

HOLD**TP: Rs 300 | ▲ 3%****PETRONET LNG**

| Oil & Gas

| 13 February 2026

Operational performance below expectations

- Revenue and EBITDA decreased by 8.7%YoY and 3.9%YoY, on lower blended realisations offset by volume growth of 2.1%YoY, respectively
- Pipeline connectivity from Kochi terminal is key for volume offtake in future. However, capex on petchem project remains a concern
- We maintain HOLD rating and TP to Rs300 on roll over to Dec'27, based on 9.5x P/E on Dec'27 EPS

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Operation performance below expectation: Revenue came at Rs111bn (-8.7%YoY, +1.4%QoQ) and was 0.1% above our estimates. EBITDA came at Rs12bn (-3.9%YoY; +7.3%QoQ), was 10.9% below estimates. Lower blended realisations weighed on the performance. Blended realisations declined by 10.6%YoY during the quarter.

Volumes performance: Volumes came at 233tbtu; higher by 2.1%YoY, primarily on the back of Kochi volumes. Dahej volumes were high by 0.5%YoY to 214tbtu with 94% of utilisation. Kochi volumes were higher by 25.2%YoY to 19tbtu with 29% utilisation driven by higher offtake from MRPL and Kochi refinery.

Outlook on growth: The outlook for LNG imports remains positive amid constrained domestic gas production, with incremental capacity at Dahej (post Mar'26 commissioning) expected to support higher utilization and business growth. Kochi volumes are likely to improve in FY27E following pipeline connectivity and integration with the national grid. However, the high capex intensity of the petchem project remains a near-term concern, potentially weighing on profitability despite its long-term growth benefits.

Capex intensity: Petronet guided for a capex of Rs30bn for FY26E. Significant capex in petchem project would remain a concern.

Maintain HOLD rating and TP: We remain positive on the demand outlook. However, capex will remain elevated. We maintain HOLD rating and TP at Rs300 on roll over to Dec'27, based on 9.5x P/E on Dec'27 EPS.

Key changes

	Target	Rating
	◀ ▶	◀ ▶

Ticker/Price	PLNG IN/Rs 290
Market cap	US\$ 4.8bn
Free float	50%
3M ADV	US\$ 7.8mn
52wk high/low	Rs 327/Rs 264
Promoter/FPI/DII	50%/28%/12%

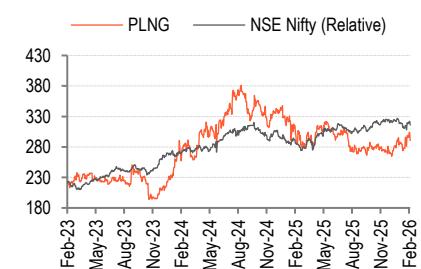
Source: NSE | Price as of 13 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	509,820	476,553	550,537
EBITDA (Rs mn)	55,241	50,325	67,216
Adj. net profit (Rs mn)	39,727	35,490	44,374
Adj. EPS (Rs)	26.5	23.7	29.6
Consensus EPS (Rs)	26.5	24.3	30.1
Adj. ROAE (%)	21.3	17.0	19.1
Adj. P/E (x)	11.0	12.3	9.8
EV/EBITDA (x)	6.3	6.7	5.4
Adj. EPS growth (%)	8.8	(10.7)	25.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Revenue	111,638	110,091	1.4	122,269	(8.7)	340,528	386,663	(11.9)
EBITDA	11,983	11,167	7.3	12,470	(3.9)	34,742	40,118	(13.4)
EBITDA margin (%)	10.7	10.1		10.2		10.2	10.4	
Depreciation	2,150	2,108	2.0	2,096	2.6	6,327	6,004	5.4
Interest	559	609	(8.3)	651	(14.1)	1,758	1,972	(10.8)
Other income	2,136	2,337	(8.6)	1,962	8.8	6,639	5,756	15.3
PBT	11,410	10,787	5.8	11,686	(2.4)	33,295	37,898	(12.1)
Tax	2,955	2,768	6.8	3,020	(2.1)	8,577	9,734	(11.9)
Reported PAT	8,696	8,303	4.7	9,017	(3.6)	25,418	28,778	(11.7)
Exceptional item	0	0		0		0	0	
Adjusted PAT	8,696	8,303	4.7	9,017	(3.6)	25,418	28,778	(11.7)
Adj. PATM (%)	7.8	7.5		7.4		7.5	7.4	
EPS (Rs)	5.8	5.5	4.7	6.0	(3.6)	16.9	19.2	(11.7)

Source: Company

Fig 2 – Q3Actual vs Estimates

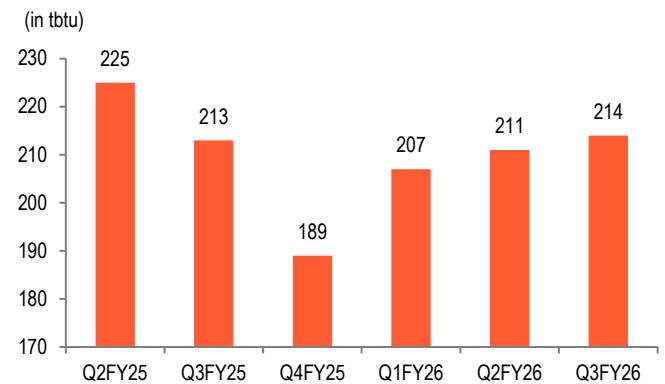
Particulars	Q3 Actual	Estimates	VAR (%)
Revenue (Rs mn)	111,638	111,550	0.1
EBITDA (Rs mn)	11,983	13,455	(10.9)
EBITDA margin (%)	10.73	12.1	
PAT (Rs mn)	8,696	9,698	(10.3)
EPS (Rs)	5.8	6.5	(10.3)

Source: Company, BOBCAPS Research

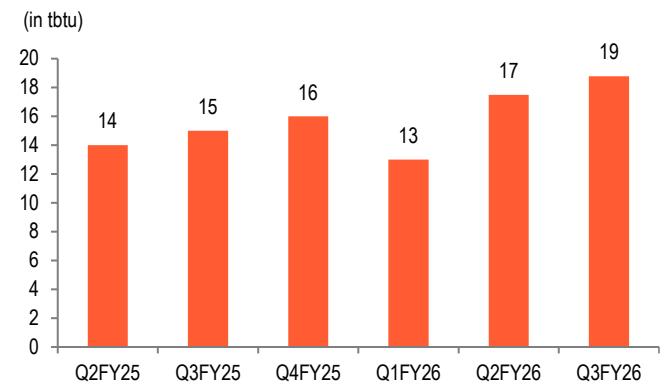
Fig 3 – Business parameters

	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Dahej volumes (tbtu)	214	211	1.4	213	0.5	632	686	(7.9)
Kochi volumes (tbtu)	19	17	7.4	15	25.2	49	43	14.6
Volumes (tbtu)	233	228	1.9	228	2.1	681	729	(6.5)
Utilisation (%)								
Dahej utilisation (%)	94	93	1.4	94	0.5	93	101	(7.9)
Kochi utilisation (%)	29	27	7.4	23	25.2	25	22	14.6
Gross margin (Rs /mmbtu)	70	68	2.3	73	(4.3)	69	71	(3.7)
Blended EBITDA margin (Rs/mmbtu)	51	49	5.3	55	(5.9)	51	55	(7.3)

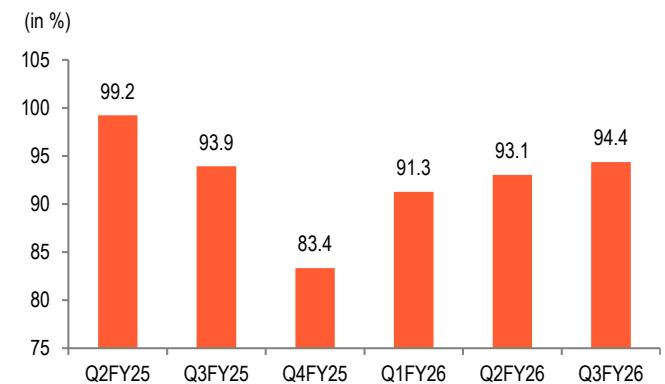
Source: Company

Fig 4 – Dahej volumes

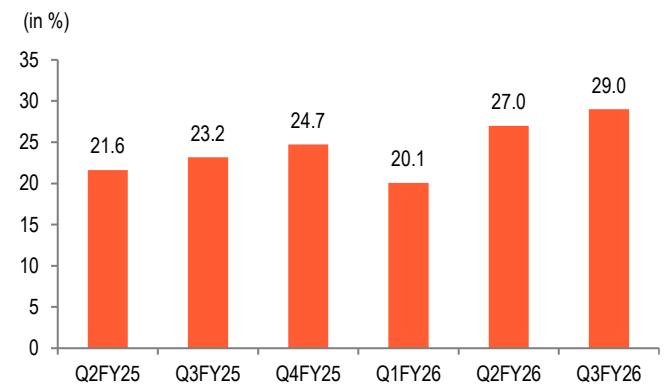
Source: Company

Fig 5 – Kochi volumes

Source: Company

Fig 6 – Dahej utilisation

Source: Company

Fig 7 – Kochi utilisation

Source: Company

Call Highlights

- **Macro demand:** Management is positive on demand environment. Sees no negative impact of the new terminals. India's gas demand is expected to grow significantly in next 5-7years from CGD, Petchem and Refineries segments. Management expects decent supply of LNG in FY27-28E, which will keep spot prices subdued and thus, will likely aid uptick in utilisation of Petronet's terminals.
- **Dahej terminal:** Dahej terminal processed a 214tbtu for Q3 with 94% utilisation vs 93% utilisation in Q3FY25. Expansion of Dahej capacity from 17.5 to 22.5mmtpa is expected to be commissioned by Mar'26. Management is confident of an uptick in utilisation post commissioning, supported by long-term contracts and additional offtake from the existing capacity holders.
- **Kochi terminal:** Kochi terminal processed 19tbtu in Q3FY26, with 29% utilisation. This improved QoQ from 17tbtu in Q2FY26, due to higher offtake from MRPL and Kochi refinery; and in Q3FY25 it was 15tbtu. Utilisation at Kochi is expected to improve meaningfully once the remaining pipeline connectivity- Kochi-Bangalore leg is completed by the end of FY26E, which will connect to various demand points – small industries and CGD entities. Expect to be connected to national grid by June 2026.
- Trade receivables as of 31 December 2025 include ₹13,139 mn of Use-or-Pay dues arising from lower capacity utilization by customers under long-term regasification agreements during FY23–FY25. Of this, ₹490 mn pertaining to CY25 has been recognized as revenue but is yet to be received. CY21 dues have been fully settled, while CY22 dues are expected to be recovered before 31 March 2026, supported by valid bank guarantees.
- **Gopalpur terminal:** Land has been acquired. Environmental clearance (EC) application is resubmitted with additional details and management expects approval soon. The company expects the benefit to come from FY28E onwards and a projected capex of around Rs60bn.
- **Petchem:** Work is in full stream and all major items have been ordered. Civil work has started on the ground. The project is expected to be completed by Q4FY28. Total proposed capex is Rs207bn.
- **Capex:** Petronet guided for a total capex of Rs30bn for FY26E, led majorly by the Dahej petrochemical project with Rs25bn allocation. Guided a capex of Rs90bn for FY27E.

Valuation Methodology

We remain positive on business growth, driven by improved utilisation at Dahej and steady pickup in utilisation at Kochi post Mangalore pipeline commissioning.

Revision in estimates is based on 9M volume performance and moderation in Dahej volumes-.

- **Dahej volumes:** We estimate volumes to grow to 16.3mt vs the earlier 16.4mt in FY26E, at 17.8mnt vs the earlier 17.9mt in FY27E and unchanged at 19.8mnt vs the earlier 19.9mnt in FY28E.
- **Kochi volumes:** No change in volume estimates. We estimate volumes to grow to 1.3mt in FY26E, 2.0mnt in FY27E and 2.3mnt in FY28E.
- **USD/INR assumption revised to Rs89 vs Rs87 for FY26E; revised to Rs91 vs the earlier Rs87 for FY27E and revised to Rs91 vs the earlier Rs87 for FY28E.**

Fig 8 – Revision in Estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY25A	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	509,820	476,553	550,537	622,018	511,540	561,999	621,529	(6.8)	(2.0)	0.1
EBITDA	55,241	50,325	67,216	74,058	58,668	68,110	75,014	(14.2)	(1.3)	(1.3)
EBITDA % margin	10.8	10.6	12.2	11.9	11.5	12.1	12.1	-	-	-
PAT	39,727	35,490	44,374	48,424	40,485	45,680	49,189	(12.3)	(2.9)	(1.6)
EPS (Rs)	26.5	23.7	29.6	32.3	27.0	30.5	32.8	(12.3)	(2.9)	(1.6)

Source: Company, BOBCAPS Research

Fig 9 – Key assumptions

	FY24	FY25	FY26E	FY27E	FY28E
Dahej					
Regas volumes (m MT)	16.7	16.9	16.3	17.8	19.8
Availability (%)	95.0	97.0	93.0	79.0	88.0
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	89.0	91.0	91.0

Source: Company, BOBCAPS Research

P/E-based Valuation Rationale

We maintain HOLD rating and TP at Rs300 on roll over to Dec'27, based on 9.5x P/E on Dec'27 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

	Dec'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 a buildup 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 of receivables in future will impact its operating cashflow and profitability.

Fig 11 – P/E 1YF

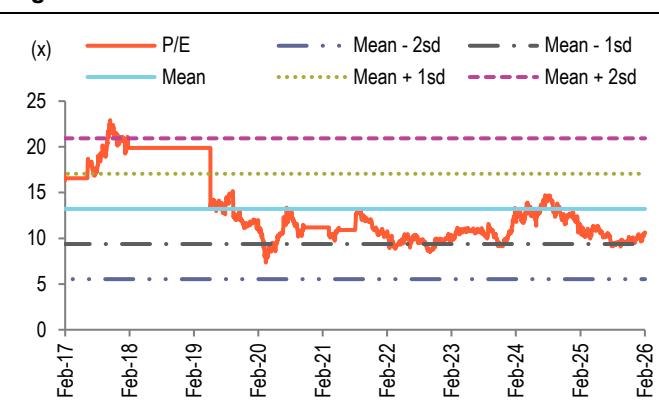
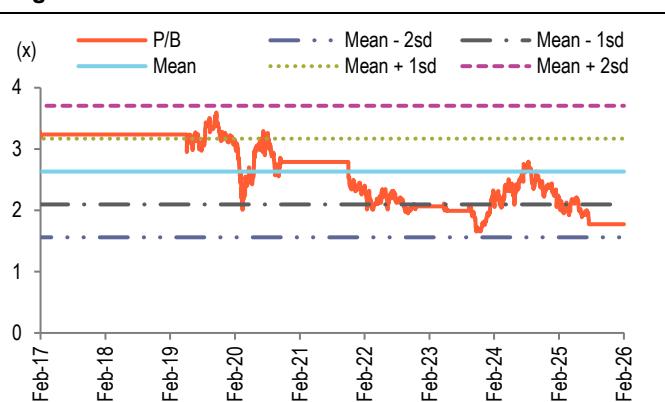


Fig 12 – P/B 1YF



Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	527,293	509,820	476,553	550,537	622,018
EBITDA	52,055	55,241	50,325	67,216	74,058
Depreciation	(7,766)	(8,062)	(7,800)	(12,865)	(14,400)
EBIT	50,374	54,909	50,409	62,393	67,861
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	47,816	59,786	65,242
Income taxes	(12,207)	(13,490)	(12,326)	(15,412)	(16,818)
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	35,490	44,374	48,424
Adjustments	0	0	0	0	0
Adjusted net profit	36,524	39,727	35,490	44,374	48,424

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	28,650	25,630	23,958	27,677	31,271
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	203,515	231,389	262,563
Shareholders' fund	174,101	198,775	218,515	246,389	277,563
Total liab. and equities	255,230	272,967	291,035	322,628	357,396
Cash and cash eq.	74,142	91,044	89,031	35,369	46,247
Accounts receivables	36,261	32,669	30,029	34,691	39,196
Inventories	14,654	12,044	12,564	16,023	19,807
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	93,361	170,496	186,096
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	(6,037)	(60,971)	563
Total assets	255,230	272,967	291,035	322,628	357,395

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	56,011	52,370	46,330	55,445	60,747
Capital expenditures	(5,597)	(15,846)	(30,000)	(90,000)	(30,000)
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)	(30,000)	(90,000)	(30,000)
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	(2,013)	(53,662)	10,878
Closing cash & cash eq.	74,142	91,044	89,031	35,369	46,247

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	24.3	26.5	23.7	29.6	32.3
Adjusted EPS	24.3	26.5	23.7	29.6	32.3
Dividend per share	10.0	10.0	10.5	11.0	11.5
Book value per share	116.1	132.5	145.7	164.3	185.0

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.7	0.7	0.7	0.7	0.6
EV/EBITDA	7.0	6.3	6.7	5.4	5.2
Adjusted P/E	11.9	11.0	12.3	9.8	9.0
P/BV	2.5	2.2	2.0	1.8	1.6

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.3	74.2	74.2	74.2	74.2
Interest burden (PBT/EBIT)	0.9	1.0	0.9	1.0	1.0
EBIT margin (EBIT/Revenue)	9.6	10.8	10.6	11.3	10.9
Asset turnover (Rev./Avg TA)	2.2	1.9	1.7	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	17.0	19.1	18.5

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(12.0)	(3.3)	(6.5)	15.5	13.0
EBITDA	7.2	6.1	(8.9)	33.6	10.2
Adjusted EPS	9.8	8.8	(10.7)	25.0	9.1
Profitability & Return ratios (%)					
EBITDA margin	9.9	10.8	10.6	12.2	11.9
EBIT margin	9.6	10.8	10.6	11.3	10.9
Adjusted profit margin	6.9	7.8	7.4	8.1	7.8
Adjusted ROAE	22.4	21.3	17.0	19.1	18.5
ROCE	24.4	24.6	20.8	23.5	23.0
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	1.7	1.8	1.8
Current ratio	3.1	3.7	3.8	2.4	2.6
Net interest coverage ratio	17.4	21.3	19.4	23.9	25.9
Adjusted debt/equity	(0.4)	(0.5)	(0.5)	(0.2)	(0.2)

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

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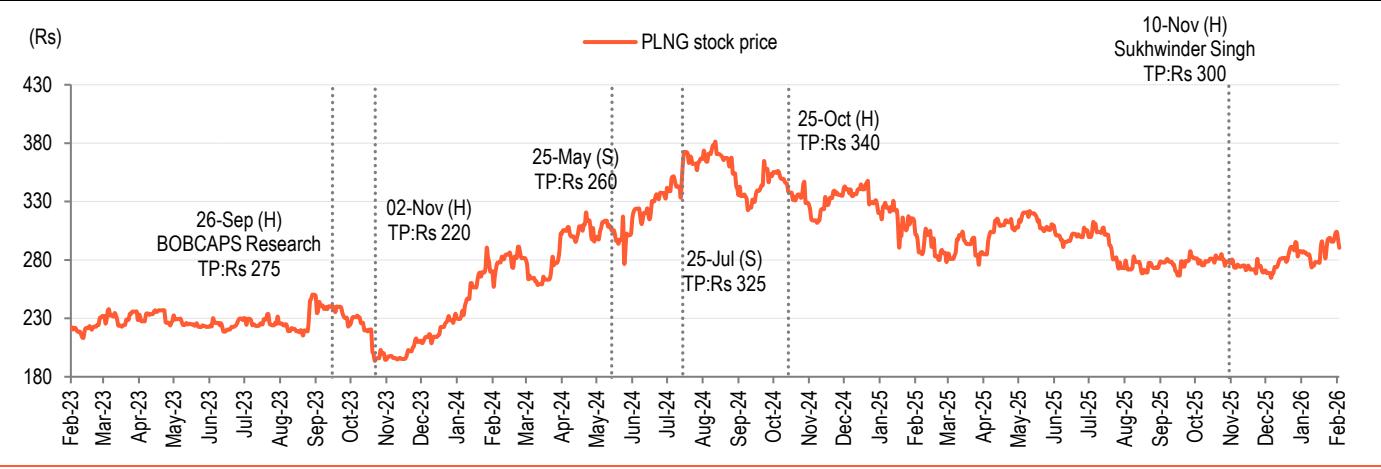
HOLD – Expected return from -6% to +15%

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)



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