

HOLD

TP: Rs 292 | ▲ 3%

PETRONET LNG

| Oil & Gas

| 05 May 2026

Middle-East supply constraints weighed on performance

- Revenue decreased by 23.3%YoY and 15.4%QoQ. However EBITDA increased by 23.1%YoY due to lower costs
- Outlook remains weak, as normalisation from Qatar energy will take time. Further, capex on petchem project remains a concern
- Maintain HOLD. Considering the challenging environment, revise TP downwards to Rs292 from Rs300, based on 9.5x P/E on Mar'28E EPS

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Revenue below expectations: Revenue came at Rs94bn(-23.3%YoY, -15.4%QoQ) and was 13.0% below our estimates. EBITDA came at Rs18bn (+23.1%YoY; +55.3%QoQ), was 24.8% above estimates. The lower-than-expected revenue was due to lower than expected volumes on reduced supply from Qatar Energy which impacted offtake volumes.

Volumes performance: Volumes came at 219tbtu; higher by 6.8%YoY, primarily on the back of Kochi volumes. Dahej volumes were high by 6.3%YoY to 201tbtu with 90% of utilisation. Kochi volumes were higher by 12.5%YoY to 18tbtu with 28% utilisation driven by higher offtake from MRPL and Kochi refinery. QoQ volumes declined by 5.9% due to lower supply from Qatar energy impacted by attack on their facility by Iran. Dahej volumes primarily depend on Qatar Energy, which has declared force majeure following infrastructure damage caused by the Iran attack.

Outlook: LNG market is currently experiencing supply constraints given that the supply from Qatar Energy got hit, as the infra is damaged. Management expects LNG supply to resume in 3-4 weeks from end of war. 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 H1FY27 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: Incurred a capex of Rs25bn in FY26 and guided a capex of Rs90bn for FY27E.

Maintain HOLD; revise TP downwards: Environment will remain challenging, in terms of LNG supply due to uncertainty on end of US-Iran war. Capex to stay elevated due to the petchem business. We maintain HOLD rating. Considering the challenging environment, we revised TP downwards to Rs292 from Rs300, based on 9.5x P/E on Mar.28E EPS.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	PLNG IN/Rs 283
Market cap	US\$ 4.4bn
Free float	50%
3M ADV	US\$ 14.6mn
52wk high/low	Rs 327/Rs 235
Promoter/FPI/DII	50%/28%/12%

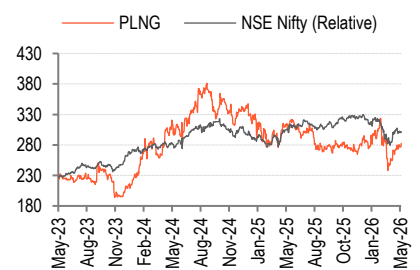
Source: NSE | Price as of 5 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	434,949	485,692	551,697
EBITDA (Rs mn)	53,354	53,087	73,490
Adj. net profit (Rs mn)	39,125	34,555	46,179
Adj. EPS (Rs)	26.1	23.0	30.8
Consensus EPS (Rs)	24.3	26.0	30.9
Adj. ROAE (%)	18.6	14.9	18.0
Adj. P/E (x)	10.8	12.3	9.2
EV/EBITDA (x)	6.0	6.8	5.7
Adj. EPS growth (%)	(1.5)	(11.7)	33.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Revenue	94,421	111,638	(15.4)	123,158	(23.3)	434,949	509,820	(14.7)
EBITDA	18,612	11,983	55.3	15,123	23.1	53,354	55,242	(3.4)
Adj. EBITDA	13,654	13,741	(0.6)	12,787	6.8	53,110	54,823	(3.1)
EBITDA margin (%)	19.7	10.7	898bps	12.3	743bps	12.3	10.8	143bps
Depreciation	2,055	2,150	(4.4)	2,058	(0.2)	8,382	8,062	4.0
Interest	615	559	10.1	609	1.1	2,374	2,580	(8.0)
Other income	2,002	2,136	(6.2)	1,974	1.4	8,641	7,730	11.8
PBT	17,944	11,410	57.3	14,431	24.3	51,239	52,329	(2.1)
Tax	4,568	2,955	54.6	3,755	21.6	13,145	13,490	(2.6)
Reported PAT	13,707	8,696	57.6	10,949	25.2	39,125	39,727	(1.5)
PATM (%)	14.5	7.8	673bps	8.9	563bps	9.0	7.8	120bps
EPS (Rs)	9.1	5.8	57.6	7.3	25.2	26.08	26.5	(1.5)

Source: Company

Fig 2 – Q4 Actual vs Estimates

Particulars	Q4 Actual	Estimates	VAR (%)
Revenue (Rs mn)	94,421	108,528	(13.0)
Adjusted EBITDA (Rs mn)	13,654	10,943	24.8
EBITDA margin (%)	19.7	10.1	963bps
PAT (Rs mn)	8,749	7,654	14.3
EPS (Rs)	5.8	5.1	14.3

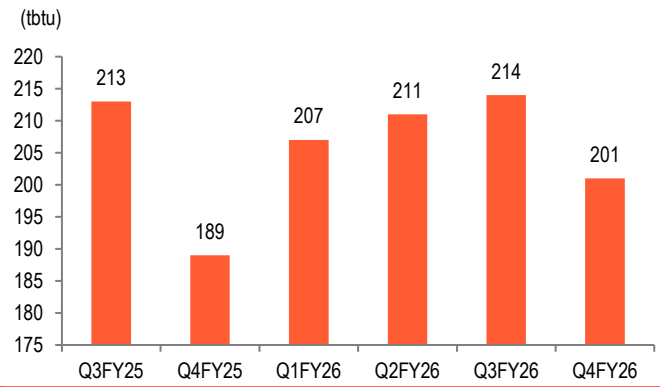
Source: Company, BOBCAPS Research

Fig 3 – Business parameters

	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Dahej volumes (tbtu)	201	214	(6.1)	189	6.3	833	875	(4.8)
Kochi volumes (tbtu)	18	19	(4.1)	16	12.5	67	59	14.0
Total Volumes (tbtu)	219	233	(5.9)	205	6.8	900	934	(3.6)
Utilisation (%)								
Dahej utilisation (%)	90	94	(3.9)	85	5.8	92	96	(4.8)
Kochi utilisation (%)	28	29	(4.1)	25	12.5	26	23	14.0
Gross margin (Rs /mmbtu)	77	70	10.9	72	7.0	71	72	(1.1)
Blended EBITDA margin (Rs/mmbtu)	62	51	21.1	74	(15.5)	59	59	0.2

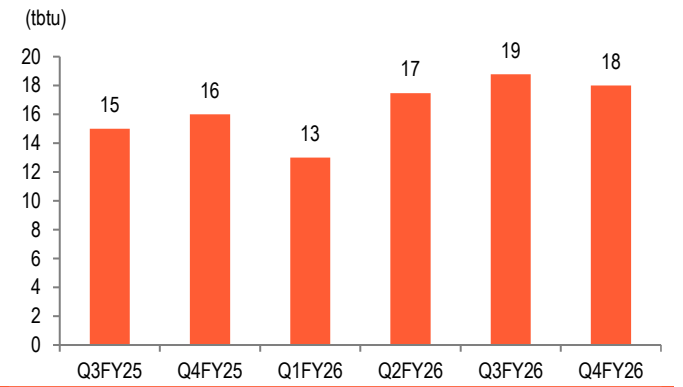
Source: Company

Fig 4 – Dahej volumes



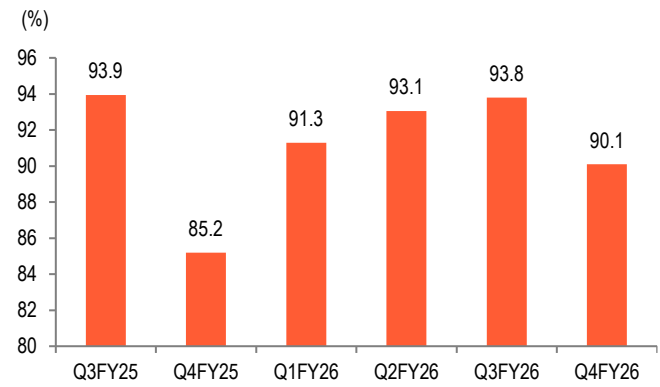
Source: Company

Fig 5 – Kochi volumes



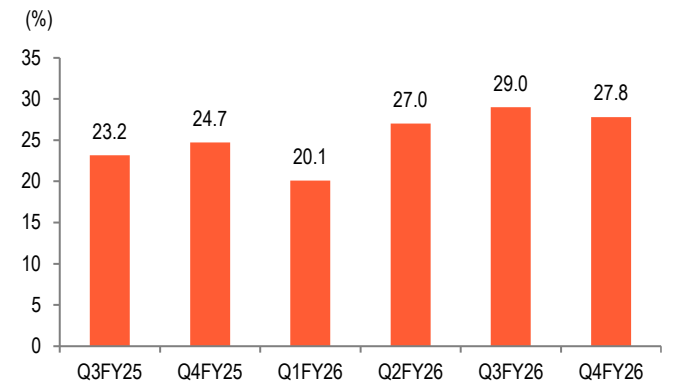
Source: Company

Fig 6 – Dahej utilisation



Source: Company

Fig 7 – Kochi utilisation



Source: Company

Other Highlights

- **Macro environment:** LNG environment is experiencing supply constraints due to the supply volumes from Middle East. QatarEnergy has declared force majeure on its capacity due to attack on its infra during US Iran war. Post supply issue, Dahej utilisation dropped to 53% in March which was at average of 108% in Jan-Feb. Current utilisation is around March level and management expects LNG supply to resume in 3-4 weeks from end of war. In terms of LNG prices, spot prices have come to USD15-17/mmbtu after initial spike to USD24/mmbtu. Management remains optimistic about improvement in FY27E volumes.
- **Dahej terminal:** Dahej terminal processed a 201tbtu for Q4 with 90% utilisation vs 85% utilisation in Q4FY25. 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 in the coming months.
- **Kochi terminal:** Kochi terminal processed 18tbtu in Q4, with 28% utilisation. This improved YoY from 25% in Q4FY25, due to higher offtake from MRPL and Kochi refinery. Utilisation at Kochi is expected to improve meaningfully once the remaining pipeline connectivity- Kochi-Bangalore leg is completed by end H1FY27 which will connect to various demand points – small industries and CGD entities. Subsequently, pipelines will be connected to national grid.
- Trade receivables reduced as on 31 March 2026 – stood at Rs10,394mn from Rs32,669mn in March 2025. This is due to supply issues which have impacted volumes on demand side as well. These include Rs7,198mn of Use-or-Pay dues arising from lower capacity utilisation by customers, under long-term regasification agreements during FY23–FY26.
- **Gopalpur terminal:** Land has been acquired. The company expects the benefit to come from FY28E onwards, with projected capex of around Rs60bn.
- **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 expected to be completed by Q4FY28E. Total proposed capex is Rs207bn.
- **Capex:** Incurred a capex of Rs25bn in FY26 and 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.

Revision in estimates considered moderation in volumes due to current supply environment -.

- **Dahej volumes:** We estimate volumes to decline to 13.1mnt vs 17.8mnt for FY27E; estimate 20.1mnt vs 19.8mnt for FY28E and 23.1mnt vs 19.8mnt for FY29E. Current utilization is around 53%.
 - Expect utilization to increase to 58% in FY27, to 89% in FY28E and 103% in FY29E.
- **Kochi volumes:** We estimate volumes to decline to 1.8mnt vs 2.0mnt for FY27E; unchanged at 2.3mnt for FY28E and unchanged at 2.8mnt for FY29E. Utilisation to increase gradually.
- USD/INR assumption revised to Rs95 vs Rs91 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	485,692	551,697	578,921	550,537	612,639	638,289	(11.8)	(9.9)	(9.3)
EBITDA	53,354	53,087	73,490	84,182	67,216	74,058	86,151	(21.0)	(0.8)	(2.3)
EBITDA % margin	12.3	10.9	13.3	14.5	12.2	12.1	13.0	(128bps)	123bps	151bps
PAT	39,125	34,555	46,179	51,410	44,374	48,424	54,060	(22.1)	(4.6)	(4.9)
EPS (Rs)	26.1	23.0	30.8	34.3	29.6	32.3	36.0	(22.1)	(4.6)	(4.9)

Source: Company, BOBCAPS Research

Fig 9 – Key assumptions

	FY25	FY26	FY27E	FY28E	FY29E
Dahej					
Regas volumes (m MT)	16.9	16.1	13.1	20.1	23.1
Availability (%)	96.6	91.9	58.1	89.2	102.6
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	95.0	95.0	95.0

Source: Company, BOBCAPS Research

P/E-based Valuation Rationale

We maintain HOLD. Considering the challenging environment, we revise TP downwards to Rs292 from Rs300 based on 9.5x P/E on Mar.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

	Mar. 28 EPS (Rs)	Multiple (x)	Value (Rs/share)
Petronet	30.8	9.5	292
Target price (Rs)			292

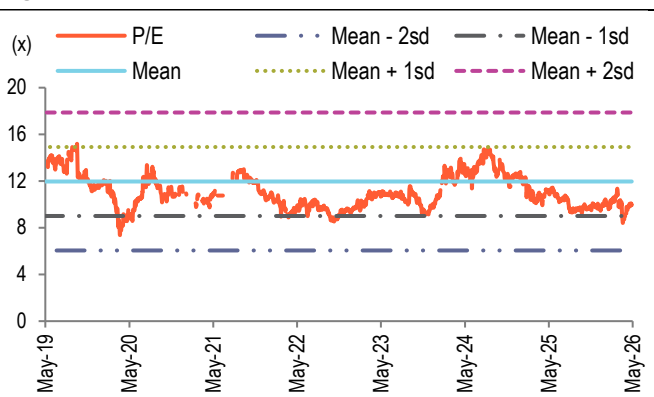
Source: Company, BOBCAPS Research

Key Risks

Key downside risk to our estimates:

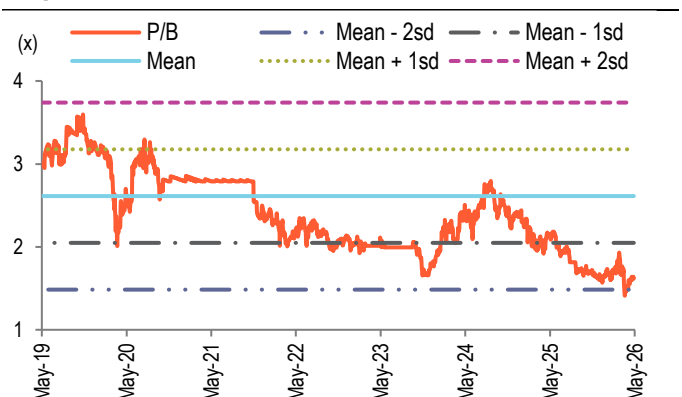
- **LNG price volatility may trigger contracts repricing on both supply & sell sides, impacting volumes:** Petronet has back-to-back contracts. However, volatility on upside/downside can lead to the repricing of these contracts, as happened in 2016 when LNG prices declined and Petronet could not take 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	485,692	551,697	578,921
EBITDA	55,241	53,354	53,087	73,490	84,182
Depreciation	(8,062)	(8,382)	(14,199)	(17,708)	(21,308)
EBIT	54,909	53,613	47,874	65,172	72,687
Net interest inc./(exp.)	(2,580)	(2,374)	(1,800)	(3,600)	(4,140)
Other inc./(exp.)	7,730	8,641	8,986	9,391	9,813
Exceptional items	0	0	0	0	0
EBT	52,329	51,239	46,074	61,572	68,547
Income taxes	(13,490)	(13,145)	(11,518)	(15,393)	(17,137)
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	34,555	46,179	51,410
Adjustments	0	0	0	0	0
Adjusted net profit	39,727	39,125	34,555	46,179	51,410

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	25,630	7,350	8,207	9,323	9,783
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	40,000	80,000	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	226,653	256,333	290,493
Shareholders' fund	198,775	222,848	241,653	271,333	305,493
Total liab. and equities	272,967	274,400	334,063	404,857	451,477
Cash and cash eq.	91,044	101,141	62,403	63,678	66,002
Accounts receivables	32,669	10,394	30,605	34,764	38,066
Inventories	12,044	9,072	11,461	14,530	16,833
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	151,911	214,202	252,894
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	(42,763)	(29,254)	(5,654)
Total assets	272,967	274,400	334,063	404,857	451,477

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	52,370	56,786	28,812	61,375	71,714
Capital expenditures	(15,846)	(19,060)	(90,000)	(80,000)	(60,000)
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)	(60,000)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	40,000	40,000	12,000
Interest expenses	(2,580)	(2,374)	(1,800)	(3,600)	(4,140)
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)	22,450	19,900	(9,390)
Chg in cash & cash eq.	16,902	10,097	(38,738)	1,275	2,324
Closing cash & cash eq.	91,044	101,141	62,403	63,678	66,002

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	26.5	26.1	23.0	30.8	34.3
Adjusted EPS	26.5	26.1	23.0	30.8	34.3
Dividend per share	10.0	10.0	10.5	11.0	11.5
Book value per share	132.5	148.6	161.1	180.9	203.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.7	0.7	0.7	0.8	0.8
EV/EBITDA	6.1	6.0	6.8	5.7	5.3
Adjusted P/E	10.7	10.8	12.3	9.2	8.2
P/BV	2.1	1.9	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	0.9
EBIT margin (EBIT/Revenue)	10.8	12.3	9.9	11.8	12.6
Asset turnover (Rev./Avg TA)	1.9	1.6	1.6	1.5	1.4
Leverage (Avg TA/Avg Equity)	1.4	1.3	1.3	1.4	1.5
Adjusted ROAE	21.3	18.6	14.9	18.0	17.8

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(3.3)	(14.7)	11.7	13.6	4.9
EBITDA	6.1	(3.4)	(0.5)	38.4	14.5
Adjusted EPS	8.8	(1.5)	(11.7)	33.6	11.3
Profitability & Return ratios (%)					
EBITDA margin	10.8	12.3	10.9	13.3	14.5
EBIT margin	10.8	12.3	9.9	11.8	12.6
Adjusted profit margin	7.8	9.0	7.1	8.4	8.9
Adjusted ROAE	21.3	18.6	14.9	18.0	17.8
ROCE	24.6	22.1	17.0	18.8	18.0
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	1.6	1.5	1.4
Current ratio	3.7	5.7	4.8	4.9	5.1
Net interest coverage ratio	21.3	22.6	26.6	18.1	17.6
Adjusted debt/equity	(0.5)	(0.5)	(0.1)	0.1	0.1

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

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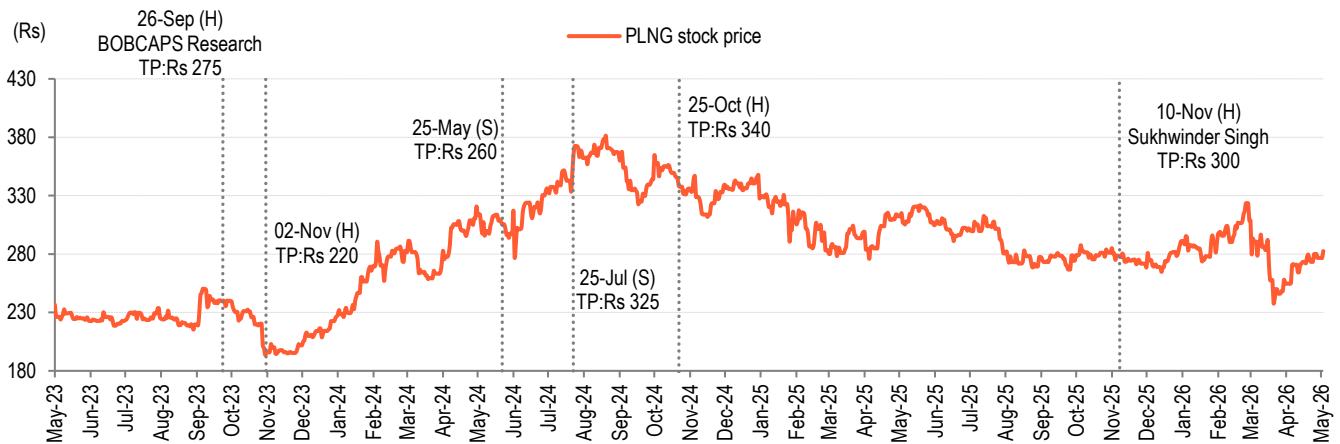
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

- 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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