

Rating: ACCUMULATE | CMP: Rs399 | TP: Rs422

January 21, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
ACCUMULATE			HOLD	
Target Price	422		420	
Sales (Rs bn)	158	171	153	167
% Chng.	3.3	2.5		
EBITDA (Rs bn)	19	21	19	22
% Chng.	3.8	(2.4)		
EPS (Rs.)	17.1	18.8	15.3	18.2
% Chng.	11.8	2.9		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	165	149	158	171
EBITDA (Rs. bn)	19	19	19	21
Margin (%)	11.4	12.5	12.4	12.4
PAT (Rs. bn)	11	11	12	13
EPS (Rs.)	16.6	16.6	17.1	18.8
Gr. (%)	4.0	(0.2)	2.9	9.8
DPS (Rs.)	5.8	5.7	5.8	6.4
Yield (%)	1.5	1.4	1.5	1.6
RoE (%)	14.2	12.9	12.3	12.4
RoCE (%)	17.0	14.8	13.9	14.1
EV/Sales (x)	1.6	1.8	1.7	1.5
EV/EBITDA (x)	14.4	14.3	13.4	11.9
PE (x)	24.0	24.0	23.4	21.3
P/BV (x)	3.3	3.0	2.8	2.5

Key Data

GGAS.BO GUJGA IN	
52-W High / Low	Rs.509 / Rs.360
Sensex / Nifty	81,910 / 25,158
Market Cap	Rs.275bn / \$ 2,997m
Shares Outstanding	688m
3M Avg. Daily Value	Rs.175.44m

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	1.1	(14.5)	(20.0)
Relative	4.8	(14.2)	(25.9)

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In-line EBITDA/scm; Morbi vol grows post Q3

Quick Pointers:

- Morbi vol has risen from 1.7mmscmd in Q3 to 2.1-2.2mmscmd currently
- Propane-gas differential at Rs2.4/scm

We upgrade our rating to 'Accumulate' from 'HOLD' factoring in the recent stock price correction. GUJGA's total volume in Q3FY26 was broadly in line with our estimates at 8.4mmscmd (-3.2% QoQ and -11.5% YoY, PLe: 8.5mmscmd), due to lower Morbi volumes. Lower gas costs and other expenses led to EBITDA/scm of Rs5.8/scm (PLe: Rs5.6/scm) vs. Rs5.6/scm in Q2FY26 and Rs4.4/scm in Q3FY25. EBITDA stood at Rs4.5bn, flat QoQ and up 17.6% YoY (PLe: Rs4.4bn; BBGe: Rs4.4bn), while adjusted PAT came in at Rs2.7bn, down 5.5% QoQ but up 19.8% YoY (PLe: Rs2.5bn; BBGe: Rs2.8bn). To counter competition from propane, the management has cut PNG price for Morbi ceramic industry by Rs4.5/scm with effect from 1st Jan'26. Price differential with propane currently stands at Rs2.4/scm. Morbi volumes have improved to 2.1-2.2mmscmd currently and are expected to reach 2.3-2.7mmscmd by the end of Jan'26 and 3.0-3.5mmscmd by Feb-Mar'26. For 9MFY26, EBITDA remained flat YoY at Rs14.1bn, while adjusted PAT grew 1.8% YoY to Rs8.7bn. Volumes declined 11.2% YoY to 8.6mmscmd, though EBITDA/scm improved to Rs6.0/scm vs. Rs5.3/scm YoY in 9MFY25. We build in volume of 9.1/9.6mmscmd in FY27/FY28E, driven by an expected recovery across all segments. The management has raised its FY26 EBITDA/scm guidance range to Rs5.5-6.5 (Rs5.5/scm earlier, including other income). We factor in EBITDA/scm of Rs5.9/6.0/scm in FY27/28E. Upgrade to 'Accumulate', with TP of Rs422 (earlier Rs420), based on 23x (earlier 24x) Dec'27E EPS.

- **Total volume declines YoY/QoQ:** Total sales volume declined to 8.4mmscmd (-3.2% QoQ, -11.5% YoY), driven by continued weakness in Morbi volumes amid persistent competition from propane. Morbi volumes fell to 1.7mmscmd in Q3FY26 from 2.1mmscmd QoQ. PNG-industrial/commercial volumes declined by 9.1% QoQ and 26.9% YoY. This was partly offset by robust growth in CNG volumes of 3.9% QoQ and 10.6% YoY. PNG-household volumes remained flat QoQ/YoY at 0.8mmscmd.
- **Margin improves:** EBITDA/scm improved to Rs5.8/scm, vs. Rs5.6/scm in Q2FY26 and Rs4.4/scm in Q3FY25 due to lower gas input costs and other expenses. Gas costs declined by 5.5% YoY to Rs37.2/scm, but remained flat QoQ. As a result, gross margin/scm improved to Rs10.3/scm, up 2.8% QoQ and 23.6% YoY. Gross realization remained flat at Rs47.5/scm QoQ/YoY.
- **Concall highlights:** 1) **PNG Industrial** - Morbi volumes fell to 1.7mmscmd (from 2.1mmscmd QoQ/3.4mmscmd YoY), while non-Morbi volumes improved to 2.3mmscmd, up 7% YoY, despite Diwali festival during which majority of the non-Morbi market sees lower consumption. 2) **Price cut in Morbi** - Lower spot RLNG and crude prices enabled the company to cut price for the ceramic industry by Rs4.5/scm effective 1st Jan 2026. Current price differential with propane stands at Rs2.4/scm; with propane prices expected to rise in Feb'25,

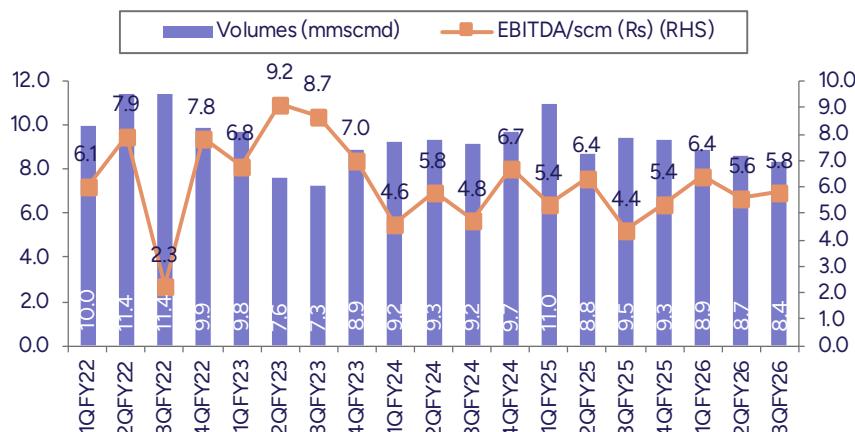
GUJGA expects Morbi volumes to recover to 2.3–2.6mmscmd at least by end-Jan'26 and 3.0–3.5mmscmd by Feb-Mar'26 and Mar'26. **3) CNG** – CNG volumes grew 9% in Gujarat and 22% outside the state YoY, supported by a 14% YoY increase in the CNG consumer base to 16.9 lakh as of Dec'25; volume growth was driven by upgrades at existing stations. The management remains confident on sustained CNG volume growth, supported by CNG's cleaner-fuel advantage and the rising penetration of CNG vehicles. GUJGA plans to expand over **1,000 CNG stations over the next 2–3 years** through a mix of owned and FDODO outlets. **4) Capex** stood at Rs4.1bn in 9MFY26, incurred toward gas infrastructure, with **FY26 capex guided at Rs6.5–7.0bn**; spending in FY27–28 is expected to remain on similar lines. **5) EBITDA/scm** is expected to reach Rs5.5–6.5/scm in FY26 and remain unchanged in FY27–28; more clarity is expected in Q4FY26 concall. **6) Volume guidance** – FY27/28 is expected to see double-digit growth in CNG and PNG-D. Only problem is the industrial segment – more clarity should come by Mar'25. **7) Gas sourcing** – APM: 24%, NWG: 4%, term: 39%, short-term (IGX + spot): 33%, allocation of NWG at 0.3mmscmd vs. 0.4mmscmd QoQ. **8) Zonal gas transmission tariff** – As per the management, at current operating level of 8.4mmscmd, the company remains revenue neutral and expects this to continue up to an additional 0.3–0.4mmscmd volume increase. However, a 1mmscmd increase in PNG industrial volumes would lower realizations by ~Rs1/scm. **9) Shortfall** – 100% allocation in PNG-D, 64% shortfall in CNG, 51% overall, APM shortfall at 45–55%. **10) Amalgamation** – Filing with the Ministry of Corporate Affairs is complete. Queries have been addressed. Final hearing is expected in mid-Feb'26, and the scheme is likely to be completed by end-Apr, including relisting.

Exhibit 1: Quarterly and yearly financials

(Rs bn)	Q3FY26	Q2FY26	QoQ gr.	Q3FY26E	% Var	Q3FY25	YoY gr.	9MFY26	9MFY25	YoY gr.
Net Sales	36.6	37.8	-3.2%	35.2	3.9%	41.5	-11.9%	113.1	123.8	-8.7%
YoY Change (%)	-11.9	0.0		-15.2		5.7		-9.7	5.1	
RM Cost	28.6	29.8	-4.0%	27.4	4.7%	34.3	-16.4%	88.5	99.6	-11.2%
Employee Expenses	0.5	0.5	3.9%	0.5	3.9%	0.5	7.2%	1.5	1.5	1.4%
Other Expenses	3.0	3.0	-2.0%	3.0	0.1%	3.0	-0.8%	9.0	8.5	6.1%
Total Expenditure	32.1	33.3	-3.7%	30.8	4.2%	37.7	-14.9%	99.0	109.5	-9.7%
EBITDA	4.5	4.5	0.0%	4.4	1.8%	3.8	17.6%	14.1	14.3	-1.1%
Margins (%)	12.2	11.8		12.5		9.2		12.5	12.5	
Depreciation	1.4	1.3	0.7%	1.4	-2.7%	1.3	4.5%	4.0	3.8	4.9%
Interest	0.1	0.1	7.1%	0.1	5.0%	0.1	-6.2%	0.2	0.3	-1.0%
Other Income	0.5	0.7	-25.3%	0.5	NA	0.6	-6.7%	1.9	1.4	37.9%
Extra-Ord expense/ (Income)	0.0	0.0		0.0		0.0		0.0	0.0	
PBT	3.6	3.8	-5.3%	3.4	5.9%	3.0	19.2%	11.8	11.6	1.5%
Tax	0.9	1.0	-4.7%	0.9	8.6%	0.8	17.5%	3.0	3.0	0.7%
Rate (%)	25.8	25.6		25.2		26.2		25.7	25.9	
Reported PAT	2.7	2.8	-5.5%	2.5	5.0%	2.2	19.8%	8.7	8.6	1.8%
Adj. PAT	2.7	2.8	-5.5%	2.5	5.0%	2.2	19.8%	8.7	8.6	1.8%
Margins (%)	7.3	7.4		7.2		5.3		7.7	6.9	
Total volume (mmscmd)	8.4	8.7	-3.2%	8.5	-1.1%	9.5	-11.5%	8.6	9.7	-11.2%
CNG	3.5	3.3	3.9%	3.4	0.9%	3.1	10.6%	3.4	3.0	11.8%
I/C PNG	4.1	4.5	-9.1%	4.2	-2.6%	5.6	-26.9%	4.5	6.0	-25.4%
D-PNG	0.8	0.8	0.0%	0.8	-1.5%	0.7	12.2%	0.8	0.7	10.9%
EBITDA (Rs/scm)	5.8	5.6	3.4%	5.6	2.9%	4.4	32.9%	6.0	5.3	11.4%

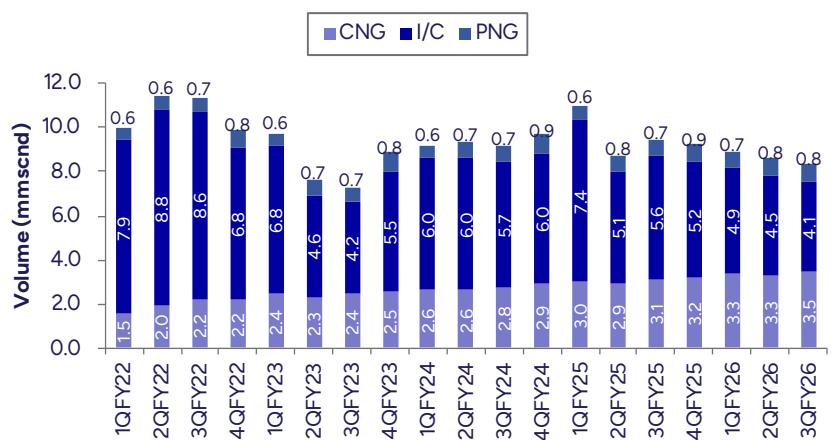
Source: Company, PL

Exhibit 2: Total volume declines QoQ/YoY to 8.4mmscmd



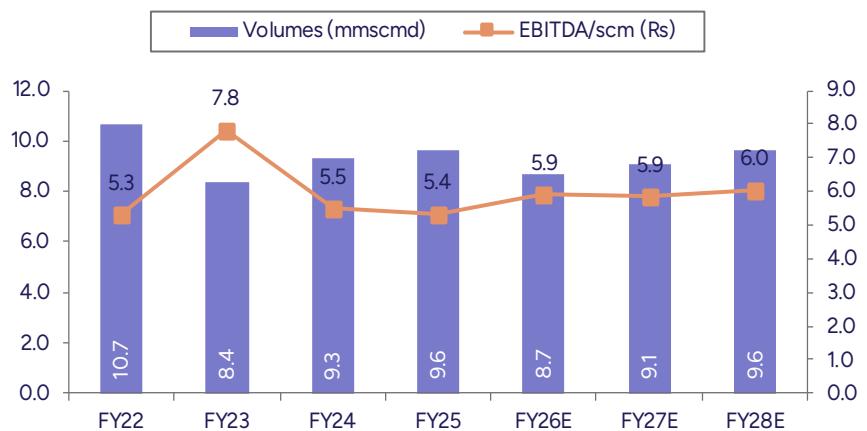
Source: Company, PL

Exhibit 3: Industrial/commercial volume declines further



Source: Company, PL

Exhibit 4: EBITDA/scm estimated at ~Rs5.9/6.0 in FY27/28E



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	165	149	158	171
YoY gr. (%)	5.1	(9.4)	5.5	8.6
Cost of Goods Sold	132	117	123	134
Gross Profit	33	33	34	37
Margin (%)	19.0	20.9	21.7	21.5
Employee Cost	2	2	2	2
Other Expenses	12	12	13	13
EBITDA	19	19	19	21
YoY gr. (%)	0.2	(0.9)	4.6	8.9
Margin (%)	11.4	12.5	12.4	12.4
Depreciation and Amortization	5	6	6	7
EBIT	14	13	13	15
Margin (%)	8.3	8.8	8.5	8.6
Net Interest	0	0	0	0
Other Income	2	3	3	3
Profit Before Tax	15	15	16	17
Margin (%)	9.4	10.3	10.0	10.1
Total Tax	4	4	4	4
Effective tax rate (%)	25.9	25.6	25.2	25.2
Profit after tax	11	11	12	13
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	11	11	12	13
YoY gr. (%)	4.0	(0.2)	2.9	9.8
Margin (%)	6.9	7.7	7.5	7.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	11	11	12	13
YoY gr. (%)	0.2	(0.2)	2.9	9.8
Margin (%)	6.9	7.7	7.5	7.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	11	11	12	13
Equity Shares O/s (bn)	1	1	1	1
EPS (Rs)	16.6	16.6	17.1	18.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	119	127	135	143
Tangibles	119	127	135	143
Intangibles	-	-	-	-
Acc: Dep / Amortization	41	46	52	59
Tangibles	41	46	52	59
Intangibles	-	-	-	-
Net fixed assets	78	81	83	84
Tangibles	78	81	83	84
Intangibles	-	-	-	-
Capital Work In Progress	9	8	8	8
Goodwill	-	-	-	-
Non-Current Investments	5	5	5	5
Net Deferred tax assets	(10)	(10)	(10)	(10)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1	1	1	1
Trade receivables	10	9	10	11
Cash & Bank Balance	4	9	15	22
Other Current Assets	-	-	-	-
Total Assets	126	131	140	151
Equity				
Equity Share Capital	1	1	1	1
Other Equity	83	91	98	107
Total Networth	85	92	100	108
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	7	6	7	7
Other current liabilities	25	23	24	26
Total Equity & Liabilities	126	131	140	151

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	15	15	16	17
Add. Depreciation	5	6	6	7
Add. Interest	0	0	0	0
Less Financial Other Income	2	3	3	3
Add. Other	(1)	(3)	(3)	(3)
Op. profit before WC changes	20	19	19	21
Net Changes-WC	2	0	0	0
Direct tax	(3)	(4)	(4)	(4)
Net cash from Op. activities	18	15	16	17
Capital expenditures	(8)	(8)	(8)	(8)
Interest / Dividend Income	1	-	-	-
Others	(13)	3	3	3
Net Cash from Inv. activities	(19)	(5)	(5)	(5)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(4)	(4)	(4)	(4)
Interest paid	0	0	0	0
Others	(1)	-	-	-
Net cash from Fin. activities	(5)	(4)	(4)	(5)
Net change in cash	(6)	5	6	7
Free Cash Flow	11	7	8	9

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	16.6	16.6	17.1	18.8
CEPS	24.1	24.6	26.0	28.3
BVPS	122.8	133.7	145.0	157.4
FCF	15.3	9.7	11.1	13.0
DPS	5.8	5.7	5.8	6.4
Return Ratio(%)				
RoCE	17.0	14.8	13.9	14.1
ROIC	11.2	10.7	10.6	11.3
RoE	14.2	12.9	12.3	12.4
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	(45)	(45)	(45)	(45)
Valuation(x)				
PER	24.0	24.0	23.4	21.3
P/B	3.3	3.0	2.8	2.5
P/CEPS	16.6	16.2	15.3	14.1
EV/EBITDA	14.4	14.3	13.4	11.9
EV/Sales	1.6	1.8	1.7	1.5
Dividend Yield (%)	1.5	1.4	1.5	1.6

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	41	39	38	37
YoY gr. (%)	(0.8)	(13.0)	-	(11.9)
Raw Material Expenses	33	30	30	29
Gross Profit	8	9	8	8
Margin (%)	20.7	22.4	21.1	21.7
EBITDA	4	5	4	4
YoY gr. (%)	(24.0)	(2.9)	(13.0)	17.6
Margin (%)	11.0	13.4	11.8	12.2
Depreciation / Depletion	1	1	1	1
EBIT	3	4	3	3
Margin (%)	7.8	10.0	8.3	8.5
Net Interest	-	-	-	-
Other Income	1	1	1	1
Profit before Tax	4	4	4	4
Margin (%)	9.5	11.4	10.0	9.8
Total Tax	1	1	1	1
Effective tax rate (%)	26.0	25.7	25.6	25.8
Profit after Tax	3	3	3	3
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	3	3	3	3
YoY gr. (%)	(22.0)	(0.9)	(8.4)	19.8
Margin (%)	7.0	8.4	7.4	7.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3	3	3	3
YoY gr. (%)	(29.9)	(0.9)	(8.4)	19.8
Margin (%)	7.0	8.4	7.4	7.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3	3	3	3
Avg. Shares O/s (bn)	1	1	1	1
EPS (Rs)	4.2	4.7	4.1	3.9

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Volume (mmscmd)	9.6	8.7	9.1	9.6
EBITDA (Rs/scm)	5.4	5.9	5.9	6.0

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	Hold	420	438
2	12-Nov-25	Hold	415	408
3	03-Oct-25	Hold	442	436
4	06-Aug-25	Hold	432	431
5	03-Jul-25	Sell	404	499
6	21-May-25	Sell	372	464
7	08-Apr-25	Hold	395	393
8	07-Feb-25	Sell	395	461

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Accumulate	401	375
2	Bharat Petroleum Corporation	Hold	374	371
3	Bharti Airtel	Accumulate	2,259	2,113
4	Clean Science and Technology	Hold	892	865
5	Deepak Nitrite	Hold	1,729	1,626
6	Fine Organic Industries	BUY	5,103	4,274
7	GAIL (India)	BUY	202	169
8	Gujarat Fluorochemicals	Hold	3,639	3,485
9	Gujarat Gas	Hold	420	438
10	Gujarat State Petronet	Hold	322	319
11	Hindustan Petroleum Corporation	Hold	501	482
12	Indian Oil Corporation	Accumulate	175	164
13	Indraprastha Gas	Hold	196	190
14	Jubilant Ingrevia	Hold	755	744
15	Laxmi Organic Industries	Reduce	153	162
16	Mahanagar Gas	BUY	1,356	1,074
17	Mangalore Refinery & Petrochemicals	Accumulate	162	151
18	Navin Fluorine International	Accumulate	6,722	5,751
19	NOCIL	Hold	152	148
20	Oil & Natural Gas Corporation	BUY	307	242
21	Oil India	BUY	538	426
22	Petronet LNG	Hold	281	295
23	Reliance Industries	BUY	1,683	1,458
24	SRF	Hold	2,894	2,883
25	Vinati Organics	BUY	1,887	1,615

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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