

## Earnings volatility giving way to green shoots

**Oil & Gas appears to be one of the few sectors to have seen faster normalisation in fundamentals by end-Q1FY21. Indeed, Q1 earnings will reflect extreme volatility in operations enforced by the pandemic and characterised by (a) sharp recovery in oil prices, (b) sustained negative GRMs, and (c) low volumes (20-60% decline across segments). We expect a relatively better operating performance from RIL (helped by RJio), OMCs (inventory gains, better marketing margins) and some gas utilities (PLNG, GUJS, GAIL).**

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**Mixed trend for cyclicals:** Benchmark Singapore GRMs were muted in Q1 (-US\$ 0.9/bbl) owing to a massive hit on oil demand. Diesel spreads (US\$ 5.7/bbl) remained the only positive margin driver for the quarter as all other products struggled. GRMs could recover by H2FY21 as staggered easing of lockdowns across Asia should revive transportation fuel demand in the initial stages (petrol spreads have turned positive in July). Petrochemicals cracks, on the contrary, have recovered ~15% QoQ (polymers) in Q1. Gas-based petrochemical margins may improve on sustained low spot LNG prices.

**Gas consumption improves:** Low spot LNG prices in Q1 (<US\$ 3/mmbtu) led to a sharp recovery in gas consumption by May'20. While CNG volumes in metro cities remain depressed due to lockdown extensions, industrial demand for gas has surged (driven by fertiliser, refining, petchem), aided by low prices.

With long-term contracted LNG prices declining to ~US\$ 3/mmbtu in Q2FY21, consumption from industrial units could improve further. This would benefit GAIL, Petronet LNG (PLNG) and Gujarat State Petronet (GUJS). CGD companies with high exposure to CNG volumes (Indraprastha Gas, Mahanagar Gas) could see volume revival being pushed to Q4FY21.

**Volatile earnings across the board – eye on Q2FY21 recovery:** OMCs are expected to report profits in Q1 on the back of oil inventory gains and better marketing earnings (after massive losses in Q4). Reliance Industries' (RIL) earnings are expected to be under pressure due to a decline in the cyclicals and retail segments, while RJio earnings surge. Midstream gas utilities could report robust earnings on stable volumes and margins. CGD companies have been hit hard by the slump in CNG consumption while upstream PSU earnings will bear the brunt of the collapse in oil prices. The outlook for RIL and midstream gas utilities will be keenly watched.

### KEY RECOMMENDATIONS

Ticker	Price	Target	Rating
RIL IN	1,842	1,820	REDUCE
IOCL IN	85	175	BUY
GAIL IN	97	150	BUY
PLNG IN	257	305	BUY
GUJS IN	205	310	BUY

Price & Target in Rupees



**FIG 1 – BOBCAPS ENERGY UNIVERSE: Q1FY20 PREVIEW**

Company (Rs mn)	Net Sales			EBITDA			PAT		
	Q1FY21E	YoY (%)	QoQ (%)	Q1FY21E	YoY (%)	QoQ (%)	Q1FY21E	YoY (%)	QoQ (%)
Reliance Industries	1,128,436	(28.1)	(17.2)	179,143	(16.0)	(17.8)	77,034	(24.0)	(28.8)
Indian Oil Corp	426,316	(67.6)	(64.0)	48,282	(42.2)	-	11,431	(68.2)	-
Bharat Petroleum Corp	265,016	(65.3)	(61.6)	11,478	(47.3)	-	4,616	(62.1)	0.0
Hindustan Petroleum Corp	237,431	(66.4)	(64.0)	13,117	(3.9)	0.0	4,599	(43.3)	-
Oil & Natural Gas Corp	143,736	(45.9)	(33.0)	50,498	(66.6)	(41.2)	3,132	(94.7)	(82.6)
Oil India	16,834	(50.1)	(35.0)	(1,199)	-	-	(1,791)	-	-
GAIL (India)	129,999	(29.0)	(26.8)	21,920	(3.0)	(11.4)	16,858	30.9	(40.1)
Petronet LNG	65,884	(23.5)	(23.1)	9,454	(7.7)	35.5	7,090	26.5	97.5
Indraprastha Gas	6,261	(60.3)	(59.7)	890	(75.2)	(76.4)	426	(80.5)	(83.2)
Mahanagar Gas	2,940	(61.2)	(57.2)	825	(70.2)	(66.2)	505	(70.3)	(67.1)
Gujarat State Petronet	6,036	17.8	1.4	3,426	(14.8)	(3.7)	2,005	(2.7)	(11.1)
Gujarat Gas	11,797	(54.9)	(55.8)	1,973	(57.7)	(53.8)	722	(69.1)	(71.3)

Source: BOBCAPS Research

**FIG 2 – BOBCAPS ENERGY UNIVERSE: VALUATION SUMMARY**

Company	CMP (Rs)	TP (Rs)	Upside (%)	EPS (Rs)			PE (x)			ROE (%)		
				FY20P	FY21E	FY22E	FY20P	FY21E	FY22E	FY20P	FY21E	FY22E
RIL IN	1,842	1,820	(1.2)	69.6	71.7	117.7	26.5	25.7	15.6	10.9	10.3	14.0
IOCL IN	85	175	105.9	(1.0)	20.5	22.2	(87.4)	4.2	3.8	10.2	19.8	20.1
BPCL IN	369	470	27.4	25.3	45.0	47.2	14.6	8.2	7.8	12.7	22.7	21.2
HPCL IN	203	350	72.4	30.5	45.0	52.4	6.7	4.5	3.9	16.7	25.3	25.7
ONGC IN	76	92	21.1	9.2	1.6	6.4	8.3	48.9	11.9	9.6	0.9	3.8
OINL IN	96	92	(4.2)	23.8	1.5	8.2	4.0	63.9	11.8	8.3	0.7	3.6
GAIL IN	97	150	54.6	11.0	12.9	13.6	8.8	7.5	7.2	11.3	12.9	12.8
PLNG IN	257	305	18.7	18.5	17.7	22.1	13.9	14.5	11.6	26.5	24.3	28.9
IGL IN	404	420	4.0	17.8	18.9	24.7	22.6	21.4	16.4	25.4	21.8	23.2
MAHGL IN	983	710	(27.8)	80.3	75.3	84.8	12.2	13.1	11.6	29.5	23.9	24.4
GUJS IN	205	310	51.2	19.7	20.1	23.2	10.4	10.2	8.8	18.1	15.9	16.1
GUJGA IN	300	335	11.7	17.4	15.2	19.9	17.2	19.7	15.0	43.6	27.4	29.3

Source: BOBCAPS Research

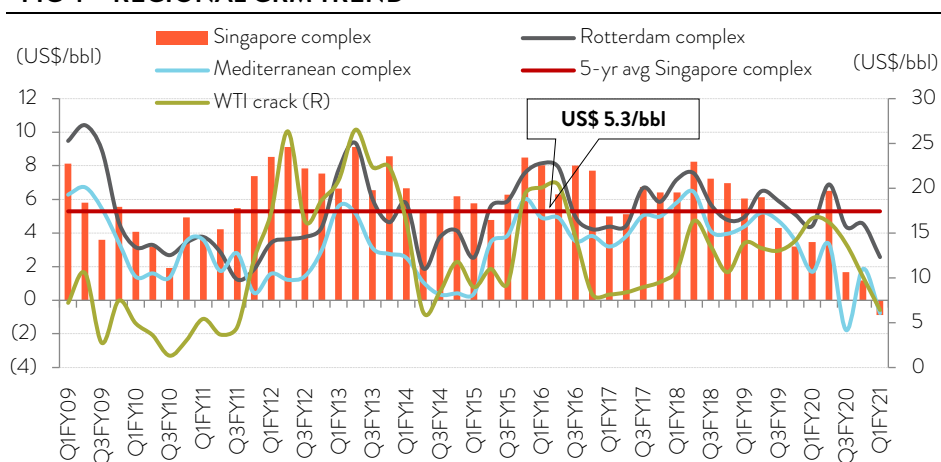
## Key macro trends

**FIG 3 – MONTHLY GRM AND PRODUCT PRICE MOVEMENT**

(US\$/bbl)	Q1FY21	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Rotterdam Complex	2.8	4.4	(36.9)	4.5	(39.1)	5.0	5.6	(10.6)
Singapore Complex	(0.9)	3.5	-	1.2	-	3.2	4.9	(34.7)
Mediterranean Complex	(0.6)	1.7	-	1.8	-	1.2	4.5	(72.6)
WTI Crack	6.4	16.7	(61.4)	10.1	(36.4)	14.2	13.6	4.0
<b>Product Spreads</b>								
LPG	(3.8)	(28.6)	86.6	(18.8)	79.7	(24.5)	(24.9)	1.6
Petrol	0.4	5.7	(93.5)	4.9	(92.4)	6.6	6.5	1.5
Naphtha	(3.2)	(9.2)	65.2	(3.2)	(1.1)	(5.7)	(3.4)	(68.2)
Jet Kero	(0.1)	12.2	-	8.6	-	12.6	15.0	(15.8)
Diesel	5.7	12.3	(53.7)	11.1	(48.5)	13.2	14.1	(6.3)
Fuel Oil	(2.2)	(3.8)	43.3	(8.4)	74.1	(8.1)	(2.6)	-
<b>Crude Prices &amp; Spreads</b>								
Brent	31.4	68.3	(54.0)	50.5	(37.8)	60.8	70.5	(13.7)
Indian Crude Basket	31.9	67.8	(52.9)	50.7	(37.0)	60.5	69.5	(12.8)
Arab Light Heavy	0.4	1.7	(75.1)	3.1	(85.9)	2.2	2.5	(11.6)
Dubai - Arab Heavy	5.1	(0.2)	-	(0.4)	-	(0.7)	1.0	-
Currency - INR USD	75.9	69.6	9.1	72.4	4.7	70.9	68.2	4.0

Source: Bloomberg, BOBCAPS Research

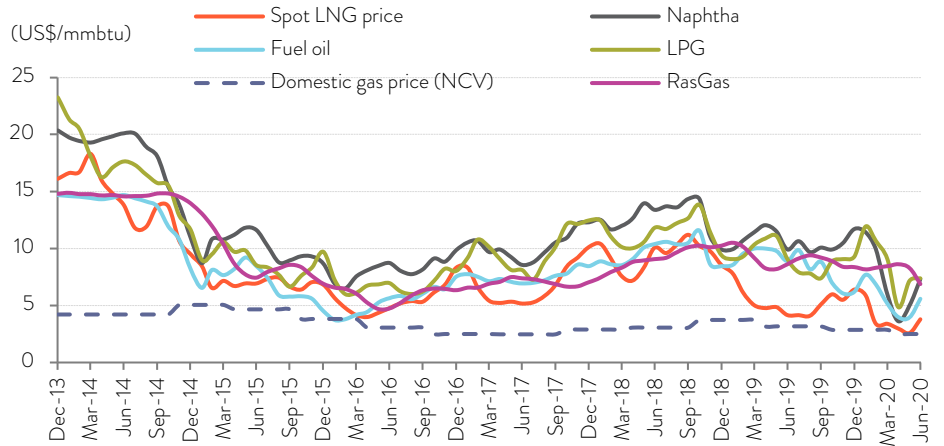
**Singapore GRMs negative through Q1 but slight improvement evident in Q2**

**FIG 4 – REGIONAL GRM TREND**


Source: Bloomberg, BOBCAPS Research

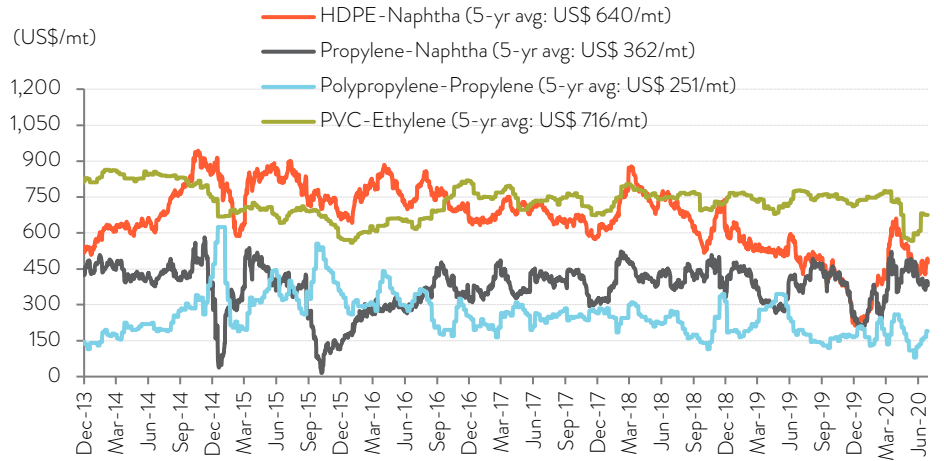
**Spot LNG prices likely to stay at current levels of US\$ 3.5-4/mmbtu for the near future**

**FIG 5 – LNG PRICES AGAINST ALTERNATIVES**



Source: Bloomberg, BOBCAPS Research

**FIG 6 – POLYMER SPREADS – HDPE/LLDPE/PP/PVC**

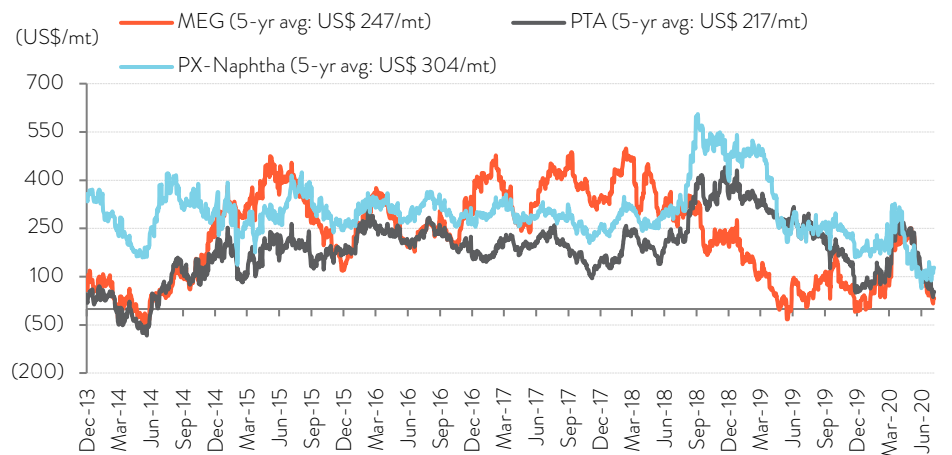


Source: Bloomberg, BOBCAPS Research

**QoQ increase in cracks of naphtha-based petchem chain due to oil price crash**

**PTA and MEG prices continue to trend below the 5Y average due to weak market sentiments**

**FIG 7 – POLYESTER INTERMEDIARY SPREADS – PX/PTA/MEG**



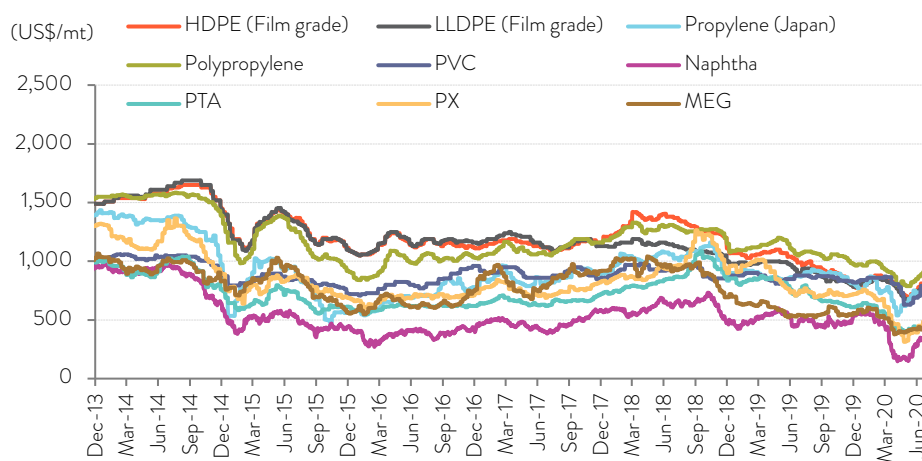
Source: Bloomberg, BOBCAPS Research

**FIG 8 – PETROCHEMICAL PRODUCT CRACKS**

(US\$/mt)	Q1FY21	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Naphtha Prices	250	527	(52.54)	430	(41.8)	485.4	588.4	(17.51)
HDPE Naphtha	504	530	(4.99)	415	21.41	438.2	681.0	(35.66)
LLDPE Naphtha	478	447	6.88	400	19.54	393.9	513.5	(23.28)
Propylene Naphtha	424	333	27.55	342	24.16	358.5	415.6	(13.74)
Polypropylene - Propylene	163	282	(42.15)	184	(11.25)	198.4	231.2	(14.16)

Source: Bloomberg, BOBCAPS Research

**FIG 9 – PRODUCT PRICES**



Source: BOBCAPS Research, Bloomberg

## Q1FY21: Company-wise expectations

### Reliance Industries (RIL)

#### Q1FY21E highlights

- Consolidated earnings and EBITDA expected to decline to Rs 77bn (-24% YoY, -28.8% QoQ) and Rs 179bn (-16% YoY, -17.8% QoQ) respectively due to weak earnings across segments except connectivity
- GRMs estimated at US\$ 5/bbl (-38.3% YoY, -43.8% QoQ), partly cushioned by inventory gains and flexibility to alter product layout. Refining EBIT forecast to decrease to Rs 10bn (-77% YoY) on reduced crude throughput and lower GRMs
- Oil price crash has led to higher naphtha-based petchem chain cracks, but gains to be offset by lower petchem production at 7.4mmt (-14.7% YoY, -25% QoQ)
- RJio EBIT projected to improve to Rs 53bn (+29.8% QoQ) on ~15mn net subscriber additions and ARPU of Rs 140 (+7% QoQ) post tariff hikes
- Retail business EBIT estimated at Rs 5.9bn (-67% YoY, -71.6% QoQ)

#### What to watch for

- GRM outlook after the Covid-19 lockdown
- Further investments in Jio Platforms that could bump up valuations
- M&A activities in retail
- Updates on Saudi Aramco deal

**FIG 10 – RIL: Q1FY21 PREVIEW (CONSOLIDATED)**

(Rs mn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	1,128,436	1,569,760	(28.1)	1,362,400	(17.2)	5,967,430	5,692,090	4.8
EBITDA	179,143	213,150	(16.0)	217,820	(17.8)	882,170	841,670	4.8
EBITDA margin (%)	15.9	13.6	-	16.0	-	14.8	14.8	-
Adj. PAT	77,034	101,410	(24.0)	108,130	(28.8)	443,240	398,370	11.3
<b>Adj. EPS (Rs)</b>	<b>12.2</b>	<b>17.1</b>	<b>(29.0)</b>	<b>17.1</b>	<b>(28.8)</b>	<b>74.8</b>	<b>67.2</b>	<b>11.3</b>
<b>GRMs (US\$/bbl)</b>	<b>5.0</b>	<b>8.1</b>	<b>(38.3)</b>	<b>8.9</b>	<b>(43.8)</b>	<b>8.5</b>	<b>9.2</b>	<b>(8.4)</b>
Refining throughput (mmt)	13.7	17.5	(21.6)	18.3	(25.0)	67.3	67.8	(0.7)
Petrochemical production (mmt)	7.4	8.7	(14.7)	9.9	(25.0)	36.5	37.2	(1.9)

Source: BOBCAPS Research

## Oil marketing companies (IOCL, BPCL, HPCL)

### Q1FY21E highlights

- Refining segment earnings expected to surge for all three OMCs as GRMs could trend higher than the Singapore benchmark due to inventory gains ranging from US\$ 2.6-6.2/bbl
- Marketing earnings may increase as OMCs retain marketing margins for most of the quarter
- IOCL is likely to report the highest inventory gain amongst the three OMCs due to its higher inventory cycle which makes its GRMs more volatile to surge and crash in oil prices

### What to watch for

- GRM outlook after the Covid-19 lockdown
- Outlook on marketing volumes and margins

**FIG 11 – IOCL: Q1FY21 PREVIEW**

(Rs mn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	426,316	1,315,125	(67.6)	1,184,391	(64.0)	4,862,565	5,276,927	(7.9)
EBITDA	48,282	83,500	(42.2)	2,122	2,175.5	187,847	338,237	(44.5)
EBITDA margin (%)	11.33	6.35	78.4	0.18	-	3.86	6.41	(39.7)
Adj. PAT	11,431	35,961	(68.2)	(14,548)	-	126,179	168,942	(25.3)
<b>Adj. EPS (Rs)</b>	<b>1.2</b>	<b>3.8</b>	<b>(68.4)</b>	<b>(1.5)</b>	<b>-</b>	<b>13.3</b>	<b>17.8</b>	<b>(25.3)</b>
<b>GRMS (US\$/bbl)</b>	<b>5.3</b>	<b>4.7</b>	<b>11.9</b>	<b>(9.6)</b>	<b>-</b>	<b>0.1</b>	<b>5.4</b>	<b>(98.5)</b>
Throughput (mmt)	10.3	17.3	(40.7)	17.1	(40.0)	69.4	71.8	(3.3)
Market sales (mmt)	11.1	21.6	(48.6)	22.2	(50.0)	88.6	86.3	2.7
Pipeline throughput (mmt)	12.5	21.9	(43.0)	20.79	(40.0)	85.3	88.5	(3.6)
Petrochemical volumes (mmt)	0.40	0.53	(24.7)	0.66	(40.0)	2.29	2.64	(13.2)

Source: BOBCAPS Research

**FIG 12 – BPCL: Q1FY21 PREVIEW**

(Rsmn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	265,016	763,179	(65.3)	689,914	(61.6)	2,843,830	2,971,478	(4.3)
EBITDA	11,478	21,799	(47.3)	(6,188)	-	66,393	118,370	(43.9)
EBITDA margin (%)	4.3	2.9	51.6	(0.9)	-	2.3	4.0	(41.4)
PAT (adj.)	4,616	12,187	(62.1)	(2,802)	-	37,640	71,320	(47.2)
<b>Adj. EPS (Rs)</b>	<b>2.35</b>	<b>6.20</b>	<b>(62.1)</b>	<b>(1.42)</b>	<b>-</b>	<b>19.14</b>	<b>36.26</b>	<b>(47.2)</b>
<b>Reported GRMs (US\$/bbl)</b>	<b>1.70</b>	<b>2.81</b>	<b>(39.5)</b>	<b>0.75</b>	<b>126.7</b>	<b>2.50</b>	<b>4.58</b>	<b>(45.4)</b>
Refining throughput (mmt)	5.03	7.45	(32.4)	8.39	(40.0)	31.91	31.01	2.9
Market sales (mmt)	5.62	11.34	(50.4)	11.24	(50.0)	45.73	44.98	1.7

Source: BOBCAPS Research

**FIG 13 – HPCL: Q1FY21 PREVIEW**

(Rs mn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	237,431	707,105	(66.4)	658,685	(64.0)	2,675,998	2,739,809	(2.3)
EBITDA	13,117	13,655	(3.9)	(9,930)	-	39,662	102,255	(61.2)
EBITDA margin (%)	5.5	1.9	186.1	(1.5)	-	1.5	3.7	(60.3)
Adj. PAT	4,599	8,110	(43.3)	268	1,615.9	26,373	60,287	(56.3)
<b>Adj. EPS (Rs)</b>	<b>3.0</b>	<b>5.3</b>	<b>(43.3)</b>	<b>(2.2)</b>	<b>-</b>	<b>14.3</b>	<b>39.6</b>	<b>(63.7)</b>
<b>Reported GRMs (US\$/bbl)</b>	<b>2.2</b>	<b>0.8</b>	<b>-</b>	<b>(1.2)</b>	<b>-</b>	<b>1.0</b>	<b>5.0</b>	<b>(79.6)</b>
Refining throughput (mmt)	2.7	3.9	(30.5)	4.5	(40.0)	17.2	18.4	(6.8)
Market sales (mmt)	4.8	10.1	(52.6)	9.6	(50.0)	39.6	38.7	2.4
Pipeline throughput (mmt)	3.4	5.3	(35.7)	5.7	(40.0)	21.2	21.5	(1.5)

Source: BOBCAPS Research

## ONGC

### Q1FY21E highlights

- Earnings expected to decline to Rs 3bn (-94.7% YoY, -82.6% QoQ) on lower crude realisation
- Oil & gas production estimated to fall to 11.5mmtoe (-6.3% YoY) with oil production at 6mmt (+2.9%) and gas output slipping to 5.5bcm (-14.6%)

### What to watch for

- Management guidance on field development (key to volume growth)
- OVL's earnings and production outlook for FY21/FY22

**FIG 14 – ONGC: Q1FY21 PREVIEW (STANDALONE)**

(Rs mn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	143,736	265,547	(45.9)	214,562	(33.0)	962,136	1,096,546	(12.3)
EBITDA	50,498	151,120	(66.6)	85,879	(41.2)	492,869	594,689	(17.1)
EBITDA margin (%)	35.1	56.9	-	40.0	-	51.2	54.2	-
Adj. PAT	3,132	59,043	(94.7)	18,008	(82.6)	183,436	267,646	(31.5)
<b>Adj. EPS (Rs)</b>	<b>0.2</b>	<b>4.6</b>	<b>(94.6)</b>	<b>1.4</b>	<b>(82.3)</b>	<b>14.6</b>	<b>20.9</b>	<b>(30.1)</b>

Source: BOBCAPS Research

**FIG 15 – PRODUCTION AND SALES TREND**

	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
<b>Production</b>								
Oil (mmt)	6.0	5.9	2.9	5.8	3.8	23.4	24.2	(3.6)
Gas (bcm)	5.5	6.4	(14.6)	6.0	(9.3)	24.9	25.8	(3.5)
<b>Total (mmtoe)</b>	<b>11.5</b>	<b>12.3</b>	<b>(6.3)</b>	<b>11.9</b>	<b>(2.9)</b>	<b>48.3</b>	<b>50.0</b>	<b>(3.6)</b>
<b>Sales</b>								
Oil (mmt)	5.6	5.3	6.8	5.4	3.9	21.3	22.5	(5.2)
Gas (bcm)	4.2	5.0	(15.2)	4.7	(9.2)	19.4	20.5	(5.3)
<b>Total (mmtoe)</b>	<b>9.9</b>	<b>10.3</b>	<b>(3.9)</b>	<b>10.1</b>	<b>(2.2)</b>	<b>40.7</b>	<b>43.0</b>	<b>(5.2)</b>

Source: BOBCAPS Research



## Oil India (OINL)

### Q1FY21E highlights

- Expect earnings loss of Rs 1.8bn on lower oil crude realisations
- Oil & gas production estimated to fall to 1.3mmtoe (-12.6% YoY) with oil production at 0.7mmt (-11.4%) and gas output at 0.6bcm (-13.9%)

### What to watch for

- Production outlook for FY21/FY22
- Capex outlook in a low oil price environment

**FIG 16 – OINL: Q1FY21 PREVIEW**

(Rs mn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	16,834	33,734	(50.1)	25,896	(35.0)	121,285	137,350	(11.7)
EBITDA	(1,199)	13,532	-	(11,014)	-	25,905	56,920	(54.5)
EBITDA margin (%)	(7.1)	40.1	-	(42.5)	-	21.4	41.4	-
Adj. PAT	(1,791)	6,248	-	9,256	-	21,662	27,984	(22.6)
<b>Adj. EPS (Rs)</b>	<b>(1.7)</b>	<b>5.8</b>	<b>-</b>	<b>8.5</b>	<b>-</b>	<b>20.0</b>	<b>24.7</b>	<b>(19.0)</b>

Source: BOBCAPS Research

**FIG 17 – PRODUCTION AND SALES TREND**

	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
<b>Production</b>								
Oil (mmt)	0.7	0.8	(11.4)	0.8	(5.0)	3.1	3.3	(5.7)
Gas (bcm)	0.6	0.7	(13.9)	0.6	(5.0)	2.8	2.9	(2.2)
<b>Total (mmtoe)</b>	<b>1.3</b>	<b>1.5</b>	<b>(12.6)</b>	<b>1.4</b>	<b>(5.0)</b>	<b>5.9</b>	<b>6.2</b>	<b>(5.7)</b>
<b>Sales</b>								
Oil (mmt)	0.71	0.80	(10.9)	0.7	(5.0)	3.1	3.2	(5.3)
Gas (bcm)	0.50	0.61	(17.7)	0.5	(5.0)	2.4	2.5	(4.2)
<b>Total (mmtoe)</b>	<b>1.22</b>	<b>1.41</b>	<b>(13.9)</b>	<b>1.3</b>	<b>(5.0)</b>	<b>5.5</b>	<b>5.7</b>	<b>(4.8)</b>

Source: BOBCAPS Research

## GAIL

### Q1FY21E highlights

- Gas transmission/trading volumes forecast to be muted at 108mmscmd/ 97mmscmd (-0.9% QoQ each) as industries continued to offtake gas amid lockdown given low spot LNG prices
- Gas trading realisations expected to decline to Rs 11.73/scm (-33.3% YoY, -30% QoQ) on negative margins expected from US LNG contracts
- Expect lower LPG earnings due to 40% QoQ drop in realisations

- Petchem realisations likely to reduce driven by lower PE prices. Petchem production to decline to 157k mt (-10% QoQ) due to plant shutdown at the start of the quarter and lower demand induced by the lockdown
- Overall EBITDA projected at Rs 21.9bn (-11.4% QoQ)

### What to watch for

- Hive-off of gas pipeline assets
- Completion of Kochi-Mangaluru pipeline

**FIG 18 – GAIL: Q1FY21 PREVIEW**

(Rs mn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	129,999	183,106	(29.0)	177,531	(26.8)	719,864	751,263	(4.2)
EBITDA	21,920	22,590	(3.0)	24,754	(11.4)	84,831	95,551	(11.2)
EBITDA margin (%)	16.9	12.3	-	13.9	-	11.8	12.7	-
PAT (adjusted)	16,858	12,875	30.9	29,166	(42.2)	62,178	56,993	9.1
<b>Adjusted EPS (Rs)</b>	<b>3.7</b>	<b>2.9</b>	<b>30.9</b>	<b>6.5</b>	<b>(42.2)</b>	<b>13.8</b>	<b>12.6</b>	<b>9.1</b>

Source: Company, BOBCAPS Research

**FIG 19 – VOLUME TREND**

	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
<b>Natural Gas transmission</b>								
Volume (mmscmd)	108.0	105.4	2.5	109.0	(0.9)	108.4	107.4	0.8
Realisation (Rs/scm)	1.6	1.5	2.7	1.6	-	1.5	1.5	3.6
<b>LPG transmission</b>								
Volume ('000 MT)	1,040	827	25.8	1,040.0	-	3,909.0	3,975.0	(1.7)
Realisation (Rs/MT)	1,653	1,627	1.5	1,652.5	-	1,627.9	1,570.0	3.7
<b>Natural Gas trading</b>								
Volume (mmscmd)	96.9	96.6	0.3	97.8	(0.9)	96.3	96.9	(0.7)
Realisation (Rs/scm)	11.7	17.6	(33.3)	16.8	(30.0)	17.8	17.3	2.5
<b>Petrochemicals</b>								
Volume ('000 MT)	156.6	136.0	15.1	174.0	(10.0)	749.0	747.0	0.3
Gross Realisation (US\$/MT)	766	1,176	(34.8)	966	(20.7)	1,021	1,257	(18.8)
<b>LPG and Liquid HC</b>								
Volume ('000 MT)	302.0	296.0	2.0	302.0	-	1,264.0	1,329.0	(4.9)
Realisation (Rs/MT)	24,396	38,704	(37.0)	38,209	(36.2)	33,750	38,147	(11.5)

Source: Company, BOBCAPS Research

## Petronet LNG (PLNG)

### Q1FY21E highlights

- Volumes estimated at 218.5tbtu (-3.3% YoY) as LNG consumption was muted during Apr-May. We model for 90% and 20% utilisation at Dahej and Kochi respectively
- Expect massive offtake in spot volumes (+183.3% YoY), replacing the volumes that may decline due to force majeure on long-term contracts

- EBITDA forecast at Rs 9.5bn (-7.7% YoY, +35.5% QoQ)
- Service volumes projected at 105tbtu (-7.1% YoY, flat QoQ)

### What to watch for

- Updates on Tellurian LNG deal
- Updates on commissioning of Kochi-Mangaluru gas pipeline (which was scheduled to start by end-July)

**FIG 20 – PLNG: Q1FY21 PREVIEW**

(Rs mn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	65,884	86,134	(23.5)	85,672	(23.1)	354,520	383,954	(7.7)
EBITDA	9,454	10,239	(7.7)	6,975	35.5	39,895	32,935	21.1
EBITDA margin (%)	14.3	11.9	-	8.1	-	11.3	8.6	-
EBITDA margin (Rs/mmbtu)	43.3	45.3	(4.5)	31.9	35.8	43.0	39.0	10.2
Blended margin (Rs/mmbtu)	51.8	52.9	(2.1)	51.7	0.3	53.4	47.1	13.3
Adj. PAT	7,090	5,603	26.5	3,590	97.5	27,697	21,554	28.5
<b>Adj. EPS (Rs)</b>	<b>4.7</b>	<b>3.7</b>	<b>26.5</b>	<b>2.4</b>	<b>97.5</b>	<b>18.5</b>	<b>14.4</b>	<b>28.5</b>

Source: Company, BOBCAPS Research

**FIG 21 – VOLUME TRENDS**

Volumes (tbtu)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Long-term contract	96.5	107.0	(9.8)	106.0	(9.0)	438.0	461.0	(5.0)
Spot	17.0	6.0	183.3	8.0	112.5	32.0	23.3	37.3
Regasification services	105.0	113.0	(7.1)	105.0	-	458.0	360.0	27.2
<b>Total volumes</b>	<b>218.5</b>	<b>226.0</b>	<b>(3.3)</b>	<b>219.0</b>	<b>(0.2)</b>	<b>928.0</b>	<b>844.3</b>	<b>9.9</b>

Source: Company, BOBCAPS Research

## Indraprastha Gas (IGL)

### Q1FY21E highlights

- Earnings expected at Rs 0.4bn (-80.5% YoY, -83.2% QoQ)
- Overall volumes to plunge to 253mmscm (-55.5% YoY). CNG volumes severely impacted at 87mn kg (-71.4% YoY, -70% QoQ); only domestic users of PNG likely to show some growth (43mmscm, +5% QoQ)
- Despite stable INR rates and price hike of Rs 1/kg in CNG taken in June, we expect per unit EBITDA to decline to Rs 3.5/scm (-44.2% YoY, -47.1% QoQ)

### What to watch for

- Outlook on volumes from new areas
- Impact of Covid-led disruptions on CNG volume outlook

**FIG 22 – IGL: Q1FY21 PREVIEW**

(Rs mn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	6,261	15,761	(60.3)	15,525	(59.7)	64,853	57,649	12.5
EBITDA	890	3,585	(75.2)	3,767	(76.4)	15,196	12,570	20.9
EBITDA (Rs/scm)	3.5	6.3	(44.2)	6.6	(47.1)	6.4	5.8	10.5
EBITDA margin (%)	14.2	22.7	-	24.3	-	23.4	21.8	-
Adj. PAT	426	2,184	(80.5)	2,534	(83.2)	11,365	7,867	44.5
Adj. EPS (Rs)	0.6	3.1	(80.5)	3.6	(83.2)	16.2	11.2	44.5

Source: Company, BOBCAPS Research

**FIG 23 – VOLUME TREND**

	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
CNG Volumes (mn kg)	87	305	(71.4)	291	(70.0)	1,234	1,148	7.5
PNG Volume (mmscm)	131	145	(9.9)	158	(17.3)	619	553	11.9
Industrial/Commercial	75	68	10.3	75	-	298	252	18.3
Domestic	43	31	38.9	41	5.0	141	120	17.6
Natural Gas	13	46	(72.6)	42	(70.0)	180	181	(0.8)
<b>Total Volume (mmscm)</b>	<b>253</b>	<b>569</b>	<b>(55.5)</b>	<b>567</b>	<b>(55.3)</b>	<b>2,357</b>	<b>2,156</b>	<b>9.4</b>
<b>Total Volume (mmscmd)</b>	<b>2.79</b>	<b>6.25</b>	<b>(55.5)</b>	<b>6.30</b>	<b>(55.8)</b>	<b>6.46</b>	<b>5.91</b>	<b>9.4</b>

Source: Company, BOBCAPS Research

## Mahanagar Gas (MAHGL)

### Q1FY21E highlights

- Volumes to slide to 119mmscm (-56.1% YoY, -53.2% QoQ) due to massive decline in CNG at 54mmscm (-72.6% YoY, -70% QoQ)
- PNG volumes estimated at 65mmscm (-11.6% YoY, -11.8% QoQ), with the decline partially offset by domestic PNG at 40mmscm (+10% YoY, +5% QoQ)
- Gross spreads estimated at Rs 13.8/scm (-9.1% YoY, -10% QoQ). MAHGL's spreads should be the least affected amongst CGD players due to its better pricing power for commercial/industrial customers.
- Per unit EBITDA estimated at Rs 6.9/scm (-32.2% YoY, -27.8% QoQ)

### What to watch for

- Outlook on expansion in Raigad
- Impact of pandemic-led disruptions and higher use of diesel mini AC buses by the BMC on CNG volume outlook in Mumbai

**FIG 24 – MAHGL: Q1FY21 PREVIEW**

(Rs. mn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	2,940	7,575	(61.2)	6,866	(57.2)	29,721	27,911	6.5
EBITDA	825	2,768	(70.2)	2,438	(66.2)	10,528	8,855	18.9
EBITDA margin (%)	28.0	36.5	-	35.5	-	35.4	31.7	-
EBITDA (Rs/scm)	6.9	10.3	(32.2)	9.6	(27.8)	9.7	8.2	18.5
Adj. PAT	505	1,702	(70.3)	1,666	(69.7)	7,935	5,464	45.2
<b>Adj. EPS (Rs)</b>	<b>5.1</b>	<b>17.2</b>	<b>(70.3)</b>	<b>16.9</b>	<b>(69.7)</b>	<b>80.3</b>	<b>55.3</b>	<b>45.2</b>

Source: Company, BOBCAPS Research

**FIG 25 – VOLUME TREND**

	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
CNG Volume (mmscm)	54	197	(72.6)	180	(70.0)	784	791	(0.8)
PNG Volume (mmscm)	65	73	(11.6)	73	(11.8)	296	286	3.5
Industrial/Commercial	25	37	(33.1)	35	(30.0)	148	148	(0.5)
Domestic	40	36	10.0	38	5.0	148	138	7.9
<b>Total Volume (mmscm)</b>	<b>119</b>	<b>270</b>	<b>(56.1)</b>	<b>253</b>	<b>(53.2)</b>	<b>1,080</b>	<b>1,077</b>	<b>0.3</b>
<b>Total Volume (mmscmd)</b>	<b>1.30</b>	<b>2.97</b>	<b>(56.1)</b>	<b>2.82</b>	<b>(53.7)</b>	<b>2.95</b>	<b>2.95</b>	<b>-</b>

Source: Company, BOBCAPS Research

## Gujarat State Petronet (GUJS)

### Q1FY21E highlights

- Volumes likely to be muted at 37mmscmd (flat QoQ) as growth in offtake by refineries and fertiliser plants would be offset by decline in consumption from CGD and power segments
- EBITDA to dip 3.7% QoQ to Rs 3.4bn

### What to watch for

- Outlook on volumes post stable operations at RIL's petcoke gasification plant
- Gas offtake by the power sector.

**FIG 26 – GUJS: Q1FY21 PREVIEW**

Y/E March (Rs mn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	6,036	5,126	17.8	5,952	1.4	23,692	18,773	26.2
EBITDA	3,426	4,020	(14.8)	3,557	(3.7)	15,749	15,757	(0.1)
EBITDA margin (%)	56.8	78.4	-	59.8	-	66.5	83.9	-
PAT (adjusted)	2,005	2,061	(2.7)	2,256	(11.1)	11,087	8,278	33.9
<b>EPS (Rs)</b>	<b>3.56</b>	<b>3.66</b>	<b>(2.7)</b>	<b>4.00</b>	<b>(11.1)</b>	<b>19.66</b>	<b>14.68</b>	<b>33.9</b>
Volumes (mmscm)	3,367	3,514	(4.2)	3,310	1.7	13,791	12,626	9.2
<b>Volumes (mmscmd)</b>	<b>37.0</b>	<b>38.2</b>	<b>(3.2)</b>	<b>36.8</b>	<b>0.6</b>	<b>37.7</b>	<b>34.6</b>	<b>8.9</b>
<b>Tariffs (Rs/scm)</b>	<b>1.77</b>	<b>1.42</b>	<b>24.9</b>	<b>1.77</b>	<b>-</b>	<b>1.69</b>	<b>1.43</b>	<b>17.9</b>

Source: Company, BOBCAPS Research

## Gujarat Gas (GUJGA)

### Q1FY21E highlights

- EBITDA/scm expected to drop to Rs 3.8/scm (-31.3% YoY, -18.4% QoQ) due to lower realisations from industrial consumers, in line with the decline in spot LNG prices
- Volumes likely to plunge to 5.6mmscmd (-38.4% YoY, -43.9% QoQ) as the nationwide lockdown impacted gas offtake for most of the quarter

### What to watch for

- Outlook on expansion into new geographical areas and capex allocation

**FIG 27 – GUJGA: Q1FY21 PREVIEW**

(Rs mn)	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY20	FY19	YoY (%)
Net sales	11,797	26,146	(54.9)	26,666	(55.8)	103,003	77,544	32.8
EBITDA	1,973	4,665	(57.7)	4,267	(53.8)	16,343	9,846	66.0
EBITDA (Rs/scm)	3.8	5.6	(31.3)	4.7	(18.4)	4.7	4.1	15.1
EBITDA margin (%)	16.7	17.8	-	16.0	-	15.9	12.7	-
Adj. PAT (Rs)	722	2,337	(69.1)	2,514	(71.3)	9,060	4,349	108.3
<b>Adj. EPS (Rs)</b>	<b>1.0</b>	<b>3.4</b>	<b>(69.1)</b>	<b>3.7</b>	<b>(71.3)</b>	<b>13.2</b>	<b>6.3</b>	<b>108.3</b>
<b>Volumes (mmscmd)</b>	<b>5.6</b>	<b>9.2</b>	<b>(38.4)</b>	<b>10.1</b>	<b>(43.9)</b>	<b>9.5</b>	<b>6.6</b>	<b>44.2</b>

Source: Company, BOBCAPS Research

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