

Pick of *the week*

GSPL (GUJS)

Recommendation: **BUY**

Target Price: **₹465**

Current Price: **₹375**

Time Period: **12 Months**

Date: **8th April 2024**



- 🔧 We raise FY25-26E EBITDA (Earnings Before Interest, Tax, depreciation and Amortization) by 3-6% as GSPL realizes higher tariff on volumes swapped with Mehsana-Bhatinda pipeline.
- 🔧 We revise our fair value to Rs465 on higher GUJGA valuation (post recent run-up, Rs61/share increase), lower WACC (Weighted average cost of capital) of 12% (versus 12.5% earlier) and roll-forward for GSPL's standalone business.
- 🔧 We expect the company to report an EPS (Earning per share) of Rs.18.2 in FY25E and Rs.19.4 in FY26E.
- 🔧 We continue to value GUJS standalone on DCF (Discounted Cash Flow) and ascribe 35% holdco discount to ~54% Gujarat Gas stake.
- 🔧 We believe the holdco discount could narrow with rising shareholder returns from higher dividends and potential buyback post Gujarat government's policy for boosting shareholder returns.
- 🔧 Retain BUY.

Note: The above is a brief note on the company, based on the inputs of KIE research report dated 14th February, 2024, which is available on our website at: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>.

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