

August 6, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		SELL	
Target Price	432		404	
Sales (Rs bn)	160	176	170	184
% Chng.	(5.9)	(4.3)		
EBITDA (Rs bn)	20	21	22	22
% Chng.	(6.0)	(1.3)		
EPS (Rs.)	17.4	18.0	18.8	18.4
% Chng.	(7.7)	(2.1)		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	157	165	160	176
EBITDA (Rs. bn)	19	19	20	21
Margin (%)	12.0	11.4	12.6	12.1
PAT (Rs. bn)	11	11	12	12
EPS (Rs.)	16.0	16.6	17.4	18.0
Gr. (%)	(27.8)	4.0	4.4	3.6
DPS (Rs.)	5.7	5.8	5.9	6.1
Yield (%)	1.3	1.4	1.4	1.4
RoE (%)	15.0	14.2	13.5	12.8
RoCE (%)	19.1	17.0	17.5	16.7
EV/Sales (x)	1.8	1.8	1.8	1.6
EV/EBITDA (x)	15.3	15.6	14.3	13.5
PE (x)	26.9	25.9	24.8	23.9
P/BV (x)	3.9	3.5	3.2	2.9

Key Data GGAS.BO | GUJGA IN

52-W High / Low	Rs.690 / Rs.360
Sensex / Nifty	80,544 / 24,574
Market Cap	Rs.297bn / \$ 3,382m
Shares Outstanding	688m
3M Avg. Daily Value	Rs.213.4m

Shareholding Pattern (%)

Promoter's	60.89
Foreign	3.34
Domestic Institution	13.99
Public & Others	21.78
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(11.9)	(8.4)	(33.1)
Relative	(8.7)	(11.2)	(34.7)

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Decline in vol QoQ

Quick Pointers:

- Morbi volume stood at 2.5mmscmd in Q1 and is down to 2.3mmscmd now
- Gas still remains Rs3/scm expensive compared with propane

Gujarat Gas (GUJGA) reported decline of 19% YoY and 5% QoQ in total sales volume to 8.9mmscmd in Q1FY26 (PLe 9.3mmscmd). EBITDA/scm of Rs6.4 was also below our estimate of Rs7.4. EBITDA stood at Rs5.2bn (-3% YoY, +15.7% QoQ, PLe: Rs6.3bn, BBGe: Rs5.2bn) and PAT of Rs3.3bn (-1% YoY, +14% QoQ, PLe: Rs3.9bn, BBGe: Rs3.6bn). Morbi continues to face slowdown. Against vol of 9.6mmscmd in FY25, we build in 9.3mmscmd in FY26E and 10.1mmscmd in FY27E. Against EBITDA/scm of Rs5.4 in FY25, we build in Rs6 and Rs5.8 for FY26E and FY27E respectively. Considering 1) the ongoing poor demand of building materials and 2) economics in favor of propane vs gas, we believe that the company is richly valued, trading at 23.9x FY27 EPS of Rs18.0. Due to the correction in stock price, we upgrade the stock from 'Sell' to 'Hold' with a TP of Rs432 (earlier Rs404) based on 24x FY27 EPS.

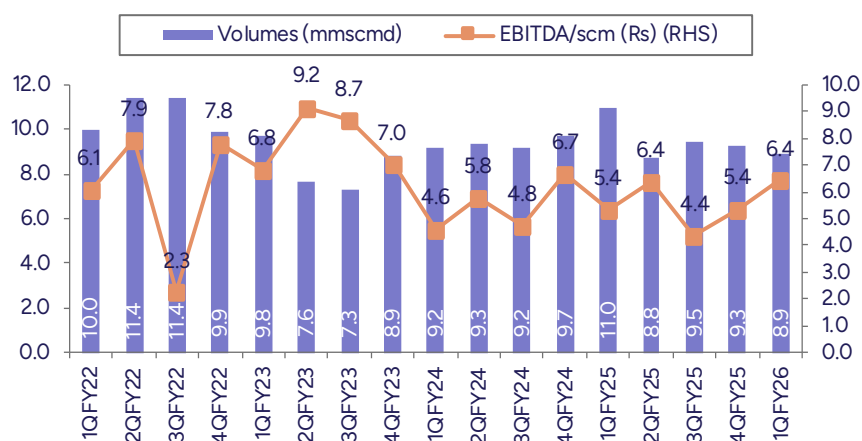
- **Total volume decline YoY/QoQ:** Total sales volume stood at 8.9mmscmd (-19% YoY, -5% QoQ, PLe 9.3mmscmd). CNG segment grew by impressive 12% YoY and 3% QoQ while PNG-domestic segment grew by 11% YoY but declined by 22% QoQ. Industrial/commercial volume shrunk by 34% YoY. While CNG has been growing steadily, concerns remain on industrial/commercial segment due to demand of end user industry as well as cost economics vis-a-vis alternate fuel. We build-in volume of 10.1mmscmd in FY27E compared with 9.6mmscmd in FY25.
- **Margin expands:** Gross realization declined from Rs49/scm to Rs48/scm QoQ. However, due to sharper decline in gas cost, gross margin expanded from Rs10.1/scm to Rs10.8/scm QoQ. EBITDA/scm also expanded from Rs5.4 in Q4FY25 to Rs6.4 in the quarter.
- **Concall Highlights:** 1) gas prices at Morbi are ~Rs3/scm higher than propane even after the recent cut of ~Rs3/scm, 2) 830 ROs across 44 districts, 567 within Gujarat, 662 through OMCs, 3) Morbi volume at 2.51mmscmd and down to 2.3mmscmd in Jul'25, 4) FY26 CNG vol growth to surpass that in FY25, 5) capex of Rs1.2bn in the quarter, 6) domestic gas 28%, 38% long-term contracts, rest short-term, 7) 370 industrial units at Morbi on gas, 530 have dual feed capacity, which means that 1-1.5mmscmd is exclusively for gas, 8) GUJGA also venturing into sourcing/sale of propane, expects 25% market share in FY26, 9) expects expecting listing of GTL & additional shares of GUJGA by Q3FY26

Exhibit 1: Gujarat Gas' Quarterly and Yearly Financials

(Rs bn)	Q1FY26	Q4FY25	QoQ gr.	Q1FY26E	% Var	Q1FY25	YoY gr.	FY26E	FY25	YoY gr.
Net Sales	38.7	41.0	-5.6%	43.0	-9.9%	44.5	-13.0%	160.4	164.9	-2.7%
YoY Change (%)	-13.0	-0.8		-3.5		17.7		-2.7	5.1	
RM Cost	30.0	32.5	-7.7%	34.2	-12.1%	35.9	-16.3%	128.8	132.2	-2.5%
Employee Expenses	0.5	0.4	13.2%	0.5	4.3%	0.5	1.4%	1.9	1.9	1.4%
Other Expenses	3.0	3.6	-15.9%	2.1	43.9%	2.8	7.8%	9.4	12.0	-22.1%
Total Expenditure	33.5	36.5	-8.3%	36.7	-8.7%	39.1	-14.4%	140.1	146.1	-4.1%
EBITDA	5.2	4.5	15.7%	6.3	-16.9%	5.4	-2.9%	20.3	18.8	7.9%
Margins (%)	13.4	11.0		14.6		12.0		12.6	12.6	
Depreciation	1.3	1.3	2.2%	1.2	9.7%	1.2	6.8%	4.8	5.1	-6.1%
Interest	0.1	0.1	6.6%	0.1	5.5%	0.1	1.7%	0.3	0.3	-0.7%
Other Income	0.6	0.7	-20.2%	0.2	183.8%	0.4	54.0%	0.8	2.1	-61.5%
Extra-Ord expense/ (Income)	4.4	3.9	13.4%	5.2	-15.3%	4.4	-0.8%	16.0	15.5	3.3%
PBT	4.4	3.9	13.4%	5.2	-15.3%	4.4	-0.8%	16.0	15.5	3.3%
Tax	1.1	1.0	12.4%	1.3	-13.4%	1.1	-0.4%	4.0	4.0	0.3%
Rate (%)	25.7	26.0		25.2		25.6		25.2	25.9	
Reported PAT	3.3	2.9	13.8%	3.9	-15.9%	3.3	-0.9%	12.0	11.5	4.4%
Adj. PAT	3.3	2.9	13.8%	3.9	-15.9%	3.3	-0.9%	12.0	11.5	4.4%
Margins (%)	8.4	7.0		9.0		7.4		7.5	6.9	
Total volume (mmscmd)	8.9	9.3	-6.3%	9.3	-4.7%	11.0	-19.2%	9.3	9.6	-3.4%
CNG	3.3	3.2	6.7%	3.3	0.3%	3.0	11.7%	3.5	3.1	13.6%
I/C PNG	4.9	5.2	-13.5%	5.1	-4.7%	7.4	-34.3%	5.1	5.8	-12.0%
D-PNG	0.7	0.9	-6.8%	0.9	-23.5%	0.6	11.3%	0.7	0.8	-5.8%
EBITDA (Rs/scm)	6.4	5.4	47.5%	7.4	-12.7%	5.4	20.1%	6.0	5.4	11.4%

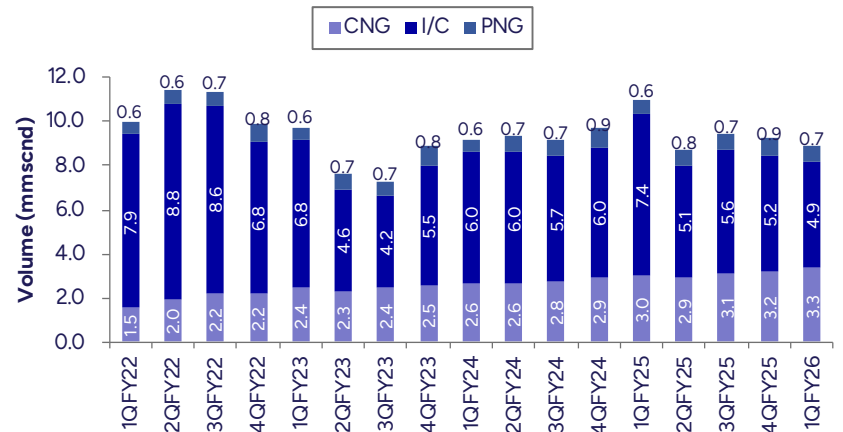
Source: Company, PL

Exhibit 2: Total volume declined to 8.9mmscmd



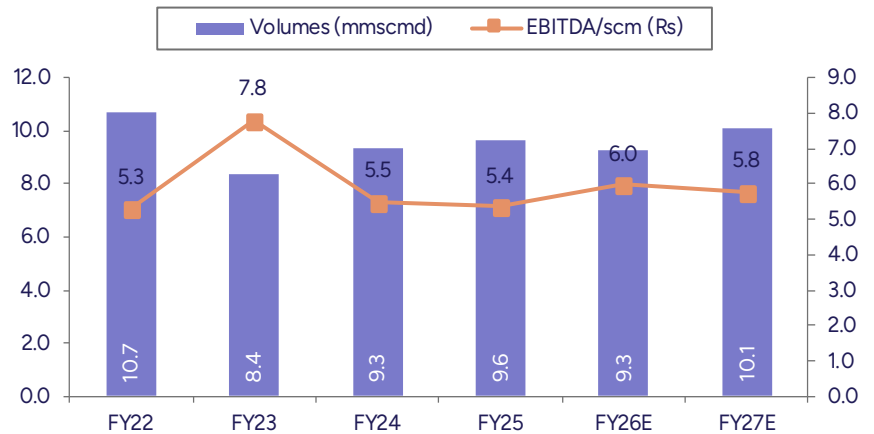
Source: Company, PL

Exhibit 3: Industrial/commercial volume declined 34% YoY



Source: Company, PL

Exhibit 4: EBITDA/scm estimated at ~Rs6 in FY26/27E



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	157	165	160	176
YoY gr. (%)	(6.4)	5.1	(2.7)	9.9
Cost of Goods Sold	126	132	129	144
Gross Profit	31	33	32	32
Margin (%)	19.2	19.0	19.5	18.3
Employee Cost	2	2	2	2
Other Expenses	11	12	9	9
EBITDA	19	19	20	21
YoY gr. (%)	(21.6)	0.2	7.9	4.8
Margin (%)	12.0	11.4	12.6	12.1
Depreciation and Amortization	5	5	5	5
EBIT	14	14	15	16
Margin (%)	8.9	8.3	9.7	9.1
Net Interest	0	0	0	0
Other Income	1	2	1	1
Profit Before Tax	15	15	16	17
Margin (%)	9.8	9.4	10.0	9.4
Total Tax	4	4	4	4
Effective tax rate (%)	25.6	25.9	25.2	25.2
Profit after tax	11	11	12	12
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	11	11	12	12
YoY gr. (%)	(27.8)	4.0	4.4	3.6
Margin (%)	7.0	6.9	7.5	7.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	11	11	12	12
YoY gr. (%)	(25.1)	0.2	4.4	3.6
Margin (%)	7.3	6.9	7.5	7.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	11	11	12	12
Equity Shares O/s (bn)	1	1	1	1
EPS (Rs)	16.0	16.6	17.4	18.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	111	119	128	138
Tangibles	111	119	128	138
Intangibles	-	-	-	-
Acc: Dep / Amortization	35	41	45	51
Tangibles	35	41	45	51
Intangibles	-	-	-	-
Net fixed assets	75	78	83	88
Tangibles	75	78	83	88
Intangibles	-	-	-	-
Capital Work In Progress	9	9	9	9
Goodwill	-	-	-	-
Non-Current Investments	4	5	5	5
Net Deferred tax assets	(9)	(10)	(10)	(10)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1	1	1	1
Trade receivables	10	10	10	11
Cash & Bank Balance	9	4	6	10
Other Current Assets	-	-	-	-
Total Assets	117	126	133	144
Equity				
Equity Share Capital	1	1	1	1
Other Equity	76	83	91	99
Total Network	77	85	92	101
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	7	7	7	8
Other current liabilities	24	25	24	27
Total Equity & Liabilities	117	126	133	144

Source: Company Data, PL Research



Cash Flow (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	15	15	16	17
Add. Depreciation	5	5	5	5
Add. Interest	0	0	0	0
Less Financial Other Income	1	2	1	1
Add. Other	(1)	(1)	(1)	(1)
Op. profit before WC changes	20	20	20	21
Net Changes-WC	0	2	0	0
Direct tax	(3)	(3)	(4)	(4)
Net cash from Op. activities	16	18	16	17
Capital expenditures	(8)	(8)	(10)	(10)
Interest / Dividend Income	0	1	-	-
Others	0	(13)	1	1
Net Cash from Invt. activities	(9)	(19)	(9)	(9)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(5)	(4)	(4)	(4)
Interest paid	0	0	0	0
Others	0	(1)	-	-
Net cash from Fin. activities	(5)	(5)	(4)	(5)
Net change in cash	2	(6)	3	4
Free Cash Flow	8	11	6	7

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	16.0	16.6	17.4	18.0
CEPS	22.9	24.1	24.3	25.5
BVPS	111.7	122.8	134.2	146.1
FCF	11.6	15.3	9.1	10.6
DPS	5.7	5.8	5.9	6.1
Return Ratio(%)				
RoCE	19.1	17.0	17.5	16.7
ROIC	13.1	11.2	12.2	11.9
RoE	15.0	14.2	13.5	12.8
Balance Sheet				
Net Debt : Equity (x)	(0.1)	0.0	(0.1)	(0.1)
Net Working Capital (Days)	(44)	(45)	(45)	(45)
Valuation(x)				
PER	26.9	25.9	24.8	23.9
P/B	3.9	3.5	3.2	2.9
P/CEPS	18.8	17.9	17.7	16.9
EV/EBITDA	15.3	15.6	14.3	13.5
EV/Sales	1.8	1.8	1.8	1.6
Dividend Yield (%)	1.3	1.4	1.4	1.4

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	45	38	42	41
YoY gr. (%)	17.7	(1.7)	5.7	(0.8)
Raw Material Expenses	36	29	34	33
Gross Profit	9	8	7	8
Margin (%)	19.4	22.1	17.5	20.7
EBITDA	5	5	4	4
YoY gr. (%)	38.1	3.5	(5.0)	(24.0)
Margin (%)	12.0	13.6	9.2	11.0
Depreciation / Depletion	1	1	1	1
EBIT	4	4	3	3
Margin (%)	9.3	10.2	6.0	7.8
Net Interest	-	-	-	-
Other Income	-	-	1	1
Profit before Tax	4	4	3	4
Margin (%)	10.0	11.0	7.2	9.5
Total Tax	1	1	1	1
Effective tax rate (%)	25.6	26.1	26.2	26.0
Profit after Tax	3	3	2	3
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	3	3	2	3
YoY gr. (%)	53.3	3.1	0.6	(22.0)
Margin (%)	7.4	8.1	5.3	7.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3	3	2	3
YoY gr. (%)	53.3	3.1	0.6	(29.9)
Margin (%)	7.4	8.1	5.3	7.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3	3	2	3
Avg. Shares O/s (bn)	1	1	1	1
EPS (Rs)	4.8	4.5	3.2	4.2

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Volume (mmscmd)	9.3	9.6	9.3	10.1
EBITDA (Rs/scm)	5.5	5.4	6.0	5.8

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-Jul-25	Sell	404	499
2	21-May-25	Sell	372	464
3	08-Apr-25	Hold	395	393
4	07-Feb-25	Sell	395	461
5	08-Jan-25	Sell	362	508
6	18-Nov-24	Sell	389	486
7	07-Nov-24	Hold	565	541
8	07-Oct-24	Hold	646	596
9	09-Aug-24	Accumulate	666	622

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Hold	420	407
2	Bharat Petroleum Corporation	Reduce	311	332
3	Bharti Airtel	Accumulate	2,148	2,030
4	Clean Science and Technology	Hold	1,425	1,445
5	Deepak Nitrite	Reduce	1,799	1,963
6	Fine Organic Industries	BUY	5,440	5,269
7	GAIL (India)	Hold	180	181
8	Gujarat Fluorochemicals	Hold	3,580	3,486
9	Gujarat Gas	Sell	404	499
10	Gujarat State Petronet	Hold	348	335
11	Hindustan Petroleum Corporation	Sell	360	437
12	Indian Oil Corporation	Reduce	138	148
13	Indraprastha Gas	Reduce	186	205
14	Jubilant Ingrevia	Hold	743	777
15	Laxmi Organic Industries	Reduce	179	196
16	Mahanagar Gas	Accumulate	1,559	1,483
17	Mangalore Refinery & Petrochemicals	Accumulate	152	139
18	Navin Fluorine International	Accumulate	5,559	5,198
19	NOCIL	Reduce	172	200
20	Oil & Natural Gas Corporation	Accumulate	284	241
21	Oil India	BUY	566	436
22	Petronet LNG	Hold	311	302
23	Reliance Industries	Accumulate	1,555	1,476
24	SRF	Hold	3,071	3,150
25	Vinati Organics	Accumulate	1,882	1,944

PL's Recommendation Nomenclature (Absolute Performance)

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

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