HOLD
TP: Rs 323 | ▲ 7%

PETRONET LNG

| Oil & Gas | 03 November 2026

Improved operational performance on demand & efficiency gain

- **Revenue fell 34.6% YoY, while EBITDA rose 48.8% YoY on operational efficiency gains**
- **Outlook is positive with volumes recovering; normalisation of supply from QatarEnergy is likely to take time**
- **Maintain HOLD; considering the improved performance and rollover, we revise our TP upwards to Rs323 based on 9.5x P/E on Sep'28E EPS**

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Performance above expectations: Revenue came at Rs72bn(-34.6%YoY, +29.6%QoQ) and was 39.2% above our estimates. EBITDA came at Rs16bn (+48.8%YoY; +8.2%QoQ), was 28.5% above estimates. Better than expected performance was due to better than expected utilization at Dahej terminal and operational efficiency gain of Rs6,580mn during the quarter.

Volumes performance: Volumes came in at 231tbtu, up 1.1% YoY, primarily on the back of improved Dahej volumes. Dahej volumes were up 2.4% YoY to 216tbtu, with utilisation at 73% vs 93% in Q2FY26 (66% in Q1FY27). Q1FY27 and Q2FY27 utilisation is on the expanded capacity of 22.5mtpa, commissioned in Mar'26 from 17.5mtpa; adjusted for the earlier capacity, utilisation would have been 95%. Kochi volumes were down 14.2% YoY to 15tbtu, with utilisation at 23% vs 27% in Q2FY26.

Outlook: The LNG market is currently experiencing supply constraints and price volatility, as supply from QatarEnergy has been hit by infrastructure damage. Management expects LNG supply to normalise after the war ends. On the positive side, demand remains strong amid constrained domestic gas production. Petronet has incremental capacity at Dahej after Mar'26, having expanded from 17.5 to 22.5mtpa. The Kochi terminal will get pipeline connectivity by end-FY27 and will be integrated with the national grid. The high capex intensity of the petchem project will linger as a concern, potentially weighing on profitability despite its long-term growth benefits

Capex intensity: Incurred a capex of Rs16bn in H1FY27. Guided a capex of Rs90bn for FY27E.

Maintain HOLD; revise TP upwards: We maintain HOLD rating. Considering improved performance & benefit of rollover; we revise TP upwards to Rs323 from Rs297 based on 9.5x P/E on Sept.28E EPS.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	PLNG IN/Rs 301
Market cap	US$ 4.8bn
Free float	50%
3M ADV	US$ 6.1mn
52wk high/low	Rs 326/Rs 235
Promoter/FPI/DII	50%/28%/12%

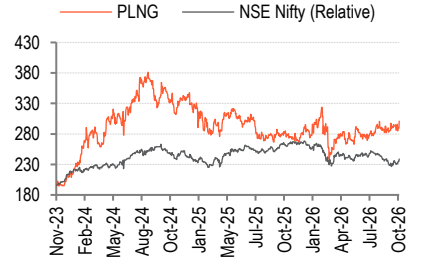
Source: NSE | Price as of 2 Nov 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	434,949	430,122	526,190
EBITDA (Rs mn)	53,354	59,839	78,268
Adj. net profit (Rs mn)	39,125	38,992	49,508
Adj. EPS (Rs)	26.1	26.0	33.0
Adj. ROAE (%)	18.6	16.6	18.9
Adj. P/E (x)	11.5	11.6	9.1
EV/EBITDA (x)	6.6	6.4	5.6
Adj. EPS growth (%)	(1.5)	(0.3)	27.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance

(Rs mn)	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
Revenue	72,022	55,578	29.6	110,091	(34.6)	127,601	228,890	(44.3)
EBITDA	16,617	15,352	8.2	11,167	48.8	31,969	22,759	40.5
EBITDA margin (%)	17,964	16,361	9.8	12,738	41.0	34,324	25,714	33.5
Depreciation	23.1	27.6	(455 bps)	10.1	1293 bps	25.1	9.9	1511 bps
Interest	1,868	2,012	(7.2)	2,108	(11.4)	3,880	4,177	(7.1)
Other income	497	507	(1.9)	609	(18.4)	1,004	1,199	(16.3)
PBT	2,330	2,075	12.3	2,337	(0.3)	4,405	4,503	(2.2)
Tax	16,582	14,908	11.2	10,787	53.7	31,491	21,885	43.9
Reported PAT	4,236	3,826	10.7	2,768	53.1	8,062	5,622	43.4
PATM (%)	17.4	20.5	(302 bps)	7.5	990 bps	18.8	7.3	1145 bps
EPS (Rs)	8.4	7.6	10.5	5.5	51.3	16.0	11.1	43.1

Source: Company

Fig 2 – Q2 Actual vs Estimates

Particulars	Q2 Actual	Estimates	VAR(%)
Revenue (Rs mn)	72,022	51,729	39.2
Adjusted EBITDA (Rs mn)	16,617	12,932	28.5
EBITDA margin (%)	23.1	25.0	(193 bps)
PAT (Rs mn)	12,564	9,212	36.4
EPS (Rs)	8.4	6.1	36.4

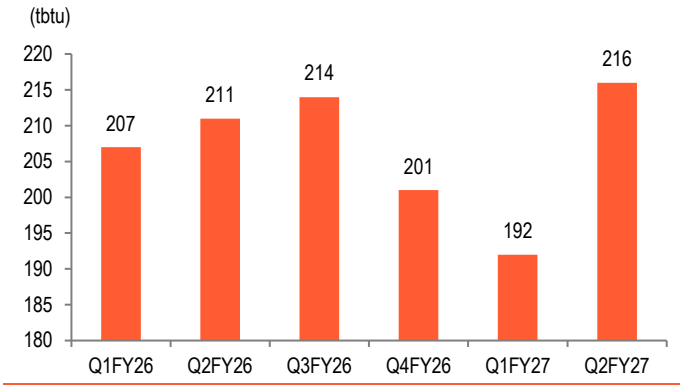
Source: Company, BOBCAPS Research

Fig 3 – Business parameters

	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
Dahej volumes (tbtu)	216	192	12.5	211	2.4	408	418	(2.4)
Kochi volumes (tbtu)	15	15	0.0	17	(14.2)	30	30	(1.6)
Total Volumes (tbtu)	231	207	11.6	228	1.1	438	448	(2.3)
Utilisation (%)								
Dahej utilisation (%)	73	66	10.8	93	(21.6)	69	92	(24.7)
Kochi utilisation (%)	23	23	0.0	27	(14.2)	23	24	(1.6)
Gross margin (Rs /mmbtu)	89	90	(0.8)	68	30.4	89	68	31.4
Blended EBITDA (Rs/mmbtu)	72	74	(3.0)	49	47.2	73	51	43.8

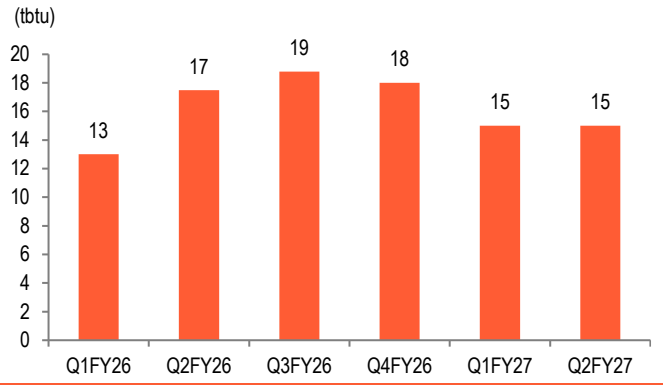
Source: Company

Fig 4 – Dahej volumes



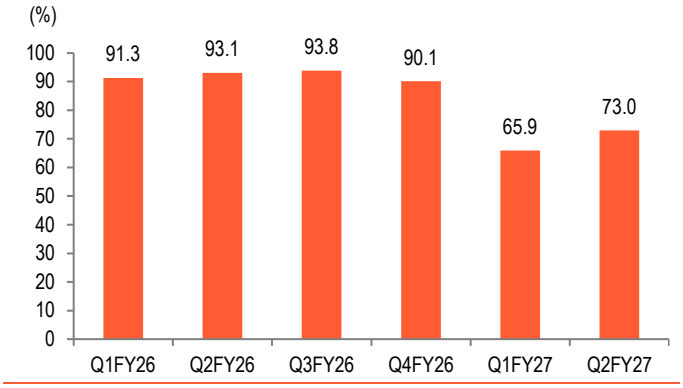
Source: Company

Fig 5 – Kochi volumes



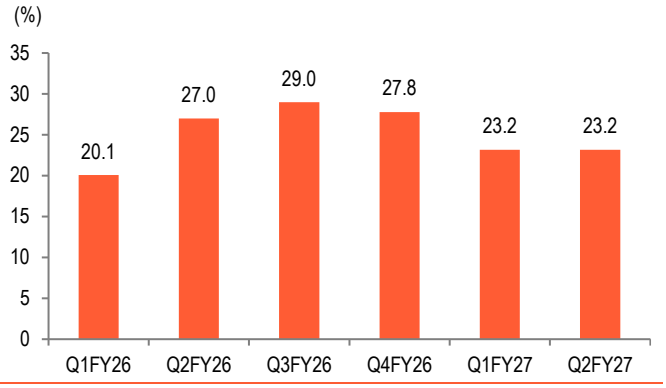
Source: Company

Fig 6 – Dahej utilization



Source: Company

Fig 7 – Kochi utilisation



Source: Company

Call Highlights

- **Macro environment:** The LNG market is experiencing supply constraints due to disrupted supply volumes from the Middle East. QatarEnergy has declared force majeure on its capacity following attacks on its infrastructure during the US–Iran war. Dahej utilisation was 73% in Q2FY27 vs 93% in Q2FY26. Q2 utilisation of 73% is on the expanded capacity of 22.5mtpa, commissioned in Mar'26 from 17.5mtpa; adjusted for the earlier capacity, utilisation would have been 95%. Offtakers were able to bring in cargoes from other sources to meet their demand. Management expects LNG supply from the Middle East to normalise after the war ends and remains optimistic about LNG sourcing and volumes once it does.
- **Dahej terminal:** Dahej expanded its capacity from 17.5 to 22.5mtpa in Mar'26, which will benefit from incremental offtake once supply normalises after the war ends.
- **Kochi terminal:** Kochi utilisation was 23% in Q2FY27 vs 27% in Q2FY26. It is expected to improve meaningfully once the remaining pipeline connectivity, the Kochi–Bangalore leg, is completed by end-FY27. This will connect to various demand points, including small industries and CGD entities. The pipeline will subsequently be connected to the national grid.
- Trade receivables fell 32.7% to Rs7.9bn in Sep'26 from Rs11.8bn in Mar'26. This includes 'use or pay' dues of Rs4.1bn (gross), arising from lower capacity utilisation by customers under long-term regasification agreements during FY23–FY26.
- **Petchem:** The project is on track and all major items have been ordered. Civil work has started on the ground, and there are no supply-side issues for imports of equipment. Rs33bn has been incurred so far, and the project is expected to be fully completed by Q4FY28E. Total proposed capex is Rs207bn.
- **Capex:** Capex was Rs16.9bn in H1FY27, and management has guided to Rs90bn for FY27E. This includes Rs75bn for the petchem project, ~Rs6bn for the third jetty at Dahej, Rs3–4bn for the Gopalpur terminal and ~Rs7bn for a fifth small-scale LNG plant at Kochi.

Valuation Methodology

We revise our estimates upwards, primarily on improved volumes and utilisation, reflecting the better performance -

- **Dahej volumes:** We estimate volumes of 16.1mnt for FY27E (earlier 12.1mnt), 21.1mnt for FY28E (earlier 19.6mnt) and [22.6]mnt for FY29E (earlier 22.1mnt).
- **Kochi volumes:** We estimate volumes to decrease to 1.3mnt for FY27E (earlier 1.8mnt), and to rise to 2.5mnt for FY28E (earlier 2.3mnt) and 2.9mnt for FY29E (earlier 2.8mnt).

Fig 8 – Revision in Estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	434,949	430,122	526,190	555,827	432,527	524,769	554,936	(0.6)	0.3	0.2
EBITDA	53,354	59,839	78,268	85,023	51,955	72,469	82,763	15.2	8.0	2.7
EBITDA % margin	12.3	13.9	14.9	15.3	12.0	13.8	14.9	190 bps	106 bps	38 bps
PAT	39,125	38,992	49,508	52,547	33,455	45,471	51,151	16.6	8.9	2.7
EPS (Rs)	26.1	26.0	33.0	35.0	22.3	30.3	34.1	16.6	8.9	2.7

Source: Company, BOBCAPS Research

Fig 9 – Key assumptions

	FY25	FY26	FY27E	FY28E	FY29E
Dahej					
Regas volumes (m MT)	16.9	16.1	16.1	21.1	22.6
Utilisation (%)	96.6	91.9	71.5	93.7	100.4
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	1.3	2.5	2.9
Utilisation (%)	22.0	26.0	26.0	50.0	58.0
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 Sept.28E, we revise TP to Rs323 from Rs297 based on 9.5x P/E on Sept.28E EPS.

- 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

	Sept. 28E EPS (Rs)	Multiple (x)	Value (Rs/share)
Petronet	34.0	9.5	323
Target price (Rs)			**323**

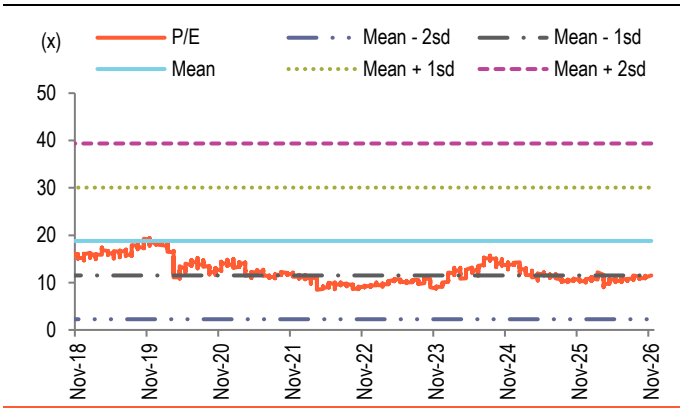
Source: Company, BOBCAPS Research

Key Risks

Key downside risk to our estimates:

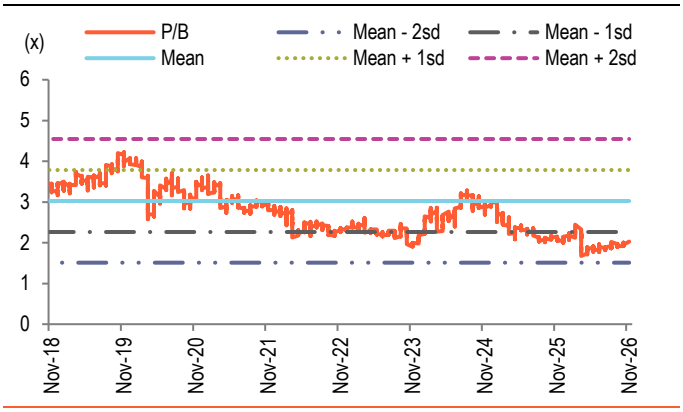
- **LNG price volatility may trigger contracts repricing on both supply & sell sides, impacting volumes:** Petronet has back-to-back contracts. However, volatility on upside/downside can lead to the repricing of these contracts, as happened in 2016 when LNG prices declined and Petronet could not take advantage of the low input market cost. In the current environment of higher LNG prices, weakness may persist in the spot volumes from off takers, 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**	**430,122**	**526,190**	**555,827**
EBITDA	55,241	53,354	59,839	78,268	85,023
Depreciation	(8,062)	(8,382)	(14,845)	(18,446)	(21,571)
EBIT	54,909	53,613	54,240	69,622	73,742
Net interest inc./(exp.)	(2,580)	(2,374)	(2,250)	(3,611)	(3,680)
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	51,990	66,011	70,062
Income taxes	(13,490)	(13,145)	(12,997)	(16,503)	(17,516)
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**	**38,992**	**49,508**	**52,547**
Adjustments	0	0	0	0	0
Adjusted net profit	**39,727**	**39,125**	**38,992**	**49,508**	**52,547**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	25,630	7,350	7,268	8,892	9,392
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	45,000	87,000	92,000
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	231,091	264,099	299,395
Shareholders' fund	198,775	222,848	246,091	279,099	314,395
Total liab. and equities	**272,967**	**274,400**	**342,561**	**419,192**	**459,990**
Cash and cash eq.	91,044	101,141	76,359	81,675	88,350
Accounts receivables	32,669	10,394	27,104	33,157	36,548
Inventories	12,044	9,072	10,150	13,858	16,162
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**	**342,561**	**419,192**	**459,990**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**52,370**	**56,786**	**38,218**	**63,426**	**72,605**
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	45,000	42,000	5,000
Interest expenses	(2,580)	(2,374)	(2,250)	(3,611)	(3,680)
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)**	**27,000**	**21,890**	**(15,930)**
Chg in cash & cash eq.	**16,902**	**10,097**	**(24,782)**	**5,316**	**6,675**
Closing cash & cash eq.	**91,044**	**101,141**	**76,359**	**81,675**	**88,350**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	26.5	26.1	26.0	33.0	35.0
Adjusted EPS	26.5	26.1	26.0	33.0	35.0
Dividend per share	10.0	10.0	10.5	11.0	11.5
Book value per share	132.5	148.6	164.1	186.1	209.6

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.7	0.8	0.9	0.8	0.8
EV/EBITDA	6.6	6.6	6.4	5.6	5.4
Adjusted P/E	11.4	11.5	11.6	9.1	8.6
P/BV	2.3	2.0	1.8	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	12.6	13.2	13.3
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	1.5	1.5
Adjusted ROAE	21.3	18.6	16.6	18.9	17.7

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(3.3)	(14.7)	(1.1)	22.3	5.6
EBITDA	6.1	(3.4)	12.2	30.8	8.6
Adjusted EPS	8.8	(1.5)	(0.3)	27.0	6.1
Profitability & Return ratios (%)					
EBITDA margin	10.8	12.3	13.9	14.9	15.3
EBIT margin	10.8	12.3	12.6	13.2	13.3
Adjusted profit margin	7.8	9.0	9.1	9.4	9.5
Adjusted ROAE	21.3	18.6	16.6	18.9	17.7
ROCE	24.6	22.1	18.9	19.5	17.7
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	5.4	5.6	6.0
Net interest coverage ratio	21.3	22.6	24.1	19.3	20.0
Adjusted debt/equity	(0.5)	(0.5)	(0.1)	0.0	0.0

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%

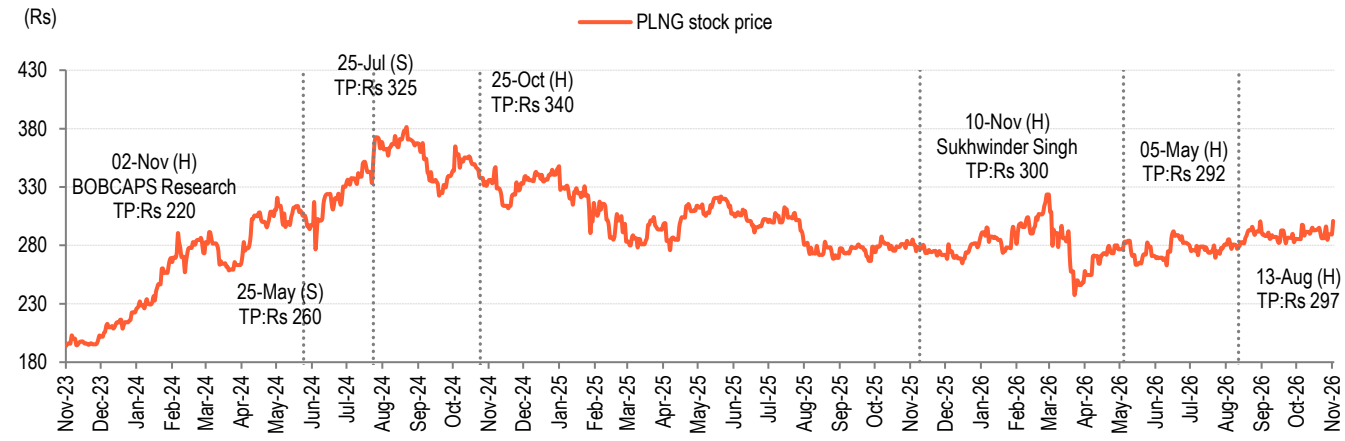
HOLD – Expected return from -6% to +15%

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.

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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