

## Petronet LNG (PLNG) – BUY

### Result Update

Current Market Price (CMP) <b>Rs.255</b>	Target Price <b>Rs.300</b>
---	-------------------------------

Our fair value of Rs.300 offers an upside of 17.65% from current market price.

### Rationale:

- Robust results despite lower volumes.
- Lower-than-anticipated volume at Dahej terminal offset by higher margins.
- Prudent capital allocation policy; Kochi utilization to rise to ~35% in a year.
- Expect earnings to grow by 3.9% in FY22E and 9.4% in FY23E.
- We value PLNG stock at Rs300 using discounted cash flow methodology.

### Q3FY21 Earnings update:

#### **Positives:**

- Higher gross contribution led by increase in trading profits & adventitious gains.
- Operating profit up 21% yoy to Rs1335 cr in Q3FY21, 6% above our estimate.
- Net income up 30% yoy to Rs879 cr (EPS of Rs5.9), 11% above estimates.
- It is facilitating setup of 12 LNG retail outlets in a year.

#### **Negatives:**

- Overall volumes were 10% below estimates, up 1% yoy, but down 7% qoq.

[Click here](#)

For detailed report dated 14<sup>th</sup> February 2021. Note: CMP & valuation may differ due to difference in dates



This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months. Disclaimer: <http://bit.ly/2n5AxIE>