

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR237**      **TP: INR225 (-5%)**      **Neutral**

## Volumes improve amid reducing LNG prices

Bloomberg	PLNG IN
Equity Shares (m)	1500
M.Cap.(INRb)/(USDb)	355.1 / 4.3
52-Week Range (INR)	242 / 189
1, 6, 12 Rel. Per (%)	-3/13/8
12M Avg Val (INR M)	465

### Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	599.0	556.2	547.9
EBITDA	48.6	44.1	44.2
Adj. PAT	32.4	28.4	28.2
Adj. EPS (INR)	21.6	18.9	18.8
EPS Gr. (%)	-3.4	-12.5	-0.7
BV/Sh.(INR)	99.6	109.7	119.8

### Ratios

Net D:E	-0.4	-0.4	-0.4
RoE (%)	22.8	18.1	16.4
RoCE (%)	24.6	19.6	17.7
Payout (%)	46.3	46.3	46.3

### Valuation

P/E (x)	11.0	12.5	12.6
P/BV (x)	2.4	2.2	2.0
EV/EBITDA (x)	6.1	6.6	6.3
Div. Yield (%)	4.2	3.7	3.7
FCF Yield (%)	599.0	556.2	547.9

### Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	50.0	50.0	50.0
DII	4.5	4.1	3.4
FII	34.8	34.9	33.6
Others	10.7	11.0	13.0

FII Includes depository receipts

- Petronet LNG (PLNG) reported in-line EBITDA of INR9.4b during the quarter. Dahej utilization improved to 77%, while utilization at Kochi stood at 21%.
- Spot LNG price has dropped to ~USD11/mmbtu thereby driving up utilization levels at Dahej terminal to ~97% in Apr'23. Management expects utilization levels to remain healthy going forward if LNG price sustains at current level.
- Management also highlighted that utilization at Kochi terminal may reach 35% in FY25E from 21% currently, if GAIL's Kochi-Bangalore pipeline is completed by Nov'24.
- Despite near-term improvement in volumes, long-term volume growth prospects remain bleak for the company, due to intensifying competition from upcoming LNG terminals as well as increasing domestic gas supply.
- As highlighted in our [previous report](#), sustainability of high return ratios also remains a key concern for PLNG as the ROCE for upcoming projects (Dahej expansion, Gopalpur FSRU and PDH-PP plant) is likely to be lower comparatively at 7-18%. **Hence, we reiterate our Neutral rating with a TP of INR225.**

### EBITDA in line; beat on PAT

- **Total volumes were in line with our estimate of 184Tbtu** (down 3% YoY, up 10% QoQ) during 4QFY23.
  - Dahej utilization stood at 77% (154Tbtu).
  - Kochi utilization stood at 21% (13Tbtu).
- EBITDA was in line with our estimate at INR9.4b (est. INR9b, down 19% YoY, up 44% QoQ).
- PAT was above our estimate at INR6.1b (est. INR5b, -18% YoY, -48% QoQ) due to higher-than-estimated other income during the quarter.
- For FY23, EBITDA stood at INR49b (down 8% YoY), with PAT at INR32b (down 3% YoY).
  - Dahej utilization stood at 79% (down 10% YoY), while Kochi utilization stood at 19% (down 2% YoY).

### Valuation and view

- PLNG not only suffers from sustainability of its EPS growth but also from a classic Dutch Disease. The net cash of INR57b has become an eye sore for investors as growth opportunities in LNG terminalling have become bleaker and the company is forced to invest in more volatile areas such as gas-based petrochemicals, compressed bio-gas as well as LNG trucking.
- The company currently trades at 12.5x FY24E EPS of INR18.9. We value the stock at 12x FY25E EPS of 18.8 to arrive at our TP of INR225. **We reiterate our Neutral rating.**

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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## Standalone - Quarterly Earnings Model

(INR b)

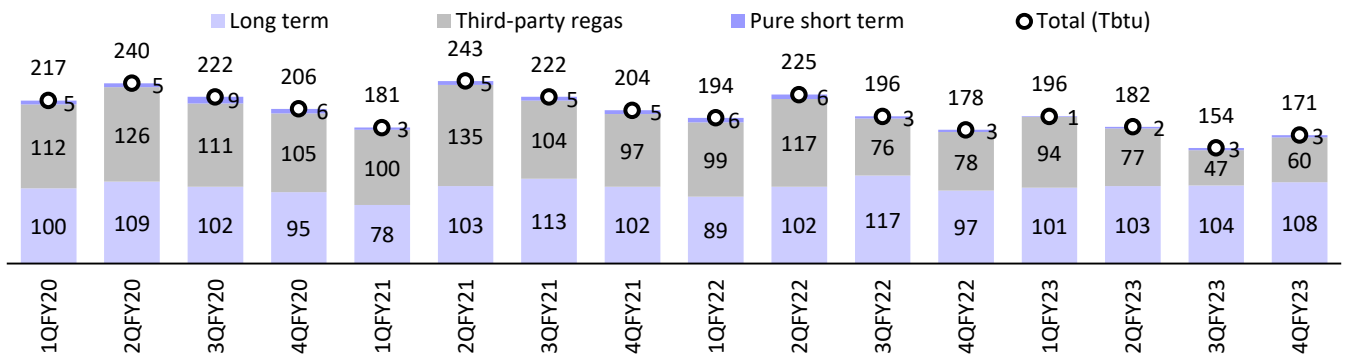
Y/E March	FY22				FY23				FY22	FY23	FY23 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>86.0</b>	<b>108.1</b>	<b>126.0</b>	<b>111.6</b>	<b>142.6</b>	<b>159.9</b>	<b>157.8</b>	<b>138.7</b>	<b>431.7</b>	<b>599.0</b>	<b>94.5</b>	<b>47%</b>
YoY Change (%)	76.1	73.4	71.9	47.3	65.9	47.8	25.2	24.3	65.9	38.8	-15.3	0%
<b>EBITDA</b>	<b>10.5</b>	<b>13.0</b>	<b>17.3</b>	<b>11.7</b>	<b>10.6</b>	<b>11.7</b>	<b>16.8*</b>	<b>9.4</b>	<b>52.5</b>	<b>48.6</b>	<b>9.0</b>	<b>5%</b>
Margins (%)	12.3	12.0	13.8	10.5	7.5	7.3	10.6	6.8	12.2	8.1	9.5	0%
Depreciation	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	7.7	7.6	2.3	0%
Interest	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	3.2	3.3	0.9	0%
Other Income	0.7	0.8	0.7	0.9	1.4	0.9	1.8	1.5	3.1	5.7	0.8	0%
<b>PBT</b>	<b>8.5</b>	<b>11.1</b>	<b>15.3</b>	<b>9.8</b>	<b>9.4</b>	<b>9.9</b>	<b>15.9</b>	<b>8.2</b>	<b>44.7</b>	<b>43.3</b>	<b>6.7</b>	<b>22%</b>
Tax	2.2	2.8	3.9	2.3	2.4	2.5	4.1	2.0	11.2	10.9	1.7	21%
Rate (%)	25.3	25.6	25.4	23.8	25.2	25.1	25.5	24.9	25.1	25.3	25.2	0%
<b>Reported PAT</b>	<b>6.4</b>	<b>8.2</b>	<b>11.4</b>	<b>7.5</b>	<b>7.0</b>	<b>7.4</b>	<b>11.8</b>	<b>6.1</b>	<b>33.5</b>	<b>32.4</b>	<b>5.0</b>	<b>22%</b>
<b>Adj PAT</b>	<b>6.4</b>	<b>8.2</b>	<b>11.4</b>	<b>7.5</b>	<b>7.0</b>	<b>7.4</b>	<b>11.8</b>	<b>6.1</b>	<b>33.5</b>	<b>32.4</b>	<b>5.0</b>	<b>22%</b>
YoY Change (%)	22.2	-11.2	30.2	20.3	10.3	-9.6	3.2	-18.1	-100.0	-3.4	-33.1	0%
Margins (%)	7.4	7.6	9.1	6.7	4.9	4.7	7.5	4.4	7.8	5.4	5.3	0%
<b>Key Assumptions</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
Total Volumes (Tbtu)	209.0	240.0	208.0	190.0	208.0	192.0	167.0	184.0	847.0	751.0	188.7	-3%
Dahej utilization (%)	88%	102%	89%	80%	89%	82%	70%	77%	90%	79%	79%	-2%
Kochi utilization (%)	24%	24%	19%	19%	19%	16%	21%	21%	21%	19%	21%	0%

\* includes 'Use or Pay charges' of INR8.5b

## Operational highlights

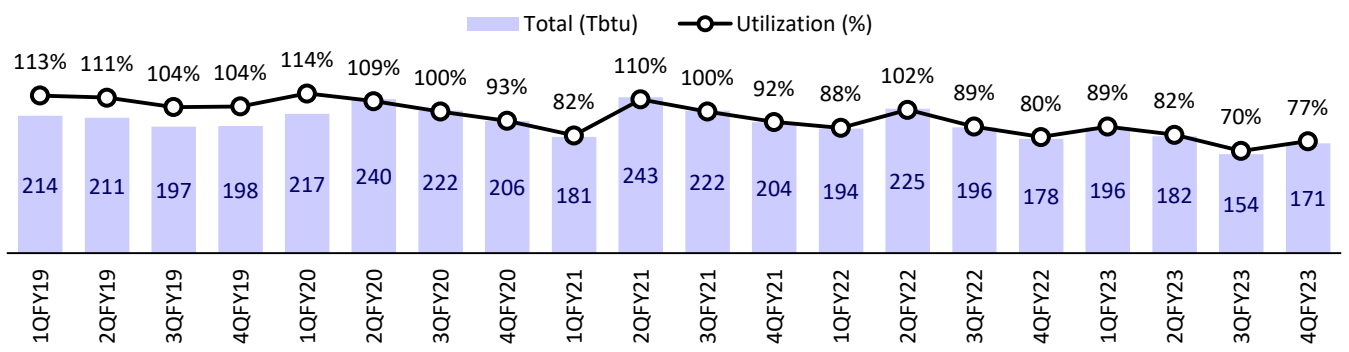
Particulars	FY21				FY22				FY23				4QFY23	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	% YoY	% QoQ
<b>Dahej Sales Volume (TBtu)</b>														
Long term	78.0	103.0	113.0	102.0	89.0	102.0	117.0	97.0	101.0	103.0	104.0	108.0	11%	4%
Third-party regas	100.0	135.0	104.0	97.0	99.0	117.0	76.0	78.0	94.0	77.0	47.0	60.0	-23%	28%
Pure short term	3.0	5.0	5.0	5.0	6.0	6.0	3.0	3.0	1.0	2.0	3.0	3.0	0%	0%
<b>Sub-total (TBtu)</b>	<b>181.0</b>	<b>243.0</b>	<b>222.0</b>	<b>204.0</b>	<b>194.0</b>	<b>225.0</b>	<b>196.0</b>	<b>178.0</b>	<b>196.0</b>	<b>182.0</b>	<b>154.0</b>	<b>171.0</b>	<b>-4%</b>	<b>11%</b>
<b>Kochi Sales Volume (TBtu)</b>														
Long term	8.0	8.0	8.0	11.0	11.0	14.0	12.0	12.0	12.0	10.0	13.0	13.0	8%	0%
Third-party regas	0.0	0.0	3.0	1.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Pure short term	1.0	3.0	2.0	2.0	2.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Sub-total (TBtu)</b>	<b>9.0</b>	<b>11.0</b>	<b>13.0</b>	<b>14.0</b>	<b>15.0</b>	<b>15.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>10.0</b>	<b>13.0</b>	<b>13.0</b>	<b>8%</b>	<b>0%</b>
<b>Total (TBtu)</b>	<b>190.0</b>	<b>254.0</b>	<b>235.0</b>	<b>218.0</b>	<b>209.0</b>	<b>240.0</b>	<b>208.0</b>	<b>190.0</b>	<b>208.0</b>	<b>192.0</b>	<b>167.0</b>	<b>184.0</b>	<b>-3%</b>	<b>10%</b>

**Exhibit 1: Dahej total volumes at 171Tbtu, down 4% YoY but up 11% QoQ**



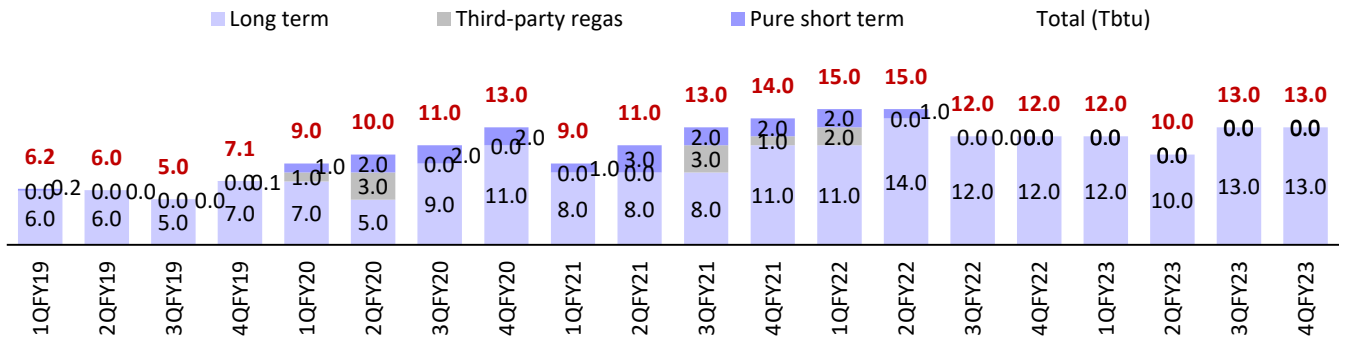
Source: Company, MOFSL

**Exhibit 2: Dahej terminal utilization at 77% in 4QFY23**



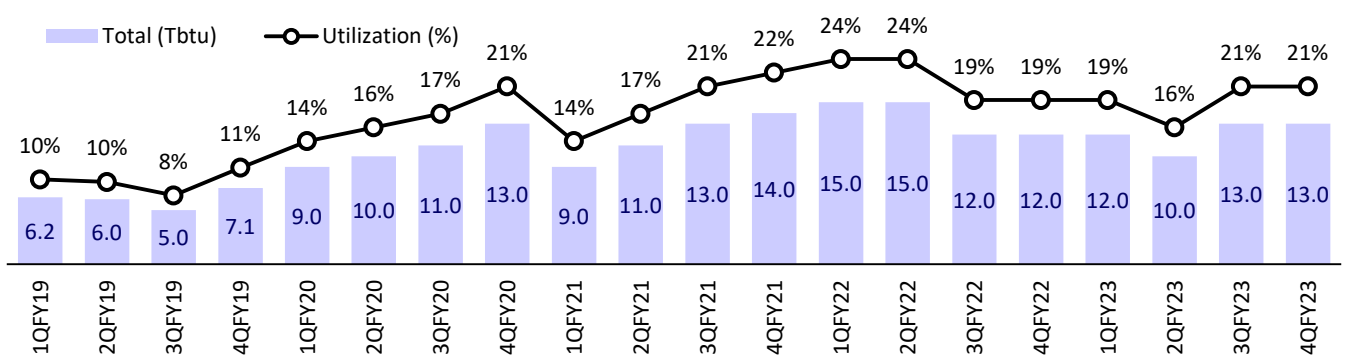
Source: Company, MOFSL

**Exhibit 3: Kochi volumes at 13Tbtu, up 8% YoY and flat QoQ**



Source: Company, MOFSL

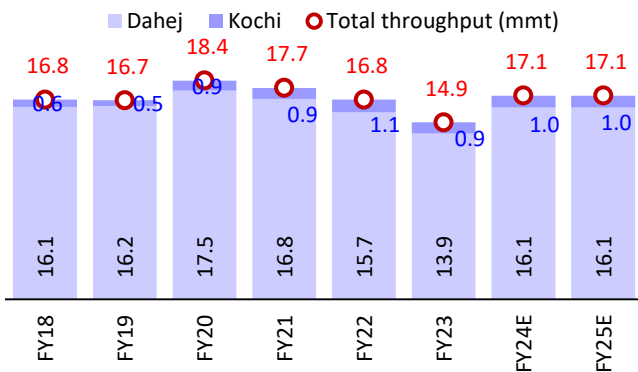
**Exhibit 4: Kochi terminal utilization at 21% in 4QFY23**



Source: Company, MOFSL

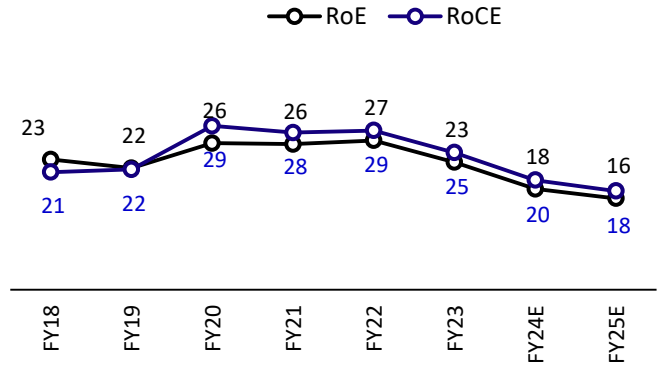
## Story in charts

Exhibit 5: Volume snapshot for PLNG



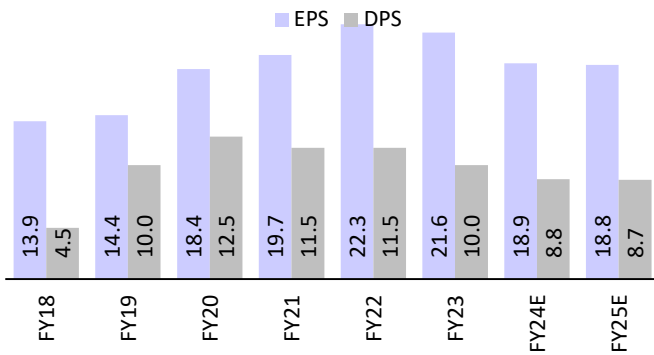
Source: Company, MOFSL

Exhibit 6: Return ratios profile



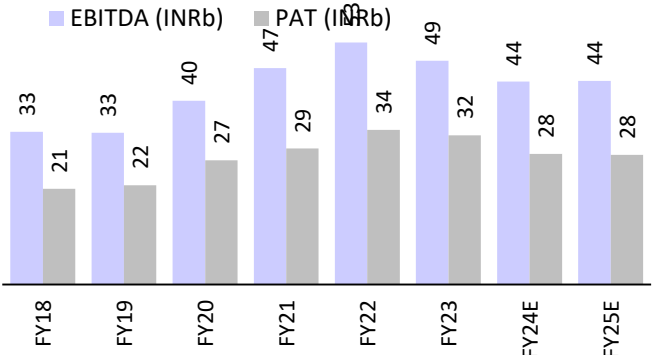
Source: Company, MOFSL

Exhibit 7: Payout ratios



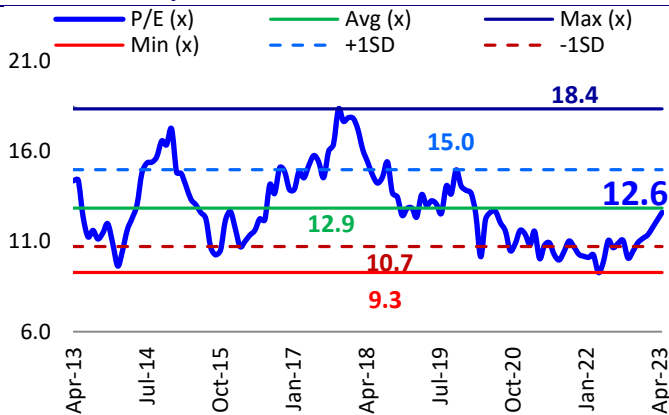
Source: Company, MOFSL

Exhibit 8: EBITDA/PAT snapshot



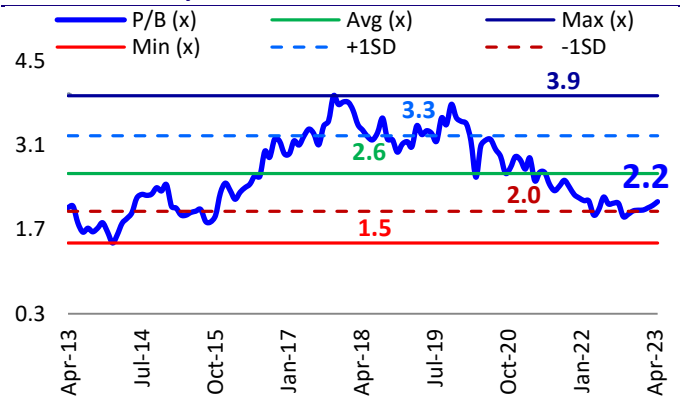
Source: Company, MOFSL

Exhibit 9: One-year forward P/E – trades at 12.6x



Source: Company, MOFSL

Exhibit 10: One-year forward PB – trades at 2.2x



Source: Company, MOFSL

## Financials and valuations

### Standalone - Income Statement

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Total Income from Operations</b>	<b>306.0</b>	<b>384.0</b>	<b>354.5</b>	<b>260.2</b>	<b>431.7</b>	<b>599.0</b>	<b>556.2</b>	<b>547.9</b>
Change (%)	24.3	25.5	-7.7	-26.6	65.9	38.8	-7.2	-1.5
<b>EBITDA</b>	<b>33.1</b>	<b>32.9</b>	<b>39.9</b>	<b>47.0</b>	<b>52.5</b>	<b>48.6</b>	<b>44.1</b>	<b>44.2</b>
Margin (%)	10.8	8.6	11.3	18.1	12.2	8.1	7.9	8.1
Depreciation	4.1	4.1	7.8	7.8	7.7	7.6	8.4	9.6
<b>EBIT</b>	<b>29.0</b>	<b>28.8</b>	<b>32.1</b>	<b>39.2</b>	<b>44.8</b>	<b>40.9</b>	<b>35.7</b>	<b>34.7</b>
Int. and Finance Charges	1.6	1.0	4.0	3.4	3.2	3.3	3.3	3.0
Other Income	3.2	4.5	3.7	3.9	3.1	5.7	5.5	6.0
<b>PBT bef. EO Exp.</b>	<b>30.6</b>	<b>32.3</b>	<b>31.8</b>	<b>39.7</b>	<b>44.7</b>	<b>43.3</b>	<b>37.9</b>	<b>37.7</b>
EO Items	0.0	0.0	-0.7	0.0	0.0	0.0	0.0	0.0
<b>PBT after EO Exp.</b>	<b>30.6</b>	<b>32.3</b>	<b>31.1</b>	<b>39.7</b>	<b>44.7</b>	<b>43.3</b>	<b>37.9</b>	<b>37.7</b>
Total Tax	9.8	10.8	4.1	10.2	11.2	10.9	9.6	9.5
Tax Rate (%)	32.0	33.3	13.3	25.7	25.1	25.3	25.2	25.2
<b>Reported PAT</b>	<b>20.8</b>	<b>21.6</b>	<b>27.0</b>	<b>29.5</b>	<b>33.5</b>	<b>32.4</b>	<b>28.4</b>	<b>28.2</b>
<b>Adjusted PAT</b>	<b>20.8</b>	<b>21.6</b>	<b>27.6</b>	<b>29.5</b>	<b>33.5</b>	<b>32.4</b>	<b>28.4</b>	<b>28.2</b>
Change (%)	21.8	3.7	28.1	6.9	13.7	-3.4	-12.5	-0.7
Margin (%)	6.8	5.6	7.8	11.3	7.8	5.4	5.1	5.1

### Standalone - Balance Sheet

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Total Reserves	82.2	85.7	94.5	101.5	119.3	134.3	149.6	164.7
<b>Net Worth</b>	<b>97.2</b>	<b>100.7</b>	<b>109.5</b>	<b>116.5</b>	<b>134.3</b>	<b>149.3</b>	<b>164.6</b>	<b>179.7</b>
Total Loans	7.3	1.0	0.6	0.6	0.2	0.0	0.0	0.0
Deferred Tax Liabilities	10.5	13.4	8.9	8.8	8.3	7.0	7.0	7.0
<b>Capital Employed</b>	<b>115.0</b>	<b>115.0</b>	<b>119.1</b>	<b>125.9</b>	<b>142.8</b>	<b>156.4</b>	<b>171.6</b>	<b>186.7</b>
Gross Block	91	92	100	104	107	111	128	144
Less: Accum. Deprn.	11	15	23	31	38	46	54	64
<b>Net Fixed Assets</b>	<b>80</b>	<b>77</b>	<b>77</b>	<b>73</b>	<b>68</b>	<b>65</b>	<b>74</b>	<b>80</b>
Capital WIP	2	3	0	0	2	11	11	10
<b>Total Investments</b>	<b>41</b>	<b>10</b>	<b>38</b>	<b>46</b>	<b>38</b>	<b>34</b>	<b>34</b>	<b>34</b>
Lease Liabilities			36	33	31	31	31	31
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>33</b>	<b>61</b>	<b>72</b>	<b>70</b>	<b>103</b>	<b>115</b>	<b>119</b>	<b>128</b>
Inventory	5	6	5	3	6	12	11	11
Account Receivables	17	14	16	19	27	38	36	35
Cash and Bank Balance	9	30	44	43	43	57	65	75
Cash	7	2	10	8	10	1	9	19
Bank Balance	2	27	35	35	33	56	56	56
Loans and Advances	3	11	6	5	27	8	7	7
<b>Curr. Liability &amp; Prov.</b>	<b>42</b>	<b>36</b>	<b>32</b>	<b>30</b>	<b>37</b>	<b>37</b>	<b>34</b>	<b>34</b>
Account Payables	16	13	12	10	15	16	15	15
Other Current Liabilities	26	23	20	18	21	19	17	17
Provisions	0	0	0	1	1	2	2	2
<b>Net Current Assets</b>	<b>-9</b>	<b>25</b>	<b>40</b>	<b>40</b>	<b>66</b>	<b>77</b>	<b>84</b>	<b>94</b>
<b>Appl. of Funds</b>	<b>115</b>	<b>115</b>	<b>155</b>	<b>159</b>	<b>174</b>	<b>187</b>	<b>202</b>	<b>217</b>

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>13.9</b>	<b>14.4</b>	<b>18.4</b>	<b>19.7</b>	<b>22.3</b>	<b>21.6</b>	<b>18.9</b>	<b>18.8</b>
Cash EPS	16.6	17.1	23.6	24.9	27.5	26.7	24.5	25.2
BV/Share	64.8	67.1	73.0	77.7	89.5	99.6	109.7	119.8
DPS	4.5	10.0	12.5	11.5	11.5	10.0	9.5	9.4
Payout (%)	38.0	74.9	73.8	58.5	51.5	46.3	50.0	50.0
<b>Valuation (x)</b>								
P/E	17.1	16.5	12.9	12.0	10.6	11.0	12.5	12.6
Cash P/E	14.3	13.8	10.0	9.5	8.6	8.9	9.7	9.4
P/BV	3.7	3.5	3.2	3.0	2.6	2.4	2.2	2.0
EV/Sales	1.2	0.8	0.9	1.2	0.7	0.5	0.5	0.5
EV/EBITDA	10.7	9.9	7.8	6.6	5.9	6.1	6.6	6.3
Dividend Yield (%)	1.9	4.2	5.3	4.9	4.9	4.2	4.0	4.0
FCF per share	18.8	13.2	21.7	23.2	22.7	9.7	16.3	17.4
<b>Return Ratios (%)</b>								
RoE	23.3	21.8	26.3	26.1	26.7	22.8	18.1	16.4
RoCE	21.1	21.5	29.4	28.1	28.5	24.6	19.6	17.7
RoIC	28.1	28.5	51.4	80.0	69.6	53.4	45.8	39.7
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	3.4	4.2	3.6	2.5	4.0	5.4	4.3	3.8
Asset Turnover (x)	2.7	3.3	2.3	1.6	2.5	3.2	2.7	2.5
Inventory (Days)	6	5	5	5	5	7	7	7
Debtor (Days)	20	14	17	26	23	23	23	23
Creditor (Days)	19	12	12	15	13	10	10	10
<b>Leverage Ratio (x)</b>								
Current Ratio	0.8	1.7	2.2	2.4	2.8	3.1	3.4	3.8
Interest Cover Ratio	17.8	29.1	8.0	11.7	14.1	12.4	10.9	11.5
Net Debt/Equity	0.0	-0.3	-0.4	-0.4	-0.3	-0.4	-0.4	-0.4

### Standalone - Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>(INR b)</b>								
<b>OP/(Loss) before Tax</b>	<b>31</b>	<b>32</b>	<b>31</b>	<b>40</b>	<b>45</b>	<b>43</b>	<b>38</b>	<b>38</b>
Depreciation	4	4	8	8	8	8	8	10
Interest and Finance charges	2	1	4	3	3	3	3	3
Direct Taxes Paid	-7	-8	-5	-10	-13	-12	-10	-9
(Inc)/Dec in Wkg. Capital	3	-5	-4	-2	-6	-16	1	0
Others	-2	-3	-1	-4	-2	-1	-5	-6
<b>CF from Op. Activity</b>	<b>30</b>	<b>21</b>	<b>33</b>	<b>36</b>	<b>35</b>	<b>25</b>	<b>41</b>	<b>41</b>
(Inc)/Dec in FA & CWIP	-2	-2	-1	-1	-1	-11	-17	-15
<b>Free Cash Flow</b>	<b>28</b>	<b>20</b>	<b>33</b>	<b>35</b>	<b>34</b>	<b>15</b>	<b>24</b>	<b>26</b>
(Pur)/Sale of Investments	-10	33	-3	-12	6	0	0	0
Others	-2	-32	1	3	-15	-1	0	0
<b>CF from Inv. Activity</b>	<b>-13</b>	<b>-1</b>	<b>-3</b>	<b>-9</b>	<b>-11</b>	<b>-11</b>	<b>-17</b>	<b>-15</b>
Inc / (Dec) in Debt	-7	-6	0	0	0	0	0	0
Interest paid	-2	-1	-2	-3	-3	0	-3	-3
Dividends Paid (incl.tax)	-5	-18	-8	-22	-16	-17	-13	-13
<b>CF from Fin. Activity</b>	<b>-13</b>	<b>-25</b>	<b>-23</b>	<b>-28</b>	<b>-22</b>	<b>-24</b>	<b>-16</b>	<b>-16</b>
<b>Inc / ( Dec) in Cash</b>	<b>4</b>	<b>-5</b>	<b>7</b>	<b>-1</b>	<b>2</b>	<b>-10</b>	<b>8</b>	<b>10</b>
Add: Opening Balance	3	7	2	10	8	10	1	9
<b>Closing Balance</b>	<b>7</b>	<b>2</b>	<b>10</b>	<b>8</b>	<b>10</b>	<b>1</b>	<b>9</b>	<b>19</b>

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Explanation of Investment Rating	
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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