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LNG: Steering through the Hormuz bottleneck

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Per CY25 data, ~69% of India's LNG imports (17.5mn tonnes/ 63mmscmd) originate from Qatar, UAE and Oman, with shipments either transiting through or in proximity to the Strait of Hormuz. After adjusting for GAIL's US LNG swap optimization, the effective system exposure moderates to ~66%, but the concentration risk is material. The earnings transmission mechanism in a disruption scenario would likely move sequentially from terminal utilization to transmission throughput, and ultimately to downstream industrial margin.

At terminal level, exposure concentrated at Petronet LNG's (PNLG IN) Dahej terminal: The Dahej terminal handles the largest LNG import volume, with significant 76% exposure to the Strait of Hormuz. Kochi and Chhara terminals are fully dependent on the Middle East but operate on smaller bases. Mundra (88%), Dhamra (65%) and Ennore (62%) terminals have elevated exposure, while Hazira (25%) and Dabhol (0%) benefit from US/Russia/Australia sourcing.

PLNG and Gujarat State Petronet (GUJS IN) – Maximum vulnerability to supply shocks: PLNG's (77% exposure) heavy regional skew directly impacts regasification revenue. The company has already issued *force majeure* notices to GAIL, IOCL, and BPCL on March 3, 2026, due to Hormuz-linked shipping disruptions affecting cargo loadings at Ras Laffan Qatar, potentially impacting regas throughput at Dahej/Kochi.. Similarly, GUJS faces significant risk (62% of its CY25 transmission volume is via the Strait of Hormuz).

Gujarat Gas (GUJGA IN) – Acute margin and volume risk: GUJGA faces a dual challenge on margin and volume – LNG comprises 73% of its supply mix, primarily serving the price-sensitive Morbi industrial cluster. With 48% dependency on the Strait, rising spot LNG prices could severely erode its gas competitiveness against alternate fuels such as propane. Consequently, GUJGA has issued *force majeure* notices to industrial customers and will curtail supply effective March 6, 2026, citing constrained R-LNG availability amid Middle East-related disruptions. The company has communicated to exchanges that it may reduce Daily Contracted Quantities (DCQ) to industrial customers.

GAIL – Diversified global LNG sourcing as risk mitigant: GAIL's marketing segment (16% dependency) is the most resilient in the gas sector, supported by diversified contracts from the US, Russia, and Australia. While raw CY25 data suggests that the transmission segment is 35% physically dependent on the Strait of Hormuz, this seems overstated due to GAIL's massive ~1.74mn tonne US LNG volume swap with the Middle East. So, actual dependency of GAIL's transmission segment on the Strait of Hormuz is 30%.

Mahanagar Gas (MAHGL IN) and Indraprastha Gas (IGL IN) – Defensive sector leaders: MAHGL (22%) and IGL (25%) maintain the lowest dependency on the Strait of Hormuz. Their resilience is driven by a higher share of priority sector (CNG and households), which primarily uses domestic APM/NWG gas.

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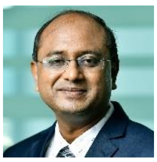

Exhibit 1: Terminal-wise exposure to the Strait of Hormuz

LNG import terminals	Operator	CY25 total LNG import, (mn tonnes)	CY25 LNG import via Strait of Hormuz (from Qatar + UAE + Oman) (mn tonnes)	Percentage of LNG from the Strait of Hormuz in CY25 (%)	Estimated LNG import volume to GAIL from Strait of Hormuz (mn tonnes)	Estimated LNG volume to GSPL from Strait of Hormuz (mn tonnes)
Dahej (Gujarat)	Petronet LNG	14.8	11.2	76	9.0	2.2
Kochi (Kerala)	Petronet LNG	0.5	0.5	100	0.5	-
Dabhol (Maharashtra)	GAIL	0.6	-	-	-	-
Chhara (Gujarat)	HPCL	0.1	0.1	100	-	0.1
Ennore (Tamil Nadu)	IOCL	1.0	0.6	62	-	-
Mundra (Gujarat)	Adani	2.0	1.7	88	-	1.7
Dhamra (Odisha)	Adani	1.1	0.7	65	0.7	-
Hazira (Gujarat)	Shell	3.8	1.0	25	0.2	0.8
Total in mn tonnes (excluding GAIL's US swap volume from the Middle East)		**23.9**	**15.8**	**66**	**10.4**	**4.8**
Dahej – GAIL's US swap volume from the Middle East	Petronet LNG	1.5	1.5		1.5	-
Dabhol – GAIL's US swap volume from the Middle East	GAIL	0.2	0.2		0.2	-
Total in mn tonnes (including GAIL's US swap volume from the Middle East)		**25.6**	**17.5**	**69**	**12.1**	**4.8**
Total in mmscmd (including GAIL's US swap volume from the Middle East)		**91.8**	**63.0**		**43.4**	**17.3**

Source: PPAC, DGCI&S, Elara Securities Research

Exhibit 2: Dependency on the Strait of Hormuz

Gas stocks per dependency on Strait of Hormuz (in descending order)	Dependency % based on CY25 data	Assumption
Petronet LNG	77	Of the total 16.8mn tonnes of LNG imported at Dahej and Kochi, about 13.2mn tonnes originate from the Strait of Hormuz, net of GAIL's 1.5mn tonnes US swap volume.
GSPL	62	Out of GSPL's total volume of 27.9mmscmd, 17.3mmscmd is linked to gas sourced via the Strait of Hormuz.
Gujarat Gas	48	In CY25, LNG accounted for 73% of Gujarat Gas's supply, while ~66% of India's LNG imports pass through the Strait of Hormuz.
GAIL Transmission	30	Out of GAIL's total transmission volume of 123mmscmd, ~43mmscmd is linked to LNG flows through the Strait of Hormuz, after adjusting for the 6mmscmd US swap volume.
GAIL Marketing	16	GAIL's contracted LNG volumes from RasGas Qatar is 4.8mn tonnes (~17mmscmd), out of its total marketing volume of 105mmscmd.
IGL	25	In CY25, LNG accounted for 37% of IGL's supply, while ~66% of India's LNG imports passed through the Strait of Hormuz.
MGL	22	In CY25, LNG accounted for 33% of MGL's supply, while 66% of India's LNG imports passed through the Strait of Hormuz.

Source: Company data, Elara Securities Estimate

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