGL 606.95	214,055
Value of new entity (ex-synergies)	1,475.07	GGL 606.95	895,295
Add: Value of tangible synergies			
Value of GSPC tax losses once merged with GGL (INR72bn @25.17%)	1,475.07	12.29	18,122
PV of tax rationalization on related party (GSPC & GGL) transactions*	1,475.07	8.23	12,141
Total value of all new entities (GSPC + GSPL + GGL)	1,475.07	627.47	925,558
GTL (Restated based on share exchange ratio of 1:3 i.e. erstwhile GSPL)	491.69	606.95	298,432
Value of demerged entity (GSPC + GGL)	940.00	667.16	627,126

Source: Company, Nuvama Research

*Based on a 5% increase p.a with 55% of GGL's FY25 raw material consumption cost with a 5% VAT rate.

Exhibit 8: Built-up value (equity) of demerged entity on account of restructuring



Source: Company, Nuvama Research

Exhibit 9: Valuation build-up of merging entities as per management calculation

Particulars	No. of shares (mn)	INR/sh	INR mn
GSPC valuation as per management			
Value of trading business (based on 6.8x EV/EBITDA)	10,756.54	6.83	73,500
Value of GSPL (37.63% stake at GSPL's value)	10,756.54	9.10	97,838
Value of other investments	10,756.54	0.67	7,162
Value of other businesses (E&P, renewable power)	10,756.54	0.79	8,500
Net cash	10,756.54	2.14	23,000
Value of GSPC as per management	10,756.54	19.52	210,000
GSPL valuation as per management			
Value of transmission business	564.21	62.03	35,000
Value of GIGL, GITL (52% stake each)	564.21	20.09	11,336
Value of other investments (54.17% stake in GGL, 27.47% stake in Sabarmati Gas)	564.21	348.56	196,664
Net cash	564.21	30.13	17,000
Value of GSPL as per management	564.21	460.82	260,000

Source: Company, Nuvama Research

Exhibit 10: Restructuring to be 39% accretive for Gujarat Gas shareholders

Particulars	INR
GGL FY25E net income (INR mn) (A)	11,725
GGL FY25E EPS (INR/sh) (B)	17.03
GGL existing no. of shares outstanding (mn)	688.39
GSPL FY25E net income (INR mn) (C)	12,901
GSPL FY25E EPS (INR/sh)	22.87
GSPL existing no. of shares outstanding (mn)	564.21
GSPC FY25E net income (INR mn)* (D)	10,184
GSPC FY25E EPS (INR/sh)	0.95
GSPC existing no. of shares outstanding (mn)	10,756.54
New (total) entity net income (INR mn) (A+C+D)	34,810
New entity (total) no. of shares outstanding prior to demerger (mn)	1,475.07
New entity FY25E EPS (INR/sh) (E)	23.60
EPS accretion (E/B-1)	39%

Source: Company, Nuvama Research

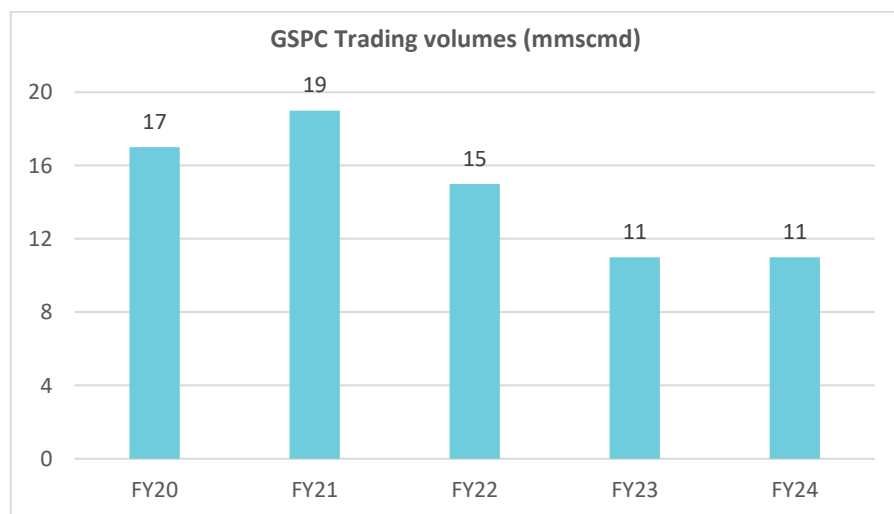
*Assuming an 18% decrease in net income, in line with our estimate of 18% YoY decrease in GAIL's marketing EBITDA

Exhibit 11: Financial highlights of GSPC, GSPL and GGL

INR bn	GSPC					GSPL					GGL				
	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24
Revenue	153.5	137.9	245.6	248.7	187.1	24.3	21.5	21.3	19.3	23.7	106.1	101.2	168.8	174.1	164.0
EBITDA	16.8	13.5	18.3	34.1	13.3	16.4	15.4	15.0	14.3	18.4	17.2	21.6	21.7	24.9	19.8
Profit after Tax	3.7	7.4	11.8	29.9	12.4	11.1	9.2	9.8	9.5	12.9	11.9	12.8	12.9	15.3	11.5
Net worth	10.3	17.7	29.5	59.3	71.8	67.2	75.5	84.4	92.7	102.7	32.9	44.8	56.0	69.7	76.9
Debt	60.1	48.1	44.1	-	-	16.3	10.2	0.9	-	-	20.0	9.0	4.8	-	-

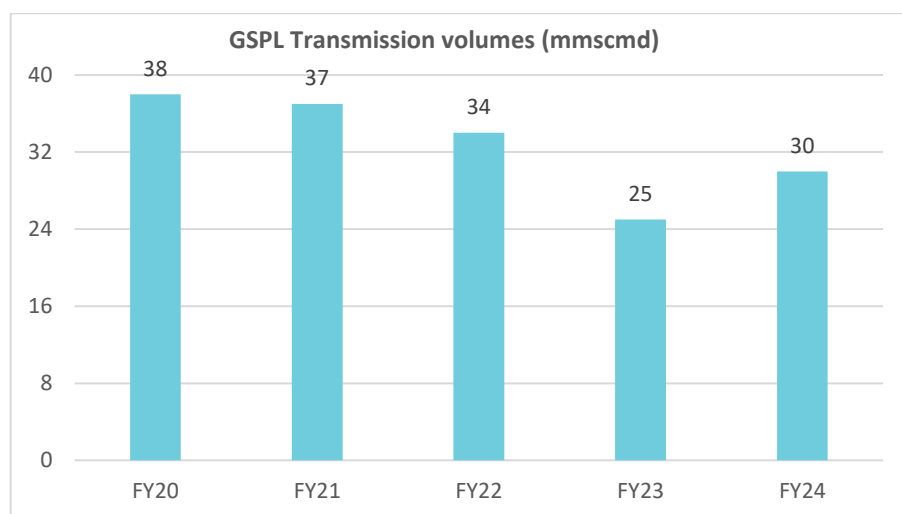
Source: Company, Nuvama Research

Exhibit 12: Overview of GSPC's trading volumes



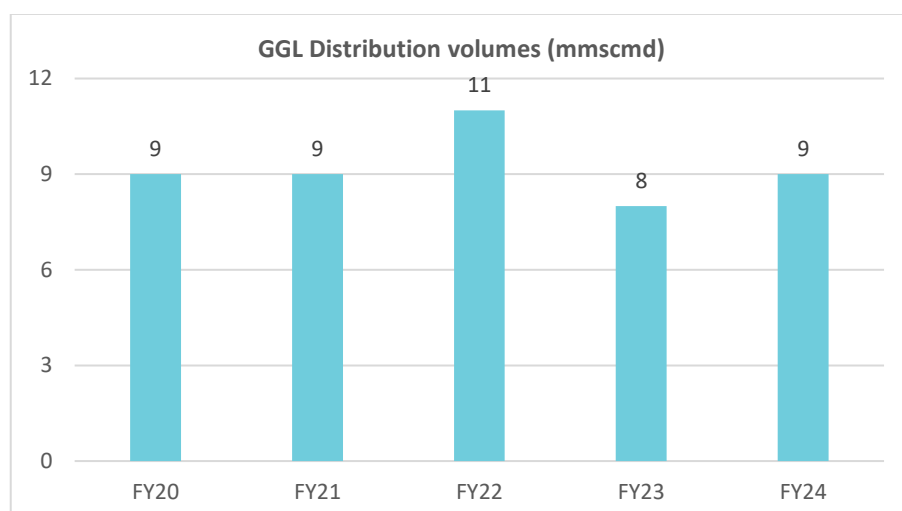
Source: Company, Nuvama Research

Exhibit 13: Overview of GSPL's transmission volumes



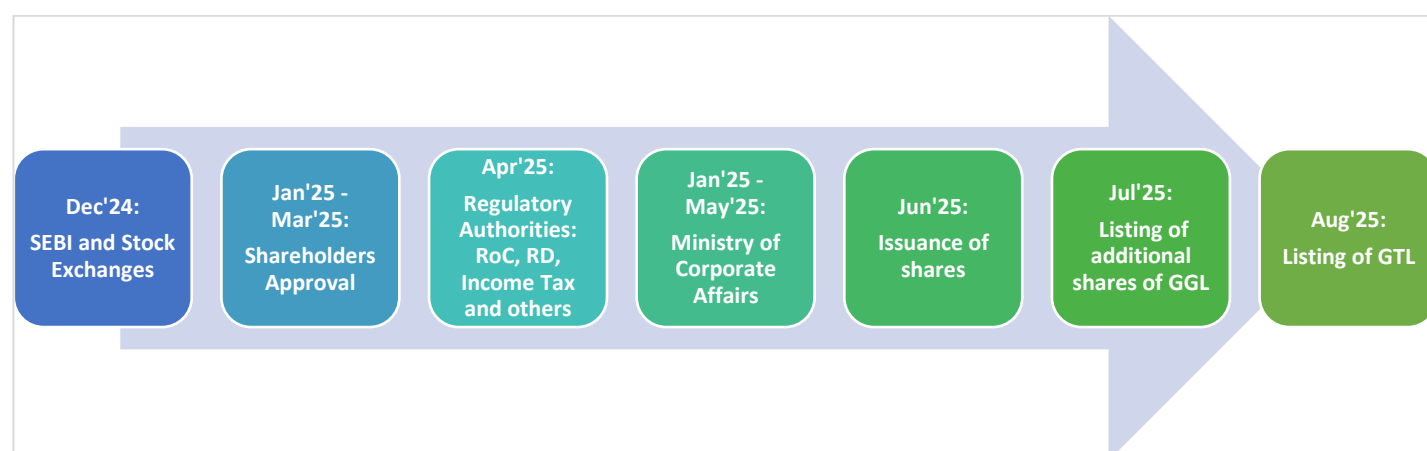
Source: Company, Nuvama Research

Exhibit 14: Overview of GGL's distribution volumes



Source: Company, Nuvama Research

Exhibit 15: Milestones and approvals – An indicative chronology



Source: Company, Nuvama Research

Exhibit 16: Scheme of Arrangement involving GSPC, GSPL, GGL and GTL

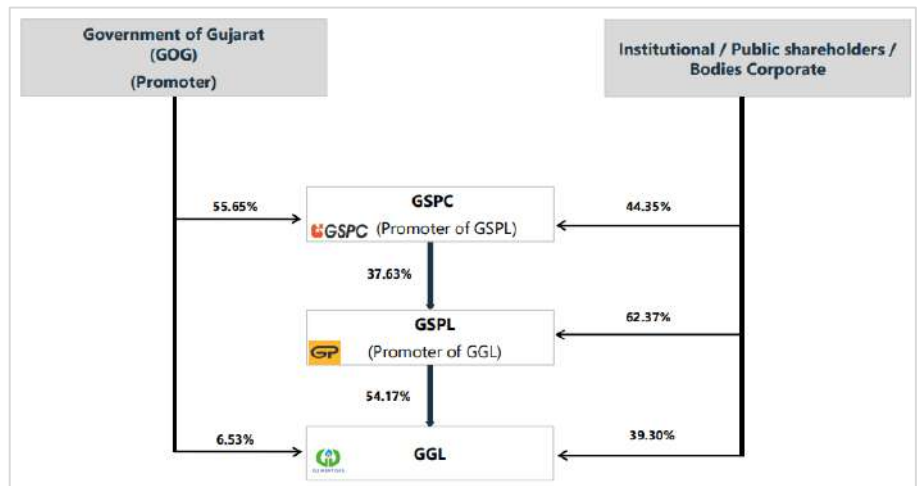
Scheme of Arrangement		
Board of Directors of all respective companies have approved 'The Scheme of Arrangement' in the Board meetings held on 30 th August 2024		
Transaction	Issuance of Equity shares	Share Exchange Ratio
Amalgamation of GSPC into GGL	Issuance of GGL's shares to shareholders of GSPC	10 shares of GGL (FV Rs. 2) for every 305 equity shares of GSPC (FV Rs. 1)
Amalgamation of GSPL into GGL	Issuance of GGL's shares to shareholders of GSPL	10 shares of GGL (FV Rs. 2) for every 13 equity shares of GSPL (FV Rs. 10)
Amalgamation of GEL into GGL	No issuance as it would become a wholly owned subsidiary prior to its amalgamation	
Demerger of gas transmission business into GSPL Transmission Limited (GTL)	GGL's shareholders to receive shares of GTL (to be listed subsequently)	1 equity share of GTL (FV Rs. 10) for every 3 equity shares of GGL (FV Rs. 2)

Source: Company, Nuvama Research

Completion by Aug-25; Government of Gujarat to hold ~26%

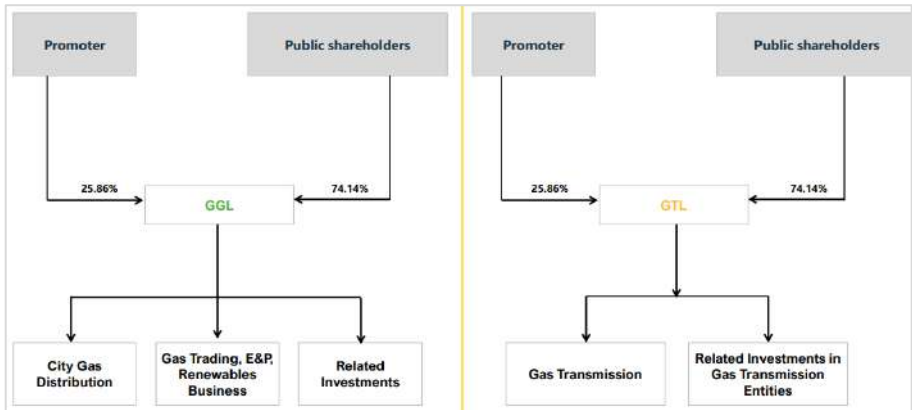
Management expects the Scheme of Arrangement to be implemented by Aug-25 with listing of additional shares issued of GGL in Jul-25 and listing of GTL in Aug-25. As a result of the restructuring, the Government of Gujarat is expected to hold about 26% each in GGL and GTL.

Exhibit 17: Existing shareholding structure



Source: Company, Nuvama Research

Exhibit 18: Proposed shareholding structure



Source: Company, Nuvama Research

Shockingly huge tariff cut

The PNGRB has cut GSPL's high-pressure pipeline tariff by 47% (our expectation of a 15% cut) to INR18.1/mmbtu (from INR34) versus GSPL's sought tariff of INR50.8.

Three key parameters for which the PNGRB has taken a lower tariff: lower capex (lower tariff of INR13.8/mmbtu), opex (INR8.7) and higher volume visibility (INR10.9). Moreover, a decline in the tax rate to 25% (35% earlier) was on expected lines to normalise back GSPL's post-tax return of 12%.

[Refer to report: Tariff cut warrants downgrade](#)

PNGRB cuts tariff by 47%: INR18/mmbtu; 64% below submitted tariff

In a much-delayed tariff order, PNGRB has cut GSPL's high pressure network's tariff by 47% to INR18.1/mmbtu (47% below current INR34/mmbtu) versus GSPL's sought tariff of INR50.77/mmbtu. We anticipated a tariff decline of ~15% given the volume rise and delay in revision of tariffs (due since Apr-21). Nonetheless, the substantial decline in tariff was primarily attributable to three reasons i) INR13.8/mmbtu on lower assumed capex; ii) INR8.7/mmbtu on lower opex assumed by PNGRB; and iii) higher expected volumes driving tariffs down by INR10.9/mmbtu. Alternatively, a decline in tax rate to 25% (35% earlier) further led to a decline in tariffs due to higher RoCE on lower tax rate (tariffs determined on fixed post tax return of 12%). We believe this order is likely to be challenged by GSPL but PNGRB reaffirmed there is no possibility of renegotiation on volumes while a change in other parameters could take longer, impacting GSPL.

Plentiful gas supply to drive long-term volumes growth though

Domestic new gas is sizeable to spur a switchover from high-spot LNG to low-cost domestic gas—GSPL to source two-thirds of 12mmscmd of gas to be auctioned by RIL. GSPL's capex is geared towards offtake from new LNG terminals, and to support cross-country pipelines of its subsidiaries outside Gujarat. It is the sole off-taker for Mundra LNG terminal's ~9mmscmd volume. Mehsana-Bhatinda pipeline has been commissioned with 3.5mmscmd+ of gas flowing through at end-FY24 (7–9mmscmd incremental volume potential). Volumes from HPCL's Chhara LNG terminal are likely to flow by the end of the year. GSPL boasts strongest potential growth among pipeline companies—2x volumes in four–five years.

Exhibit 19: Unit natural gas pipeline tariff for GSPL HP on levelised basis

S. No.	Particulars	Impact	Tariff
	Submitted Tariff		50.77
1	Working Days	1.05	51.82
2	Opening working capital/Discounting factor/Tax Rate	-0.09	51.73
3	Capex	-13.75	37.98
4	Opex	-8.7	29.28
5	Calorific Value	0.01	29.29
6	Volume Divisor	-10.92	18.37
7	Tariff applicability 01.05.2024	-0.27	18.1
	Levelized Tariff Determined by PNGRB		18.1

Source: Company, PNGRB

Exhibit 20: Comparison of tariff by GSPL against levelised tariff by PNGRB

Particulars	Submitted by GSPL	Determined by PNGRB
Provisional tariff from 2012-13 to 2017-18	39.55	26.58
Final Tariff from 2018-19 to 31.01.2024	64.7	34
Tariff Review from 01.05.2024 onwards	50.77*	18.1

Source: Company, Nuvama Research, PNGRB

Exhibit 21: Corporate income tax rate and pre-tax rate of return considered by PNGRB to determine cashflows

Year	FY 12-13	FY 13-14 & 14-15	FY 15-16 to 17-18	FY 18-19 to 21-22	FY 22-23 onwards
Corporate Income Tax	32.45%	33.99%	34.61%	34.94%	25.17%
Pre-Tax Rate of return	17.76%	18.18%	18.35%	18.45%	16.04%

Source: Company, Nuvama Research, PNGRB

Exhibit 22: Overall future opex considered by PNGRB after all adjustments

Period	Claimed by Entity	Considered by PNGRB
2023-24	363.64	259.94
2024-25	438.23	251.71
2025-26	520.74	272.26
2026-27	555.55	291.63
2027-28	593.27	302.37
2028-29	633.54	313.58
2029-30	677.18	325.3
2030-31	724.27	337.55
2031-32	458.65	200.75
Total	4,965.07	2,555.09

Source: Company, PNGRB

Exhibit 23: Deliberations made pertaining to SUG and transmission loss by PNGRB

FY	SUG (Gana Compressor)	SUG (Old Heaters)	SUG (New Heaters)	LUAG	Total	Applicable tariff	Tariff Not recovered
2023-24	2,22,768	17,355	7,467	4,76,151	7,23,741	34	2
2024-25	2,04,673	15,945	6,860	4,37,474	6,64,952	19	1
2025-26	2,04,673	15,945	6,860	4,37,474	6,64,952	18	1
2026-27	2,04,673	15,945	6,860	4,37,474	6,64,952	18	1
2027-28	2,04,673	15,945	6,860	4,37,474	6,64,952	18	1
2028-29	2,04,673	15,945	6,860	4,37,474	6,64,952	18	1
2029-30	2,04,673	15,945	6,860	4,37,474	6,64,952	18	1
2030-31	2,04,673	15,945	6,860	4,37,474	6,64,952	18	1
2031-32	1,21,121	9,436	4,060	2,58,889	3,93,506	18	1
TOTAL	17,76,599	1,38,406	59,548	37,97,356	57,71,909		12

Source: Company, PNGRB

Exhibit 24: GSPL tariff expectation – Tariff not recovered on SUG on gas heaters, SUG – compressors and on transmission loss

Particulars	SUG (Gana Compressor)	SUG (Old Heaters) 7	SUG (New Heaters) 4+4	LUAG	Total (MMBTU)	Applicable Tariff INR/MMBTU	Tariff Not Recovered INR.in Crore
FY 2023-24	5,69,904	14,250	1,38,158	3,58,738	10,81,050	34	3.68
FY 2024-25	5,69,904	14,250	2,76,317	3,57,758	12,18,228	50.77	6.18
FY 2025-26	5,69,904	14,250	2,76,317	3,57,758	12,18,228	50.77	6.18
FY 2026-27	5,69,904	14,250	2,76,317	3,57,758	12,18,228	50.77	6.18
FY 2027-28	5,69,904	14,250	2,76,317	3,58,738	12,19,209	50.77	6.19
FY 2028-29	5,69,904	14,250	2,76,317	3,57,758	12,18,228	50.77	6.18
FY 2029-30	5,69,904	14,250	2,76,317	3,57,758	12,18,228	50.77	6.18
FY 2030-31	5,69,904	14,250	2,76,317	3,57,758	12,18,228	50.77	6.18
FY 2031-32	5,69,904	14,250	2,76,317	3,57,758	12,18,228	50.77	3.66
Total							50.63

Source: Company, Nuvama Research, PNGRB

Exhibit 25: Volume by year considered by entity in its tariff submission and actual volumes provided by GSPL

Period	Tariff Filing	Actual Volumes	Common carrier Volume included
2012-13	26.86	26.85	0.2
2013-14	23.71	20.59	0.46
2014-15	23.64	22.66	0.39
2015-16	24.68	24.32	1.53
2016-17	24.72	24.72	0.32
2017-18	29.95	31.42	0.83*
2018-19	31.4	33.26	10.86*
2019-20	32.32	35.15	9.98*
2020-21	31.81	32.77	12.05*
2021-22	29.83	29.83	10.51*
2022-23	28.5	28.5	16.61*
2023-24 onwards	26	32.12**	NA

Source: Company, Nuvama Research, PNGRB

Company description

Gujarat State Petronet (GSPL), a group entity of the GSPC group, is currently a Gujarat-focused natural gas transmission firm operating on an open access basis. It owns about 2,500km of natural gas pipeline transporting ~35mmscmd of gas.

To increase its geographical spread, the company had participated and won bids to instal three major pipelines outside Gujarat: i) Mallavaram (Andhra Pradesh) – Bhilwara (Rajasthan); ii) Mehsana (Gujarat) – Bhatinda (Punjab); and iii) Bhatinda (Punjab) - Srinagar (J&K).

GSPL owns stake in two city gas distribution firms: Sabarmati Gas and Gujarat Gas. It is the second-largest gas pipeline player in the country after GAIL.

Investment theme

CGD volume outlook remains robust with double-digit growth led by higher CNG conversions and regulatory push nudging industrial users to switch to gas. While CGD currently accounts for 35% of total volumes, we expect this to increase to ~60% of total volumes by FY30

Its largest CGD customer, Gujarat Gas (GGL), continues to record double-digit growth, but we expect contribution from Adani Gas to increase in the future as it continues to expand operations (Adani Gas won close to half the GAs on offer in the 9th CGD round).

With coal gasifiers banned in Morbi, GGL is witnessing a huge surge in volumes with current run-rate at ~10mmscmd. As GGL volumes flow through GSPL's pipelines, GSPL's transmission volumes would rise.

Key risks

- GSPL is likely to suffer from lower capacity utilisation due to limited availability of gas.
- Any cut in transmission tariffs can lead to a downward revision in earnings. Any cut in tariffs can dent the company's profitability and hence its RoEs.
- The three new pipelines may get delayed due to land availability issues, leading to losses.

Additional Data

Management

Chairman & Managing Director	Shri Raj Kumar, IAS
Joint Managing Director	Shri Milind Torawane, IAS
Chief Financial Officer	Shri Ajith Kumar TR
Non-Executive Director	Shri M.M. Srivastava
Auditor	B P Bang & Co. Chartered Accountants

Holdings – Top 10*

	% Holding		% Holding
Gujarat State P	37.63	SBI Funds Manag	2.92
Mirae Asset Fin	6.69	Norges Bank	2.56
GUJARAT MARITIM	6.57	Gujarat Urja Vi	2.01
ICICI Prudentia	5.22	Vanguard Group	1.96
Kotak Mahindra	4.32	Gujarat Narmada	1.42

*Latest public data

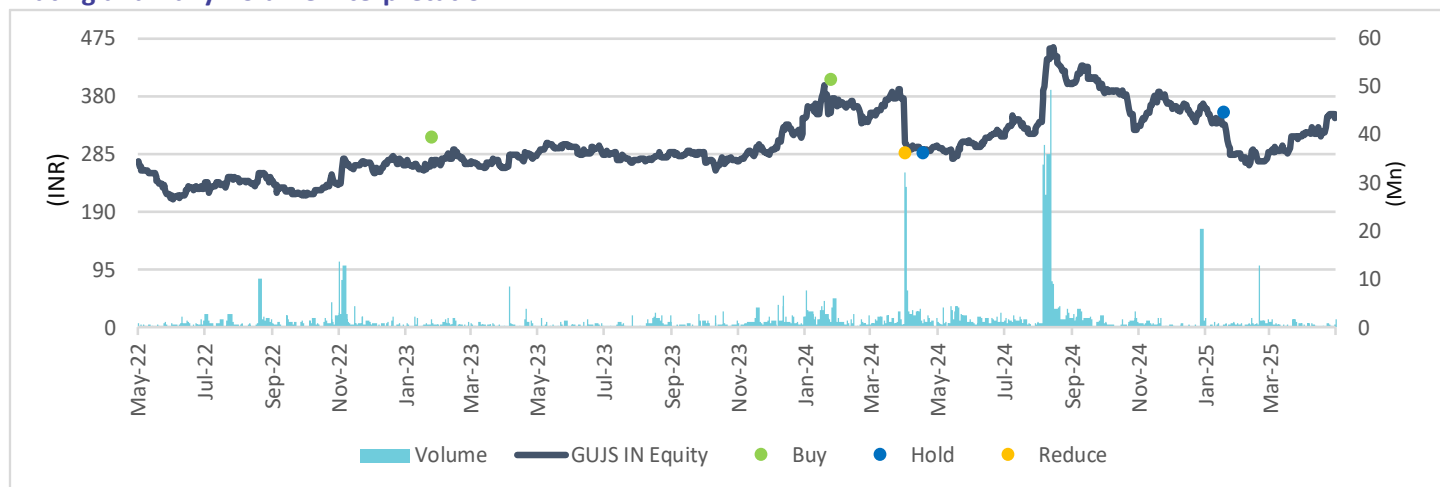
Recent Company Research

Date	Title	Price	Reco
07-Feb-25	EBITDA beat on lower opex; higher tariff; <i>Result Update</i>	333	Hold
07-Nov-24	Volume-driven miss; lower opex positive; <i>Result Update</i>	390	Hold
08-Aug-24	Margin expansion on opex reduction; <i>Result Update</i>	336	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
20-May-25	Gujarat Gas	Blended realisation drives beat; <i>Result Update</i>
20-May-25	Petronet LNG	Q4 beat; upside to volume growth; <i>Result Update</i>
14-May-25	GAIL	Marketing-led Q4 beat; guidance cut; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	204
Hold	<15% and >-5%	63
Reduce	<-5%	34

DISCLAIMER

Nuvama Wealth Management Limited (defined as “NWML” or “Research Entity”) a company duly incorporated under the Companies Act, 1956 (CIN No L67110MH1993PLC344634) having its Registered office situated at 801- 804, Wing A, Building No. 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, Investment Adviser, Research Analyst and other related activities. Name of Compliance/Grievance officer: Mr. Atul Bapna, E-mail address: complianceofficer.nwm@nuvama.com Contact details +91 (22) 6623 3478 Investor Grievance e-mail address- grievance.nwm@nuvama.com

This Report has been prepared by NWML in the capacity of a Research Analyst having SEBI Registration No.INH000011316 and Enlistment no. 5723 with BSE and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NWML and associates, subsidiaries / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. NWML reserves the right to make modifications and alterations to this statement as may be required from time to time. NWML or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NWML is committed to providing independent and transparent recommendation to its clients. Neither NWML nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of NWML. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of NWML and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

NWML shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the NWML to present the data. In no event shall NWML be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the NWML through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

NWML and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. (c) NWML may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. (d) The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with NWML (e) Registration granted by SEBI and certification from NISM in no way guarantee performance of NWML or provide any assurance of returns to investors and clients.

NWML or its associates may have received compensation from the subject company in the past 12 months. NWML or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. NWML or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or NWML's associates may have financial interest in the subject company. NWML and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. NWML, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

NWML has financial interest in the subject companies: No

NWML's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

NWML has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by NWML on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. A graph of daily closing prices of the securities is also available at www.nseindia.com

Analyst Certification:

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Additional Disclaimers

Disclaimer for U.S. Persons

This research report is a product of NWML, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by NWML only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, NWML has entered into an agreement with a U.S. registered broker-dealer, Nuvama Financial Services Inc. (formerly Edelweiss Financial Services Inc.) ("NFSI"). Transactions in securities discussed in this research report should be effected through NFSI.

Disclaimer for U.K. Persons

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Disclaimer for Canadian Persons

This research report is a product of NWML, which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by NWML only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

NWML is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) NWML is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) NWML's head office or principal place of business is located in India; (iii) all or substantially all of NWML's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against NWML because of the above; and (v) the name and address of the NWML's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

Disclaimer for Singapore Persons

In Singapore, this report is being distributed by Nuvama Investment Advisors Private Limited (NIAPL) (Previously Edelweiss Investment Advisors Private Limited ("EIAPL")) (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to NIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR. Persons in Singapore should contact NIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

Disclaimer for Hong Kong persons

This report is distributed in Hong Kong by Nuvama Investment Advisors (Hong Kong) Private Limited (NIAHK) (Previously Edelweiss Securities (Hong Kong) Private Limited (ESHK)), a licensed corporation (BOM -874) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to Section 116(1) of the Securities and Futures Ordinance "SFO". This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of any individual recipients. The Indian Analyst(s) who compile this report is/are not located in Hong Kong and is/are not licensed to carry on regulated activities in Hong Kong and does not / do not hold themselves out as being able to do so.

INVESTMENT IN SECURITIES MARKET ARE SUBJECT TO MARKET RISKS. READ ALL THE RELATED DOCUMENTS CAREFULLY BEFORE INVESTING.

Abneesh Roy

Head of Research Committee

Abneesh.Roy@nuvama.com