Company Update

Retail Equity Research

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Petronet LNG Limited

HOLD

Sector: Oil, Gas & Consumable Fuels

17th June, 2025

Key Changes	Target ▼	Rating ▼	Earnings ▲		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid Cap	PLNG:IN	81,796	PETRONET	532522	12 Months

Target	**Rs. 327**
CMP	**Rs. 301**
Return	**+9%**

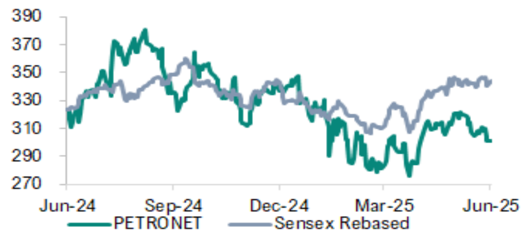
Data as of: 16-June-2025

Company Data	
Market Cap (Rs.cr)	45,103
52 Week High — Low (Rs.)	385 - 270
Enterprise Value (Rs. cr)	37,221
Outstanding Shares (cr)	150.0
Free Float (%)	50
Dividend Yield (%)	3.3
6m average volume (lacs)	24.8
Beta	0.8
Face value (Rs.)	10.0

Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	50.0	50.0	50.0
FII's	27.3	28.6	28.8
MFs/Institutions	11.8	11.1	11.2
Public	10.1	9.6	9.3
Others	0.8	0.7	0.7
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	7.0%	-10.8%	-7.0%
Absolute Sensex	10.8%	0.1%	6.2%
Relative Return	-3.7%	-10.8%	-13.2%

***over or under performance to benchmark index**



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	50,982	53,174	57,428
Growth (%)	*-3.3*	*4.3*	*8.0*
EBITDA	5,524	5,865	6,593
EBITDA Margin (%)	*10.8*	*11.0*	*11.5*
PAT Adjusted	3,973	4,136	4,465
Growth (%)	8.8	4.1	7.9
Adjusted EPS	26.5	27.6	29.8
Growth (%)	*8.8*	*4.1*	*7.9*
P/E	11.1	10.9	10.1
P/B	2.2	2.0	1.8
EV/EBITDA	6.7	6.3	5.5
ROE (%)	*20.0*	*18.5*	*17.8*
D/E	0.1	0.1	0.1

Growth Prospects Are Bright

Petronet LNG Ltd (Petronet) is a public sector company that imports liquefied natural gas (LNG) and establishes LNG terminals in India. It operates one regasification terminal each in Dahej (17.5 MMTPA installed capacity) and Kochi (5 MMTPA).

- In Q4FY25, Petronet's consolidated revenue declined 10.7% YoY to Rs. 12,316cr, primarily due to delayed capacity expansion and lower volume processed. The Dahej terminal processed 189 trillion British thermal units (TBTU) of LNG, a 13.7% YoY decline from 219 TBTU processed in Q4FY24.
- On a consolidated basis, the company processed 205 TBTU of LNG during the quarter, 10.1% lower than 228 TBTU processed in Q3FY25 and 12.4% lower than 234 TBTU processed in Q4FY24.
- Despite the decline in revenue, Petronet's EBITDA increased 37% YoY to Rs. 1,512cr, while EBITDA margin expanded by 12.3%. This improvement was largely driven by the receipt of Rs. 361cr from customers related to Calendar Year 2021 Use or Pay (UoP) dues.
- Profit after tax rose 43.2% YoY to Rs. 1,095cr, led by increased non-operating income (+28.5% YoY) and UoP inflow, partly offset by higher taxes (+45.6% YoY).

Outlook & Valuation

Petronet's resilient performance in Q4FY25 was driven by its strong financials, operational efficiency and growth prospects. Petronet's planned capital expenditure programme, amounting to Rs. 4,500-5,000cr, includes Rs. 2,500cr for the Dahej petrochemical project and Rs. 2,300cr for the Gopalpur terminal, which is expected to drive future growth. The utilisation at both Dahej and Kochi terminals is anticipated to improve. However, Petronet's business is heavily dependent on government entities, subject to regulatory risks, and faces concerns such as, dependence on few customers, and volatility in LNG prices, which can negatively impact its operations. Hence, we **downgrade our rating to Hold from Accumulate on the stock, with a revised target price of Rs. 327, based on 11x FY27E adj. EPS.**

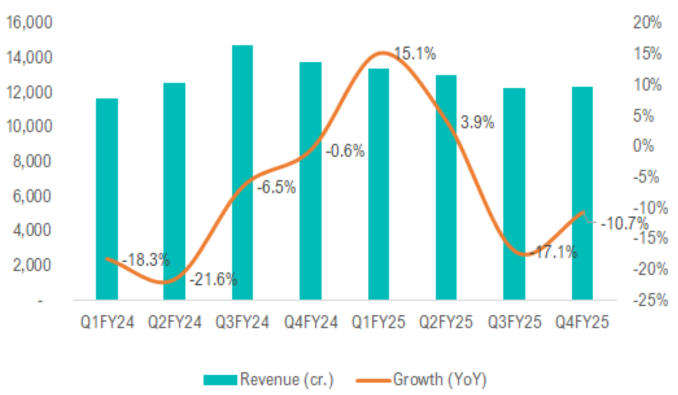
Quarterly Finance Consol.

Rs.cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Sales	12,316	13,793	*-10.7*	12,227	*0.7*	50,982	52,729	*-3.3*
EBITDA	1,512	1,104	*37.0*	1,247	*21.3*	5,524	5,205	*6.1*
Margin (%)	*12.3*	*8.0*	*430bps*	*10.2*	*210bps*	*10.8*	*9.9*	*90bps*
EBIT	1,307	909	*43.7*	1,037	*25.9*	4,718	4,429	*6.5*
PBT	1,470	1,022	*43.8*	1,204	*22.2*	5,322	4,873	*9.2*
Rep. PAT	1,095	764	*43.2*	902	*21.4*	3,973	3,652	*8.8*
Adj PAT	1,095	764	*43.2*	902	*21.4*	3,973	3,652	*8.8*
Adj. EPS (Rs)	7.3	5.1	*43.2*	6.0	*21.4*	26.5	24.3	*8.8*

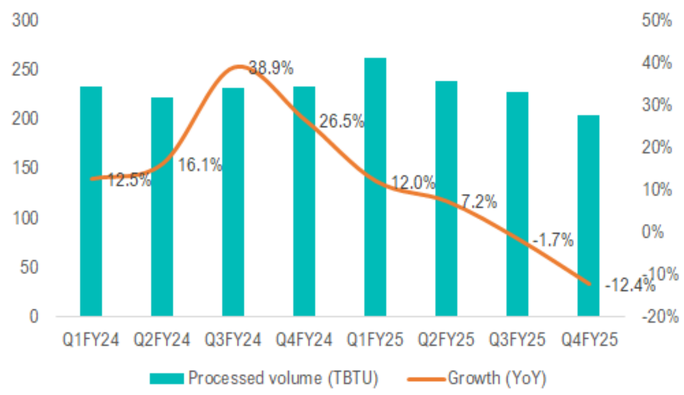
Key concall highlights

- The commissioning of the Dahej capacity expansion project has been delayed. It was initially expected to be completed by March 2025 but is now anticipated to be commissioned within the next 3-4 months.
- The Dahej plant's utilisation was slightly down in Q4FY25 due to higher spot prices and a fertilizer plant shutdown. The company plans to expand the plant's capacity with a targeted capex of Rs. 2,500cr. As part of the plan, it will also set up two new LNG tanks, as it expects a 5-6% YoY growth in LNG consumption in India. The project aims to increase capacity from 17.5 MMTPA to 22.5 MMTPA.
- Petronet has a scheduled capex of Rs. 4,500-5,000cr. It includes Rs. 2,500cr for the Dahej project and Rs. 2,300cr for the Gopalpur LNG terminal. The capex also covers various other projects, including routine capex for the Kochi terminal and corporate office buildings.
- The management expects the operational timeline for the GAIL's Kochi-Bangalore pipeline to be completed by the end CY2025, from the previously anticipated March/April 2025. Once it is operational, the Kochi-Bangalore pipeline would connect the company's Kochi pipeline to the national gas grid, which is expected to increase the utilisation of the Kochi pipeline. GAIL, also has existing capacity agreements with Petronet and is in discussions to potentially bring in additional volumes to the Dahej Terminal.
- A final dividend of Rs. 3 per share has been recommended by the Board of Directors.
- In Q4FY25, the company reported an inventory gain of Rs. 55cr and a trading gain of Rs. 52cr. In comparison, in Q3FY25, the company posted an inventory gain of Rs. 26cr and a trading gain of Rs. 83cr.

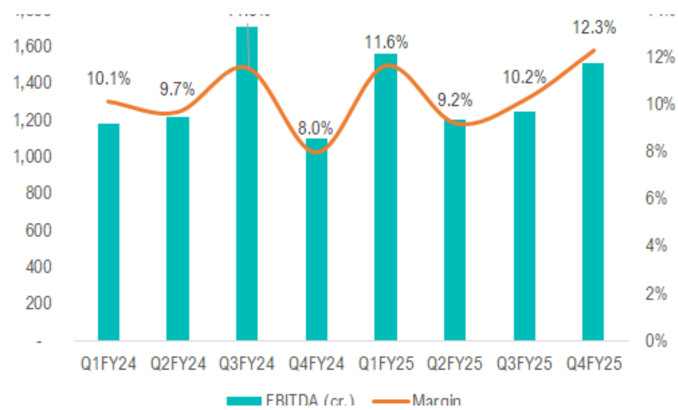
Revenue



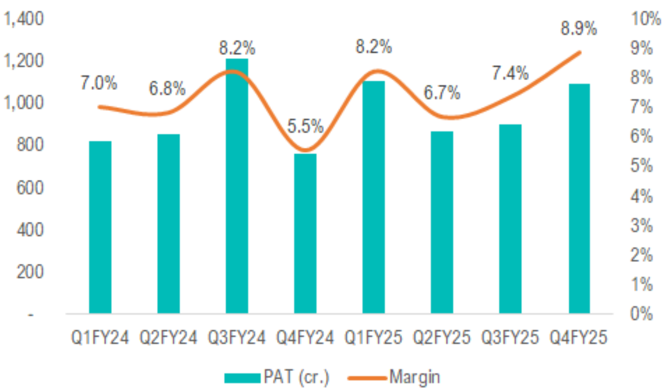
Processed Volume



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change -%	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**
Revenue	57,713	-	53,174	57,428	*8.0*	-
EBITDA	6,077	-	5,865	6,593	*12.1*	-
Margins (%)	10.5	-	11.0	11.5	*50bps*	-
Adj. PAT	4,180	-	4,136	4,465	*8.0*	-
EPS	27.9	-	27.6	29.8	*8.0*	-

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	**59,899**	**52,729**	**50,982**	**53,174**	**57,428**
% change	*38.8*	*-12.0*	*-3.3*	*4.3*	*8.0*
EBITDA	**4,854**	**5,205**	**5,524**	**5,865**	**6,593**
% change	*-7.5*	*7.2*	*6.1*	*6.2*	*12.4*
Depreciation	764	777	806	812	928
EBIT	**4,090**	**4,429**	**4,718**	**5,053**	**5,665**
Interest	331	290	258	246	235
Other Income	661	734	862	708	523
PBT	**4,420**	**4,873**	**5,322**	**5,515**	**5,953**
% change	*-3.1*	*10.2*	*9.2*	*3.6*	*7.9*
Tax	1,094	1,221	1,349	1,379	1,488
Tax Rate (%)	*24.8*	*25.0*	*25.3*	*25.0*	*25.0*
Reported PAT	**3,326**	**3,652**	**3,973**	**4,136**	**4,465**
Adjustment	-	-	-	-	-
Adj. PAT	**3,326**	**3,652**	**3,973**	**4,136**	**4,465**
% change	*-3.3*	*9.8*	*8.8*	*4.1*	*7.9*
No. of shares (cr)	150.0	150.0	150.0	150.0	150.0
Adj EPS (Rs.)	**22.2**	**24.4**	**26.5**	**27.6**	**29.8**
% change	*-3.3*	*9.8*	*8.8*	*4.1*	*7.9*
DPS (Rs.)	10.0	3.0	3.0	11.0	11.9

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	5,686	7,414	9,104	10,008	10,785
Accts. Receivable	3,844	3,626	3,267	3,366	3,526
Inventories	1,153	1,465	1,204	1,228	1,276
Other Cur. Assets	1,210	388	1,627	1,715	1,810
Investments	499	617	670	737	811
Gross Fixed Assets	9,616	10,456	11,913	13,647	15,519
Net Fixed Assets	5,325	5,026	4,348	3,956	3,850
CWIP	1,126	1,126	2,768	4,081	5,132
Intangible Assets	3	2	7	7	7
Def. Tax -Net	212	145	114	69	74
Other Assets	3,741	5,713	4,187	5,297	6,516
Total Assets	**22,798**	**25,523**	**27,297**	**30,464**	**33,787**
Current Liabilities	2,946	4,158	4,060	4,644	5,242
Provisions	72	97	83	85	87
Debt Funds	3,070	2,596	2,176	2,126	2,074
Other Liabilities	1,445	1,261	1,099	1,209	1,265
Equity Capital	1,500	1,500	1,500	1,500	1,500
Res. & Surplus	13,765	15,910	18,378	20,900	23,619
Shareholder Funds	15,265	17,410	19,878	22,400	25,119
Minority Interest	-	-	-	-	-
Total Liabilities	**22,798**	**25,523**	**27,297**	**30,464**	**33,787**
BVPS	102	116	133	149	167

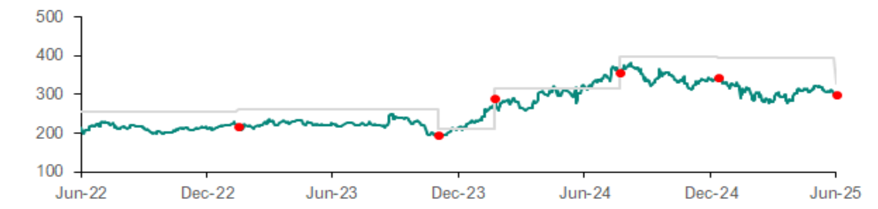
Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	4,090	4,429	4,779	4,948	5,393
Non-cash adj.	133	-400	-588	423	317
Other adjustments	-	-	-	-	-
Changes in W.C	-1,705	842	207	37	36
C.F. Operation	**2,519**	**4,871**	**4,398**	**5,409**	**5,746**
Capital exp.	-1,058	-841	-1,457	-1,733	-1,872
Change in inv.	43	922	-1,002	-67	-74
Other invest.CF	-127	-1,138	-730	-754	-950
C.F - Investment	**-1,142**	**-1,056**	**-3,189**	**-2,555**	**-2,896**
Issue of equity	-	-	-	-	-
Issue/repay debt	-23	-	-	-50	-53
Dividends paid	-1,725	-1,500	-1,500	-1,655	-1,786
Other finance.CF	-620	-654	-652	-246	-235
C.F - Finance	**-2,368**	**-2,154**	**-2,152**	**-1,950**	**-2,074**
Chg. in cash	-991	1,661	-942	904	776
Closing Cash	5,686	7,414	9,104	10,008	10,785

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	8.1	9.9	10.8	11.0	11.5
EBIT margin (%)	6.8	8.4	9.3	9.5	9.9
Net profit mgn.(%)	5.6	6.9	7.8	7.8	7.8
ROE (%)	21.8	21.0	20.0	18.5	17.8
ROCE (%)	22.3	22.1	21.4	20.6	20.8
W.C & Liquidity					
Receivables (days)	23.1	24.8	23.1	22.8	22.1
Inventory (days)	7.7	11.4	9.8	9.6	9.3
Payables (days)	11.3	22.2	20.8	21.3	21.6
Current ratio (x)	4.0	3.1	3.7	3.5	3.3
Quick ratio (x)	3.5	2.7	3.3	3.1	2.9
Turnover &Leverage					
Gross asset T.O (x)	6.2	5.3	4.6	4.2	3.9
Total asset T.O (x)	2.7	2.2	1.9	1.8	1.8
Int. covge. ratio (x)	12.4	15.3	18.3	20.6	24.1
Adj. debt/equity (x)	0.2	0.1	0.1	0.1	0.1
Valuation					
EV/Sales (x)	0.5	0.7	0.7	0.7	0.6
EV/EBITDA (x)	6.4	6.7	6.7	6.3	5.5
P/E (x)	10.2	10.8	11.1	10.9	10.1
P/BV (x)	2.2	2.3	2.2	2.0	1.8

Recommendation Summary - last 3 years



Dates	Rating	Target
19-Aug-21	BUY	272
15-Feb-22	BUY	254
30-Jan-23	BUY	260
17-Nov-23	HOLD	212
06-Feb-24	HOLD	316
06-Aug-24	ACCUMULATE	397
26-Dec-24	ACCUMULATE	393
17-Jun-25	HOLD	327

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: Upgrade No Change Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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