

HOLD

TP: Rs 300 | ▲ 8%

PETRONET LNG

| Oil & Gas

| 10 November 2025

Results below expectation due to lower volumes

- Performance was below expectations due to lower-than-expected volume performance. Volumes decreased by 4.4%YoY
- Bangalore pipeline commissioning is key for volume offtake in future. However, capex on petchem project remains a concern
- Assuming coverage with HOLD and TP of Rs300, based on 9.5x P/E on Sept'27 EPS

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Result below expectations on lower volumes: Revenue came at Rs110bn (-15.5%YoY, -7.3%QoQ) and was 8% below consensus estimates. EBITDA came at Rs11bn (-7.1%YoY, -3.7%QoQ), was 9% below consensus estimates. Performance was impacted by the lower volumes offtake from Dahej terminal during the quarter.

Volumes: Volumes came at 228trn btu, lower by 4.4%YoY impacted by Dahej terminal volumes. Dahej volumes were down by 6.2%YoY to 211trn btu with utilization of 93%. Management attributed volume decline to adjustment of volumes. Some clients took higher volumes in previous quarter which needs to be adjusted in the subsequent quarter. It should not be seen as a trend. Kochi volumes were highest ever at 17trn btu with utilization of 27%. Kochi volumes increased by 24.9%YoY. This is due to increased offtake by BPCL's Kochi refinery.

Outlook on growth: Industry demand outlook is positive with constraints on upside in domestic gas production. Thus, growth will likely be driven by price dynamics. Incremental capacity at Dahej post commissioning by March 2026 should lead to incremental business with a pickup in utilisation. Kochi terminal is likely to see higher volume offtake with commissioning of pipeline by end FY26E. Petchem project will remain a concern due to high level of capex relative to capex intensity in the past. This will benefit the incremental business over long term but faces the risk of impacting overall profit ratios.

Capex intensity: PLNG incurred a capex of Rs5bn in H1FY26 and guided a capex of Rs50bn for FY26E. Significant capex in petchem project would remain a concern.

Coverage with HOLD: We remain positive on the demand outlook. However, capex will remain elevated. We are assuming coverage with HOLD and TP of Rs300, based on 9.5x P/E on Sept'27 EPS.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	PLNG IN/Rs 278
Market cap	US\$ 4.7bn
Free float	50%
3M ADV	US\$ 6.3mn
52wk high/low	Rs 350/Rs 266
Promoter/FPI/DII	50%/28%/12%

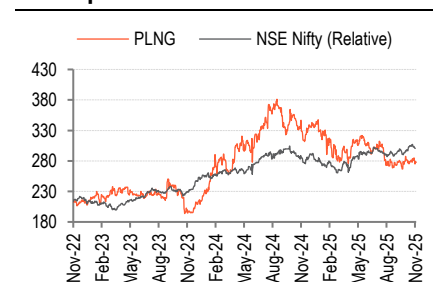
Source: NSE | Price as of 10 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	509,820	511,540	561,999
EBITDA (Rs mn)	55,241	58,668	68,110
Adj. net profit (Rs mn)	39,727	40,485	45,680
Adj. EPS (Rs)	26.5	27.0	30.5
Consensus EPS (Rs)	26.5	27.0	30.5
Adj. ROAE (%)	21.3	19.2	19.2
Adj. P/E (x)	10.5	10.3	9.1
EV/EBITDA (x)	5.9	5.4	4.7
Adj. EPS growth (%)	8.8	1.9	12.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	H1FY26	H1FY25	YoY (%)
Revenue	110,091	118,799	(7.3)	130,243	(15.5)	228,890	264,394	(13.4)
EBITDA	11,167	11,592	(3.7)	12,023	(7.1)	22,759	27,648	(17.7)
EBITDA margin (%)	10.1	9.8		9.2		9.9	10.5	
Depreciation	2,108	2,070	1.9	1,963	7.4	4,177	3,908	6.9
Interest	609	590	3.3	654	(6.9)	1,199	1,321	(9.2)
Other income	2,337	2,166	7.9	2,017	15.9	4,503	3,794	18.7
PBT	10,787	11,099	(2.8)	11,422	(5.6)	21,885	26,212	(16.5)
Tax	2,768	2,854	(3.0)	2,933	(5.6)	5,622	6,714	(16.3)
Reported PAT	8,303	8,419	(1.4)	8,706	(4.6)	16,722	19,761	(15.4)
PATM (%)	7.5	7.1		6.7		7.3	7.5	
EPS (Rs)	5.5	5.6	(1.4)	5.8	(4.6)	11.1	13.2	(15.4)

Source: Company

Fig 2 – Q2FY26 Actual v/s consensus

Particulars	Q2 Actual	Consensus	VAR(%)
Revenue (Rs mn)	110,091	120,073	(8.3)
EBITDA (Rs mn)	11,167	12,258	(8.9)
EBITDA margin (%)	10.14	10.2	
PAT (Rs mn)	8,303	8,298	0.1
EPS (Rs)	5.5	5.5	0.1

Source: Company, Bloomberg

Fig 3 – Business parameters

(Rs mn)	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	H1FY26	H1FY25	YoY (%)
Volumes								
Dahej volumes (tn btu)	211	207	1.9	225	(6.2)	418	473	(11.6)
Kochi volumes (tn btu)	17	13	34.5	14	24.9	30	28	8.9
Volumes (tn btu)	228	220	3.9	239	(4.4)	448	501	(10.5)
Utilisation (%)								
Dahej utilisation (%)	93	91	1.9	99	(6.2)	92	104	(11.6)
Kochi utilisation (%)	27	20	34.5	22	24.9	24	22	8.9
Gross margin (Rs /mmbtu)	68	68	0.6	66	2.8	136	141	(3.3)
Blended EBITDA margin (Rs/mmbtu)	49	53	(7.2)	50	(2.8)	102	110	(7.6)

Source: Company

Fig 4 – Dahej volumes

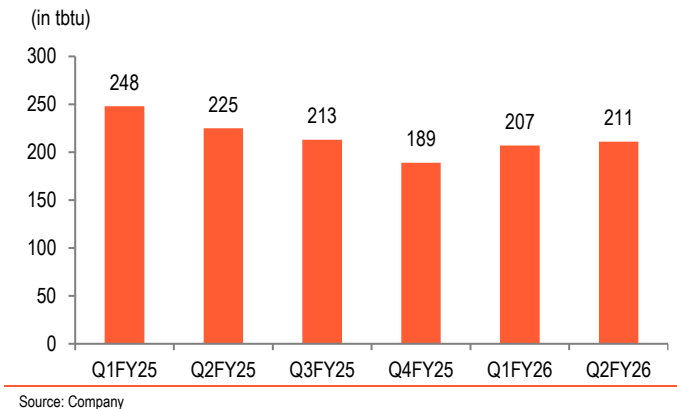


Fig 5 – Kochi volumes

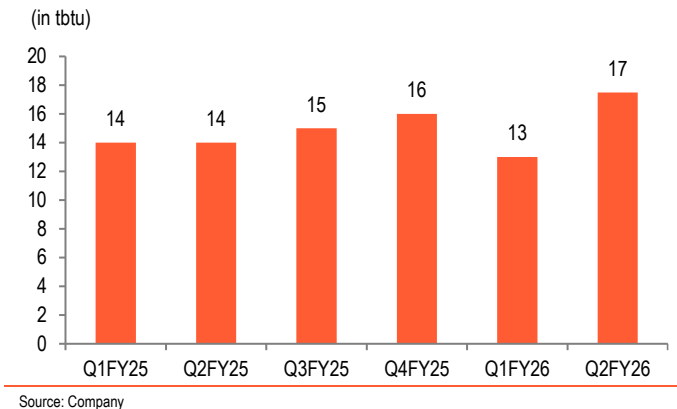


Fig 6 – Dahej utilisation

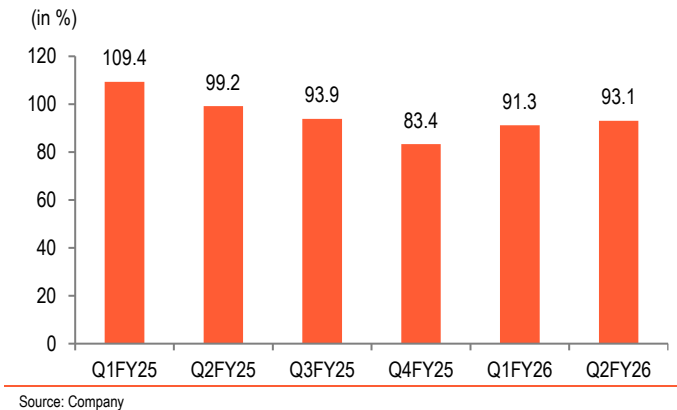
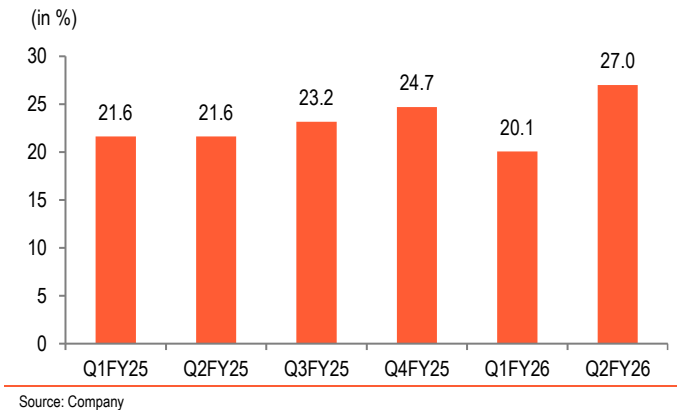


Fig 7 – Kochi utilisation



Call/Other Highlights

- **Macro demand:** Management is positive on demand environment. Sees no negative impact of new terminals and Dabhol terminal operational for annual basis. India's gas demand is expected to grow by 5-6% annually. There has been deals signed by Torrent power, IOC which will benefit Dahej terminal. Management expect decent supply of LNG in FY27-28 which will keep spot prices subdued and thus will likely aid uptick in utilization of Petronet's terminals.
- **Dahej terminal:** Dahej terminal processed a 211trn btu for Q2 with 93% utilization vs 99% utilisation in Q2FY26. Decline in volumes is attributed to adjustment of offtake volumes by some clients which took higher volumes in the previous quarter. Expansion of Dahej capacity from 17.5 to 22.5mmtpa is expected to be commissioned by March 2026 (Earlier March 2025). Delay is attributed to monsoon and Operation Sindoor impact on construction activity at Dahej. Management is confident of uptick in utilization post commissioning, supported by long-term contracts and additional offtake from the existing capacity holders.
- **Kochi terminal:** Kochi terminal processed 17trn btu in Q2FY26, with utilisation of 27%. This improved QoQ from 20% in Q1FY26 due to higher offtake from BPCL refinery. Utilisation at Kochi is expected to improve meaningfully once the remaining pipeline connectivity- Kochi-Bangalore leg is completed by end FY26E, which will connect to various demand points – small industries and CGD entities. Management remains optimistic about steady volume growth at Kochi in the near to medium term.
- **Gopalpur terminal:** Land has been acquired. Environmental clearance (EC) application is resubmitted with additional details and management expects approval soon. The company expects the terminal to take 3years to commission, with a projected capex of around Rs 50bn.
- **Petchem:** Work is on full stream and all major long lead items have been ordered. Civil work has started on the ground. The project is expected to be complete by Q end FY28. Of the likely capex of Rs50 bn in FY2026, major part will be for petrochemicals. Capex will significantly rise in FY27E.
- **Capex:** It incurred a capex of Rs5bn in H1FY26. Petronet plans a total capex of Rs50 bn in FY26E, led majorly by the Dahej petrochemical project with Rs25bn allocation. Major capex of Petchem will come in H2FY26. Other key spends include the Dahej third jetty and Gopalpur terminal, Routine Kochi terminal capex is in the range of Rs 0.8–1.0bn.
- **Trade receivables:** Trade receivables stood at 25bn(gross) which includes use or pay dues of 14bn. Petronet has Use or pay settlement agreement with promoter companies mainly with whom it does 98% of business. Petronet has bank guarantee in place and don't see any issues in getting the use or pay charges.

Business Overview

- Petronet LNG (PLNG) imports, re-gassifies and markets liquefied natural gas (LNG) in the India market.
- It has an LNG terminal with 17.5mnt capacity at Dahej (Gujarat) and 5.0mnt capacity at Kochi (Tamil Nadu).

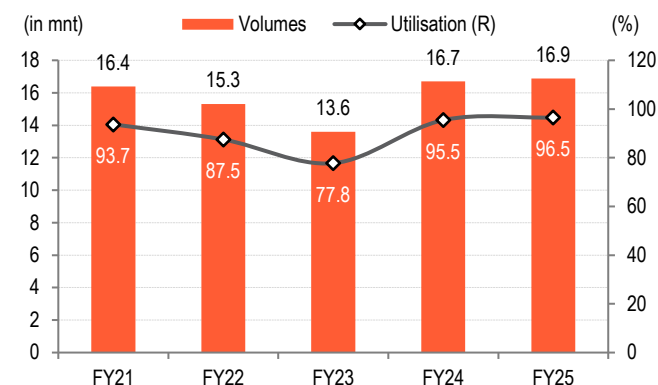
Fig 8 – LNG terminal capacity

Particular	FY21	FY22	FY23	FY24	FY25
Dahej	17.5	17.5	17.5	17.5	17.5
Kochi	5.0	5.0	5.0	5.0	5.0
Total (mn tpa)	22.5	22.5	22.5	22.5	22.5
Total capacity (Tn Btu)	1,166	1,166	1,166	1,166	1,166

Source: Company

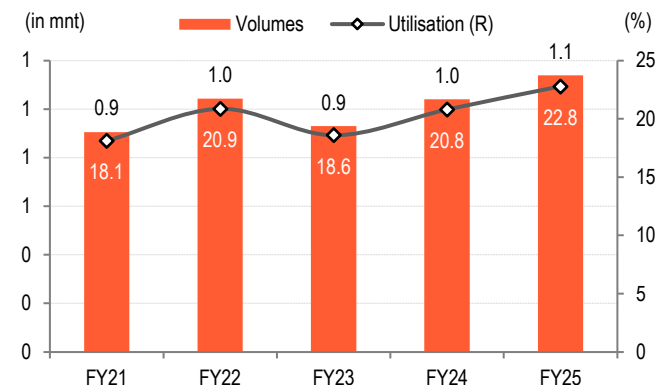
- The company earns fixed regas margins on long-term contracted volumes and earns additional marketing margins on short term volumes.
- PLNG is promoted by the government's entities. It is a JV between 4 government - owned companies – BPCL, GAIL, IOC and ONGC with each holding a 12.5% stake.
- **Tie-up of volumes:** Back-to-back tie up for Dahej terminal volumes ensures low marketing risk.: Dahej capacity is 43% contracted on supply side for its regas volumes. It has 7.5mnt long term supply agreement from Rasgas, Qatar. On demand side, it is contracted for higher share 90% for 15.7mnt out of 17.5mnt. This ensures stability in terms of business profile from Dahej terminal. It sells balance volumes on spot basis to benefit from rise in LNG prices.
- In case of Kochi terminal, utilisation is low relative to Dahej, due to the lack of pipeline connectivity. It has a lower back-to-back arrangement relative to Dahej. It has 1.4mnt long term agreement with Gorgon, Australia.
 - Kochi terminal was commissioned in August 2013. Since then its utilization is low due to lac of sufficient pipeline connectivity to demand gas centres. Kochi utilization was 18% in FY21. It supplies to FACT fertilizer plant and BPCL-Kochi refinery.
 - Offtake was dependent on GAIL planned pipeline from Kochi to Bangalore and to Mangalore. It got delayed due to various environmental issues. Now it is targeted to be commissioned by end FY26E

Fig 9 – Dahej terminal



Source: Company

Fig 10 – Kochi terminal



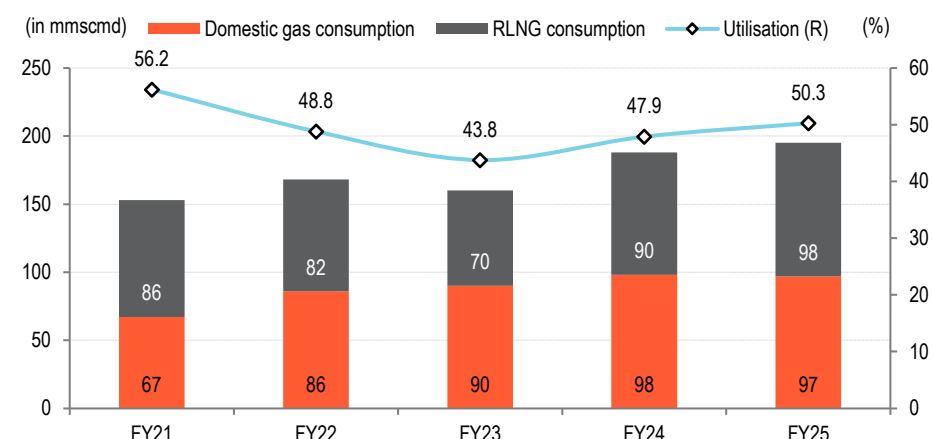
Source: Company

LNG demand dynamics

- LNG demand remains strong – driven by the Fertiliser, Power and CGD sectors. Demand has gone up in the last 2 years – FY24 and FY25.

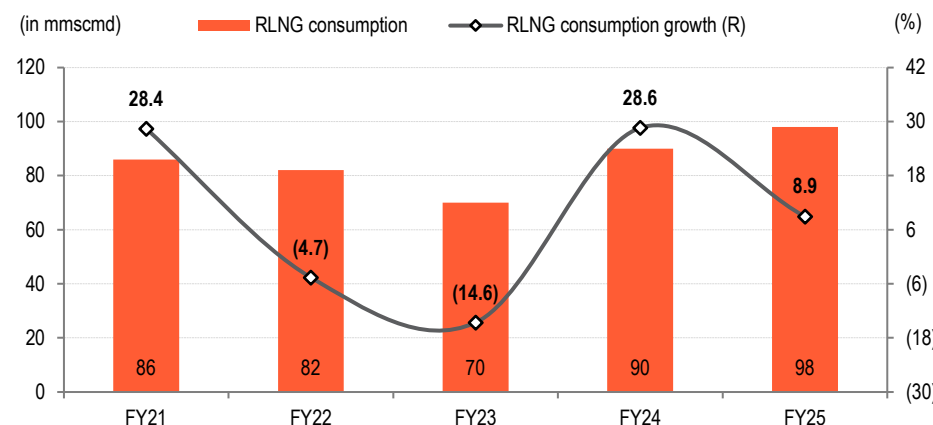
Domestic and RLNG gas consumption (mmscmd), Share of RLNG gas (%):

Fig 11 – Domestic and RLNG gas consumption



Source: Company

Fig 12 – RLNG gas



Source: Company

Fig 13 – Sector wise consumption (mmscmd) - FY25

Sector	RLNG	Domestic gas	Total	% share of sector in total gas consumption
Fertilizer	48	8	56	28.7
Power	7	17	24	12.3
CGD	14	28	42	21.5
Refinery	12	4	16	8.2
Petrochemical	6	3	9	4.6
Others	11	37	48	24.6
Total	98	97	195	100.0

Source: Company

- However, government policies on a push for alternative fuels have the potential to moderate the LNG demand. GoI is likely to have green hydrogen mandate for the fertiliser and refining sectors that account for 70mmscmd or 40% of India's gas demand.
- In the business of LNG regasification, there has been an increase in the LNG terminals in the recent past, which increases competition for Petronet LNG.

LNG terminal capacity in India

Since India is an agas deficit country, it relies heavily on LNG imports. And regassification terminal plays an important role in gas infrastructure development plans.

- India currently has 52.5mn tpa of capacity
- Petronet is planned to commission 5mnt at Dahej, taking capacity from 17.5mntpa to 22.5mntpa. Plans to set up 5mntpa terminal in Gopalpur, Odisha.

Fig 14 – LNG terminal capacity (India)

Terminal	State	Operator	Capacity (mntpa)
West coast			
Dahej	Gujarat	Petronet LNG	17.5
Hazira	Gujarat	Shell	5.0
Mundra	Gujarat	Adani Total	5.0
Chhara	Gujarat	HPCL	5.0
Dabhol	Maharashtra	GAIL	5.0
Kochi	Kerala	Petronet LNG	5.0
East coast			
Ennore	Tamil nadu	IOC	5.0
Dhamra	Odisha	Adani Total	5.0
Total			52.5

Source: Company

Expansion at Dahej to drive growth

Petronet is expanding LNG capacity with 5.0mnt project at Dahej, to be commissioned by March 2026. Thus, capacity will ramp up from 17.5mnt to 22.5mnt. Off-takers for this are yet to be finalised.

- Marketing margins likely to be at similar level as that of existing terminal capacity.
- Incremental capacity will lead to higher volumes to cater to the higher demand.
- We expect utilisation to remain high post expansion as demand is also increasing. This is also reflected in the volumes tie-up by its own Promoters with different LNG suppliers. GAIL and IOC had booked up regas capacity at Dhamra terminal.

Petchem business foray – ongoing concern

- The Board has decided in Oct end 2023 to invest in Petrochem business with 750ktpa propane dehydrogenation (PDH) and 500kta PP capacity. Capex is estimated to be Rs207bn.
- Management's objective is to diversify revenue stream through Petchem business. Petronet has no meaningful synergies with existing LNG regas business and has no competitive advantage. There are peers/promoter companies – GAIL, ONGC, IOC and BPCL in Petchem business and have struggled for improving profitability in recent years.
- Since this would be a long gestation period, it will have a bearing on the profitability and profitability ratios.

Valuation Methodology

We remain positive on business growth, driven by improved utilisation at Dahej and steady pickup in utilisation at Kochi post Bangalore pipeline commissioning. Going forward, Petronet performance will be driven by a favourable demand scenario from the consumption sectors, supported by capacity expansion of 5mnt to 22.5mnt at Dahej by March 2026. We estimate an improvement in volumes for both Dahej and Kochi.

- **Dahej volumes:** We estimate growth to continue on account of a good demand growth. We estimate volumes to grow from 16.9 in FY25 to 17.9 in FY27E and 19.9mnt in FY28E.
- **Kochi volumes:** We estimate volumes to grow from 1.1mnt in FY25 to 2.0mnt in FY27E and 2.3mnt in FY28E. Utilisation is estimated to increase from 23% in FY25 to 40% in FY27E and 45% in F28E

Fig 15 – Key assumptions

	FY24	FY25	FY26E	FY27E	FY28E
Dahej					
Regas volumes (m MT)	16.7	16.9	16.4	17.9	19.9
Availability (%)	95	97	94	102	114
Escalation in regas charges (%)	5.0	5.0	5.0	5.0	5.0
Marketing margin (Rs/mmbtu)	100.0	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)	1.0	1.1	1.3	2.0	2.3
Escalation in regas charges (%)	5	5	5	5	5
USD - INR rate	82.8	87.0	87.0	87.0	87.0

Source: Company, BOBCAPS Research

P/E based valuation rationale

We are assuming coverage with HOLD and TP of Rs300, based on 9.5x P/E on Sept'27 EPS. The multiple is in line with its historical 10Y average P/E.

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

Fig 16 – Valuation summary

	Sept. 27 EPS (Rs)	Multiple (x)	Value (Rs/share)
Petronet	31.6	9.5	300
Target price (Rs)			300

Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- **Volatility in LNG pricing on downside may lead to a repricing of contracts on supply and sell side:** Petronet has back-to-back contracts. However, volatility on downside can lead to the repricing of these contracts as happened in 2016 when LNG prices declined and Petronet could not take advantage of low input market cost. This will have some impact on operating parameters for 1-2 quarters before normalisation.
- **Past build-up in receivables has been a concern:** Previously, there has been build up in the use-or-pay receivable from one of the customers. In a market scenario of weak LNG demand and increasing competitive intensity; any amount receivables in future will impact its operating cashflow and profitability.

Fig 17 – EV/EBITDA 2YF

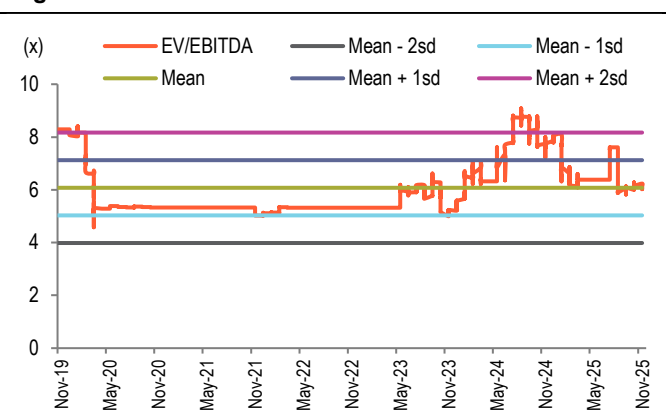
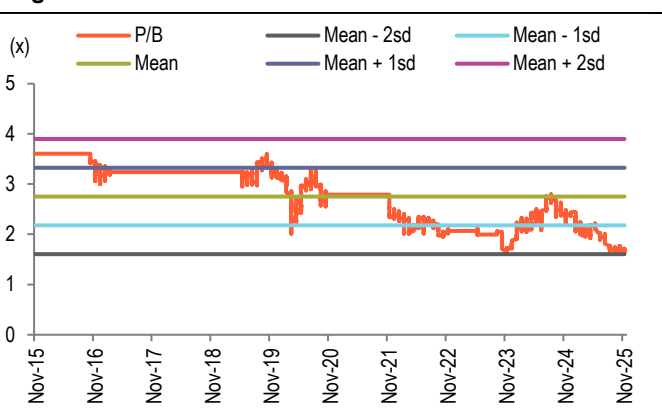


Fig 18 – P/B 1YF



Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	527,293	509,820	511,540	561,999	621,529
EBITDA	52,055	55,241	58,668	68,110	75,014
Depreciation	(7,766)	(8,062)	(9,412)	(11,999)	(14,127)
EBIT	50,374	54,909	57,140	64,152	69,090
Net interest inc./(exp.)	(2,897)	(2,580)	(2,593)	(2,606)	(2,619)
Other inc./(exp.)	6,085	7,730	7,884	8,042	8,203
Exceptional items	0	0	0	0	0
EBT	47,477	52,329	54,546	61,546	66,471
Income taxes	(12,207)	(13,490)	(14,061)	(15,866)	(17,282)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	1,254	888	0	0	0
Reported net profit	36,524	39,727	40,485	45,680	49,189
Adjustments	0	0	0	0	0
Adjusted net profit	36,524	39,727	40,485	45,680	49,189

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	28,650	25,630	25,717	28,254	31,246
Other current liabilities	11,748	13,415	13,415	13,415	13,415
Provisions	1,185	1,556	1,556	1,556	1,556
Debt funds	0	0	0	0	0
Other liabilities	39,547	33,591	33,591	33,591	33,591
Equity capital	15,000	15,000	15,000	15,000	15,000
Reserves & surplus	159,101	183,775	208,510	237,691	269,629
Shareholders' fund	174,101	198,775	223,510	252,691	284,629
Total liab. and equities	255,230	272,967	297,789	329,506	364,437
Cash and cash eq.	74,142	91,044	84,271	91,938	113,810
Accounts receivables	36,261	32,669	32,234	35,414	39,165
Inventories	14,654	12,044	13,486	16,356	19,792
Other current assets	3,884	5,850	5,850	5,850	5,850
Investments	6,167	6,700	6,700	6,700	6,700
Net fixed assets	60,863	71,161	101,749	119,749	125,623
CWIP	15,524	16,418	16,418	16,418	16,418
Intangible assets	20,606	17,199	17,199	17,199	17,199
Deferred tax assets, net	0	0	0	0	0
Other assets	12,061	21,512	(14,424)	(1,837)	10,290
Total assets	255,230	272,967	297,789	329,507	364,438

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	56,011	52,370	51,570	56,773	61,741
Capital expenditures	(5,597)	(15,846)	(40,000)	(30,000)	(20,000)
Change in investments	7,517	(10,952)	0	0	0
Other investing cash flows	(18,218)	13,667	0	0	0
Cash flow from investing	(16,299)	(13,131)	(40,000)	(30,000)	(20,000)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(2,897)	(2,580)	(2,593)	(2,606)	(2,619)
Dividends paid	(15,000)	(15,000)	(15,750)	(16,500)	(17,250)
Other financing cash flows	(419,056)	(4,531)	(4,757)	0	0
Cash flow from financing	(22,428)	(22,337)	(18,343)	(19,106)	(19,869)
Chg in cash & cash eq.	17,284	16,902	(6,773)	7,667	21,871
Closing cash & cash eq.	74,142	91,044	84,271	91,938	113,810

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	24.3	26.5	27.0	30.5	32.8
Adjusted EPS	24.3	26.5	27.0	30.5	32.8
Dividend per share	10.0	10.0	10.5	11.0	11.5
Book value per share	116.1	132.5	149.0	168.5	189.8

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.7	0.6	0.6	0.6	0.5
EV/EBITDA	6.7	5.9	5.4	4.7	4.0
Adjusted P/E	11.4	10.5	10.3	9.1	8.5
P/BV	2.4	2.1	1.9	1.6	1.5

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.3	74.2	74.2	74.2	74.0
Interest burden (PBT/EBIT)	0.9	1.0	1.0	1.0	1.0
EBIT margin (EBIT/Revenue)	9.6	10.8	11.2	11.4	11.1
Asset turnover (Rev./Avg TA)	2.2	1.9	1.8	1.8	1.8
Leverage (Avg TA/Avg Equity)	0.0	0.0	0.0	0.0	0.0
Adjusted ROAE	22.4	21.3	19.2	19.2	18.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(12.0)	(3.3)	0.3	9.9	10.6
EBITDA	7.2	6.1	6.2	16.1	10.1
Adjusted EPS	9.8	8.8	1.9	12.8	7.7
Profitability & Return ratios (%)					
EBITDA margin	9.9	10.8	11.5	12.1	12.1
EBIT margin	9.6	10.8	11.2	11.4	11.1
Adjusted profit margin	6.9	7.8	7.9	8.1	7.9
Adjusted ROAE	22.4	21.3	19.2	19.2	18.3
ROCE	24.4	24.6	23.3	23.6	22.9
Working capital days (days)					
Receivables	25	23	23	23	23
Inventory	10	9	10	11	12
Payables	22	21	21	21	21
Ratios (x)					
Gross asset turnover	2.2	1.9	1.8	1.8	1.8
Current ratio	3.1	3.7	3.6	3.7	4.1
Net interest coverage ratio	17.4	21.3	22.0	24.6	26.4
Adjusted debt/equity	(0.4)	(0.5)	(0.4)	(0.4)	(0.4)

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

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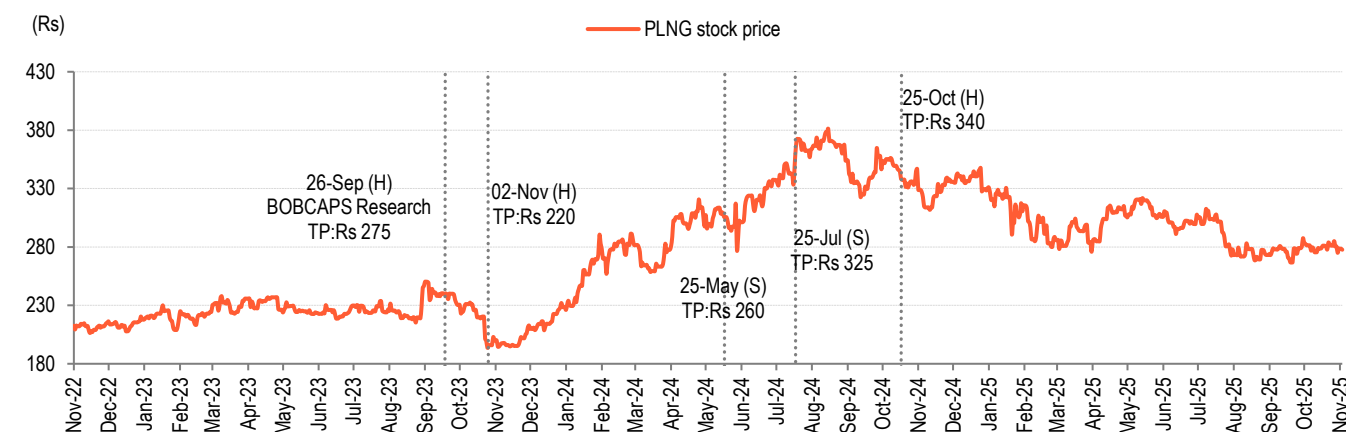
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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.

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