RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD

TP: Rs 297 | ⮝ 6%

PETRONET LNG | Oil & Gas | 13 August 2026

Middle-East supply constraints weighed on performance

- **Revenue decreased by 53.2%YoY, 41.1%QoQ; EBITDA increased by 32.4%YoY due to trading gain on spot volumes**
- **Outlook remains subdued, as normalisation from Qatar energy will take time. This will likely keep utilisation lower for its Dahej terminal**
- **Maintain HOLD. Considering the challenging environment & rollover, revise TP upwards to Rs297 from Rs292 based on 9.5x P/E on June28E**

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Revenue below expectations: Revenue came at Rs55bn(-53.2%YoY, -41.1%QoQ) and was 37.8% below our estimates. EBITDA came at Rs15bn (+32.4%YoY; -17.5%QoQ), was 34.3% above estimates. The lower-than-expected revenue was due to lower than expected volumes on long term contracts from Qatar Energy which impacted offtake volumes.

Volumes performance: Volumes came at 207tbtu; lower by 5.9%YoY, primarily on the back of lower Dahej volumes. Dahej volumes were lower by 7.2%YoY to 192tbtu with 66% of utilisation vs 91% in Q1FY26. Q1 utilisation of 66% is on expanded capacity of 22.5mtpa commissioned in Mar.26 from 17.5mtpa. Adjusted utilisation would have been 85%. Kochi volumes were higher by 15.4%YoY to 15tbtu with 23% utilisation vs 20% in Q1FY26. Dahej volumes primarily depend on long term contract with Qatar Energy, which has declared force majeure following infrastructure damage caused by the Iran attack. No LNG cargo was loaded under contracts during Q1FY27.

Outlook: LNG market is currently experiencing supply constraints & price volatility given that the supply from Qatar Energy got hit, as the infra is damaged. Management expects LNG supply to resume in few weeks from point of end of war. On positive side, demand remains strong amidst constrained domestic gas production. Petronet has got incremental capacity at Dahej post Mar'26, as it expanded capacity from 17.5 to 22.5mntpa. Kochi terminal will get pipeline connectivity by end Q2FY27 and will be integrated with the national grid. Supply volumes and high capex intensity of the petchem project lingers as a near-term concern, potentially weighing on profitability, despite its long-term growth benefits.

Capex intensity: Guided a capex of Rs90bn for FY27E.

Maintain HOLD; revise TP upwards: Environment will remain challenging, in terms of LNG supply due to uncertainty on end of US-Iran war. We maintain HOLD rating. Considering the challenging environment & benefit of rollover; we revise TP upwards to Rs297 from Rs292, based on 9.5x P/E on June.28E EPS.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	PLNG IN/Rs 279
Market cap	US$ 4.4bn
Free float	50%
3M ADV	US$ 7.2mn
52wk high/low	Rs 326/Rs 235
Promoter/FPI/DII	50%/28%/12%

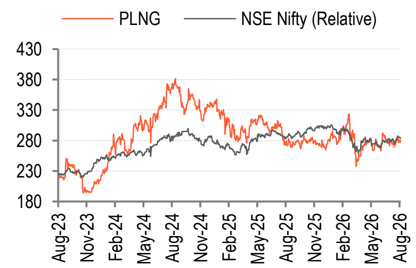
Source: NSE | Price as of 13 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	434,949	432,527	524,769
EBITDA (Rs mn)	53,354	51,955	72,469
Adj. net profit (Rs mn)	39,125	33,455	45,471
Adj. EPS (Rs)	26.1	22.3	30.3
Adj. ROAE (%)	18.6	14.4	17.8
Adj. P/E (x)	10.7	12.5	9.2
EV/EBITDA (x)	6.0	6.8	5.7
Adj. EPS growth (%)	(1.5)	(14.5)	35.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance

(Rs mn)	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Revenue	**55,578**	**94,421**	**(41.1)**	**118,799**	**(53.2)**
EBITDA	**15,352**	**18,612**	**(17.5)**	**11,592**	**32.4**
EBITDA margin (%)	27.6	19.7	791bps	9.8	1,786bps
Depreciation	2,012	2,055	(2.1)	2,070	(2.8)
Interest	507	615	(17.7)	590	(14.1)
Other income	2,075	2,002	3.7	2,166	(4.2)
PBT	14,908	17,944	(16.9)	11,099	34.3
Tax	3,826	4,568	(16.3)	2,854	34.0
Reported PAT	**11,371**	**13,707**	**(17.0)**	**8,419**	**35.1**
PATM (%)	20.5	14.5	594bps	7.1	1,337bps
EPS (Rs)	7.6	9.1	(17.0)	5.6	35.1

Source: Company

Fig 2 – Q1 Actual vs Estimates

Particulars	Q1 Actual	Estimates	VAR (%)
Revenue (Rs mn)	55,578	89,323	(37.8)
Adjusted EBITDA (Rs mn)	15,352	11,433	34.3
EBITDA margin (%)	27.6	12.8	1,482bps
PAT (Rs mn)	11,371	7,713	47.4
EPS (Rs)	7.6	5.1	47.4

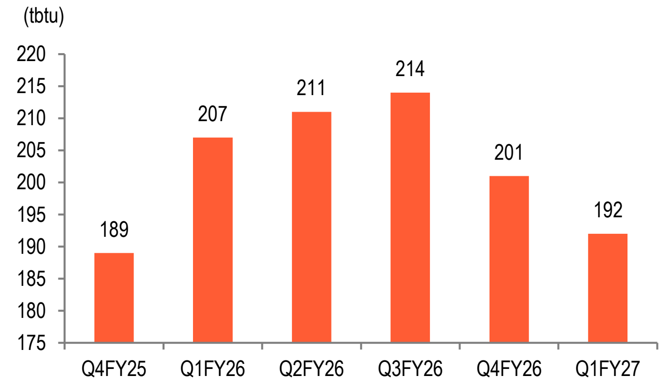
Source: Company, BOBCAPS Research

Fig 3 – Business parameters

	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Dahej volumes (tbtu)	192	201	(4.5)	207	(7.2)
Kochi volumes (tbtu)	15	18	(16.7)	13	15.4
Total Volumes (tbtu)	**207**	**219**	**(5.5)**	**220**	**(5.9)**
Utilisation (%)					
Dahej utilisation (%)	66	90	(26.9)	91	(27.8)
Kochi utilisation (%)	23	28	(16.7)	20	15.4
Gross margin (Rs /mmbtu)	90	77	15.9	68	32.3
Blended EBITDA margin (Rs/mmbtu)	74	62	19.0	53	40.8

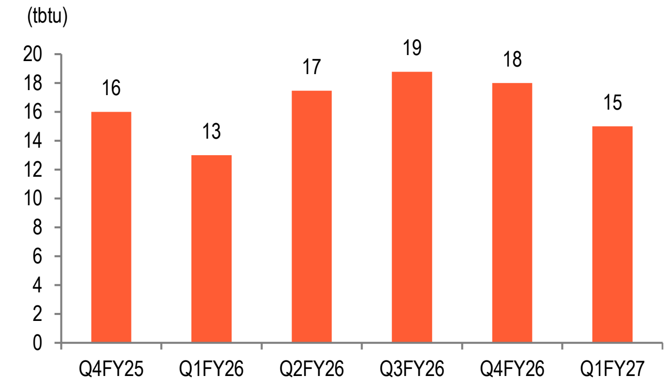
Source: Company

Fig 4 – Dahej volumes



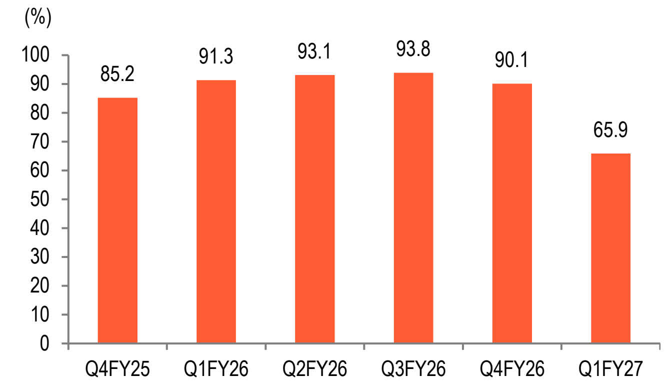
Source: Company

Fig 5 – Kochi volumes



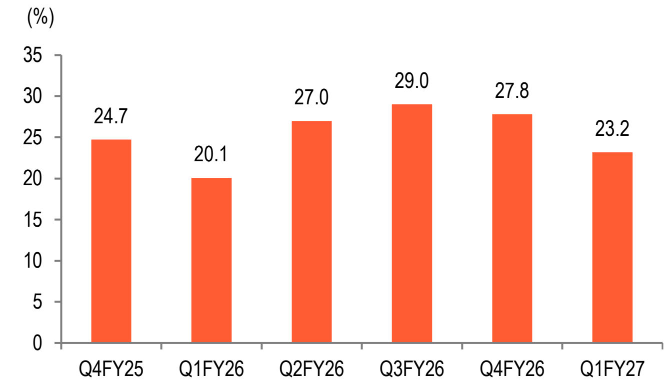
Source: Company

Fig 6 – Dahej utilisation



Source: Company

Fig 7 – Kochi utilisation



Source: Company

Call Highlights

- **Macro environment:** LNG environment is experiencing supply constraints due to the supply volumes from Middle East. Qatar Energy has declared force majeure on its capacity due to attack on its infra during US Iran war. Due to this, no LNG cargo was loaded in Q1FY27 under long term contract of 7.5mntpa from Qatar. Dahej utilisation was 66% in Q1FY27 vs 91% in Q1FY26. Q1 utilisation of 66% is on expanded capacity of 22.5mtpa commissioned in Mar.26 from 17.5mtpa. Adjusted utilisation would have been 85%. Current utilisation in July-Aug is around similar rate of Q1FY27 and management expects LNG supply to resume in few weeks from point of end of war. Management remains optimistic about improvement in volumes once war ends.

- **Dahej terminal:** Dahej expanded the capacity from 17.5 to 22.5mmtpa in March 2026 which will benefit with incremental offtake, once the supply-side normalisation happens post end of wars.

- **Kochi terminal:** Kochi terminal utilisation was 23% in Q1FY27 vs 20% in Q1FY26. Utilisation at Kochi is expected to improve meaningfully once the remaining pipeline connectivity- Kochi-Bangalore leg is completed by end Q2FY27 which will connect to various demand points – small industries and CGD entities. Subsequently, pipelines will be connected to national grid.

- Trade receivables as of 30th June 2026 include 'use or pay' dues of Rs6,610mn, arising from lower capacity utilisation by customers under long-term regasification agreements during FY23-FY26.

- **Petchem:** Project is on track and all major items have been ordered. Civil work has started on the ground. There are no supply side issues for imports of equipment. The project is 40% complete so far and expect to be fully completed by Q4FY28E. Total proposed capex is Rs207bn.

- **Capex:** guided a capex of Rs90bn for FY27E. Capex of Rs90bn includes Rs75bn for the petchem project, ~Rs6bn for the third jetty at Dahej, Rs3-4bn for the Gopalpur terminal, and ~Rs7bn for a 5th small-scale LNG plant at Kochi.

Valuation Methodology

We expect supply situation to remain uncertain till war ends. Kochi utilisation is likely to pick up post the commissioning of Kochi-Bangalore pipeline part.

We revise estimates downwards primarily on moderation in volumes due to current supply environment -.

- **Dahej volumes:** We estimate volumes to decline to 12.1 vs 13.1mnt for FY27E; estimate 19.6 vs earlier 20.1mnt for FY28E and 22.1 vs earlier 23.1mnt for FY29E.
- **Kochi volumes:** We estimate no changes in Kochi volumes.
- USD/INR assumption revised to Rs97 vs Rs95 for FY27E, FY28E and FY29.

Fig 8 – Revision in Estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	434,949	432,527	524,769	554,936	485,692	551,697	578,921	(10.9)	(4.9)	(4.1)
EBITDA	53,354	51,955	72,469	82,763	53,087	73,490	84,182	(2.1)	(1.4)	(1.7)
EBITDA % margin	12.3	12.0	13.8	14.9	10.9	13.3	14.5	108bps	49bps	37bps
PAT	39,125	33,455	45,471	51,151	34,555	46,179	51,410	(3.2)	(1.5)	(0.5)
EPS (Rs)	26.1	22.3	30.3	34.1	23.0	30.8	34.3	(3.2)	(1.5)	(0.5)

Source: Company, BOBCAPS Research

Fig 9 – Key assumptions

	FY25	FY26	FY27E	FY28E	FY29E
Dahej					
Regas volumes (m MT)	16.9	16.1	12.1	19.6	22.1
Availability (%)	96.6	91.9	53.7	87.0	98.1
Escalation in regas charges (%)	5.0	5.0	5.0	5.0	5.0
Marketing margin (Rs/mmbtu)	110.0	110.0	110.0	110.0	110.0
Kochi volumes at Dahej (m MT)	0.7	0.7	0.7	0.7	0.7
Kochi					
Regas volumes (m MT)	1.1	1.3	1.8	2.3	2.8
Escalation in regas charges (%)	5.0	5.0	5.0	5.0	5.0
USD - INR rate	87.0	90.0	97.0	97.0	97.0

Source: Company, BOBCAPS Research

P/E-based Valuation Rationale

We maintain HOLD. Considering the challenging environment & benefit of rollover to June 28E, we revise TP to Rs297 from Rs292 based on 9.5x P/E on June.28E EPS. The multiple is in line with its historical 10Y average P/E.

- We assign zero value to the Petchem business at this stage, considering a long gestation period, uncertainty on the currently weak margins in the petchem product portfolio.

Fig 10 – Valuation summary

	June. 28E EPS (Rs)	Multiple (x)	Value (Rs/share)
Petronet	31.3	9.5	297
Target price (Rs)			**297**

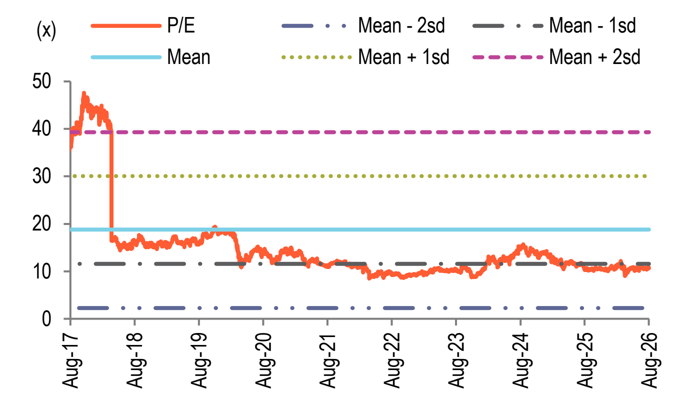
Source: Company, BOBCAPS Research

Key Risks

Key downside risk to our estimates:

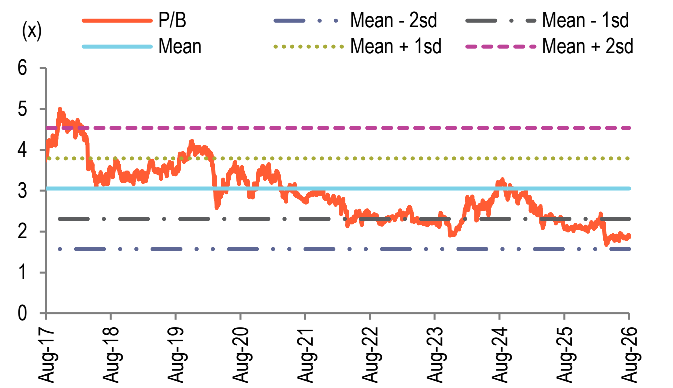
- **LNG price volatility may trigger contracts repricing on both supply & sell sides, impacting volumes:** Petronet has back-to-back contracts. However, volatility on upside/downside can lead to the repricing of these contracts, as happened in 2016 when LNG prices declined and Petronet could not take advantage of the low input market cost. In the current environment of higher LNG prices, weakness may persist in the spot volumes from offtakers, due to the availability of alternative fuels on better pricing.

Fig 11 – P/E 1YF



Source: Bloomberg

Fig 12 – P/B 1YF



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**509,820**	**434,949**	**432,527**	**524,769**	**554,936**
EBITDA	55,241	53,354	51,955	72,469	82,763
Depreciation	(8,062)	(8,382)	(14,845)	(18,446)	(21,571)
EBIT	54,909	53,613	46,356	63,823	71,482
Net interest inc./(exp.)	(2,580)	(2,374)	(1,750)	(3,196)	(3,280)
Other inc./(exp.)	7,730	8,641	9,246	9,800	10,290
Exceptional items	0	0	0	0	0
EBT	52,329	51,239	44,606	60,628	68,202
Income taxes	(13,490)	(13,145)	(11,152)	(15,157)	(17,050)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	888	1,031	0	0	0
Reported net profit	**39,727**	**39,125**	**33,455**	**45,471**	**51,151**
Adjustments	0	0	0	0	0
Adjusted net profit	**39,727**	**39,125**	**33,455**	**45,471**	**51,151**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	25,630	7,350	7,309	8,868	9,377
Other current liabilities	13,415	13,343	13,343	13,343	13,343
Provisions	1,556	1,512	1,512	1,512	1,512
Debt funds	0	0	35,000	77,000	82,000
Other liabilities	33,591	29,347	29,347	29,347	29,347
Equity capital	15,000	15,000	15,000	15,000	15,000
Reserves & surplus	183,775	207,848	225,553	254,524	288,425
Shareholders' fund	198,775	222,848	240,553	269,524	303,425
Total liab. and equities	**272,967**	**274,400**	**327,064**	**399,593**	**439,004**
Cash and cash eq.	91,044	101,141	60,654	62,203	67,449
Accounts receivables	32,669	10,394	27,255	33,068	36,489
Inventories	12,044	9,072	10,206	13,821	16,136
Other current assets	5,850	5,299	5,299	5,299	5,299
Investments	6,700	7,422	7,422	7,422	7,422
Net fixed assets	71,161	76,110	151,265	212,819	241,248
CWIP	16,418	24,971	24,971	24,971	24,971
Intangible assets	17,199	14,375	14,375	14,375	14,375
Deferred tax assets, net	0	0	0	0	0
Other assets	21,512	5,485	(42,118)	(28,516)	4,609
Total assets	**272,967**	**274,400**	**327,064**	**399,593**	**439,004**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**52,370**	**56,786**	**32,013**	**59,244**	**70,776**
Capital expenditures	(15,846)	(19,060)	(90,000)	(80,000)	(50,000)
Change in investments	(10,952)	9,697	0	0	0
Other investing cash flows	13,667	(16,136)	0	0	0
Cash flow from investing	**(13,131)**	**(25,500)**	**(90,000)**	**(80,000)**	**(50,000)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	35,000	42,000	5,000
Interest expenses	(2,580)	(2,374)	(1,750)	(3,196)	(3,280)
Dividends paid	(15,000)	(15,000)	(15,750)	(16,500)	(17,250)
Other financing cash flows	(4,531)	(4,757)	(3,816)	0	0
Cash flow from financing	**(22,337)**	**(21,190)**	**17,500**	**22,305**	**(15,530)**
Chg in cash & cash eq.	**16,902**	**10,097**	**(40,487)**	**1,549**	**5,246**
Closing cash & cash eq.	**91,044**	**101,141**	**60,654**	**62,203**	**67,449**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	26.5	26.1	22.3	30.3	34.1
Adjusted EPS	26.5	26.1	22.3	30.3	34.1
Dividend per share	10.0	10.0	10.5	11.0	11.5
Book value per share	132.5	148.6	160.4	179.7	202.3

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.6	0.7	0.8	0.8	0.8
EV/EBITDA	6.0	6.0	6.8	5.7	5.2
Adjusted P/E	10.5	10.7	12.5	9.2	8.2
P/BV	2.1	1.9	1.7	1.6	1.4

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.2	74.3	75.0	75.0	75.0
Interest burden (PBT/EBIT)	1.0	1.0	1.0	0.9	1.0
EBIT margin (EBIT/Revenue)	10.8	12.3	10.7	12.2	12.9
Asset turnover (Rev./Avg TA)	1.9	1.6	1.4	1.4	1.3
Leverage (Avg TA/Avg Equity)	1.4	1.3	1.3	1.4	1.5
Adjusted ROAE	21.3	18.6	14.4	17.8	17.9

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(3.3)	(14.7)	(0.6)	21.3	5.7
EBITDA	6.1	(3.4)	(2.6)	39.5	14.2
Adjusted EPS	8.8	(1.5)	(14.5)	35.9	12.5
Profitability & Return ratios (%)					
EBITDA margin	10.8	12.3	12.0	13.8	14.9
EBIT margin	10.8	12.3	10.7	12.2	12.9
Adjusted profit margin	7.8	9.0	7.7	8.7	9.2
Adjusted ROAE	21.3	18.6	14.4	17.8	17.9
ROCE	24.6	22.1	16.6	18.8	18.1
Working capital days (days)					
Receivables	23	9	23	23	24
Inventory	9	8	9	10	11
Payables	21	7	7	7	7
Ratios (x)					
Gross asset turnover	1.9	1.6	1.4	1.4	1.3
Current ratio	3.7	5.7	4.7	4.8	5.2
Net interest coverage ratio	21.3	22.6	26.5	20.0	21.8
Adjusted debt/equity	(0.5)	(0.5)	(0.1)	0.1	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

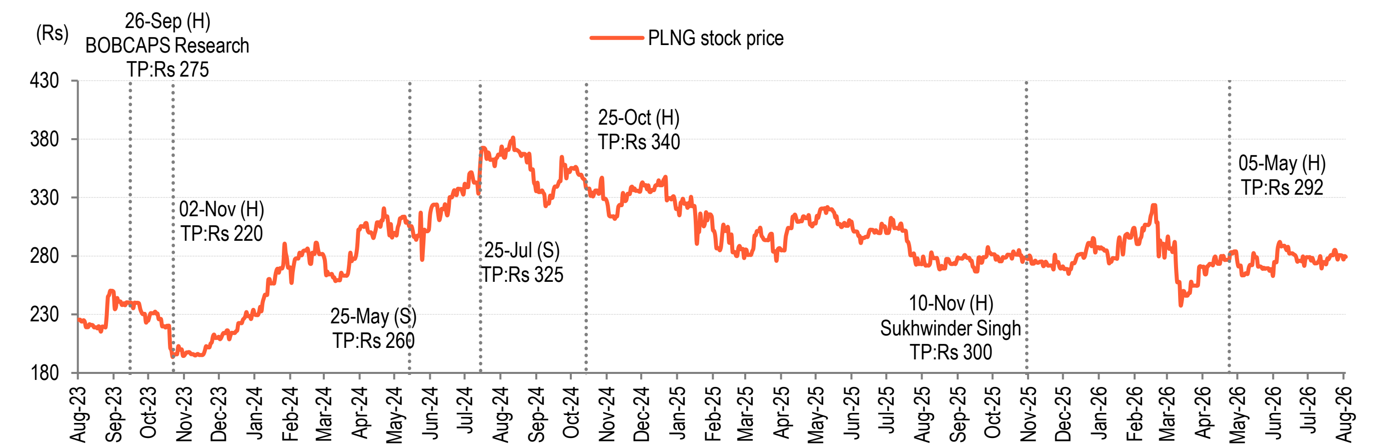
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): PETRONET LNG (PLNG IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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