

Petronet LNG

BSE SENSEX
73,896

S&P CNX
23,141



Stock Info

Bloomberg	PLNG IN
Equity Shares (m)	1500
M.Cap.(INRb)/(USD\$)	428.3 / 4.5
52-Week Range (INR)	326 / 235
1, 6, 12 Rel. Per (%)	3/15/13
12M Avg Val (INR M)	894
Free float (%)	50.0

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	434.9	358.7	596.1
EBITDA	53.6	53.3	60.2
Adj. PAT	38.6	35.8	37.4
Adj. EPS (INR)	25.7	23.9	24.9
EPS Gr. (%)	-1.6	-7.2	4.2
BV/Sh.(INR)	144.8	159.4	174.5

Ratios

Net D:E	-0.5	-0.2	0.0
RoE (%)	18.8	15.7	14.9
RoCE (%)	19.7	15.9	14.7
Payout (%)	39.0	39.0	39.0

Valuation

P/E (x)	10.8	11.6	11.1
P/BV (x)	1.9	1.7	1.6
EV/EBITDA (x)	5.9	6.9	7.1
Div. Yield (%)	3.6	3.4	3.5

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	50.0	50.0	50.0
DII	13.7	12.9	10.9
FII	26.3	27.1	29.0
Others	10.0	9.9	10.1

FII Includes depository receipts

CMP: INR286

TP: INR362 (+27%)

Buy

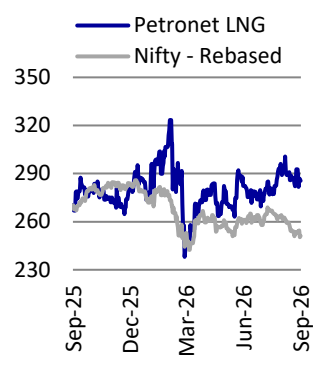
Kochi terminal to drive earnings: GUCD, grid connectivity, and bunkering open three new avenues

- PLNG has corrected ~11% over the last seven months, primarily due to: 1) Qatar Energy's declaration of force majeure; 2) elevated spot LNG prices, averaging ~USD19-20/mmbtu in 1H FY27 YTD (vs. ~USD12/mmbtu in FY26), raising the risk of slowdown in gas demand; and 3) growing investor concerns around a regas tariff cut at Dahej.
- In this note, we highlight the following: **1) Kochi terminal could emerge as a new earnings driver for PLNG:** a) Gassing Up and Cooling Down (GUCD) is emerging as a new earnings stream, with annual revenue potential of INR1b, as turnaround time has already improved to 1.5 days from 4 earlier, on par with Singapore; b) the Kochi-Mangalore-Bangalore pipeline (KMBPL) could be commissioned within 6 months, by Mar'27 (GAIL is guiding for Dec'26), finally linking Kochi to the national gas grid. Volumes are currently capped to Kerala and a small quantity in Tamil Nadu, but management expects Kochi utilization to rise to ~40% over the next 2-3 years, aided by Kerala's CGD build-out and a pickup in LNG trucking; and c) PLNG is also exploring bunker fuel supply at Kochi as a further, albeit still nascent, earnings avenue. **2) Dahej regas tariff: floor holds at current levels:** In a recent investor interaction with PLNG management, attended by Shri Akshay Kumar Singh (MD and CEO) and team, management indicated that the new tariff for the 7.5mmtpa Qatar contract will not be lower than the current one, as Dahej already has the lowest tariff among terminals in the country.
- **Valuation and view:** Our DCF-based TP of INR362 (WACC: 11.5%, TG = 2%) assumes a 5% tariff cut at the Dahej terminal in FY28, followed by a 4% rise for both terminals. While we have incorporated the full capex for the petchem plant, we value it conservatively at 0.5x FY29E P/B and discount this back to FY27.

Dahej tariff: Floor holds at current levels

- Investor concerns around a Dahej tariff cut appear overdone, in our view. Dahej is already the lowest-tariff LNG terminal in the country, and management has been explicit that the tariff on the renegotiated 7.5mmtpa Qatar contract—now extended to CY48 and shifting from an FOB to a DES structure—will not fall below the current level. Any reduction in shipping costs will simply be passed through to offtakers rather than reflected in a lower tariff.
- This provides comfort on roughly half of Dahej's book that runs on long-term contracts; the other half, tolling volumes, is contractually locked in through CY35 with defined tariffs and minimum utilization commitments. Our own DCF continues to bake in a 5% tariff cut at Dahej in FY28, followed by a 4% annual escalation, which we view as conservative relative to what management is now signaling.

Stock performance (one-year)



Utilization: Waiting on price, not demand

- Dahej's expanded capacity of 22.5mmtpa (which can technically flex to 25mmtpa) came onstream two months ahead of schedule and at a striking INR5.6b, roughly a tenth of what a comparable greenfield terminal would cost, reinforcing PLNG's structural cost advantage over newer entrants.
- **The near-term drag is simply price:** LNG cost has more than doubled for end consumers, so offtakers are unwilling to commit to fresh long-term volumes at current levels, and we expect utilization to inflect only once prices normalize and latent demand re-emerges. There are already early signs of this happening—new ~0.5mmtpa contracts each with ExxonMobil and Equinor (Deepak Group) have started flowing this fiscal—but at a system level, India's LNG imports of 24-25mmt remain below the 26mmt pre-Covid run rate, underscoring how little net growth the industry has seen through a difficult five-year stretch.
- On the balance sheet side, the overhang from use-or-pay dues has shrunk sharply, from a peak of INR20b to INR3.1b net of provisions, and management does not expect any offtaker defaults this year.

Petchem: On track, with a structural feedstock advantage

- The Dahej petrochemical project is 42% complete and remains on schedule for a mid-FY29 start, with over INR200b of capex spread across a 47.7-hectare site and EIL retained as the consultant.
- **The economics appear attractive on two fronts:** 1) the process itself is efficient: PDH can deliver propylene yields of up to 85%, well above the 20-30% typically achieved by conventional naphtha crackers, and PLNG's ability to draw cold energy off the adjacent LNG terminal saves 19MW of power, worth roughly INR1.2b of annual opex and INR4b of avoided capex. 2) Feedstock looks secure: US propane is abundant and cost-competitive with Gulf-sourced material, while PLNG is scaling propane and ethane handling capacity to 3mmtpa each from 1.2mmtpa currently. Ethane has also been cleared for rail transport, providing an additional evacuation route.
- On demand, **India's expected PP requirement of 15mmtpa by 2030 will outstrip domestic supply of 10-11mmtpa even after committed capacity additions**, so PLNG's incremental 0.5mmtpa, covering roughly a tenth of the gap, should face no marketing risk. Hydrogen, a by-product, is a smaller but useful sweetener: 11ktpa is already contracted long-term, with the rest to be sold in the spot market. Importantly, none of this integration compromises the existing LNG terminal's capacity or requires any shutdown.

Qatar and the Gulf crisis: A manageable disruption so far

- Despite the conflict, India's LNG supply chain has held up better than the headlines suggest. The country has seen uninterrupted flows, with the second quarter actually stronger than the first.
- Only about a fifth of India's LNG comes from the Gulf, with the US, Nigeria, and Mexico stepping in to cover the gap. Of Qatar's 76mmtpa capacity, 10-11mmtpa (15-17%, across two trains) has been damaged, but replacement cargoes are already arriving from other suppliers. Management believes Qatari supply can

ramp back within 2-4 weeks of any resolution, with capacity potentially doubling over the next 2-3 years as new trains come online. A reopening of the Strait of Hormuz remains the key trigger for fresh long-term volume tie-ups. In the interim, Europe's reduced LNG appetite, as it leans more heavily on alternative fuels, has helped keep the global market from tightening further.

Other capex: Execution has consistently beaten timelines

- Beyond the headline projects, PLNG's execution track record stands out: storage tanks 7 and 8 (of eight planned) were commissioned two months early, while the third jetty—designed to handle LNG, ethane, and propane, a rare combination—is already 71% complete and due for commissioning next year. This will add to the two existing jetties, which together handle 260-270 ships annually. Dahej's 36mmt of evacuation pipeline capacity should comfortably support the terminal's growth ambitions.
- CBG is emerging as a genuine new vertical: the Board has approved INR20b for 10 plants (180 tpd total), to be run through joint ventures. This is underpinned by a government-assured offtake price of INR2,110/mmbtu (about INR100/kg, against CNG at INR85-90/kg and up sharply from INR1,400/mmbtu previously), a 20-year guaranteed raw material supply, and a minimum targeted equity IRR of 16%. The economics appear considerably more attractive than PLNG's core regas business.
- Small-scale LNG trucking is progressing more slowly: four stations are live, with another 10-15 planned. However, LNG prices have more than doubled against an 8-10% rise in diesel prices, making the economics of scaling up challenging until LNG prices settle.

Exhibit 1: PLNG - DCF valuation

PLNG - DCF Valuation	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
PLNG EBITDA (INRm)	52,939	59,862	65,735	71,033	78,115	84,189
Depreciation	8,969	9,820	12,399	15,686	16,922	17,065
EBIT	43,969	50,042	53,336	55,347	61,193	67,124
Tax rate (%)	25	25	25	25	25	25
Capital expenditure	90,000	75,000	45,000	45,000	10,000	2,000
Change in WC	-43,881	-16,453	2,269	3,500	1,203	882
FCFF (INRm)	-4,390	-11,443	4,868	8,422	51,311	64,194
Year	1	2	3	4	5	6
Discount factor	0.90	0.80	0.72	0.65	0.58	0.52
PV(FCFF) (INR m)	-3,937	-9,204	3,512	5,449	29,774	33,407

Source: Company, MOFSL

Exhibit 2: PLNG – one-year forward DCF valuation

DCF Valuation	
Terminal cash flow (INRm)	64,194
Terminal growth rate	2.0%
Terminal value (INRm)	6,85,521
PV (Terminal Value)	3,56,754
PV of cash flows	59,001
Enterprise value (INRm)	4,15,755
Net debt (INRm)	-1,01,113
Equity value (INRm)	5,16,867
Fair value (INR)	345
Add: Petrochemical complex at 0.5x P/B	15
Target Price (INR)	360

Source: Company, MOFSL

Exhibit 3: PLNG – key assumptions

Key assumptions	FY25	FY26	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Volume sold (mmtpa)								
Dahej terminal	17.3	16.0	15.8	18.5	19.0	19.6	20.1	20.7
Terminal utilization	99%	91%	70%	82%	85%	87%	90%	92%
Kochi terminal	1.2	1.3	1.3	1.5	1.7	2.0	2.2	2.4
Terminal utilization	23%	27%	26%	30%	35%	39%	44%	48%
Total	19.5	18.2	17.8	20.7	21.6	22.4	23.2	24.0
Regas tariff (INR/mmbtu)								
Dahej terminal	63.7	66.9	70.2	66.7	69.4	72.1	75.0	78.0
YoY increase/(decrease)	5%	5%	5%	-5%	4%	4%	4%	4%
Kochi terminal	89.3	93.8	98.5	103.4	107.5	111.8	116.3	120.9
YoY increase/(decrease)	5%	5%	5%	5%	4%	4%	4%	4%

Source: Company, MOFSL

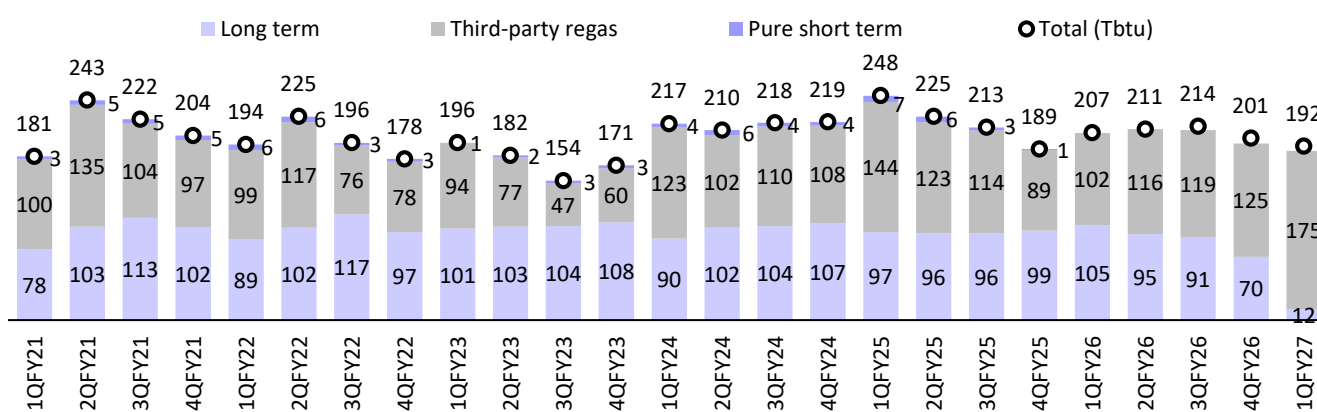
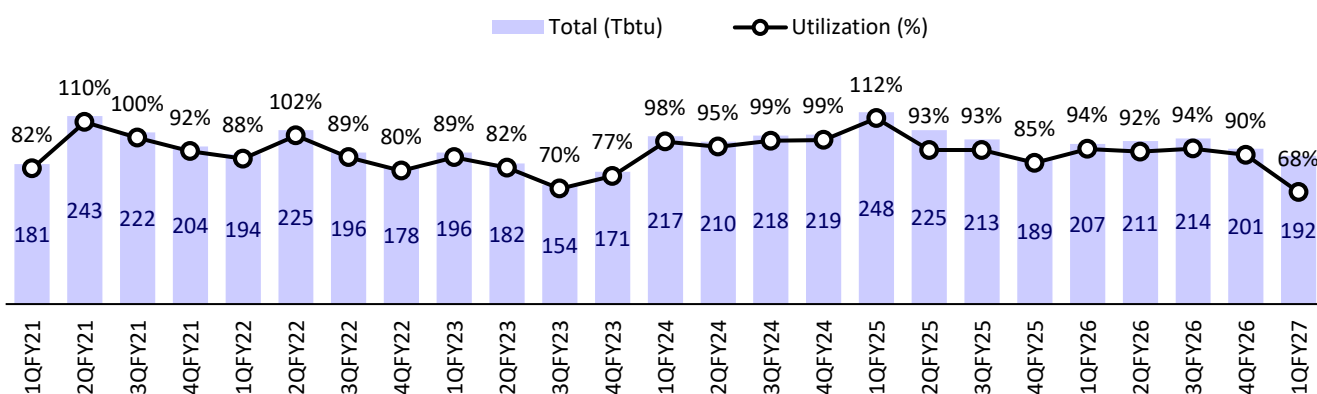
Exhibit 4: Dahej total volumes at 192Tbtu (-7% YoY)

Exhibit 5: Dahej terminal utilization at 68% in 1QFY27


Exhibit 6: Kochi volumes at 15Tbtu, up 15% YoY

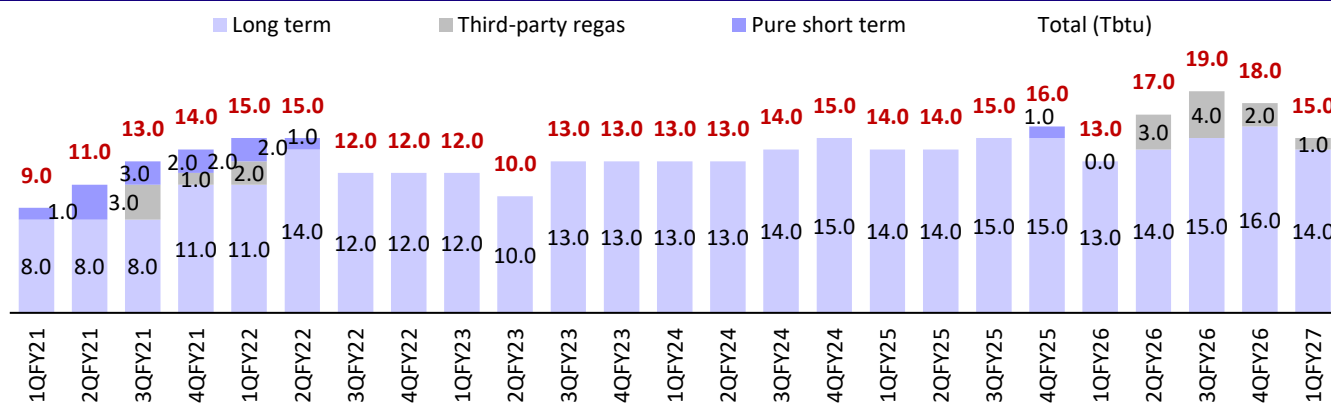
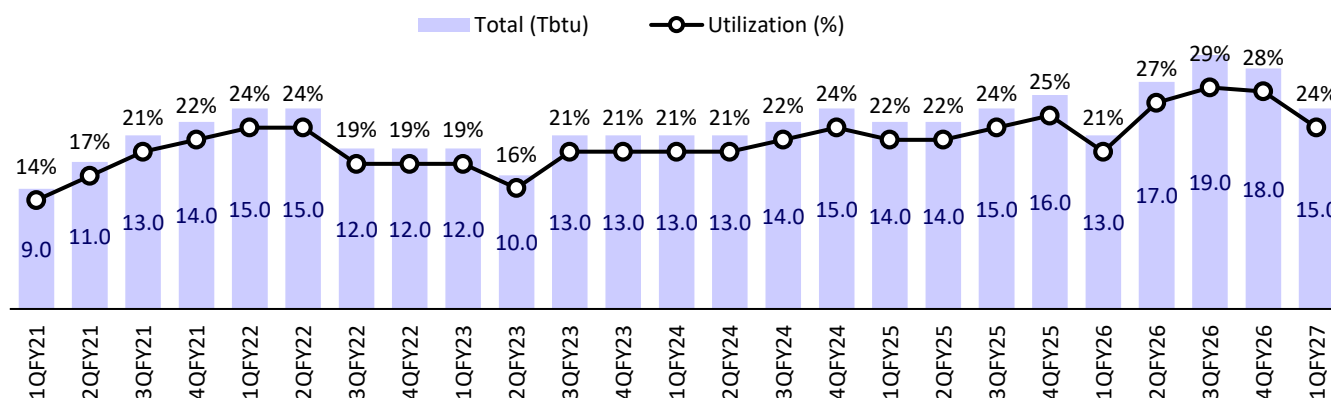


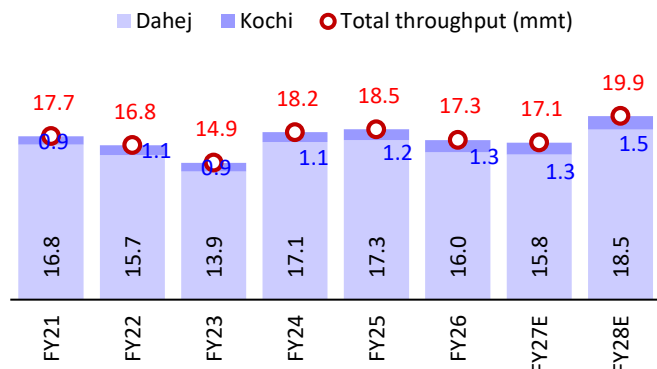
Exhibit 7: Kochi terminal utilization at 24% in 1QFY27



Source: Company, MOFSL

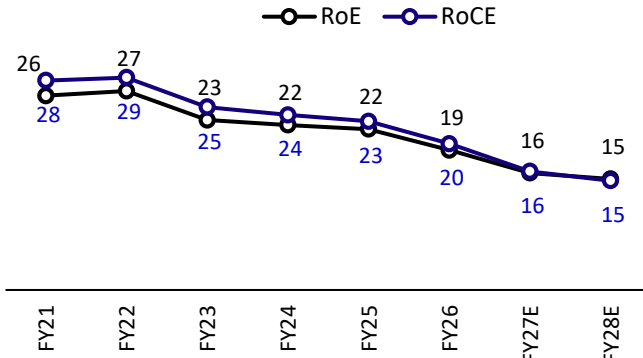
Story in charts

Exhibit 1: Volume snapshot for PLNG



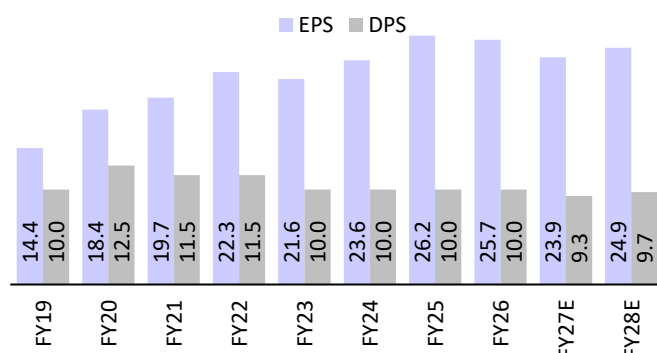
Source: Company, MOFSL

Exhibit 2: Return ratios profile



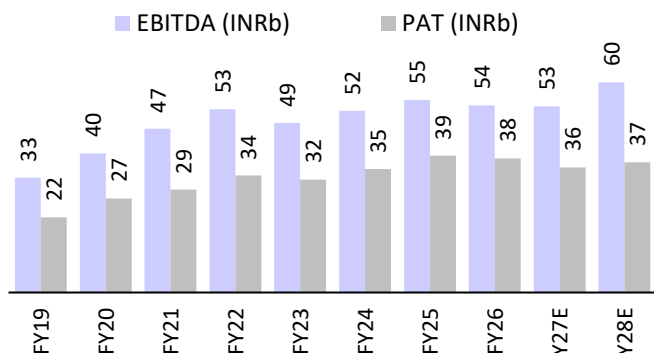
Source: Company, MOFSL

Exhibit 3: Payout ratios



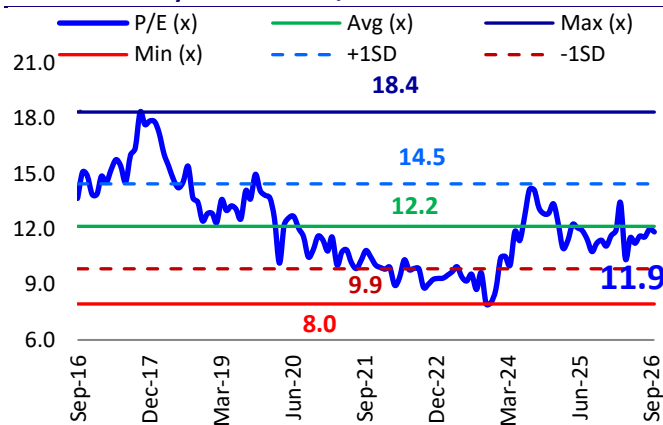
Source: Company, MOFSL

Exhibit 4: EBITDA/PAT snapshot



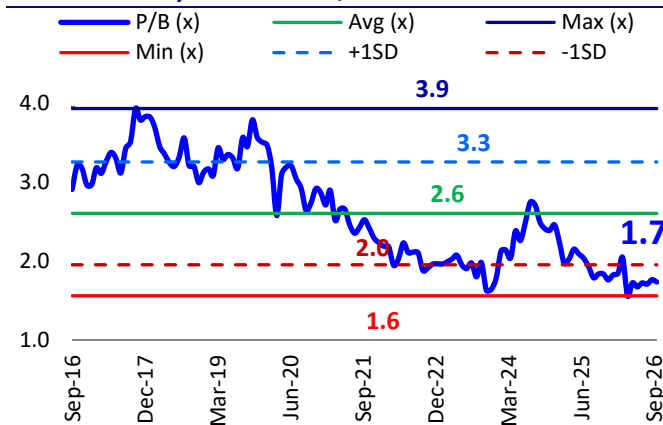
Source: Company, MOFSL

Exhibit 5: One-year forward P/E – trades at 11.9x



Source: Company, MOFSL

Exhibit 6: One-year forward P/B – trades at 1.7x



Source: Company, MOFSL

Financials and valuations

Standalone - Income Statement

(INR b)

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	599.0	527.3	509.8	434.9	363.6	612.7
Change (%)	38.8	-12.0	-3.3	-14.7	-16.4	68.5
EBITDA	48.6	52.1	55.2	53.6	52.9	59.9
Margin (%)	8.1	9.9	10.8	12.3	14.6	9.8
Depreciation	7.6	7.8	8.1	8.4	9.0	9.8
EBIT	40.9	44.3	47.2	45.2	44.0	50.0
Int. and Finance Charges	3.3	2.9	2.6	2.4	2.0	3.1
Other Income	5.7	6.2	8.2	9.0	5.7	2.7
PBT after EO Exp.	43.3	47.6	52.8	51.6	47.7	49.7
Total Tax	10.9	12.2	13.5	13.1	12.2	12.7
Tax Rate (%)	25.3	25.7	25.6	25.5	25.5	25.5
Reported PAT	32.4	35.4	39.3	38.4	35.5	37.0
Change (%)	-3.4	9.1	11.0	-1.6	-8.0	4.3
Margin (%)	5.4	6.7	7.7	8.9	9.8	6.0

Standalone - Balance Sheet

(INR b)

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	15.0	15.0	15.0	15.0	15.0	15.0
Total Reserves	134.3	154.6	178.8	202.2	223.9	246.4
Net Worth	149.3	169.6	193.8	217.2	238.9	261.4
Total Loans	0.0	0.0	0.0	0.0	12.0	27.0
Deferred Tax Liabilities	7.0	6.2	5.9	6.2	6.2	6.2
Capital Employed	156.4	175.8	199.8	223.4	257.1	294.7
Gross Block	110.6	115.4	150.2	160.8	198.7	229.1
Less: Accum. Deprn.	46.1	53.8	61.9	70.3	79.2	89.1
Net Fixed Assets	64.5	61.5	88.4	90.5	119.5	140.1
Capital WIP	11.3	15.5	16.4	25.0	77.0	121.6
Total Investments	33.8	21.7	12.2	1.8	1.8	1.8
Lease Liabilities	30.7	26.0	21.8	18.6	18.6	18.6
Curr. Assets, Loans&Adv.	114.6	152.0	151.0	151.5	99.7	87.4
Inventory	11.5	14.7	12.0	9.1	7.6	12.8
Account Receivables	38.4	36.3	32.7	10.4	8.7	14.6
Cash and Bank Balance	56.8	74.1	91.0	101.1	57.6	16.5
Loans and Advances	7.9	27.0	15.3	30.9	25.8	43.5
Curr. Liability & Prov.	37.1	49.0	46.5	26.7	22.3	37.6
Account Payables	16.4	28.6	25.6	7.3	6.1	10.3
Other Current Liabilities	18.8	17.9	18.5	16.7	14.0	23.6
Provisions	1.9	2.4	2.4	2.6	2.2	3.7
Net Current Assets	77.5	103.0	104.5	124.8	77.4	49.8
Appl. of Funds	156.4	175.8	199.8	223.4	257.1	294.7

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)						
EPS	21.6	23.6	26.2	25.7	23.7	24.7
Cash EPS	26.7	28.8	31.6	31.3	29.7	31.2
BV/Share	99.6	113.1	129.2	144.8	159.2	174.3
DPS	10.0	10.0	10.0	10.0	9.2	9.6
Payout (%)	46.3	42.4	38.2	39.0	39.0	39.0
Valuation (x)						
P/E	13.2	12.1	10.9	11.1	12.1	11.6
Cash P/E	10.7	9.9	9.1	9.1	9.6	9.2
P/BV	2.9	2.5	2.2	2.0	1.8	1.6
EV/Sales	0.6	0.7	0.7	0.8	1.1	0.7
EV/EBITDA	7.7	6.8	6.1	6.1	7.2	7.3
Dividend Yield (%)	3.5	3.5	3.5	3.5	3.2	3.4
FCF per share	9.7	26.9	19.6	14.9	-3.6	-7.6
Return Ratios (%)						
RoE	22.8	22.2	21.6	18.8	15.6	14.8
RoCE	24.6	23.5	22.7	19.7	15.8	14.6
RoIC	53.4	55.3	48.6	38.4	30.3	27.1
Working Capital Ratios						
Fixed Asset Turnover (x)	5.4	4.6	3.4	2.7	1.8	2.7
Asset Turnover (x)	3.8	3.0	2.6	1.9	1.4	2.1
Inventory (Days)	7	10	9	8	8	8
Debtor (Days)	23	25	23	9	9	9
Creditor (Days)	10	20	18	6	6	6
Leverage Ratio (x)						
Current Ratio	3.1	3.1	3.2	5.7	4.5	2.3
Interest Cover Ratio	12.4	15.3	18.3	19.1	22.3	16.4
Net Debt/Equity	-0.4	-0.4	-0.5	-0.5	-0.2	0.0

Standalone - Cash Flow Statement

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	43.3	47.6	52.8	51.6	47.7	49.7
Depreciation	7.6	7.8	8.1	8.4	9.0	9.8
Interest and Finance charges	3.3	2.9	2.6	2.4	2.0	3.1
Direct Taxes Paid	-12.4	-12.4	-13.4	-12.0	-12.2	-12.7
(Inc)/Dec in Wkg. Capital	-15.9	5.9	-1.7	4.1	43.9	16.5
Others	-0.8	-3.0	-4.3	-6.9	-5.7	-2.7
CF from Op. Activity	25.2	48.7	44.0	47.5	84.7	63.6
(Inc)/Dec in FA & CWIP	-10.6	-8.4	-14.5	-25.1	-90.0	-75.0
Free Cash Flow	14.6	40.3	29.5	22.4	-5.3	-11.4
(Pur)/Sale of Investments	0.4	9.2	-10.0	10.9	0.0	0.0
Others	-1.2	-11.4	-7.4	-0.4	5.7	2.7
CF from Inv. Activity	-11.4	-10.6	-31.9	-14.7	-84.3	-72.3
Inc / (Dec) in Debt	-0.2	0.0	0.0	0.0	12.0	15.0
Interest paid	-0.3	-0.1	-0.1	-0.1	-2.0	-3.1
Dividends Paid (incl.tax)	-17.3	-15.0	-15.0	-15.0	-13.9	-14.5
CF from Fin. Activity	-23.7	-21.5	-21.5	-22.0	-3.8	-2.5
Inc / (Dec) in Cash	-9.8	16.6	-9.4	10.8	-3.5	-11.1
Add: Opening Balance	10.5	0.6	17.2	7.8	18.6	15.1
Closing Balance	0.6	17.2	7.8	18.6	15.1	4.0

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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