

July 28, 2025

## Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>HOLD</b>		<b>REDUCE</b>	
<b>Target Price</b>	<b>311</b>		<b>315</b>	
Sales (Rs bn)	497	526	497	526
% Chng.	-	-	-	-
EBITDA (Rs bn)	62	70	62	70
% Chng.	-	-	-	-
EPS (Rs.)	29.0	31.1	28.9	31.5
% Chng.	0.3	(1.2)	-	-

### Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	558	510	497	526
EBITDA (Rs. bn)	52	55	62	70
Margin (%)	9.3	10.8	12.5	13.3
PAT (Rs. bn)	35	39	43	47
EPS (Rs.)	23.6	26.2	29.0	31.1
Gr. (%)	9.1	11.0	10.6	7.5
DPS (Rs.)	10.0	10.0	12.2	13.2
Yield (%)	3.3	3.3	4.0	4.4
RoE (%)	22.2	21.6	21.1	20.1
RoCE (%)	27.8	26.0	25.8	25.3
EV/Sales (x)	0.7	0.7	0.8	0.8
EV/EBITDA (x)	7.3	6.5	6.1	5.7
PE (x)	12.8	11.5	10.4	9.7
P/BV (x)	2.7	2.3	2.1	1.8

### Key Data

PLNG.BO | PLNG IN

52-W High / Low	Rs.385 / Rs.270
Sensex / Nifty	81,463 / 24,837
Market Cap	Rs.453bn / \$ 5,232m
Shares Outstanding	1,500m
3M Avg. Daily Value	Rs.807.69m

### Shareholding Pattern (%)

Promoter's	50.00
Foreign	27.31
Domestic Institution	11.80
Public & Others	10.89
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	1.8	(6.5)	(17.4)
Relative	3.4	(12.5)	(18.9)

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## Volume declines YoY

### Quick Pointers:

- Dahej regas volume stood at 207TBtu vs 248TBtu in Q1FY25 and 189TBtu in Q4FY25
- Expansion to 22.5mmtpa at Dahej by CY25 end; however, no visibility on utilization

**Total volume stood at 220TBtu (Ple 205 TBtu, -16% YoY, +7% QoQ). However, the company took an impairment of Rs1.4bn during the quarter on account of take-or-pay. As a result, despite higher-than-estimated volume, the company reported an in-line EBITDA of Rs11.6bn (Ple Rs11.9bn, BBGe Rs12.6bn, -26% YoY, -23.3% QoQ). PAT came in at Rs8.5bn (Ple Rs8.1bn, BBGe Rs9bn, -25% YoY, -20.5% QoQ). Concerns remain on utilization of its assets amidst rising competition, especially from the recently commissioned Chhara LNG terminal and completion of breakwater facility at Dabhol LNG terminal. Ongoing capex on petrochemical project is also expected to be ROCE dilutive. We value the stock at Rs311 (previous Target Price Rs315), based on 10x (unchanged) FY27 EPS. Due to the decline in the stock price, we upgrade from 'Reduce' to 'Hold'.**

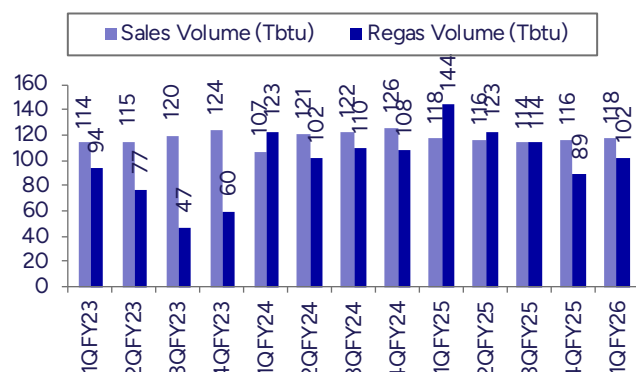
- Volume picks up at Dahej:** Long-term regas volume at Dahej stood at 105TBtu vs 97TBtu in Q1FY25 and 99TBtu in Q4FY25. Third party volume stood at 102TBtu vs 144TBtu in Q1FY25 and 89TBtu in Q4FY25. In total, volume declined by 17% YoY but grew 7% QoQ. However, considering that Dabhol LNG terminal's breakwater facility is commissioned, the boost that Dahej used to get during the monsoon due to underutilization of Dabhol, is likely to be absent this year.
- Kochi remains under-utilized:** Kochi's regas volume stood at 13TBtu vs 14TBtu in Q1FY25 and 15TBtu in Q4FY25. Utilization remains low at 21%. Kochi-Bangalore pipeline completion remains the key for offtake at Kochi. Gorgon Phase-II volumes are likely to start from mid-CY26.
- Gopalpur could be the next Dahej:** Due to escalation in cost of FSRUs, the company has settled on land-based terminal at Gopalpur. The LNG terminal is 35km away from existing Srikakulam-Angul pipeline and once connected, can access the national gas grid. With emerging demand centers, Gopalpur is expected to emerge as the next Dahej LNG terminal in terms of growth.
- Conference Call Highlights:** 1) Capex: Rs50bn for FY26, expect higher in FY27 2) Dahej expansion to 22.5mmtpa delayed to CY25-end due to geo-political issues 3) Gopalpur to be ready in another 3.5yrs 4) Kochi-Bangalore pipeline expected to come up latest by Mar'26 5) PDH-PP: few long lead contracts have been awarded out of total 13 packages, capex done so far is Rs5bn, expect ramp up in FY26 6) FACT had taken a shutdown in Q1FY26 for 1.5m due to which volumes at Kochi were impacted 7) pricing of regas volume for Deepak is expected to be similar to that of LNG 8) availability of Dabhol throughout the year not expected to be a major challenge 9) due to supply glut in next 3-4 years, spot LNG prices are expected to decline and would aid consumption in India- expect LNG demand to double in next 3-4 years.

**Exhibit 1: Petronet's quarterly financials & operating parameters**

(Rs bn)	Q1FY26	Q4FY25	QoQ gr.	Q1FY26E	% Var	Q1FY25	YoY gr.	FY26E	FY25	YoY gr.
<b>Net Sales</b>	<b>118.8</b>	<b>123.2</b>	<b>-3.5%</b>	<b>115.2</b>	<b>3.1%</b>	<b>134.2</b>	<b>-11.4%</b>	<b>497.3</b>	<b>509.8</b>	<b>-2.4%</b>
YoY Change (%)	-11.4	-10.7		-14.1		15.1		-2.4	-3.3	
Total Expenditure	107.2	108.0	-0.8%	103.4	3.7%	118.5	-9.6%	435.3	454.6	-4.2%
<b>EBITDA</b>	<b>11.6</b>	<b>15.1</b>	<b>-23.3%</b>	<b>11.9</b>	<b>-2.4%</b>	<b>15.6</b>	<b>-25.8%</b>	<b>62.1</b>	<b>55.2</b>	<b>12.3%</b>
Margins (%)	9.8	12.3		10.3		11.7		12.5	10.8	
Depreciation	2.1	2.1	0.6%	2.3	-10.3%	1.9	6.4%	8.9	8.1	10.1%
Interest	0.6	0.6	-3.1%	0.6	-5.7%	0.7	-11.5%	2.5	2.6	-3.0%
Other Income	2.4	2.0	21.4%	1.9	28.1%	2.2	11.1%	7.6	8.2	-7.0%
<b>PBT</b>	<b>11.4</b>	<b>14.5</b>	<b>-21.4%</b>	<b>10.8</b>	<b>4.8%</b>	<b>15.2</b>	<b>-25.3%</b>	<b>58.3</b>	<b>52.8</b>	<b>10.5%</b>
Tax	2.9	3.8	-24.0%	2.7	4.5%	3.8	-24.5%	14.9	13.5	10.5%
Rate (%)	25.1	26.0		25.2		24.9		25.6	25.6	
<b>Reported PAT</b>	<b>8.5</b>	<b>10.7</b>	<b>-20.5%</b>	<b>8.1</b>	<b>4.9%</b>	<b>11.4</b>	<b>-25.5%</b>	<b>43.4</b>	<b>39.3</b>	<b>10.5%</b>
Margins (%)	7.2	8.7		7.0		8.5		8.7	7.7	
<b>Sales volume (Tbtu)</b>										
Regas volume (Tbtu)	102.0	89.0	14.6%	90.0	13.3%	144.0	-29.2%	490.3	464.0	5.7%
Sales volume (Tbtu)	118.0	116.0	1.7%	113.5	4.0%	118.0	0.0%	455.0	470.0	-3.2%
<b>Total Volumes (Tbtu)</b>	<b>220.0</b>	<b>205.0</b>	<b>7.3%</b>	<b>203.5</b>	<b>8.1%</b>	<b>262.0</b>	<b>-16.0%</b>	<b>945.3</b>	<b>934.0</b>	<b>1.2%</b>

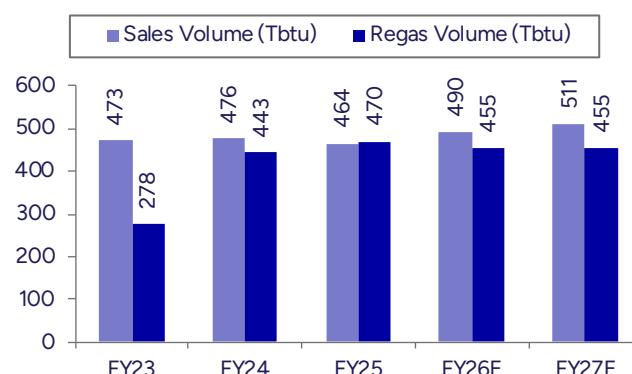
Source: Company, PL

**Exhibit 2: Total vol -16% YoY, +7% QoQ**



Source: Company, PL

**Exhibit 3: Total volume to reach 966TBtu by FY27E**



Source: Company, PL

## Financials

### Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>558</b>	<b>510</b>	<b>497</b>	<b>526</b>
YoY gr. (%)	(6.9)	(8.6)	(2.4)	5.9
Cost of Goods Sold	495	443	422	443
Gross Profit	63	67	75	83
Margin (%)	11.2	13.1	15.1	15.8
Employee Cost	2	2	2	2
Other Expenses	9	9	10	11
<b>EBITDA</b>	<b>52</b>	<b>55</b>	<b>62</b>	<b>70</b>
YoY gr. (%)	7.2	6.1	12.3	12.6
Margin (%)	9.3	10.8	12.5	13.3
Depreciation and Amortization	8	8	9	11
<b>EBIT</b>	<b>44</b>	<b>47</b>	<b>53</b>	<b>59</b>
Margin (%)	7.9	9.3	10.7	11.1
Net Interest	3	3	3	3
Other Income	6	8	7	7
<b>Profit Before Tax</b>	<b>48</b>	<b>53</b>	<b>58</b>	<b>63</b>
Margin (%)	8.5	10.3	11.7	11.9
Total Tax	11	13	15	16
Effective tax rate (%)	25.7	25.6	25.2	25.7
<b>Profit after tax</b>	<b>35</b>	<b>39</b>	<b>43</b>	<b>47</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>35</b>	<b>39</b>	<b>43</b>	<b>47</b>
YoY gr. (%)	9.1	11.0	10.6	7.5
Margin (%)	6.3	7.7	8.7	8.9
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>35</b>	<b>39</b>	<b>43</b>	<b>47</b>
YoY gr. (%)	9.1	11.0	10.6	7.5
Margin (%)	6.3	7.7	8.7	8.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	35	39	43	47
<b>Equity Shares O/s (bn)</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>EPS (Rs)</b>	<b>23.6</b>	<b>26.2</b>	<b>29.0</b>	<b>31.1</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>115</b>	<b>133</b>	<b>163</b>	<b>209</b>
Tangibles	115	133	163	209
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>54</b>	<b>62</b>	<b>71</b>	<b>82</b>
Tangibles	54	62	71	82
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>62</b>	<b>71</b>	<b>92</b>	<b>127</b>
Tangibles	62	71	92	127
Intangibles	-	-	-	-
Capital Work In Progress	16	16	37	51
Goodwill	-	-	-	-
Non-Current Investments	22	29	29	29
Net Deferred tax assets	(6)	(6)	(6)	(6)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	15	12	12	12
Trade receivables	36	33	32	34
Cash & Bank Balance	74	91	75	53
Other Current Assets	-	-	-	-
<b>Total Assets</b>	<b>251</b>	<b>268</b>	<b>292</b>	<b>321</b>
<b>Equity</b>				
Equity Share Capital	15	15	15	15
Other Equity	155	179	204	231
<b>Total Network</b>	<b>170</b>	<b>194</b>	<b>219</b>	<b>246</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	29	26	25	26
Other current liabilities	46	43	42	43
<b>Total Equity &amp; Liabilities</b>	<b>251</b>	<b>268</b>	<b>292</b>	<b>321</b>

Source: Company Data, PL Research

**Cash Flow (Rs bn)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	48	53	58	63
Add. Depreciation	8	8	9	11
Add. Interest	3	3	3	3
Less Financial Other Income	6	8	7	7
Add. Other	(3)	(4)	(7)	(7)
Op. profit before WC changes	55	59	62	70
Net Changes-WC	6	(2)	0	(1)
Direct tax	(12)	(13)	(15)	(16)
<b>Net cash from Op. activities</b>	<b>49</b>	<b>44</b>	<b>48</b>	<b>53</b>
Capital expenditures	(8)	(15)	(50)	(60)
Interest / Dividend Income	-	-	-	-
Others	(2)	(17)	-	-
<b>Net Cash from Invt. activities</b>	<b>(11)</b>	<b>(32)</b>	<b>(50)</b>	<b>(60)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(15)	(15)	(18)	(20)
Interest paid	0	0	(3)	(3)
Others	(6)	(6)	-	-
<b>Net cash from Fin. activities</b>	<b>(22)</b>	<b>(22)</b>	<b>(21)</b>	<b>(22)</b>
<b>Net change in cash</b>	<b>17</b>	<b>(9)</b>	<b>(23)</b>	<b>(29)</b>
Free Cash Flow	40	29	(2)	(7)

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	23.6	26.2	29.0	31.1
CEPS	28.8	31.6	34.9	38.6
BVPS	113.1	129.2	145.8	163.7
FCF	26.9	19.6	(1.6)	(4.6)
DPS	10.0	10.0	12.2	13.2
<b>Return Ratio(%)</b>				
RoCE	27.8	26.0	25.8	25.3
ROIC	25.1	26.7	24.5	21.8
RoE	22.2	21.6	21.1	20.1
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.4)	(0.5)	(0.3)	(0.2)
Net Working Capital (Days)	(1)	(1)	(1)	0
<b>Valuation(x)</b>				
PER	12.8	11.5	10.4	9.7
P/B	2.7	2.3	2.1	1.8
P/CEPS	28.8	31.6	34.9	38.6
EV/EBITDA	7.3	6.5	6.1	5.7
EV/Sales	0.7	0.7	0.8	0.8
Dividend Yield (%)	3.3	3.3	4.0	4.4

Source: Company Data, PL Research

**Quarterly Financials (Rs bn)**

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Net Revenue</b>	<b>130</b>	<b>122</b>	<b>123</b>	<b>119</b>
YoY gr. (%)	3.9	(17.1)	(10.7)	(11.4)
Raw Material Expenses	114	106	108	104
Gross Profit	16	17	15	15
Margin (%)	12.2	13.6	12.1	12.6
<b>EBITDA</b>	<b>12</b>	<b>12</b>	<b>15</b>	<b>12</b>
YoY gr. (%)	(1.2)	(26.9)	37.0	(25.8)
Margin (%)	9.2	10.2	12.3	9.8
Depreciation / Depletion	2	2	2	2
<b>EBIT</b>	<b>10</b>	<b>10</b>	<b>13</b>	<b>10</b>
Margin (%)	7.7	8.5	10.6	8.0
Net Interest	1	1	1	1
Other Income	2	2	2	2
<b>Profit before Tax</b>	<b>11</b>	<b>12</b>	<b>14</b>	<b>11</b>
Margin (%)	8.8	9.6	11.7	9.6
Total Tax	3	3	4	3
Effective tax rate (%)	25.7	25.8	26.0	25.1
<b>Profit after Tax</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>9</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>9</b>
YoY gr. (%)	3.6	(27.2)	45.1	(25.5)
Margin (%)	6.5	7.1	8.7	7.2
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>9</b>
YoY gr. (%)	3.6	(27.2)	45.1	(25.5)
Margin (%)	6.5	7.1	8.7	7.2
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>9</b>
Avg. Shares O/s (bn)	2	2	2	2
<b>EPS (Rs)</b>	<b>5.7</b>	<b>5.8</b>	<b>7.1</b>	<b>5.7</b>

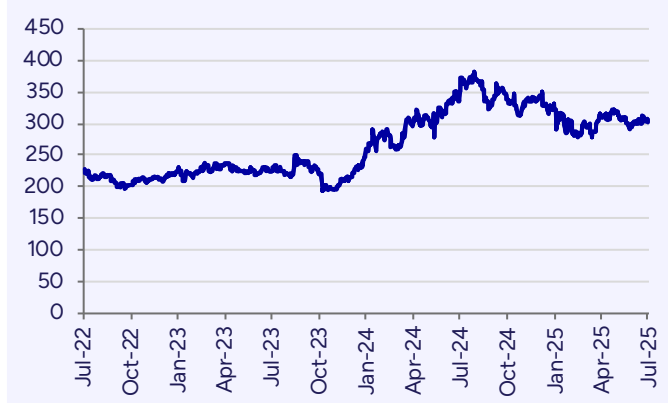
Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales Volume (TBtu)	476.0	464.0	490.3	510.6
Regas Volume (TBtu)	443.0	470.0	455.0	455.0
Dahej Tariff (Rs/mmBtu)	60.6	63.7	66.9	69.3
Kochi Tariff (Rs/mmBtu)	84.0	89.3	89.3	89.3

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-Jul-25	Reduce	315	302
2	20-May-25	Reduce	292	321
3	08-Apr-25	Reduce	248	278
4	29-Jan-25	Reduce	276	291
5	08-Jan-25	Sell	268	330
6	24-Oct-24	Sell	272	339
7	07-Oct-24	Sell	272	348

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	420	477
2	Bharat Petroleum Corporation	Reduce	311	332
3	Bharti Airtel	Accumulate	2,148	2,030
4	Clean Science and Technology	Hold	1,425	1,445
5	Deepak Nitrite	Reduce	1,799	1,963
6	Fine Organic Industries	BUY	5,440	5,269
7	GAIL (India)	Hold	184	191
8	Gujarat Fluorochemicals	Reduce	3,541	3,522
9	Gujarat Gas	Sell	404	499
10	Gujarat State Petronet	Hold	348	335
11	Hindustan Petroleum Corporation	Sell	360	437
12	Indian Oil Corporation	Reduce	138	148
13	Indraprastha Gas	Reduce	186	221
14	Jubilant Ingrevia	Hold	713	788
15	Laxmi Organic Industries	Reduce	172	197
16	Mahanagar Gas	Accumulate	1,559	1,483
17	Mangalore Refinery & Petrochemicals	Accumulate	152	139
18	Navin Fluorine International	Accumulate	5,161	4,933
19	NOCIL	Reduce	172	200
20	Oil & Natural Gas Corporation	Accumulate	284	241
21	Oil India	BUY	566	436
22	Petronet LNG	Reduce	315	302
23	Reliance Industries	Accumulate	1,555	1,476
24	SRF	Hold	3,071	3,150
25	Vinati Organics	Accumulate	1,882	1,944

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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