

February 07, 2025

RESULT REPORT Q3 FY25 | Sector: Energy

Gujarat State Petronet Ltd

In-line volumes and better tariffs support performance

GSPL's Q3FY25 performance presents a marginal recovery, EBITDA and PAT witnessed YoY de-growth of 49.3%/48.3%; EBITDA was flat QoQ on lower volumes and marginal recovery in tariffs but PAT was down 65.2% QoQ on higher other income in the previous quarter. Volumes at 29.03mmscmd was in-line with our est. of 28.9mmscmd despite lower-than-expected volumes from power sector. However, the tariffs at (Rs 0.87/scm) were higher than our expectations of (Rs 0.84/scm). While managing cost pressures remains crucial, slower volume growth and lower tariffs, we maintain a NEUTRAL rating on GSPL with a target price of Rs 365/share.

Result Highlights

- EBITDA/PAT at Rs 1.9/1.4bn, down 49.3%/48.3% YoY on a sharp decline in tariffs; and EBITDA was flat QoQ on lower volumes and marginal recovery in tariffs, but PAT was down 65.2% QoQ as there was a higher other income in the previous quarter. The EBITDA performance is in-line with our estimates and higher than consensus on in-line volumes and stronger tariffs. The other expenses declined sharply (as gas transmission expenses in Q3FY25 was at Rs 243mn vs Rs 200mn in Q2FY25) to Rs 447mn versus Rs 1375mn in Q3FY24.
- Transmission revenues stood at Rs 2,323mn adjusted for gas transmission expense (Rs 243mn) was down by 46.6% YoY but up 2.4% QoQ.
- The overall volumes for the quarter at 29.03mmscmd, were flat YoY and down 2.2% QoQ (Q2FY25 - 29.68mmscmd and Q2FY24 - 29.02mmscmd), was in-line with our est. of 28.9mmscmd despite lower-than-expected volumes from power sector. The volumes sequentially declined by 0.6mmscmd mainly hit by power sector which was down by 1.8mmscmd. Overall, the YoY was flat, with large decline in power sector, while other sector compensated a growth.
- EBITDA/PAT Rs/mmscmd at 66.3/46.7 was down 49.3%/48.3% YoY but up 2% / down 64.4% QoQ on a sharp decline in tariffs.
- The gas transmission expense of Rs 243mn, which is a pass-through, adjusted for the same which has resulted in a tariff of Rs 0.87/scm (our expected at 0.84), which has declined by 46.6% YoY but up 4.7% QoQ.
- The other income at Rs 0.4bn was up 95.5% YoY but down 86% QoQ on higher dividend income from Gujarat Gas in the previous quarter.

Valuation

GSPL's FY25-27e EBITDA would grow at a CAGR of 7% with a 5% volume growth due to a sharp fall in tariffs. At the CMP, the stock trades at 17.1x/15.6x FY26e/FY27e EV/EBITDA and 1.6x/1.5x P/BV (excl. investments, it trades at 7.9x/6.9x FY25e/FY26e EV/EBITDA and 0.8x P/BV). We maintain a NEUTRAL rating on the stock, with a TP of Rs 365, valuing it on a sum-of-parts basis (core business at Rs185 at 7.5x EV/EBITDA, investment value in GUJGA at Rs159, Sabarmati Gas at Rs 4 and cross-country pipeline at Rs 18 (1x BV)).

Reco	: NEUTRAL
CMP	: Rs 335
Target Price	: Rs 365
Potential Return	: +9%

Stock data (as on Feb 7, 2025)

Nifty	23,560
52 Week h/l (Rs)	470 / 260
Market cap (Rs/USD mn)	189265 / 2163
Outstanding Shares (mn)	564
6m Avg t/o (Rs mn):	969
Div yield (%):	1.5
Bloomberg code:	GUJS IN
NSE code:	GSPL

Stock performance



Shareholding pattern (As of Dec'24 end)

Promoter	37.6%
FII+DII	50.1%
Others	12.3%

Δ in stance

(1-Yr)	New	Old
Rating	NEUTRAL	NEUTRAL
Target Price	365	434

Δ in estimates

(1-Yr)	FY25e	FY26e	FY27e
EPS (New)	14.4	15.6	16.3
EPS (Old)	17.2	19.1	20.1
% Change	(16.4)	(18.6)	(18.8)

Financial Summary

(Rs bn)	FY25E	FY26E	FY27E
Revenue	13.4	14.4	15.0
YoY Growth	(34.2)	7.4	4.4
EBIDTA	9.1	9.9	10.4
OPM %	68.1	69.2	69.5
PAT	8.1	8.8	9.2
YoY Growth	(36.8)	8.3	4.6
ROE	7.7	7.8	7.7
EPS	14.4	15.6	16.3
P/E	23.3	21.5	20.5
BV	193.5	205.1	217.4
EV/EBITDA	19.4	17.1	15.6

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Exhibit 1: Actual vs estimate

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	2,604	2,814	2,445	-7.46	6.51	In-line volumes and better tariffs support performance
EBITDA	1,925	1,910	1,790	0.77	7.57	
EBITDA Margin (%)	73.92	67.88	73.19	604bps	73bps	
Adjusted PAT	1,356	1,212	1,259	11.91	7.67	

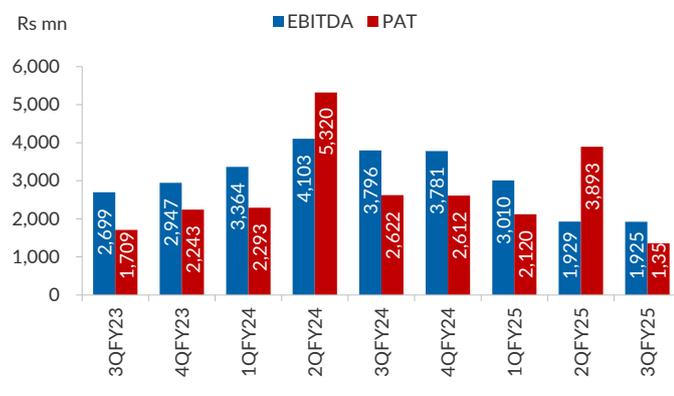
Exhibit 2: Earnings snapshot

Particulars (Rs mn)	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	y/y (%)	q/q (%)	9MFY24	9MFY25	y/y (%)
Revenue	5,542	5,068	3,543	2,580	2,604	(53.0)	1.0	15,247	8,727	(42.8)
Expenditure	1,746	1,287	533	650	679	(61.1)	4.5	3,984	1,863	(53.3)
-Raw Material	165	(1)	-	-	-	(100.0)		165	-	(100.0)
-Staff Cost	206	267	177	188	232	12.7	23.6	536	597	11.4
- Other Expenses	1,375	1,022	356	462	447	(67.5)	(3.3)	3,283	1,266	(61.4)
Operating Profit	3,796	3,781	3,010	1,929	1,925	(49.3)	(0.2)	11,263	6,865	(39.1)
OPM(%)	68.5	74.6	84.9	74.8	73.9	543 bps	-88 bps	73.9	78.7	479 bps
Other Income	211	296	328	2,939	412	95.5	(86.0)	3,054	3,679	20.4
Depreciation	488	486	490	511	512	4.9	0.3	1,434	1,513	5.5
Interest	12	19	13	11	9	(25.0)	(21.0)	32	33	2.2
Excpnl Loss/(Profit)	-	-	-	-	-	n.a.	n.a.	-	-	n.a.
PBT	3,506	3,572	2,835	4,346	1,816	(48.2)	(58.2)	12,851	8,997	(30.0)
Tax	884	960	715	453	460	(47.9)	1.6	2,616	1,629	(37.7)
PAT	2,622	2,612	2,120	3,893	1,356	(48.3)	(65.2)	10,235	7,369	(28.0)
Adj PAT	2,622	2,612	2,120	3,893	1,356	(48.3)	(65.2)	10,235	7,369	(28.0)

Exhibit 3: Operating highlights

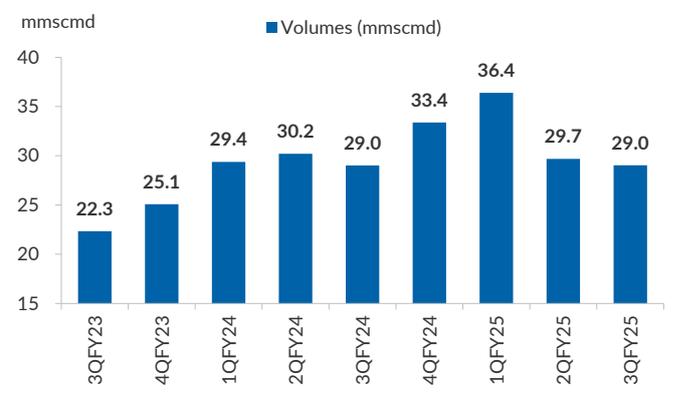
Particulars	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	y/y (%)	q/q (%)	9MFY24	9MFY25	y/y (%)
Industry wise consumption - mmscmd										
Power	2.5	2.9	6.4	3.2	1.3	(45.7)	(58.0)	3.5	3.6	2.8
Refinery	6.4	8.7	7.5	6.5	6.8	5.3	4.3	6.2	6.9	12.6
CGD	10.9	11.4	12.6	10.4	11.2	3.2	7.8	10.7	11.4	6.5
Fertilizers	4.7	4.6	4.5	4.2	4.2	(10.0)	0.0	4.2	4.3	1.3
Others	4.6	5.6	5.4	5.4	5.5	19.6	2.0	4.9	5.4	11.0
Total	29.0	33.4	36.4	29.7	29.0	0.0	(2.2)	29.5	31.7	7.3
Tariff (Rs/scm)										
Tariff (Rs/scm)	1.6	1.5	1.0	0.8	0.9	(46.6)	4.7	1.6	0.9	(41.9)
Pipeline utilization %										
Pipeline utilization %	69.1	79.5	86.6	70.7	69.1	0.0	(2.2)	70.3	75.5	7.3
Rs/mmscmd										
Revenue	183.8	150.2	94.5	83.2	88.4	(51.9)	6.2	516.3	275.3	(46.7)
EBITDA	130.8	113.3	82.7	65.0	66.3	(49.3)	2.0	381.4	216.5	(43.2)
PBT	120.8	107.0	77.9	146.4	62.6	(48.2)	(57.3)	34.8	(15.9)	(145.7)
PAT	90.3	78.3	58.3	131.2	46.7	(48.3)	(64.4)	346.6	232.5	(32.9)

Exhibit 4: EBITDA and PAT



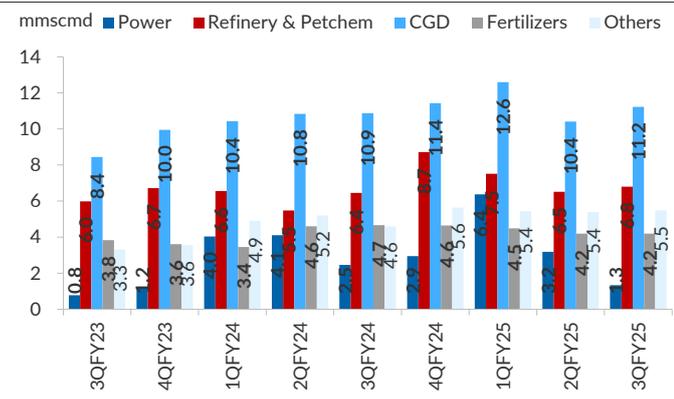
Source: Company, YES Sec

Exhibit 5: Gas transmission volumes



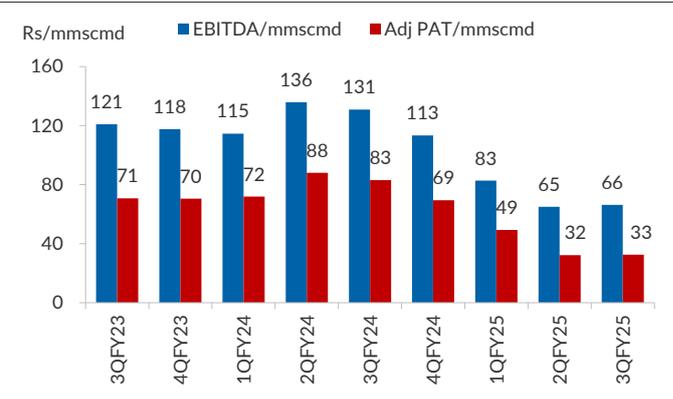
Source: Company, YES Sec

Exhibit 6: Sector-wise gas transmission demand



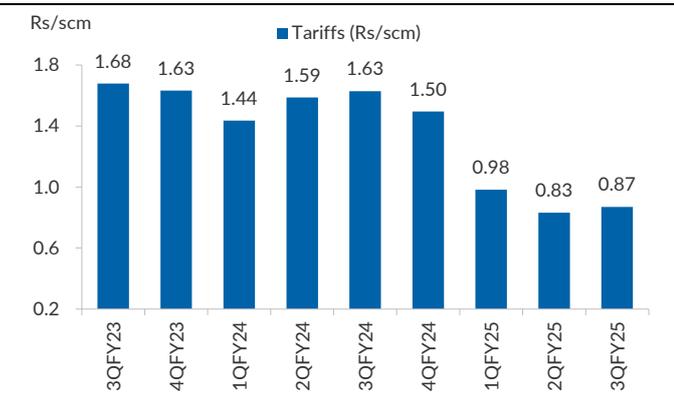
Source: Company, YES Sec

Exhibit 7: Performance (Rs m/mmscmd)



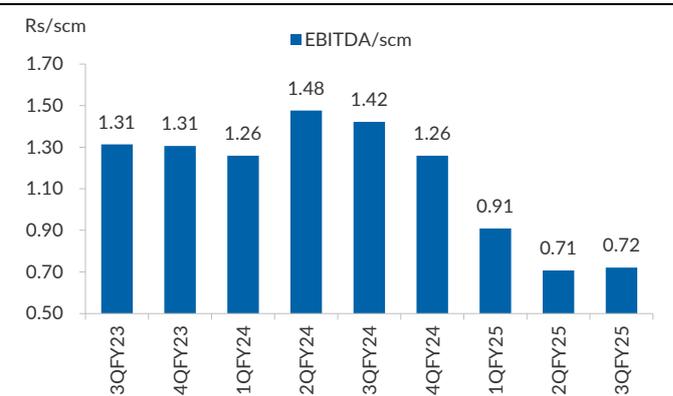
Source: Company, YES Sec

Exhibit 8: Transmission tariffs



Source: Company, YES Sec

Exhibit 9: EBITDA/scm



Source: Company, YES Sec

VIEW & VALUATION

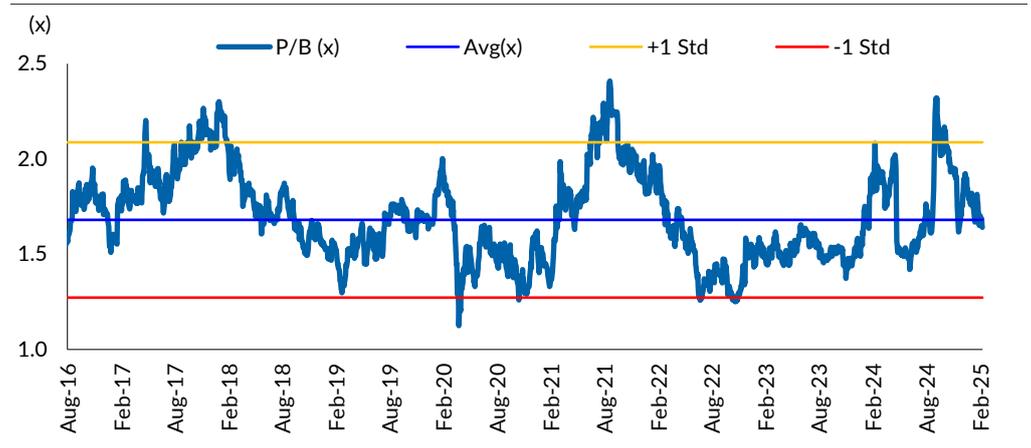
NEUTRAL with a Target Price of Rs 365/sh

GSPL's FY25-27e EBITDA would grow at a CAGR of 7% with a 5% volume growth due to a sharp fall in tariffs. At the CMP, the stock trades at 17.1x/15.6x FY26e/FY27e EV/EBITDA and 1.6x/1.5x P/BV (excl. investments, it trades at 7.9x/6.9x FY25e/FY26e EV/EBITDA and 0.8x P/BV). We maintain a NEUTRAL rating on the stock, with a TP of Rs 365, valuing it on a sum-of-parts basis (core business at Rs185 at 7.5x EV/EBITDA, investment value in GUJGA at Rs159, Sabarmati Gas at Rs 4 and cross-country pipeline at Rs 18 (1x BV)).

Exhibit 10: Valuation table

Valuation	FY27E
Core value (Standalone)	
EBITDA	10,415
Multiple	7.5
EV	78,109
Debt	0
Cash	26,297
Equity value	104,406
Core value (Rs/share)	185
Gujarat Gas	
Target Price	400
Target Market cap.	275,508
GSPL Stake @54.17%	149,243
Value to GSPL (at 60% Holdco discount)	89,546
Per share value to GSPL	159
Sabarmati Gas	
	4
Cross Country Pipeline	
Book Value	10,154
P/B	1.0
Value	10,154
Fair Value (Rs/share)	18
Total Fair Value	365

Exhibit 11: P/BV (x) band, one-year-forward



FINANCIALS

Exhibit 12: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	17,618	20,315	13,362	14,353	14,988
Total Expense	5,031	5,275	4,263	4,424	4,573
Operating Profit	12,587	15,041	9,099	9,929	10,415
Other Income	1,684	3,351	3,700	3,832	3,969
Depreciation	1,939	1,920	1,948	2,014	2,092
EBIT	12,332	16,471	10,851	11,747	12,292
Interest	47	49	-	-	-
Extraordinary Item	-	-	-	-	-
PBT	12,286	16,422	10,851	11,747	12,292
Tax	2,836	3,576	2,731	2,957	3,094
PAT	9,450	12,846	8,120	8,790	9,198
Adj. PAT	9,450	12,846	8,120	8,790	9,198
Eps	16.8	22.8	14.4	15.6	16.3

Exhibit 13: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	5,642	5,642	5,642	5,642	5,642
Reserves	87,090	97,059	103,486	110,021	116,963
Net worth	92,732	102,701	109,129	115,663	122,605
Debt	-	-	-	-	-
Deferred tax liab (net)	4,238	4,159	4,159	4,159	4,159
Capital Employed	96,970	106,860	113,288	119,822	126,764
Fixed assets	35,809	37,971	37,440	37,242	37,165
Investments	51,700	53,297	53,297	53,297	53,297
Net working capital	9,461	15,592	22,550	29,283	36,302
Inventories	2,121	2,108	1,387	1,490	1,555
Sundry debtors	1,440	1,412	929	998	1,042
Cash & Bank Balance	6,917	4,734	12,813	19,382	26,297
Other current assets	2,896	11,285	11,281	11,281	11,282
Sundry creditors	510	375	286	294	301
Other liabilities	3,403	3,573	3,573	3,573	3,573
Application of Funds	96,970	106,860	113,288	119,822	126,764

Exhibit 14: Cash flow statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	12,286	16,422	10,851	11,747	12,292
Depreciation & amortization	1,939	1,920	1,948	2,014	2,092
Interest expense	46	49	-	-	-
(Inc)/Dec in working capital	(1,542)	(3,204)	-	-	-
Tax paid	(274)	109	1,120	(164)	(103)
Less: Interest/Dividend Income Received	(2,741)	(3,534)	(2,731)	(2,957)	(3,094)
Other operating Cash Flow	(50)	(37)	-	-	-
Cash flow from operating activities	9,664	11,724	11,188	10,640	11,187
Capital expenditure	(19,182)	(4,164)	(1,417)	(1,816)	(2,015)
Inc/(Dec) in investments	1,137	3,249	-	-	-
Add: Interest/Dividend Income Received	11,026	(9,241)	-	-	-
Cash flow from investing activities	(7,019)	(10,156)	(1,417)	(1,816)	(2,015)
Inc/(Dec) in share capital	-	-	-	-	-
Inc/(Dec) in debt	(891)	(17)	-	-	-
Interest Paid	(6)	(5)	-	-	-
Dividend Paid	(1,128)	(2,821)	(1,692)	(2,256)	(2,256)
Others	-	-	-	-	-
Cash flow from financing activities	(2,026)	(2,843)	(1,692)	(2,256)	(2,256)
Net cash flow	619	(1,274)	8,079	6,568	6,916

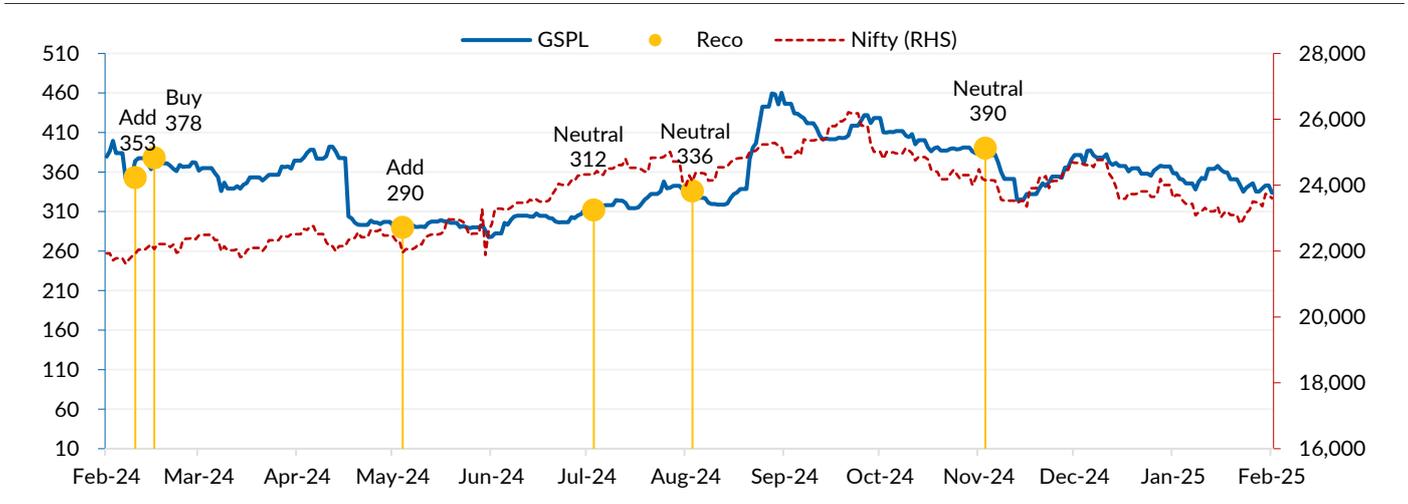
Exhibit 15: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Tax burden (x)	0.8	0.8	0.7	0.7	0.7
Interest burden (x)	1.0	1.0	1.0	1.0	1.0
EBIT margin (x)	0.7	0.8	0.8	0.8	0.8
Asset turnover (x)	0.2	0.2	0.1	0.1	0.1
Financial leverage (x)	1.1	1.1	1.1	1.1	1.1
RoE (%)	10.7	13.1	7.7	7.8	7.7

Exhibit 16: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
Growth matrix (%)					
Revenue growth	(12.8)	15.3	(34.2)	7.4	4.4
Op profit growth	(9.9)	19.5	(39.5)	9.1	4.9
EBIT growth	(5.6)	33.6	(34.1)	8.3	4.6
Net profit growth	(3.5)	35.9	(36.8)	8.3	4.6
Profitability ratios (%)					
OPM	71.4	74.0	68.1	69.2	69.5
EBIT margin	70.0	81.1	81.2	81.8	82.0
Net profit margin	53.6	63.2	60.8	61.2	61.4
RoCE	13.2	16.2	9.9	10.1	10.0
RoE	10.7	13.1	7.7	7.8	7.7
RoA	9.7	12.1	7.1	7.3	7.2
Per share ratios					
EPS	16.8	22.8	14.4	15.6	16.3
Dividend per share	5.0	5.0	3.0	4.0	4.0
Cash EPS	20.2	26.2	17.9	19.2	20.0
Book value per share	164.4	182.1	193.5	205.1	217.4
Valuation ratios					
P/E	20.0	14.7	23.3	21.5	20.5
P/CEPS	16.6	12.8	18.8	17.5	16.7
P/B	2.0	1.8	1.7	1.6	1.5
EV/EBIDTA	14.5	12.2	19.4	17.1	15.6
Payout (%)					
Dividend payout	29.8	22.0	20.8	25.7	24.5
Tax payout	23.1	21.8	25.2	25.2	25.2
Liquidity ratios					
Debtor days	29.8	25.4	25.4	25.4	25.4
Inventory days	145.5	146.3	149.6	118.6	121.5
Creditor days	42.2	30.6	28.3	23.9	23.8

Recommendation Tracker



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