

GUJARAT GAS COMPANY LTD (GGCL) – ADD

Q3FY26 Result Update

Current Market Price (CMP) <b>Rs.400</b>	Fair Value (FV) <b>Rs.443</b>
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Rationale:

- Management has highlighted that the high-margin CNG volume grew by 11% yoy.
- Achieved highest CNG volume of 34.5 lakh mscmd on the back of 833 CNG Stations.
- GGCL has signed ~78 FDODO agreements with various dealers.
- Added 38,600+ new domestic customers & provided natural gas to more than 23.83 lakh households.
- We recommend ADD rating on the stock with a price target of Rs.443/- & value the stock at 18x on PE multiple based on EPS of Rs.24.6 for FY28E.

Positives:

- High-margin CNG segment gas sales volume (41.2% of the total volume) was up 4% qoq at 0.35 cr mscmd (+11% yoy).
- PNG-D segment gas sales volume (9.9% of the total volume) grew by 1% qoq to 0.08 cr mscmd (+12% yoy).

Negatives:

- Gross revenue at Rs.3,865 cr, down 3% qoq, lower than our expectation.
- Overall volume de-grew by 3% qoq to 0.84 cr mscmd lower than our estimate.
- The Industrial segment gas sales volume (~46.9% of the total volume) de-grew significantly by 10% qoq to 0.39 cr mscmd (-28% yoy).

MSCMD: Metric standard cubic meter per day. CNG: Compressed natural gas. SCM: Standard Cubic Meter. FDODO: Full Dealer Owned Dealer Operated. EPS: Earnings Per Share. PNG: Piped Natural Gas. PE: Price to Earning.



The content of this document has been derived from Kotak’s PCG research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com).Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 Months.

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	<b>Not Rated.</b> Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	<b>Not Available or Not Applicable.</b> The information is not available for display or is not applicable
NM	–	<b>Not Meaningful.</b> The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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