

BSE SENSEX

83,433

S&amp;P CNX

25,461



## Stock Info

Bloomberg	PLNG IN
Equity Shares (m)	1500
M.Cap.(INRb)/(USDb)	449.6 / 5.3
52-Week Range (INR)	385 / 270
1, 6, 12 Rel. Per (%)	-6/-15/-15
12M Avg Val (INR M)	1004
Free float (%)	50.0

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	509.8	506.2	536.1
EBITDA	55.2	59.2	70.1
Adj. PAT	39.3	39.9	46.6
Adj. EPS (INR)	26.2	26.6	31.0
EPS Gr. (%)	11.0	1.6	16.7
BV/Sh.(INR)	129.2	145.7	164.8

## Ratios

Net D:E	-0.5	-0.4	-0.4
RoE (%)	21.6	19.4	20.0
RoCE (%)	22.7	19.9	20.0
Payout (%)	38.2	38.2	38.2

## Valuation

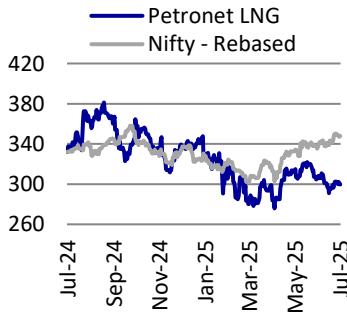
P/E (x)	11.5	11.3	9.7
P/BV (x)	2.3	2.1	1.8
EV/EBITDA (x)	6.5	6.1	5.2
Div. Yield (%)	3.3	3.4	4.0

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	50.0	50.0	50.0
DII	11.2	11.1	11.4
FII	28.8	28.6	26.2
Others	10.1	10.3	12.4

FII Includes depository receipts

## Stock performance (one-year)


**CMP: INR300**
**TP: INR410 (+37%)**
**Upgrade to Buy**

## Tide is turning, slowly

- We upgrade PLNG to Buy with a DCF-based TP of INR410/sh. According to our DCF analysis (WACC: 11.2%), at CMP, PLNG is pricing in an unrealistic scenario of a 20% decline in tariff at both the Dahej and Kochi terminals in FY28 with no tariff hike thereafter, and 0% terminal growth. Additionally, the street narrative that competing terminals are taking away market share has: 1) not played out so far as utilization at competitor terminals continues to languish at 14-43%, and 2) overlooked PLNG's strong scale, historical capex, and connectivity advantages. While concerns around a potential tariff cut in FY28 linger, we highlight that a sharp cut in tariff at Dahej in FY28 can lead to industry-wide pressure, as competing terminals were built at ~2x the capital cost (Dahej capex/mmtpa = ~INR5b vs ~INR9-11b for competitors). This would further increase the relative attractiveness of the Dahej terminal, especially as its expanded capacity comes online.
- At 9.7x FY27 P/E and 4% dividend yield, we believe valuations are at absolute rock-bottom levels. We move to a DCF-based TP (earlier 10x FY27 PE) and assume a 10% tariff cut in Dahej and Kochi in FY28, 4% escalation thereafter, 2% terminal growth, and 11.2% WACC, leading to a TP of INR410/share. While we build in full capex for the petchem venture, we value it at only 0.5x equity.

## Capacity expansion can drive a re-rating; upside from soft LNG prices in FY27

The 5mmtpa new capacity (+18% on the current base) at Dahej is set to commence operations in Dec'25, driving a 3.3% volume CAGR over FY25-28. We are building in a PAT CAGR of 9% during FY25-27E, driven by volume growth and the scheduled 5% tariff hike for both the Dahej and Kochi terminals. Additionally, the completion of the Kochi-Mangalore-Bangalore pipeline (KMBPL), slated for Dec'25, is expected to improve medium- to long-term visibility and support utilization at the Kochi terminal. Volumes in the coming years are likely to benefit from lower spot LNG prices starting in FY27, along with an already soft crude price outlook.

## Either a tariff cut or higher competitive pressure, not both

Our model assumes a 10% tariff cut at Dahej and Kochi in FY28, followed by a 4% annual increase thereafter, which we consider realistic. A sharp cut in tariff at Dahej can lead to industry-wide pressure as competing terminals were built at ~2x the cost (Dahej capex/mmtpa = ~INR5b vs ~INR9-11b for competitors). This would further increase the relative attractiveness of the Dahej terminal, especially as its expanded capacity comes online. In addition, the current market price implies that investor expectations are currently baked in both these competing scenarios (price cut + volume loss), which we believe are unlikely to play out simultaneously.

### Competition-related narrative floundering; ignores Dahej's competitive moat and oversimplifies the business

Rising competition has been a key concern for PLNG in recent years. However, we highlight: 1) the anticipated terminal from Swan Energy did not materialize, 2) other terminals have struggled to ramp up utilization (14-43%) despite being operational for several years, and 3) specifically, GAIL's Dabhol terminal, even after the construction of a breakwater, is unlikely to maintain utilization significantly above 50% on an annual basis. Dahej, meanwhile, has continued to operate at near 100% utilization, supported by its strong moat: 1) connectivity via five key pipelines, providing access to demand centers, and 2) a scale advantage (17.5mmtpa vs average terminal size of 5mmtpa), which allows for lower-priced gas contracts and enables better arbitrage opportunities.

### Valuations imply the stock is at a point of maximum pessimism

PLNG trades at 9.6x FY27 EPS, compared to its historical one-year forward P/E of 10.4x. Under a variety of bearish scenarios, our DCF-based valuation implies -4% to 21% upside from the current price. Our DCF-based TP (WACC: 11.2%, TG = 2%) assumes a 10% tariff cut in FY28, followed by a 4% increase for both the terminals. While we have incorporated the full capital expenditure for the petchem plant, we value it conservatively at 0.5 times FY29E P/B and discount this back to FY27. In our bear-case DCF scenario (same WACC and TG as the base case), we assume no tariff hike after the 10% cut in FY28, resulting in a valuation of INR363/sh. In an extreme bear-case DCF scenario, we assume 0% terminal growth and no tariff hike following a 20% cut in FY28, implying a valuation of INR288/sh.

#### Exhibit 1: PLNG – key assumptions – base case

Key assumptions	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
<b>Volume sold (mmtpa)</b>								
Dahej terminal	17.3	17.3	18.3	18.9	19.5	20.1	20.6	21.2
Terminal utilization	99%	92%	81%	84%	87%	89%	92%	94%
Kochi terminal	1.2	1.3	1.3	1.4	1.7	1.9	2.1	2.4
Terminal utilization	23%	25%	25%	29%	34%	38%	43%	47%
<b>Total</b>	<b>19.5</b>	<b>19.5</b>	<b>20.3</b>	<b>21.2</b>	<b>22.0</b>	<b>22.9</b>	<b>23.7</b>	<b>24.5</b>
<b>Regas tariff (INR/mmbtu)</b>								
Dahej terminal	63.7	66.9	70.2	63.2	65.7	68.3	71.1	73.9
YoY increase/(decrease)	5%	5%	5%	-10%	4%	4%	4%	4%
Kochi terminal	89.3	93.8	98.5	88.6	92.2	95.8	99.7	103.7
YoY increase/(decrease)	5%	5%	5%	-10%	4%	4%	4%	4%

Source: Company, MOFSL

#### Exhibit 2: PLNG - DCF valuation – base case

PLNG - DCF Valuation	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
<b>PLNG EBITDA (INRm)</b>	<b>55,241</b>	<b>59,210</b>	<b>70,138</b>	<b>69,363</b>	<b>77,320</b>	<b>80,587</b>	<b>86,173</b>	<b>91,879</b>
Depreciation	8,062	9,223	10,299	11,433	12,742	14,132	14,878	14,999
<b>EBIT</b>	<b>47,179</b>	<b>49,987</b>	<b>59,838</b>	<b>57,929</b>	<b>64,578</b>	<b>66,455</b>	<b>71,295</b>	<b>76,880</b>
Tax rate (%)	26	26	26	26	26	26	26	26
Capital expenditure	14,518	35,000	40,000	50,000	45,000	30,000	10,000	7,500
Change in WC	1,730	-96	794	389	1,040	424	717	727
<b>FCFF (INRm)</b>	<b>26,930</b>	<b>11,525</b>	<b>14,043</b>	<b>4,162</b>	<b>14,768</b>	<b>33,170</b>	<b>57,227</b>	<b>63,994</b>
Year	0	1	2	3	4	5	5	6
Discount factor	1.00	0.90	0.81	0.73	0.65	0.59	0.53	
<b>PV(FCFF) (INR m)</b>	<b>11,525</b>	<b>12,629</b>	<b>3,366</b>	<b>10,740</b>	<b>21,694</b>	<b>33,657</b>	<b>33,846</b>	

Source: Company, MOFSL

**Exhibit 3: PLNG – one-year forward DCF valuation – base case**

Terminal cash flow (INRm)	63,994
Terminal growth rate	2.0%
Terminal value (INRm)	7,09,498
<b>PV (Terminal Value)</b>	<b>3,75,251</b>
<b>PV of cash flows</b>	<b>1,27,456</b>
<b>Enterprise value (INRm)</b>	<b>5,02,708</b>
Net debt (INRm)	-89,968
Equity value (INRm)	5,92,676
<b>Fair value (INR)</b>	<b>395</b>
Add: Petrochemical complex at 0.5x P/B	15
<b>Target Price (INR)</b>	<b>410</b>

Source: Company, MOFSL

**Exhibit 4: PLNG – DCF valuation – bear case**

PLNG - DCF Valuation	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
<b>PLNG EBITDA (INRm)</b>	<b>55,241</b>	<b>59,210</b>	<b>70,138</b>	<b>69,363</b>	<b>74,528</b>	<b>74,662</b>	<b>76,758</b>	<b>78,593</b>
Depreciation	8,062	9,223	10,299	11,433	12,742	14,132	14,878	14,999
<b>EBIT</b>	<b>47,179</b>	<b>49,987</b>	<b>59,838</b>	<b>57,929</b>	<b>61,786</b>	<b>60,531</b>	<b>61,879</b>	<b>63,595</b>
<i>Tax rate (%)</i>	26	26	26	26	26	26	26	26
Capital expenditure	14,518	35,000	40,000	50,000	45,000	30,000	10,000	7,500
Change in WC	1,730	-96	794	389	965	341	624	625
<b>FCFF (INRm)</b>	<b>26,930</b>	<b>11,525</b>	<b>14,043</b>	<b>4,162</b>	<b>12,764</b>	<b>28,844</b>	<b>50,311</b>	<b>54,208</b>
Year	0	1	2	3	4	5	5	6
Discount factor	1.00	0.90	0.81	0.73	0.65	0.59	0.53	
<b>PV(FCFF) (INR m)</b>	<b>11,525</b>	<b>12,629</b>	<b>3,366</b>	<b>9,283</b>	<b>18,864</b>	<b>29,590</b>	<b>28,671</b>	

Source: Company, MOFSL

**Exhibit 5: PLNG – one-year forward DCF valuation – bear case**

Terminal cash flow (INRm)	54,208
Terminal growth rate	2.0%
Terminal value (INRm)	6,01,005
<b>PV (Terminal Value)</b>	<b>3,17,870</b>
<b>PV of cash flows</b>	<b>1,13,926</b>
<b>Enterprise value (INRm)</b>	<b>4,31,796</b>
Net debt (INRm)	-89,968
Equity value (INRm)	5,21,765
<b>Fair value (INR)</b>	<b>348</b>
Add: Petrochemical complex at 0.5x P/B	15
<b>Target Price (INR)</b>	<b>363</b>

Source: Company, MOFSL

**Exhibit 6: PLNG – DCF valuation – extreme bear case**

PLNG - DCF Valuation	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
<b>PLNG EBITDA (INRm)</b>	<b>55,241</b>	<b>59,210</b>	<b>70,138</b>	<b>61,931</b>	<b>66,772</b>	<b>66,595</b>	<b>68,379</b>	<b>69,903</b>
Depreciation	8,062	9,223	10,299	11,433	12,742	14,132	14,878	14,999
<b>EBIT</b>	<b>47,179</b>	<b>49,987</b>	<b>59,838</b>	<b>50,498</b>	<b>54,031</b>	<b>52,463</b>	<b>53,501</b>	<b>54,905</b>
<i>Tax rate (%)</i>	26	26	26	26	26	26	26	26
Capital expenditure	14,518	35,000	40,000	50,000	45,000	30,000	10,000	7,500
Change in WC	1,730	-96	794	192	957	333	616	616
<b>FCFF (INRm)</b>	<b>26,930</b>	<b>11,525</b>	<b>14,043</b>	<b>-1,173</b>	<b>7,000</b>	<b>22,848</b>	<b>44,083</b>	<b>47,748</b>
Year	0	1	2	3	4	5	5	6
Discount factor	1.00	0.90	0.81	0.73	0.65	0.59	0.53	
<b>PV(FCFF) (INR m)</b>	<b>11,525</b>	<b>12,629</b>	<b>-948</b>	<b>5,091</b>	<b>14,942</b>	<b>25,927</b>	<b>25,254</b>	

Source: Company, MOFSL

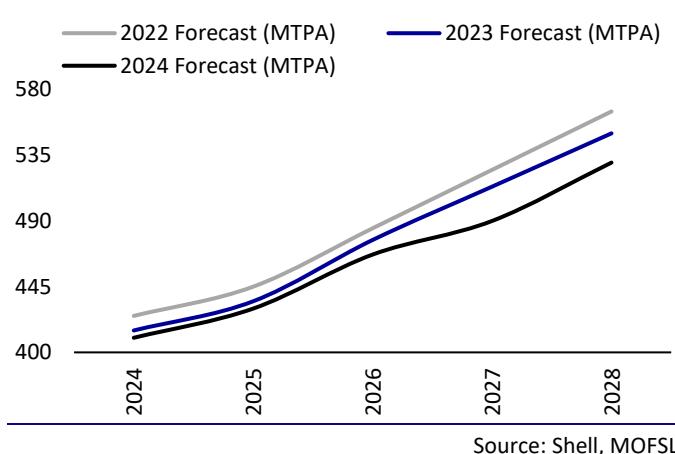
**Exhibit 7: PLNG – one-year forward DCF valuation – extreme bear case**

Terminal cash flow (INRm)	47,748
Terminal growth rate	0.0%
Terminal value (INRm)	4,26,324
<b>PV (Terminal Value)</b>	<b>2,25,481</b>
<b>PV of cash flows</b>	<b>94,419</b>
<b>Enterprise value (INRm)</b>	<b>3,19,901</b>
Net debt (INRm)	-89,968
Equity value (INRm)	4,09,869
<b>Fair value (INR)</b>	<b>273</b>
Add: Petrochemical complex at 0.5x P/B	15
<b>Target Price (INR)</b>	<b>288</b>

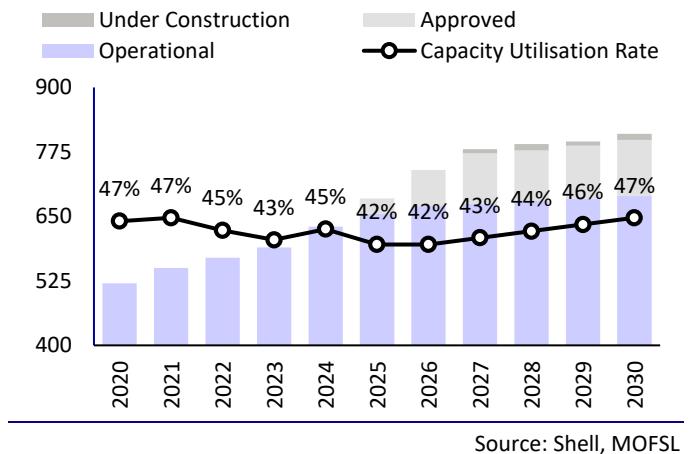
Source: Company, MOFSL

**Exhibit 8: Shell reduced 2028 LNG supply forecast by**

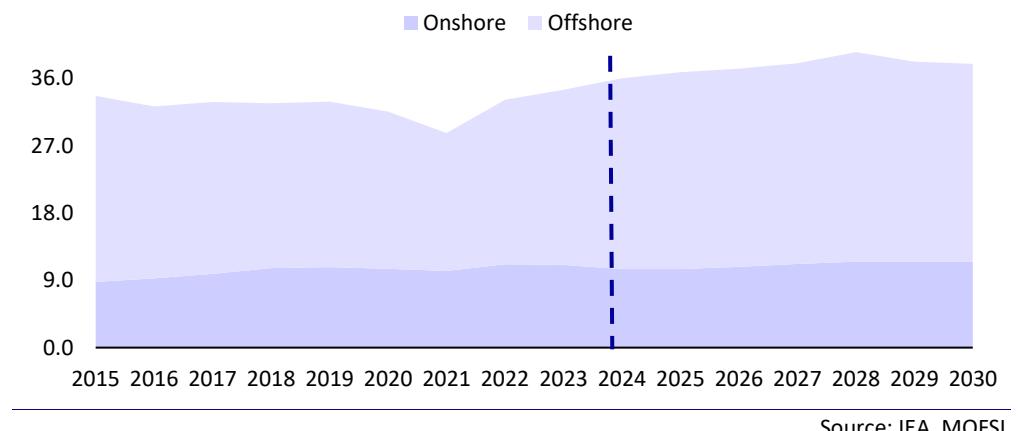
**~30mmtpa in two years**



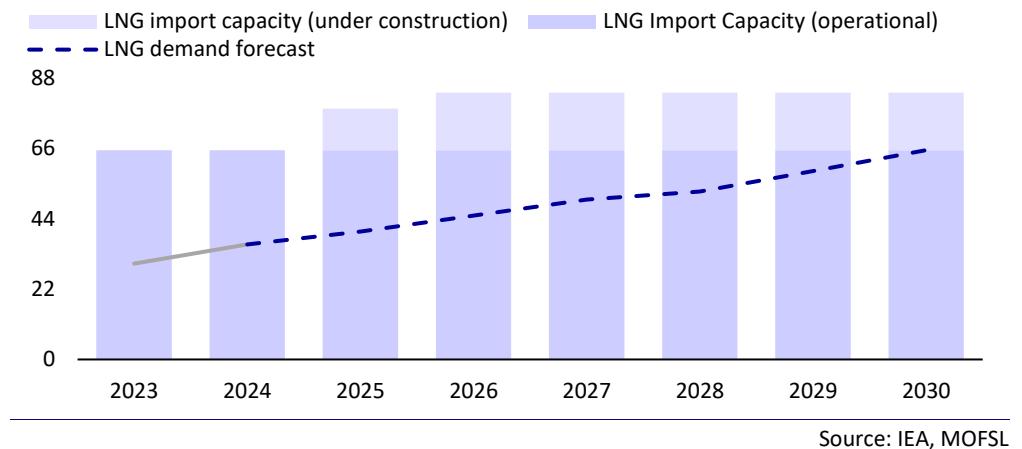
**Exhibit 9: Regasification capacity in Asia**



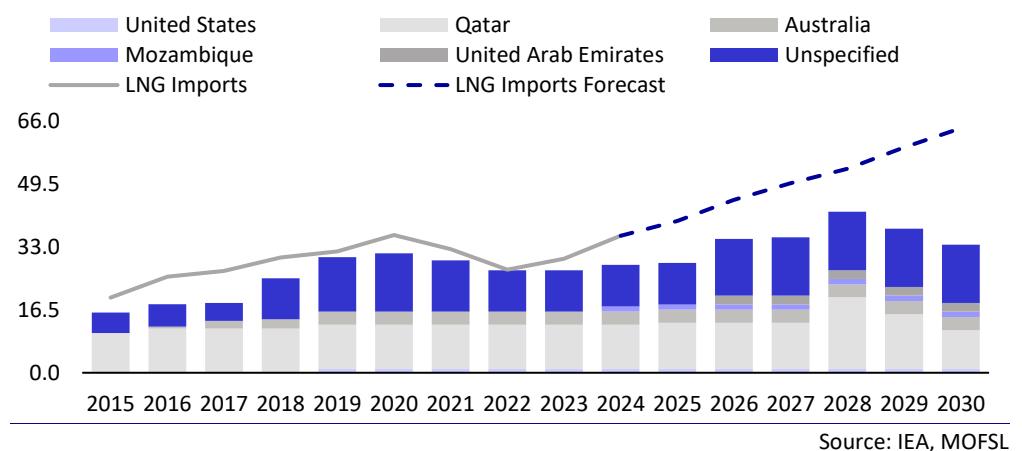
**Exhibit 10: Annual natural gas production in India during 2015-2030**



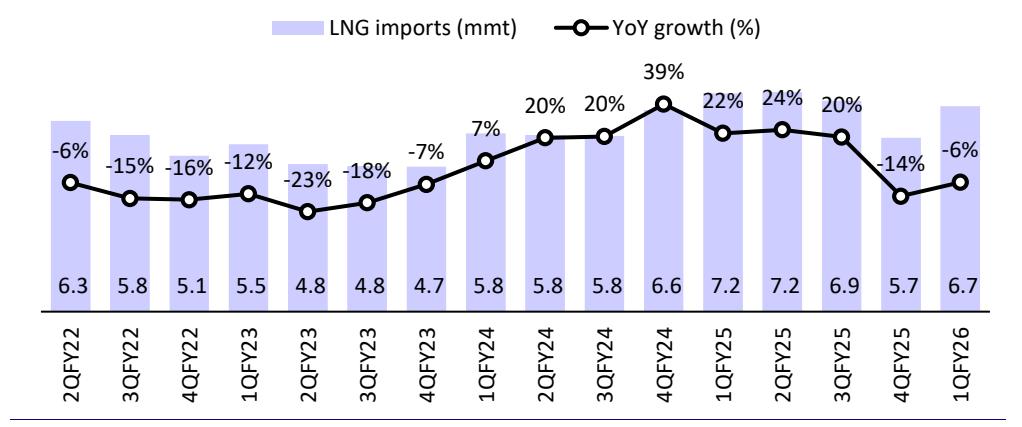
**Exhibit 11: LNG demand forecast and import capacity in India during 2023-2030**



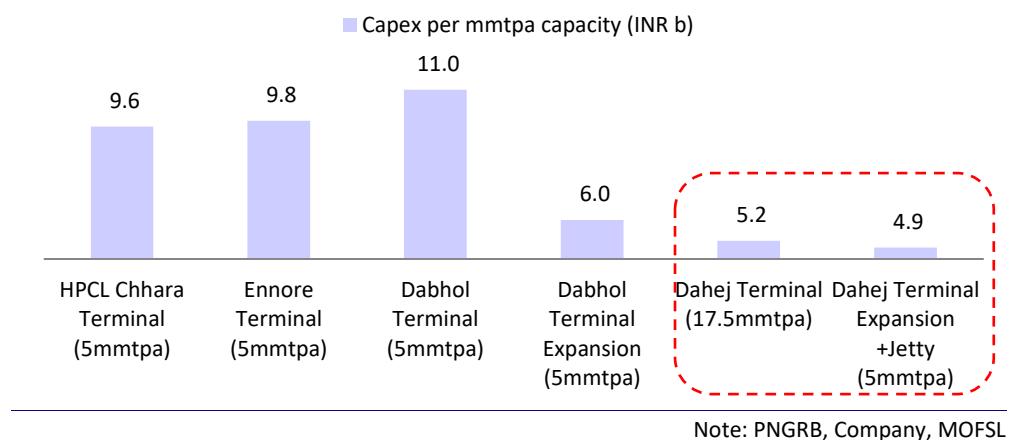
**Exhibit 12: Total LNG imports and volumes under long-term contracts by source and by calendar year in India, 2015-2030**



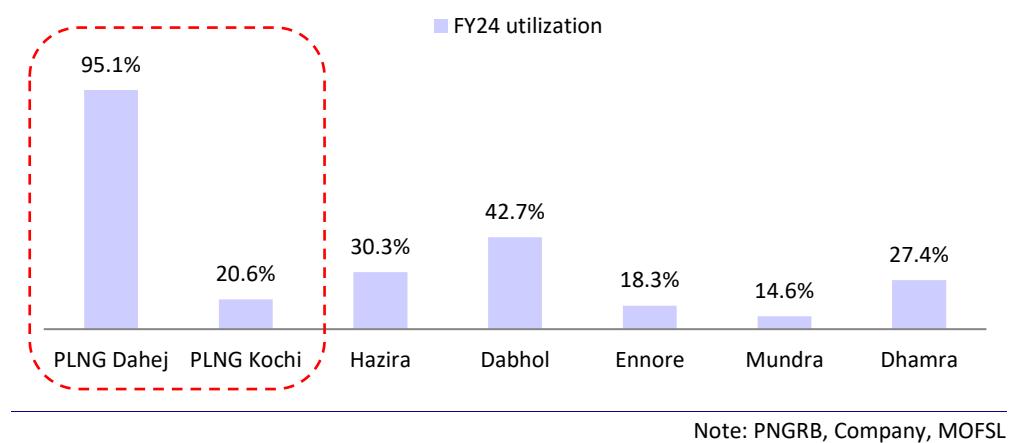
**Exhibit 13: India's LNG import trend**



**Exhibit 14: Capex per mmtpa capacity for LNG regas terminals across India**

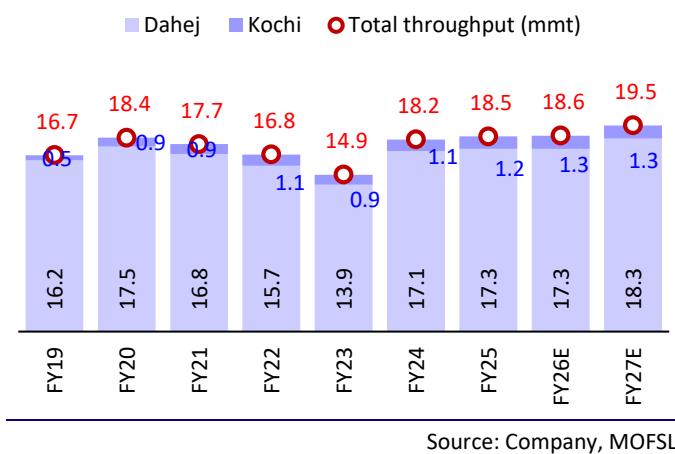


**Exhibit 15: Capacity utilization across LNG regas terminals in India**



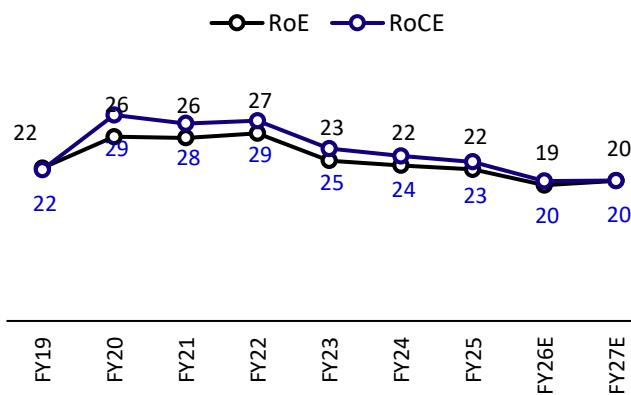
## Story in charts

Exhibit 16: Volume snapshot for PLNG



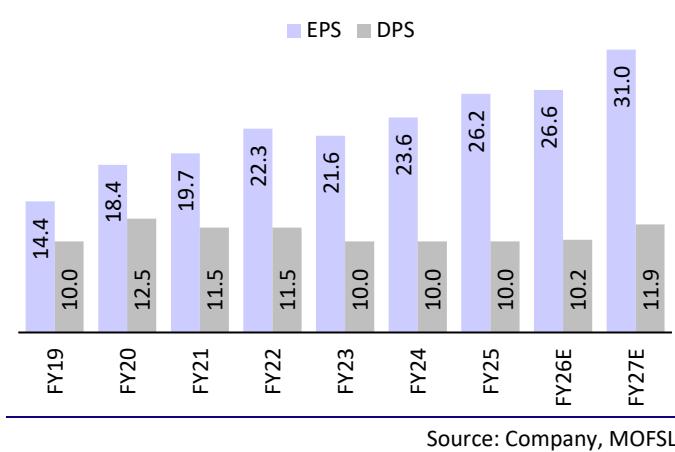
Source: Company, MOFSL

Exhibit 17: Return ratios profile



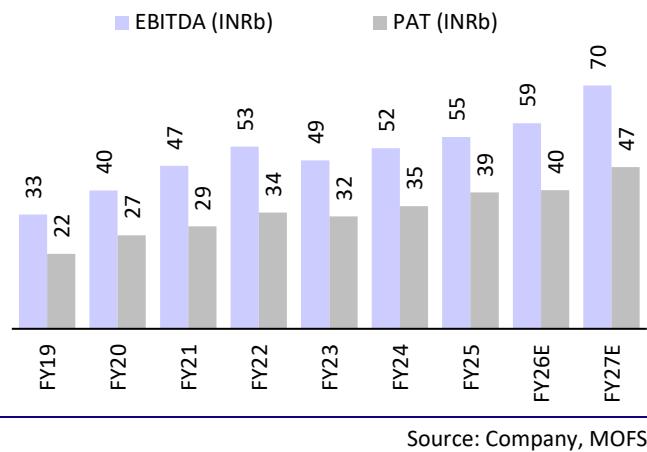
Source: Company, MOFSL

Exhibit 18: Payout ratios



Source: Company, MOFSL

Exhibit 19: EBITDA/PAT snapshot



Source: Company, MOFSL

Exhibit 20: One-year forward P/E – trades at 10.4x



Source: Company, MOFSL

Exhibit 21: One-year forward P/B – trades at 2x



Source: Company, MOFSL

## Financials and valuations

Standalone - Income Statement					
	(INR b)				
Y/E March	FY23	FY24	FY25	FY26E	FY27E
<b>Total Income from Operations</b>	<b>599.0</b>	<b>527.3</b>	<b>509.8</b>	<b>506.2</b>	<b>536.1</b>
Change (%)	38.8	-12.0	-3.3	-0.7	5.9
<b>EBITDA</b>	<b>48.6</b>	<b>52.1</b>	<b>55.2</b>	<b>59.2</b>	<b>70.1</b>
Margin (%)	8.1	9.9	10.8	11.7	13.1
Depreciation	7.6	7.8	8.1	9.2	10.3
<b>EBIT</b>	<b>40.9</b>	<b>44.3</b>	<b>47.2</b>	<b>50.0</b>	<b>59.8</b>
Int. and Finance Charges	3.3	2.9	2.6	2.9	4.0
Other Income	5.7	6.2	8.2	6.6	6.7
<b>PBT after EO Exp.</b>	<b>43.3</b>	<b>47.6</b>	<b>52.8</b>	<b>53.6</b>	<b>62.5</b>
Total Tax	10.9	12.2	13.5	13.7	16.0
Tax Rate (%)	25.3	25.7	25.6	25.6	25.6
<b>Reported PAT</b>	<b>32.4</b>	<b>35.4</b>	<b>39.3</b>	<b>39.9</b>	<b>46.6</b>
Change (%)	-3.4	9.1	11.0	1.6	16.7
Margin (%)	5.4	6.7	7.7	7.9	8.7

Standalone - Balance Sheet					
	(INR b)				
Y/E March	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	15.0	15.0	15.0	15.0	15.0
Total Reserves	134.3	154.6	178.8	203.5	232.3
<b>Net Worth</b>	<b>149.3</b>	<b>169.6</b>	<b>193.8</b>	<b>218.5</b>	<b>247.3</b>
Total Loans	0.0	0.0	0.0	10.0	20.0
Deferred Tax Liabilities	7.0	6.2	5.9	5.9	5.9
<b>Capital Employed</b>	<b>156.4</b>	<b>175.8</b>	<b>199.8</b>	<b>234.4</b>	<b>273.2</b>
Gross Block	110.6	115.4	150.2	180.9	217.5
Less: Accum. Deprn.	46.1	53.8	61.9	71.1	81.4
<b>Net Fixed Assets</b>	<b>64.5</b>	<b>61.5</b>	<b>88.4</b>	<b>109.8</b>	<b>136.1</b>
Capital WIP	11.3	15.5	16.4	20.8	24.2
<b>Total Investments</b>	<b>33.8</b>	<b>21.7</b>	<b>12.2</b>	<b>12.2</b>	<b>12.2</b>
Lease Liabilities	30.7	26.0	21.8	21.8	21.8
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>114.6</b>	<b>152.0</b>	<b>151.0</b>	<b>159.6</b>	<b>171.4</b>
Inventory	11.5	14.7	12.0	12.0	12.7
Account Receivables	38.4	36.3	32.7	32.4	34.4
Cash and Bank Balance	56.8	74.1	91.0	100.0	108.2
Cash	0.6	17.2	7.8	10.2	11.7
Bank Balance	56.2	56.9	83.2	89.8	96.6
Loans and Advances	7.9	27.0	15.3	15.2	16.1
<b>Curr. Liability &amp; Prov.</b>	<b>37.1</b>	<b>49.0</b>	<b>46.5</b>	<b>46.2</b>	<b>48.9</b>
Account Payables	16.4	28.6	25.6	25.4	26.9
Other Current Liabilities	18.8	17.9	18.5	18.3	19.4
Provisions	1.9	2.4	2.4	2.4	2.5
<b>Net Current Assets</b>	<b>77.5</b>	<b>103.0</b>	<b>104.5</b>	<b>113.4</b>	<b>122.5</b>
<b>Appl. of Funds</b>	<b>187.1</b>	<b>201.8</b>	<b>221.5</b>	<b>256.2</b>	<b>295.0</b>

## Financials and valuations

### Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>					
EPS	<b>21.6</b>	<b>23.6</b>	<b>26.2</b>	<b>26.6</b>	<b>31.0</b>
Cash EPS	26.7	28.8	31.6	32.8	37.9
BV/Share	99.6	113.1	129.2	145.7	164.8
DPS	10.0	10.0	10.0	10.2	11.9
Payout (%)	46.3	42.4	38.2	38.2	38.2
<b>Valuation (x)</b>					
P/E	13.9	12.7	11.5	11.3	9.7
Cash P/E	11.2	10.4	9.5	9.2	7.9
P/BV	3.0	2.7	2.3	2.1	1.8
EV/Sales	0.7	0.7	0.7	0.7	0.7
EV/EBITDA	8.1	7.2	6.5	6.1	5.2
Dividend Yield (%)	3.3	3.3	3.3	3.4	4.0
FCF per share	9.7	26.9	19.6	7.1	8.9
<b>Return Ratios (%)</b>					
RoE	22.8	22.2	21.6	19.4	20.0
RoCE	24.6	23.5	22.7	19.9	20.0
RoIC	53.4	55.3	48.6	41.0	38.7
<b>Working Capital Ratios</b>					
Fixed Asset Turnover (x)	5.4	4.6	3.4	2.8	2.5
Asset Turnover (x)	3.2	2.6	2.3	2.0	1.8
Inventory (Days)	7	10	9	9	9
Debtor (Days)	23	25	23	23	23
Creditor (Days)	10	20	18	18	18
<b>Leverage Ratio (x)</b>					
Current Ratio	3.1	3.1	3.2	3.5	3.5
Interest Cover Ratio	12.4	15.3	18.3	17.0	14.8
Net Debt/Equity	-0.4	-0.4	-0.5	-0.4	-0.4

### Standalone - Cash Flow Statement

(INR b)

Y/E March	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	43.3	47.6	52.8	53.6	62.5
Depreciation	7.6	7.8	8.1	9.2	10.3
Interest and Finance charges	3.3	2.9	2.6	2.9	4.0
Direct Taxes Paid	-12.4	-12.4	-13.4	-13.7	-16.0
(Inc)/Dec in Wkg. Capital	-15.9	5.9	-1.7	0.1	-0.8
Others	-0.8	-3.0	-4.3	-6.6	-6.7
<b>CF from Op. Activity</b>	<b>25.2</b>	<b>48.7</b>	<b>44.0</b>	<b>45.6</b>	<b>53.4</b>
(Inc)/Dec in FA & CWIP	-10.6	-8.4	-14.5	-35.0	-40.0
<b>Free Cash Flow</b>	<b>14.6</b>	<b>40.3</b>	<b>29.5</b>	<b>10.6</b>	<b>13.4</b>
(Pur)/Sale of Investments	0.4	9.2	-10.0	0.0	0.0
Others	-1.2	-11.4	-7.4	0.0	0.0
<b>CF from Inv. Activity</b>	<b>-11.4</b>	<b>-10.6</b>	<b>-31.9</b>	<b>-35.0</b>	<b>-40.0</b>
Inc / (Dec) in Debt	-0.2	0.0	0.0	10.0	10.0
Interest paid	-0.3	-0.1	-0.1	-2.9	-4.0
Dividends Paid (incl.tax)	-17.3	-15.0	-15.0	-15.2	-17.8
<b>CF from Fin. Activity</b>	<b>-23.7</b>	<b>-21.5</b>	<b>-21.5</b>	<b>-8.2</b>	<b>-11.8</b>
<b>Inc / ( Dec) in Cash</b>	<b>-9.8</b>	<b>16.6</b>	<b>-9.4</b>	<b>2.4</b>	<b>1.5</b>
Add: Opening Balance	10.5	0.6	17.2	7.8	10.2
<b>Closing Balance</b>	0.6	17.2	7.8	10.2	11.7

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
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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