

03 July 2025

India | Equity Research | Quarterly Results Preview

## Oil & Gas

### Q1FY26 preview: Strong performance YoY/QoQ

Q1FY26 results for oil & gas companies under our coverage (excluding GOLI) are likely to show a stronger trend YoY/QoQ. We expect EBITDA/PAT to improve 24%/37% YoY and 7%/8% QoQ, respectively. YoY increase in the operational performance may be driven by OMCs, Reliance and GUJGA. OMCs' YoY EBITDA increase could be driven by stronger GRM and marketing margins. Reliance's YoY performance is likely to remain strong, but QoQ performance may be flattish, with some growth in Jio and steady OTC, offset by muted upstream and flattish retail performance. CGD EBITDA margins (INR/scm) may improve QoQ due to fall in input (long term) gas cost linked to crude prices; IGL and MGL are likely to continue to show strong YoY volume growth. For utilities, volumes could show marginal improvement QoQ.

#### Reliance (RIL): Retail, Rjio, OTC to drive earnings growth YoY

RIL is likely to see a sharp increase (+18%) in its retail segment's earnings YoY. Rjio may deliver 17.0/2.7% YoY/QoQ rise in EBITDA. OTC segment to improve by 17.7% YoY with an estimated USD 0.4/bbl QoQ increase in GRMs with petchem to see some improvement, partly offset by lower throughput due to refinery shutdown. Upstream is likely to show softness YoY as slightly lower production and higher government share of profit petroleum dent margins. Overall, we expect consolidated EBITDA to rise by 15% and PAT to rise by 25%, YoY.

#### OMCs: Stronger GRM and marketing margins to drive QoQ/YoY strength

OMCs' Q1FY26 performance could be stronger driven by higher GRM/marketing margins and lower LPG under recovery. SG GRMs have improved by USD 2.4/2/bbl QoQ/YoY in Q1, while retail margins have increased by INR 1.8/INR 2.7 per ltr QoQ (up 5.9/5.7 per ltr YoY) in petrol/diesel to INR 10.3/INR 8.2 per ltr. Also, with hike in LPG price by INR 50/ltr and fall in propane prices, LPG under recovery for the quarter should reduce (INR 70-75bn in Q1 vs INR 100bn in Q4FY25). Overall, we see Q1FY26E EBITDA for the three companies – IOCL/BPCL/HPCL rising by 84%/64%/290% YoY, respectively.

#### Upstream: Realisations improve YoY

Brent crude (net of windfall tax) realisations are set to decline by 9%/10% QoQ for ONGC and Oil India (OIL). We see limited change in effective gas realisations with cap of USD 6.75/MMBtu for Apr-May'25 which was reduced to USD 6.41/MMBtu in Jun'25. OIL may deliver flattish YoY growth (+2.4% QoQ) in output while ONGC production could decline by 1.7% YoY (down 2% QoQ). EBITDA for both upstream companies together may decline by 3% YoY (-4 % YoY) and PAT could decline by 12% YoY (+14% QoQ due to lower exploratory w/off).

#### CGDs: Fall in long-term LNG prices drives margin QoQ

IGL and MGL may see strong YoY volume growth of 6%/10% while GUJGA may see volume decline of 16%. Gross margins for IGL/MGL/GUJGA are likely to improve by INR 2.2/1.6/1.1 per scm YoY driven by decrease in long-term LNG prices linked to crude prices. CGDs have many sourcing contracts linked to brent prices and thus fall in brent prices have led to a decline in input gas prices for them. During the quarter, brent price fell by ~USD 8/bbl QoQ driving QoQ increase in EBITDA by 47/26/39% for IGL/MGL/GUJGA, respectively.

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## Gas utilities

The three gas utilities – PLNG/GSPL/GAIL – are likely to show dip in YoY EBITDA/PAT. QoQ EBITDA trends are likely to remain muted for PLNG, flattish for GAIL and stronger for GSPL. Lower trading and petchem margin YoY could drag GAIL's earnings. Sequential improvement in GAIL's performance is driven by likely higher trading volumes/margins and recovery in petchem margins. LPG volumes could increase due to 50% restoration of APM gas in Apr'25 which was deallocated in Jan'25. PLNG could see 22% YoY decrease in EBITDA due to lower volume at Dahej (volume decline of 21% YoY). GSPL may see a 28% YoY decline in volume in Q1FY26E.

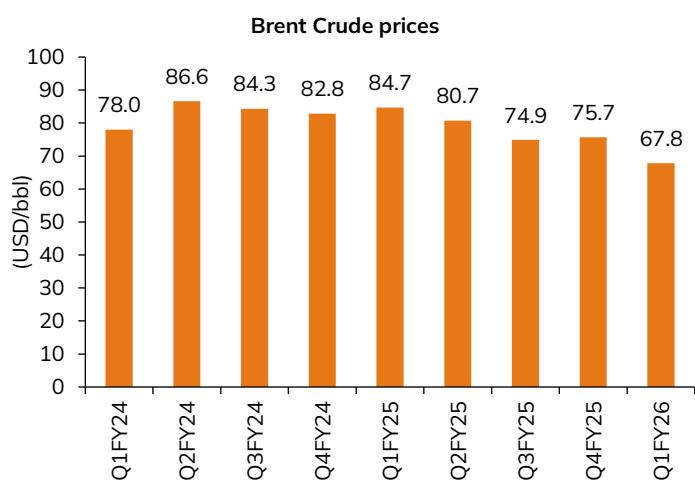
## Gulf Oil (GOLI)

GOLI's operating earnings may grow ~9.9%/2.7% YoY/QoQ on account of steady ~5.3% volume growth (YoY) and 40bps (YoY) likely increase in EBITDA margin for Q1FY26. On a sequential basis, volume is likely to grow by 3.3% QoQ with 10bps decline in EBITDA margin.

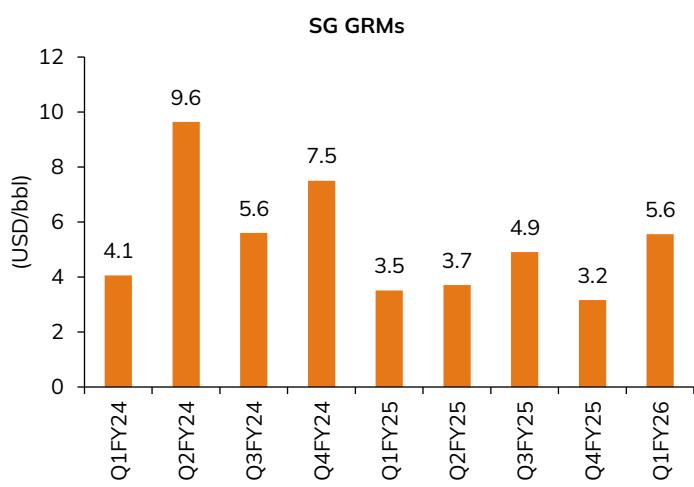
### Exhibit 1: Overall, Q1FY26E is likely to be a stronger quarter YoY/QoQ

INR bn	Revenue						EBITDA						PAT					
	Q1FY26E	Q1FY25	Q4FY25	YoY%	QoQ%	Q1FY26E	Q1FY25	Q4FY25	YoY%	QoQ%	Q1FY26E	Q1FY25	Q4FY25	YoY%	QoQ%	Q1FY26E	Q1FY25	Q4FY25
Reliance	2,461.5	2,317.8	2,613.9	6%	-6%	444.8	387.7	438.3	15%	1%	188.7	151.4	194.1	25%	-3%			
IOCL	1,726.7	1,932.4	1,949.7	-11%	-11%	159.1	86.3	135.7	84%	17%	81.6	26.4	72.6	209%	12%			
BPCL	999.8	1,131.0	1,111.8	-12%	-10%	92.5	56.5	77.6	64%	19%	53.9	30.1	45.5	79%	18%			
HPCL	873.3	1,138.0	1,094.9	-23%	-20%	82.1	21.1	58.0	290%	42%	48.4	3.6	33.5	1259%	44%			
ONGC	322.8	324.3	349.8	0%	-8%	174.6	178.6	181.3	-2%	-4%	78.1	89.4	64.5	-13%	21%			
OIL India	51.5	53.3	55.2	-3%	-7%	22.1	25.5	21.3	-13%	4%	13.4	14.7	15.9	-9%	-16%			
GAIL	349.1	336.7	356.9	4%	-2%	32.1	45.3	32.2	-29%	0%	19.2	27.2	20.5	-30%	-7%			
PLNG	115.1	134.2	123.2	-14%	-7%	12.2	15.6	12.8	-22%	-5%	8.6	11.4	9.0	-25%	-4%			
GSPL	2.5	3.5	2.4	-31%	3%	1.4	3.0	1.2	-54%	10%	0.8	2.1	0.7	-61%	17%			
IGL	35.3	35.2	38.4	0%	-8%	5.6	5.8	3.8	-3%	47%	3.9	4.0	2.6	-2%	49%			
GUJGA	41.3	44.5	41.0	-7%	1%	6.3	5.4	4.5	17%	39%	3.9	3.3	2.9	19%	37%			
MGL	18.6	15.8	18.0	18%	4%	4.0	4.2	3.2	-5%	26%	2.7	2.8	2.1	-5%	31%			
<b>Total</b>	<b>6,997.5</b>	<b>7,466.8</b>	<b>7,755.0</b>	<b>-6%</b>	<b>-10%</b>	<b>1,036.8</b>	<b>834.9</b>	<b>970.1</b>	<b>24%</b>	<b>7%</b>	<b>503.2</b>	<b>366.5</b>	<b>463.9</b>	<b>37%</b>	<b>8%</b>			
OMCs	3,599.8	4,201.4	4,156.4	-14%	-13%	333.8	163.9	271.4	104%	23%	183.9	60.1	151.7	206%	21%			
Upstream	374.3	377.6	405.0	-1%	-8%	196.8	204.0	202.7	-4%	-3%	91.5	104.0	80.4	-12%	14%			
CGDs	95.2	95.6	97.3	0%	-2%	15.9	15.4	11.5	4%	39%	10.5	10.2	7.6	4%	39%			
Gas Utilities	466.7	474.4	482.4	-2%	-3%	45.6	63.9	46.2	-29%	-1%	28.6	40.8	30.2	-30%	-5%			
GOLI	9.5	8.9	9.2	7%	4%	1.3	1.2	1.2	10%	3%	1.0	0.9	0.9	12%	8%			

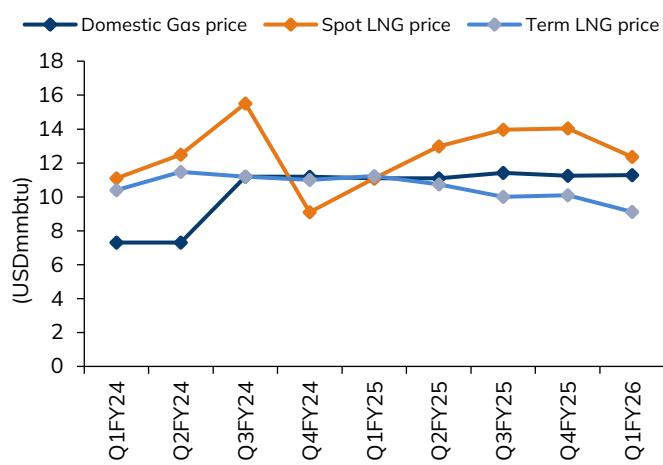
Source: Company data, I-Sec research

**Exhibit 2: Brent crude prices decreased in Q1FY26**

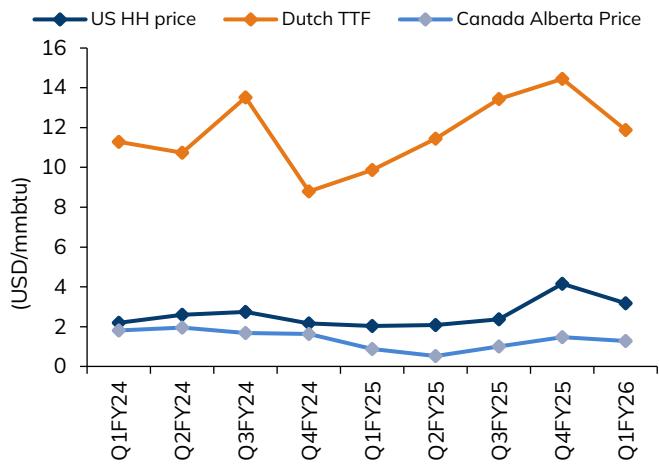
Source: Bloomberg, I-Sec research

**Exhibit 3: Singapore GRMs increased sharply QoQ in Q1FY26**

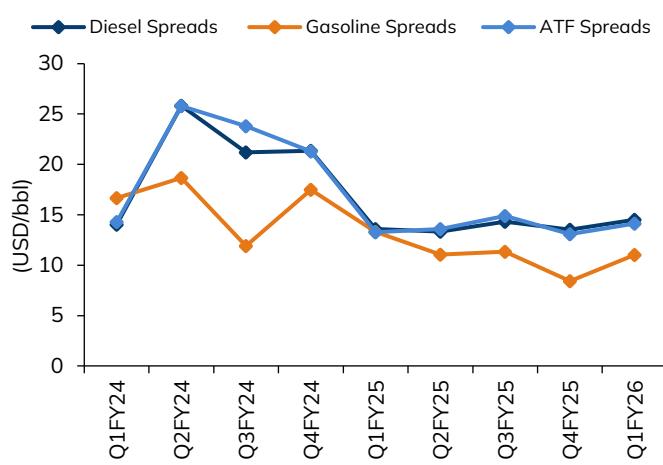
Source: Reuters, I-Sec research

**Exhibit 4: Spot LNG prices decreased in Q1FY26**

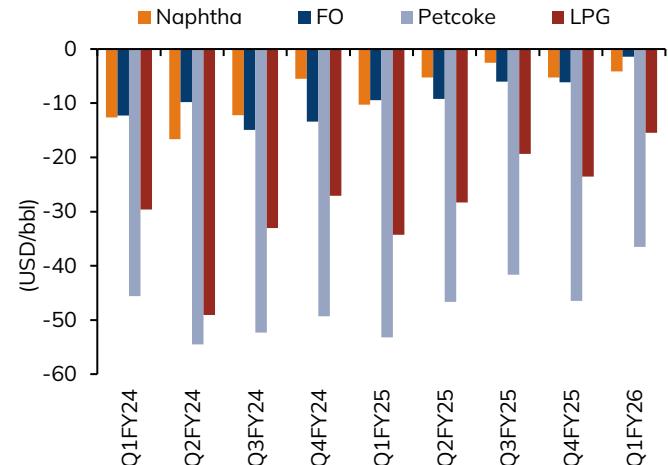
Source: Bloomberg, Reuters, I-Sec research

**Exhibit 5: Key components of domestic gas prices decreased in Q1FY26**

Source: Bloomberg, I-Sec research

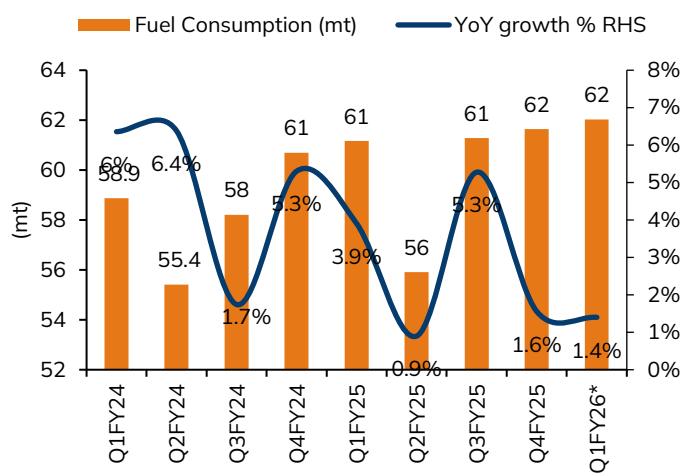
**Exhibit 6: Diesel, ATF and gasoline cracks increased in Q1FY26 QoQ...**

Source: Reuters, I-Sec research

**Exhibit 7: ...other products' spreads also improved QoQ**

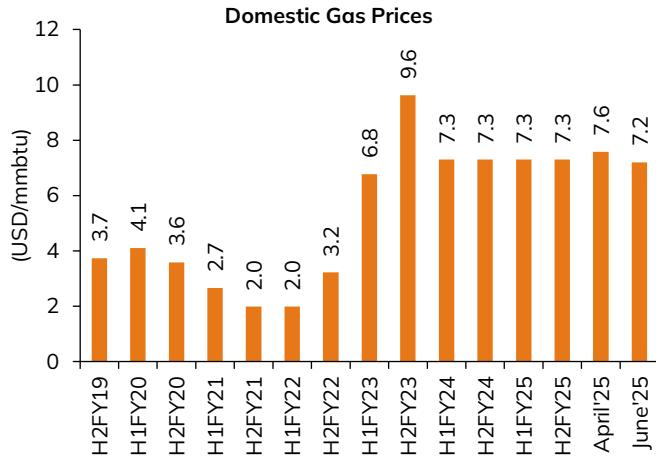
Source: Reuters, I-Sec research

### Exhibit 8: Fuel consumption growth slows down



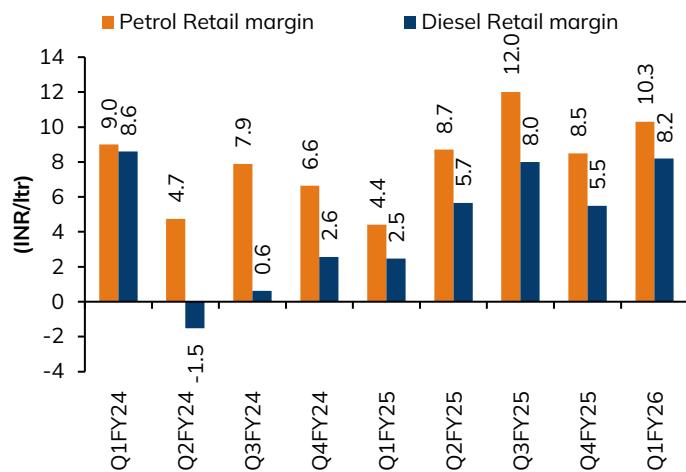
Source: PPAC, I-Sec research ; Note \* on basis of April-May'25 actual and June'25 estimates

### Exhibit 10: APM domestic gas prices cap has been decreased to USD 6.41/MMbtu in Jun'25



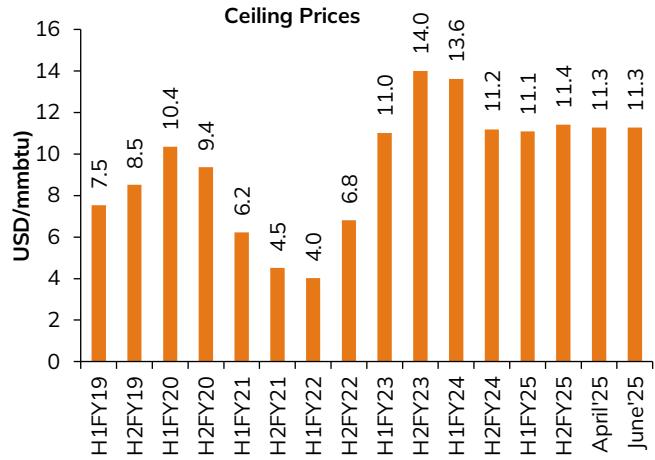
Source: PPAC, I-Sec research; on NCV basis

### Exhibit 9: Fuel retail margins increased QoQ/YoY



Source: PPAC, Reuters, I-Sec research

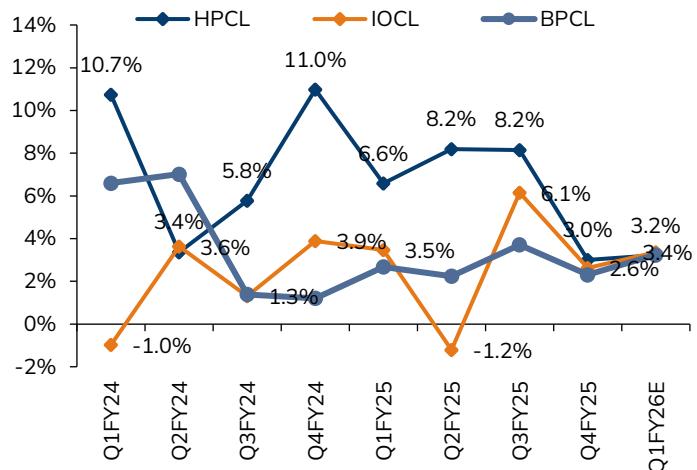
### Exhibit 11: HPHT gas/ceiling gas prices for H1FY26 remains flattish vs H2FY25



Source: PPAC, I-Sec research; on NCV basis

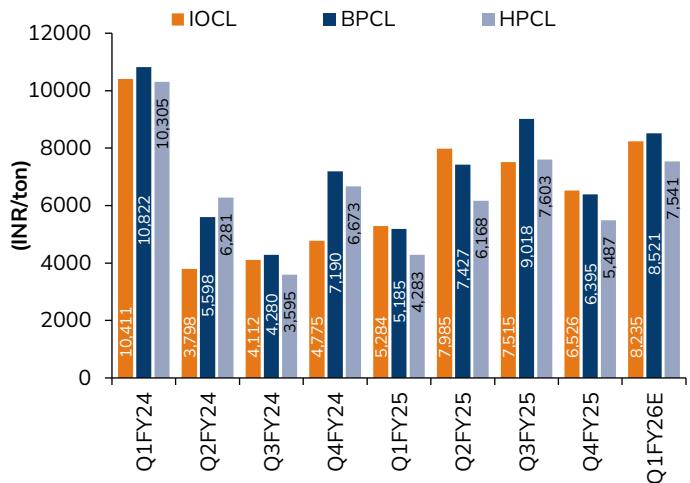
## Key focus charts for companies

**Exhibit 12: OMCs' marketing volume growth to slow down**



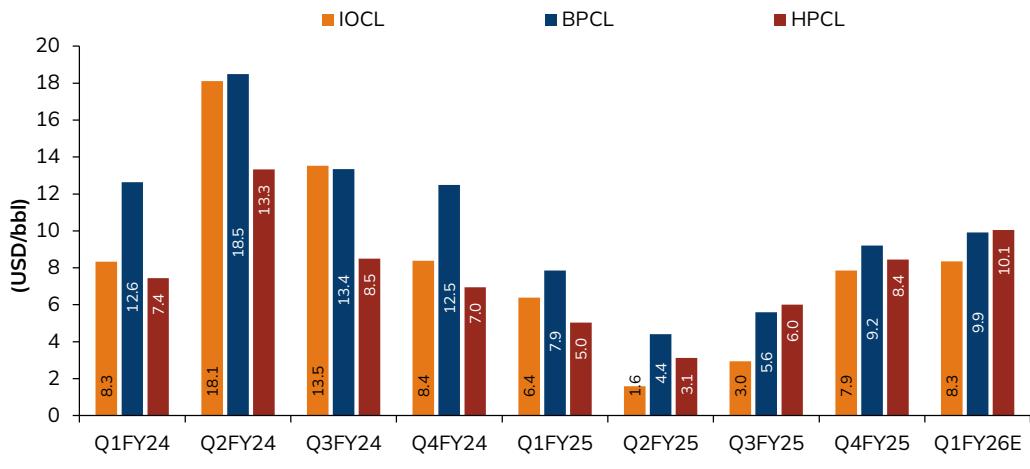
Source: Company data, PPAC, I-Sec research

**Exhibit 13: OMCs' marketing margin to increase sharply QoQ**



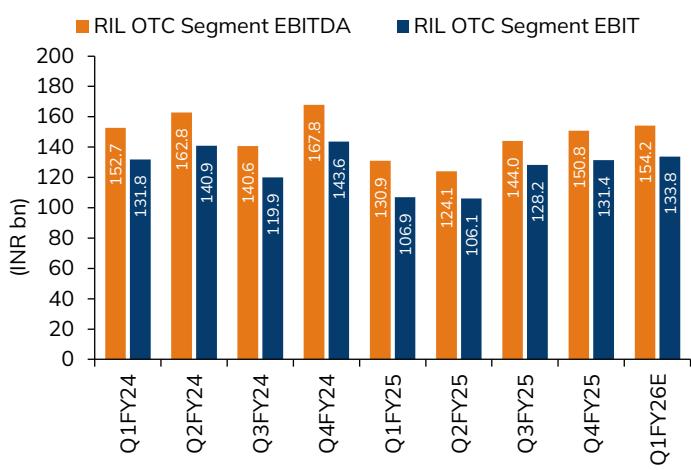
Source: Company data, I-Sec research

**Exhibit 14: OMCs' GRMs (USD/bbl) may improve QoQ amid stronger product cracks**



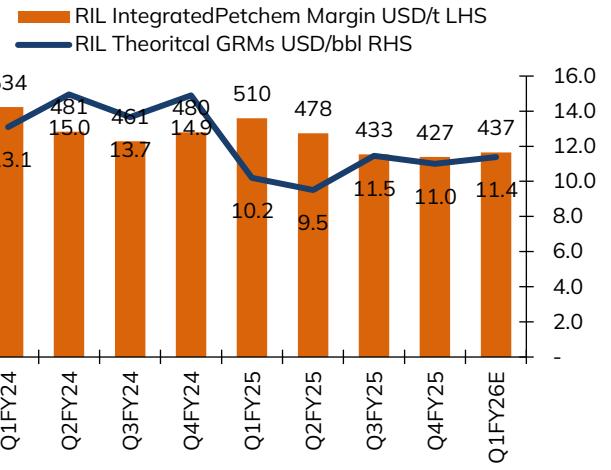
Source: Company data, Reuters, I-Sec research

**Exhibit 15: RIL – OTC segment may improve sharply YoY and marginally QoQ**



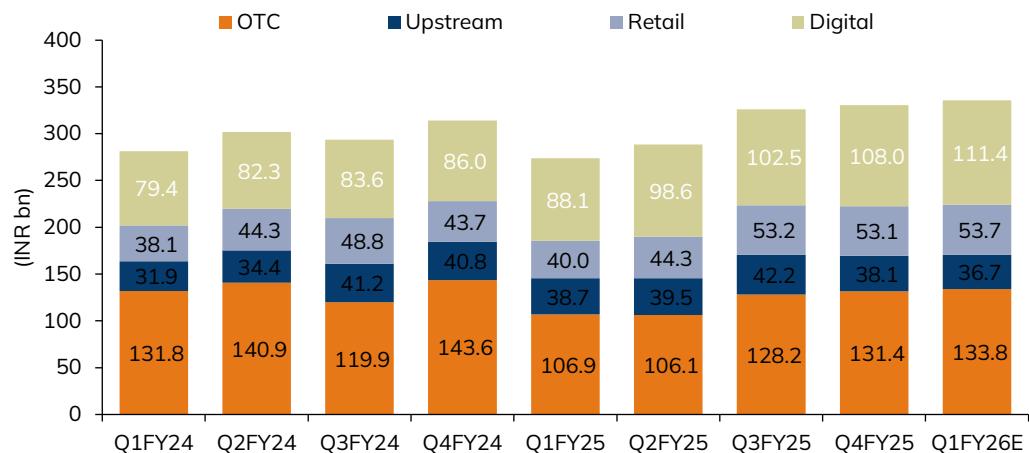
Source: Company data, I-Sec research

**Exhibit 16: RIL – stronger product spreads support GRMs QoQ, petchem margins to improve marginally**



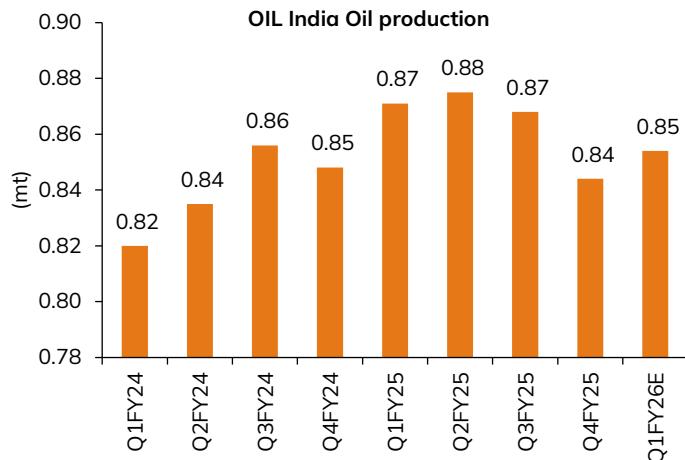
Source: Company data, Bloomberg, Reuters, I-Sec research

**Exhibit 17: RIL –EBIT contribution to improve sharply YoY across segment except Upstream**



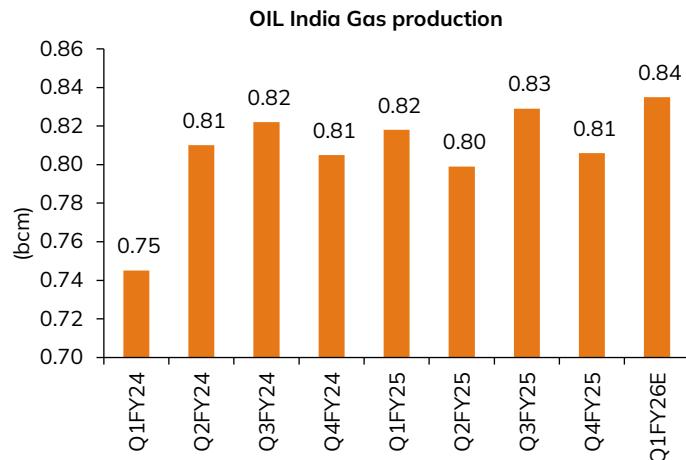
Source: I-Sec research, Company data

**Exhibit 18: Oil India– crude oil production likely to improve QoQ but decline YoY**



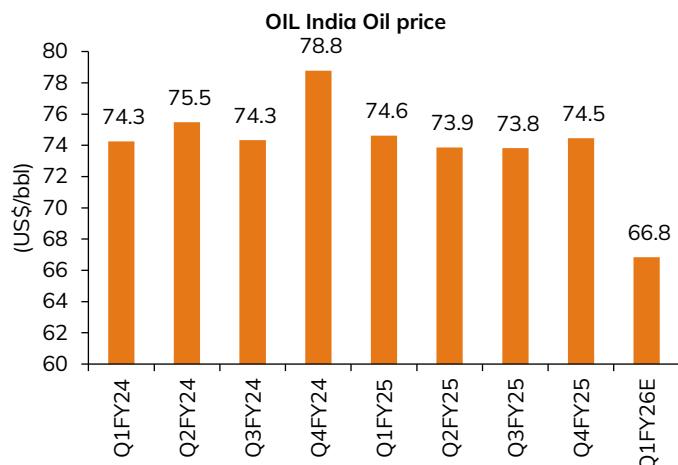
Source: Company data, I-Sec research

**Exhibit 19: Oil India – gas production may increase QoQ/YoY**



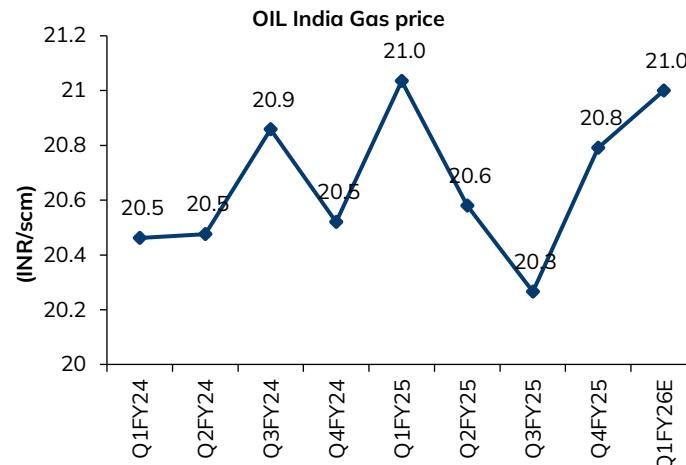
Source: Company data, I-Sec research

**Exhibit 20: Oil India – oil price realisation likely to decline QoQ**



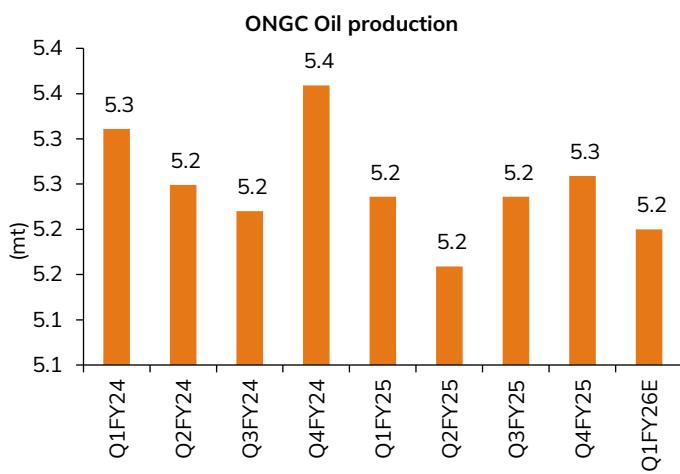
Source: Company data, I-Sec research

**Exhibit 21: Oil India – gas pricing could improve marginally QoQ**



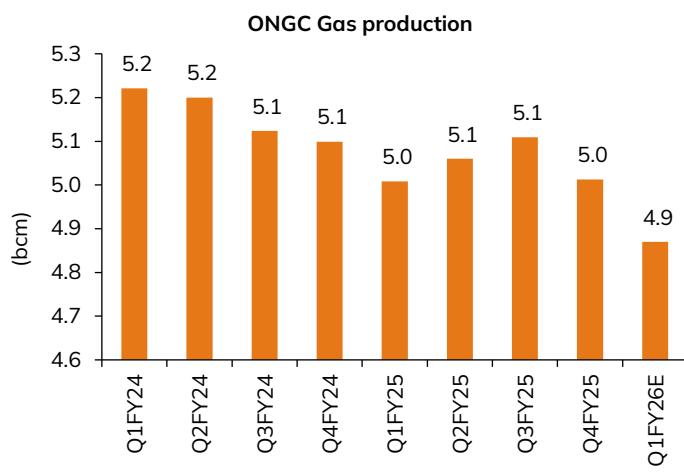
Source: Company data, I-Sec research

### Exhibit 22: ONGC – crude oil production may decrease QoQ/YoY



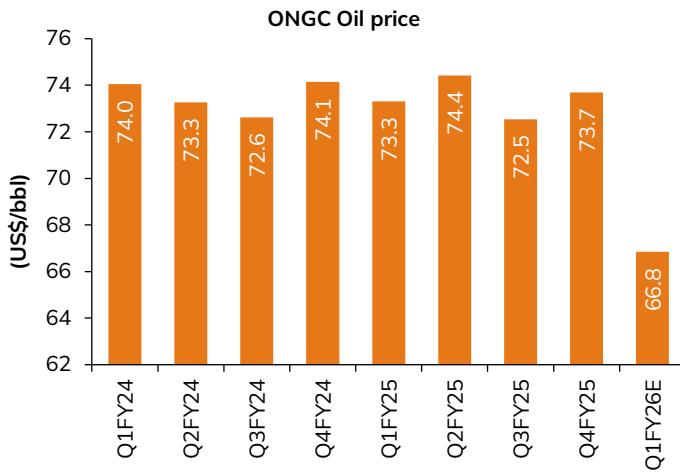
Source: Company data, I-Sec research

### Exhibit 23: ONGC – gas production may decrease YoY/QoQ



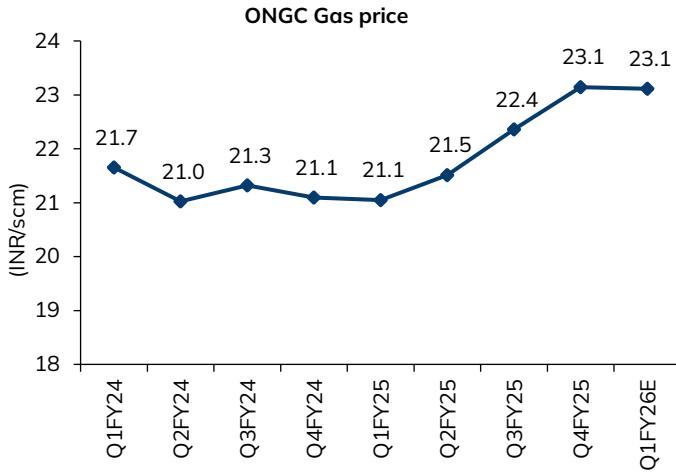
Source: Company data, I-Sec research

### Exhibit 24: ONGC – oil price realisation to decline QoQ



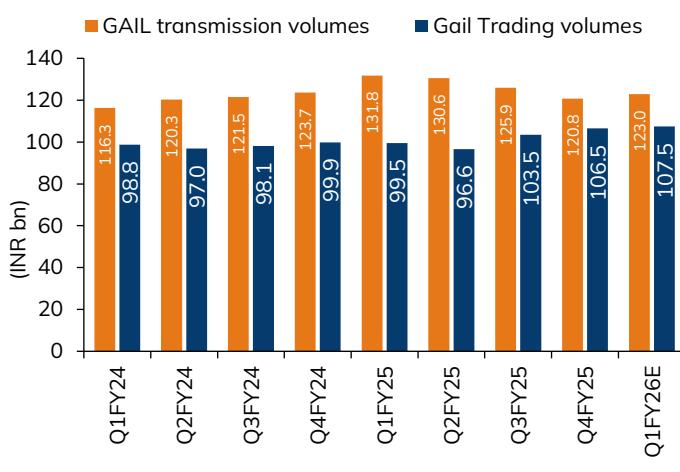
Source: Company data, I-Sec research

### Exhibit 25: ONGC – gas pricing may improve QoQ



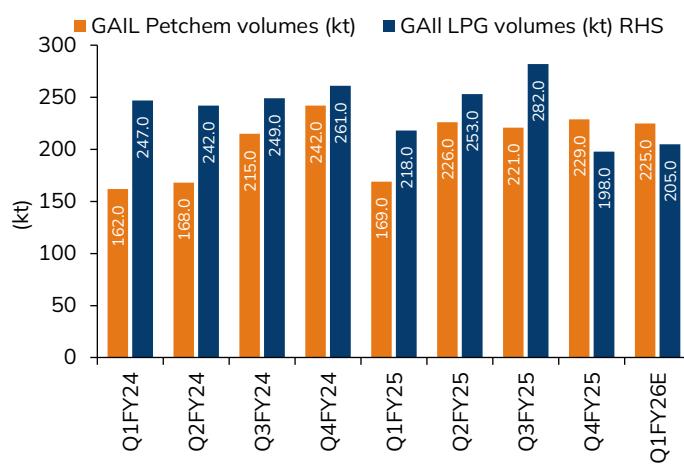
Source: Company data, I-Sec research

### Exhibit 26: GAIL – transmission and trading volumes to improve marginally QoQ

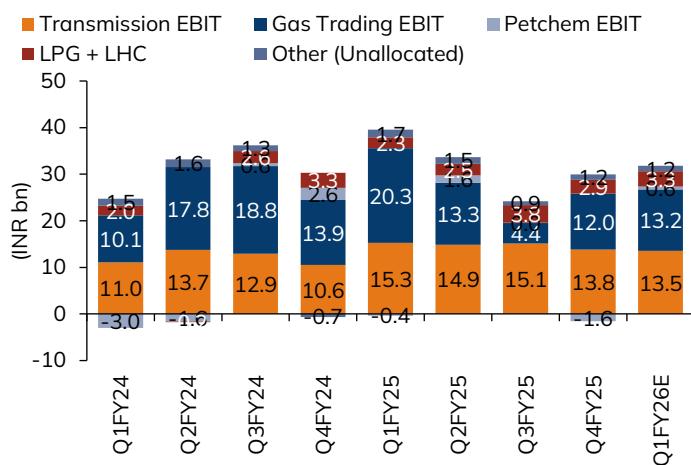


Source: Company data, I-Sec research

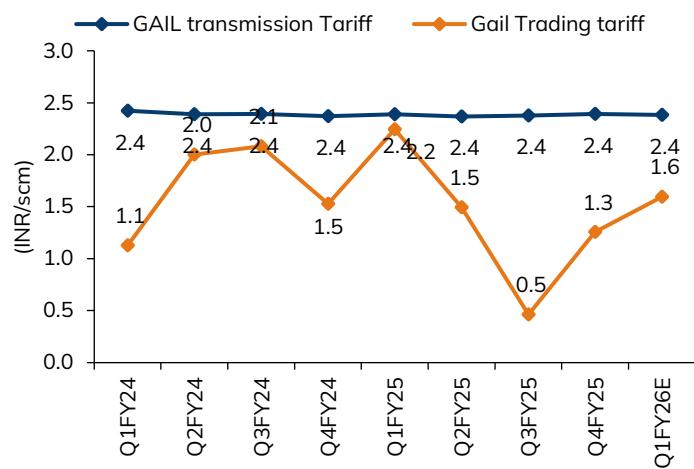
### Exhibit 27: GAIL – petchem volume to decline QoQ while LPG volume to improve QoQ



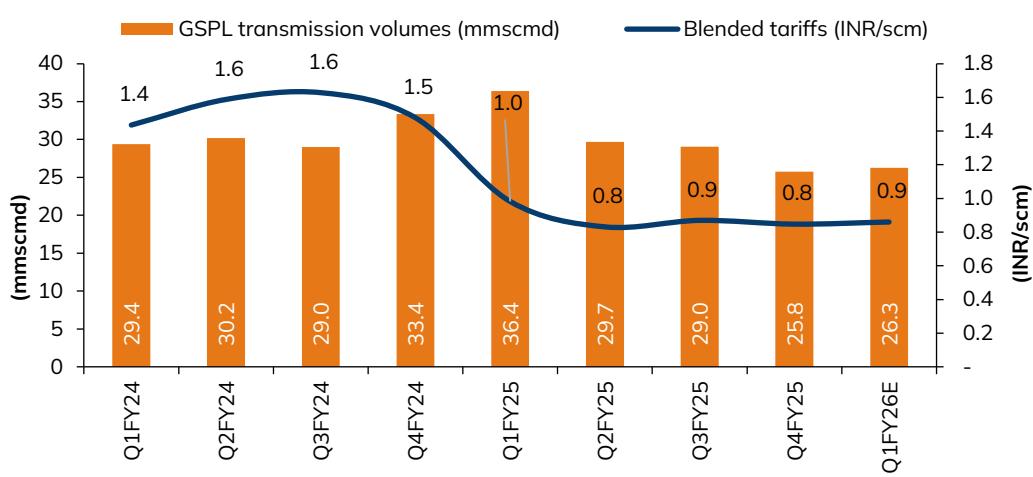
Source: Company data, I-Sec research

**Exhibit 28: GAIL – trading segment to drive overall EBIT**


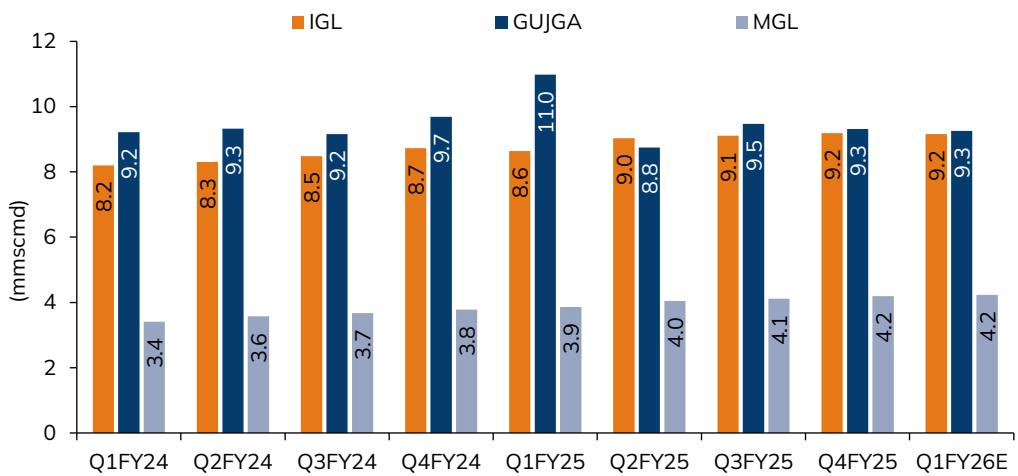
Source: Company data, I-Sec research

**Exhibit 29: GAIL – blended trading tariffs to improve QoQ in Q1FY26E**


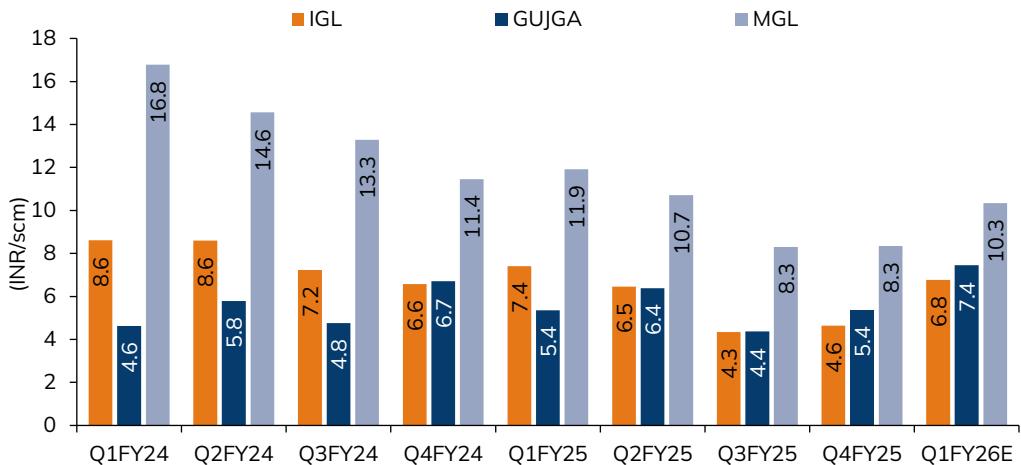
Source: Company data, I-Sec research

**Exhibit 30: GSPL – volume to remain flattish QoQ**


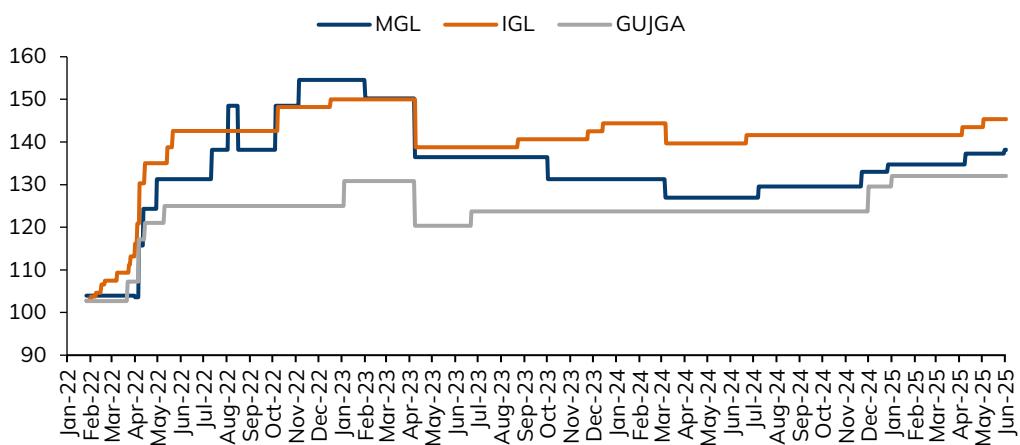
Source: Company data, I-Sec research

**Exhibit 31: CGDs – YoY improvement likely in IGL and MGL volumes**


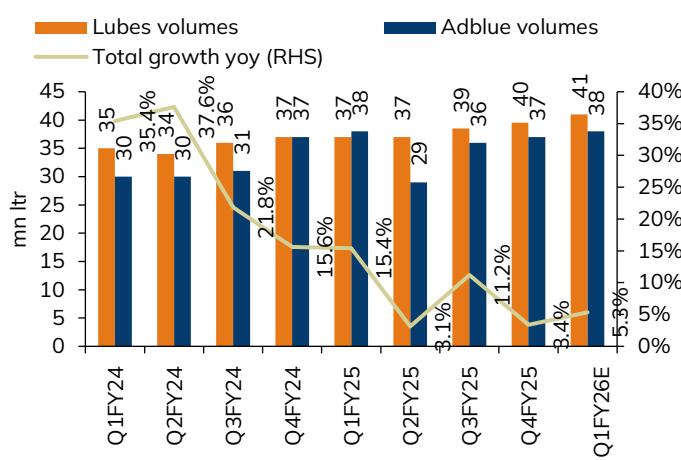
Source: Company data, I-Sec research

**Exhibit 32: CGDs – QoQ increase in EBITDA margins likely for all CGDs**


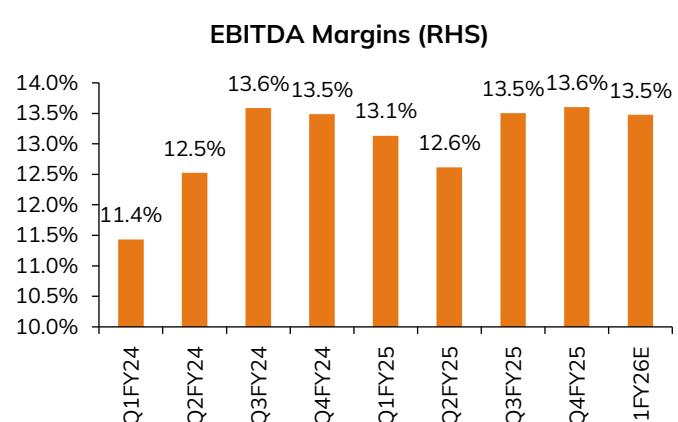
Source: Company data, I-Sec research

**Exhibit 33: Indexed CNG price movement**


Source: Company data, I-Sec research

**Exhibit 34: GOLI – strong volume growth YoY...**


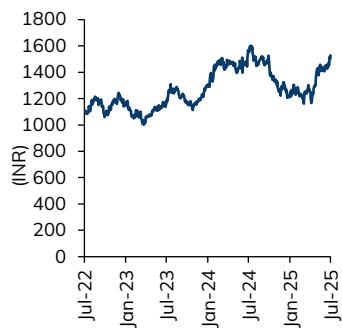
Source: Company data, I-Sec research

**Exhibit 35: ...with strong margins**


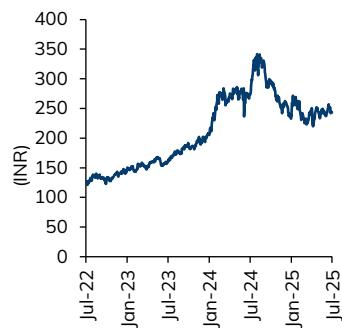
Source: Company data, I-Sec research

## Price chart

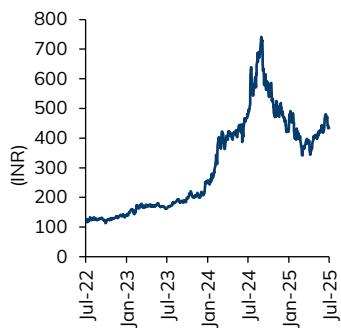
Reliance Industries



ONGC



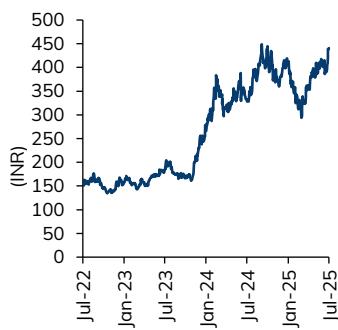
Oil India



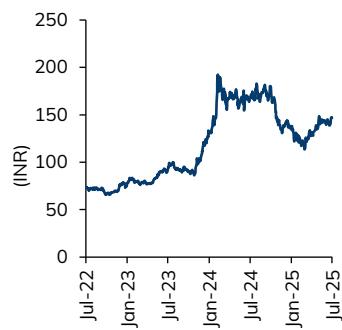
BPCL



HPCL



IOCL



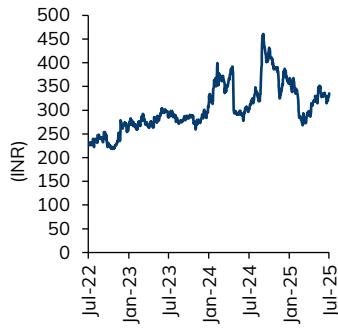
GAIL



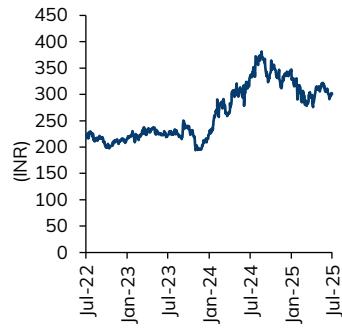
Gujarat Gas



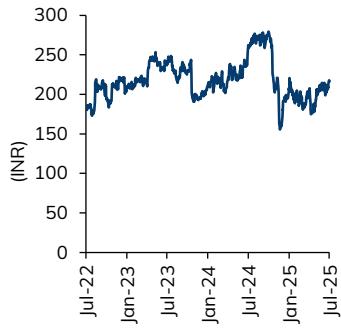
Gujarat State Petronet



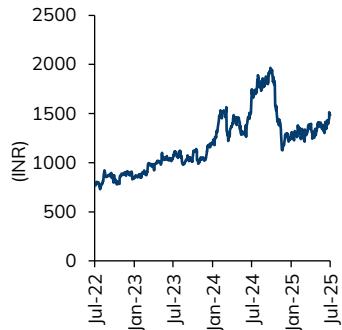
Petronet LNG



Indraprastha Gas



Mahanagar Gas



Gulf Oil



Source: Bloomberg

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