SECTOR UPDATE

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OIL & GAS | Q1FY27 Preview | 09 July 2026

Mixed performance expected amid elevated crude & LNG prices

- **Volatile crude & LNG prices are likely to weigh on performance. Negative Implications for OMCs and Gas Utility Companies**
- **OMCs likely to get impacted by negative retail margins, and higher LNG costs for CGDs likely to be partly offset by strong volume growth**
- **Top picks: RIL (BUY; TP of Rs1,610), BPCL (BUY; TP Rs368) and IOCL (BUY: TP of Rs173)**

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Overall performance: Oil & Gas sector is expected to report a mixed performance in Q1FY27E. While upstream companies are likely to benefit from higher crude oil realisations, performance for OMC's is expected to remain under pressure due to negative retail marketing margins. RIL is likely to be a key outperformer, with revenue growth of around 22% YoY supported by strong momentum in its O2C, Retail, and Telecom businesses. Within the gas value chain GAIL and Petronet LNG are expected to report a softer quarter amid lower volumes and elevated gas prices which may weigh on demand. In contrast, CGD companies such as IGL and MGL are likely to deliver healthy revenue growth driven by robust CNG and PNG volume growth. However, higher LNG procurement costs are expected to compress margins, resulting in relatively weaker EBITDA performance.

Macros: Q1FY27E witnessed elevated commodity prices, with brent crude averaging USD 98/bbl v/s USD 67/bbl in Q1FY26 and USD 76/bbl in Q4FY26. Singapore GRMs remained strong at USD 19.0/bbl, significantly higher than USD 5.6/bbl in the corresponding last year quarter and USD 14.0/bbl in Q4FY26.

Reliance Industries (RIL): RIL is expected to report strong revenue growth of 22.2% YoY, driven by healthy momentum across its Retail, Telecom, and O2C businesses. Retail revenue is projected to grow 17.6% YoY, supported by robust consumer demand and continued store additions. Telecom segment is expected to deliver 10.6% YoY revenue growth, aided by a 6.7% increase in subscribers and a 2.5% improvement in ARPU. O2C business is also likely to contribute positively, supported by a stable operating environment and improved refining economics.

Oil marketing companies (OMCs): HPCL, BPCL, and IOCL are expected to report weaker operational performance on a YoY basis, primarily due to negative retail marketing margins despite strong refining profitability. Retail margins are estimated at Rs(6)/ltr for petrol, Rs(18)/ltr for diesel, which are likely to weigh significantly on earnings. However, the impact is expected to be partially offset by robust GRMs, which remain strong on both a YoY and QoQ basis. Domestic fuel demand remains healthy, with volume growth for OMCs estimated at 3–5% YoY.

Gas Utility companies: GAIL will likely see weak revenue (-5.4%YoY) & EBITDA performance (-35.3%YoY), primarily due to weaker gas trading and petrochemical revenues amid elevated LNG prices. While gas transmission volumes are expected to remain largely stable, rising input costs and anticipated losses in the petrochemical segment are likely to weigh on profitability.

- Petronet LNG is also expected to report a (24.8%) YoY decline in revenue, with lower volumes at both Dahej and Kochi terminals owing to supply disruptions, resulting in weaker utilization levels on a sequential basis.

Upstream (ONGC & Oil India): Revenue likely to see 1.0%YoY growth, due to improved standalone performance, aided by higher crude realisation (up 46%YoY). This is offset by subdued performance of petrochem businesses. Volumes in oil & gas exploration are expected to be lower on YoY basis, with oil at (-7%) and gas at (-2%), due to the challenges in improving production levels.
Oil India - Revenue growth is likely to be at 32.6%YoY, driven by standalone business (crude pricing growth) and NRL refinery ramp-up. Crude realisations likely to be higher by 46%YoY. Crude volumes will grow by 4.3%YoY and gas volumes are expected to decline by 1.1%YoY.

CGD companies: Revenue growth should be healthy for IGL at 14.1%YoY and for MGL at 6.1%YoY, supported by robust CNG and PNG demand. Volumes growth will be good for IGL at 6.0%YoY and MGL at 10%YoY, driven by CNG and PNG volumes. Volume growth is estimated at 6.0% YoY for IGL and 10.0% YoY for MGL. EBITDA spreads for both companies are likely to improve sequentially, aided by recent price hikes. Gujarat energy is expected to report a QoQ improvement in revenue. For CGD bsuienss, expects a volumes decline of 2.7%yoY and 2.2%QoQ due to lower industrial gas volumes.

Top picks: RIL (BUY; TP of Rs1,610), BPCL (BUY; TP Rs368) and IOCL (BUY: TP of Rs173) .

Fig 1 – Reliance Industries (RIL)

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Revenue (Rs mn)	2,976,828	2,436,320	22.2	2,940,590	1.2	▪ Revenue is expected to grow 22.2% YoY, on the back of robust performance across key segments. ▪ The O2C segment is also expected to contribute meaningfully to the overall top-line growth, supporting consolidated revenue momentum.
EBITDA (Rs mn)	485,126	429,050	13.1	441,410	9.9	
EBITDA margin (%)	16.3	17.6	(7.5)	15.0	8.6	
PAT (Rs mn)	206,345	269,940	(23.6)	169,710	21.6	
Jio Telecom						
Revenue (Rs mn)	464,002	419,490	10.6	459,450	1.0	▪ Telecom business is expected to deliver 10.6% YoY revenue growth, aided by 6.7% YoY subscriber additions and a 2.5% YoY improvement in ARPU.
EBITDA (Rs mn)	202,395	183,120	10.5	200,410	1.0	
ARPU (Rs)	214	209	2.5	214	0.0	
Subscribers (mn)	531	498	6.7	524	1.4	
Retail business						
Revenue (Rs mn)	989,493	841,720	17.6	984,570	0.5	▪ Retail revenue is projected to increase 17.6% YoY, supported by sustained consumption demand and ongoing store expansion.
EBITDA (Rs mn)	67,577	63,810	5.9	69,210	(2.4)	
No of stores (nos)	20,310	19,592	3.7	20,160	0.7	

Source: BOBCAPS Research

Fig 2 – HPCL

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ %)	Comments
GRM (USD/bbl)	18.0	3.1	484.4	14.5	24.5	▪ Revenue is expected to grow 10.0% YoY, supported by healthy volume growth. However, EBITDA likely to stay under pressure on negative retail marketing margins on petrol and diesel, partially offset by a sharp improvement in refining profitability. ▪ GRM is estimated at USD 18/bbl in Q1, v/s USD 3/bbl in Q1FY26.
Revenue (Rs mn)	1,213,275	1,102,677	10.0	1,144,079	6.0	
EBITDA (Rs mn)	(53,764)	75,719	-	92,108	-	
EBITDA margin (%)	(4.4)	6.9	-	8.1	-	
PAT (Rs mn)	(52,792)	41,109	-	60,653	-	

Source: BOBCAPS Research

Fig 3 – BPCL

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ %)	Comments
GRM (USD/bbl)	18.0	4.9	268.9	18.1	(0.3)	▪ Revenue is expected to increase 5.6% YoY, driven by volumes. Sequentially, EBITDA and PAT are likely to decline due to the sustained retail losses and elevated interest expenses. ▪ GRM is likely to improve sharply to USD 18/bbl v/s USD 5/bbl in Q1FY26.
Revenue (Rs mn)	1,188,867	1,125,515	5.6	1,187,009	0.2	
EBITDA (Rs mn)	(74,581)	96,779	-	100,765	-	
EBITDA margin (%)	(6.3)	8.6	-	8.5	-	
PAT (Rs mn)	(62,410)	69,064	-	56,353	-	

Source: BOBCAPS Research

Fig 4 – IOCL

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ %)	Comments
GRM (USD/bbl)	19.5	2.2	786.4	15.7	24.0	▪ Revenue will likely be higher by 13.0% YoY. EBITDA will likely be negative due to negative retail margins being offset by the improved GRM. QoQ decline in EBITDA and PAT is on account of negative retail margins and higher interest cost. ▪ GRM expected at USD19.5/bbl in Q1 vs USD2.2/bbl in Q1FY26. It would likely make negative retail margins on Petrol and diesel.
Revenue (Rs mn)	2,172,758	1,923,407	13.0	2,082,893	4.3	
EBITDA (Rs mn)	(167,327)	132,675	-	248,038	-	
EBITDA margin (%)	(7.7)	6.9	-	11.9	-	
PAT (Rs mn)	(171,995)	68,137	-	144,581	-	

Source: BOBCAPS Research

Fig 5 – GAIL

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ %)	Comments
Gas transmission volumes (mmscmd)	121	121	0.3	119	2.0	▪ Revenue is expected to decline 5.4% YoY, driven by weaker petrochemicals and gas trading revenues. ▪ Gas transmission volumes are likely to improve QoQ on softer spot LNG prices, losses in the petrochemicals segment are expected to weigh on EBITDA.
Revenue (Rs mn)	334,050	353,107	(5.4)	355,766	(6.1)	
EBITDA (Rs mn)	23,722	36,688	(35.3)	14,534	63.2	
EBITDA margin (%)	7.1	10.4	(31.7)	4.1	73.8	
PAT (Rs mn)	19,127	23,823	(19.7)	14,815	29.1	

Source: BOBCAPS Research

Fig 6 – Petronet LNG

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ %)	Comments
Revenue (Rs mn)	89,323	118,799	(24.8)	94,421	(5.4)	▪ Revenue is likely to see decline of 24.8%YoY. Volume likely to see decline of 5%YoY and decline of 10.8%QoQ owing to LNG supply constraints from Middle East. Dahej and Kochi utilisation will have likely lower QoQ utilisation.
EBITDA (Rs mn)	11,433	11,592	(1.4)	18,612	(38.6)	
EBITDA margin (%)	12.8	9.8	31.2	19.7	(35.1)	
PAT (Rs mn)	7,713	8,419	(8.4)	13,707	(43.7)	

Source: BOBCAPS Research

Fig 7 – ONGC

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ %)	Comments
Revenue (Rs mn)	1,647,255	1,631,081	1.0	1,738,052	(5.2)	▪ Revenue is expected to grow 1.0% YoY, supported by a stronger standalone performance that is driven by 46% YoY increase in crude oil realisations. However, the benefit of higher realisations is likely to be largely offset by the weaker production volumes. ▪ Production of oil and gas will likely to decline 7% YoY, 2% YoY respectively, reflecting continued pressure on volume growth.
EBITDA (Rs mn)	264,088	259,071	1.9	253,561	4.2	
EBITDA margin (%)	16.0	15.9	-	14.6	-	
PAT (Rs mn)	137,316	98,226	39.8	112,817	21.7	

Source: BOBCAPS Research

Fig 8 – Oil India

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ %)	Comments
Revenue (Rs mn)	105,138	79,287	32.6	92,933	13.1	▪ Revenue growth is expected to be led by the standalone business, aided by a 47% YoY and 29% QoQ increase in crude realisations. ▪ Crude oil production is likely to rise 4.0% YoY; gas volumes may decline 1.0% YoY. Improved throughput at NRL is also expected to support the overall performance.
EBITDA (Rs mn)	34,377	23,509	46.2	32,809	4.8	
EBITDA margin (%)	32.7	29.7	10.3	35.3	(7.4)	
PAT (Rs mn)	17,255	18,964	(9.0)	24,245	(28.8)	

Source: Company, BOBCAPS Research

Fig 9 – IGL

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ %)	Comments
Volumes (mnscm)	880	831	5.9	872	0.9	▪ Revenue is expected to grow 14.1% YoY, driven by a combination of 6.0% YoY volume growth and 8.0% YoY improvement in realizations. ▪ CNG volumes expected to increase 6.0% YoY and PNG volumes rising 7.5% YoY. ▪ Price hikes implemented in May 2026 are expected to support EBITDA spreads sequentially. However, EBITDA per scm is likely to remain below the elevated base of the previous year, with spreads estimated at Rs4.9/scm versus Rs6.2/scm in Q1FY26.
EBITDA spread (Rs/scm)	4.9	6.2	(20.4)	4.8	1.1	
Revenue (Rs mn)	44,653	39,138	14.1	41,626	7.3	
EBITDA (Rs mn)	4,312	5,117	(15.7)	4,229	2.0	
EBITDA margin (%)	9.7	13.1	(26.1)	10.2	(5.0)	
PAT (Rs mn)	2,878	3,559	(19.1)	2,771	3.9	

Source: BOBCAPS Research

Fig 10 – MGL

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ %)	Comments
Volumes (mnscm)	423	385	10.0	420	0.7	▪ Revenue is expected to increase 6.1% YoY, on 10.0% YoY volume growth, led by CNG (+12.0% YoY) and PNG (+5.0% YoY). ▪ Price hikes in May will probably support margins, with EBITDA spread improving sequentially, albeit remaining lower at Rs6.4/scm vs Rs13.0/scm in Q4FY26.
EBITDA spread (Rs/scm)	6.4	13.0	(50.8)	6.2	3.4	
Revenue (Rs mn)	22,081	20,814	6.1	20,512	7.6	
EBITDA (Rs mn)	2,710	5,007	(45.9)	2,603	4.1	
EBITDA margin (%)	12.3	24.1	(49.0)	12.7	(3.3)	
PAT (Rs mn)	1,367	3,196	(57.2)	1,319	3.6	

Source: BOBCAPS Research

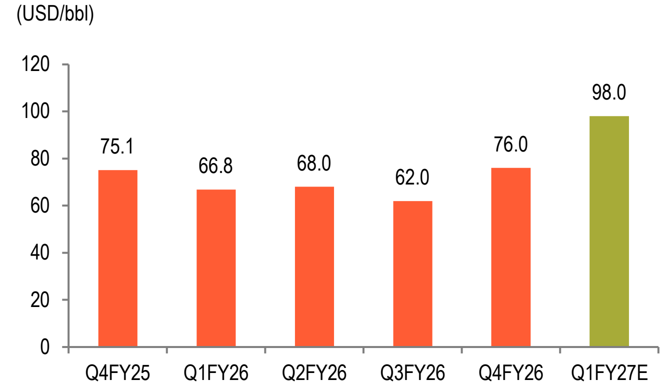
Fig 11 – Gujarat Energy

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ %)	Comments
Volumes (mnscm)	781	803	(2.7)	798	(2.2)	▪ YoY comparisons are not directly comparable due to the inclusion of CGD business alone in Q1FY26. Q1FY27E & Q4FY26 comprise CGD, Gas trading, E&P and Wind power businesses. ▪ Revenue is expected to decline 1.9% QoQ, impacted by lower industrial volumes and weaker gas trading revenues. ▪ CNG and DPNG volumes will likely grow 12.0% YoY and 2.5% YoY respectively, while EBITDA spread to improve both YoY and QoQ to Rs7.0/scm.
EBITDA spread (Rs/scm)	7.0	6.4	9.4	6.8	2.9	
Revenue (Rs mn)	59,759	38,709	54.4	57,919	3.2	
EBITDA (Rs mn)	6,138	5,199	18.1	6,088	0.8	
EBITDA margin (%)	10.3	13.4	(23.5)	10.5	(2.3)	
PAT (Rs mn)	3,879	3,276	18.4	4,978	(22.1)	

Source: BOBCAPS Research

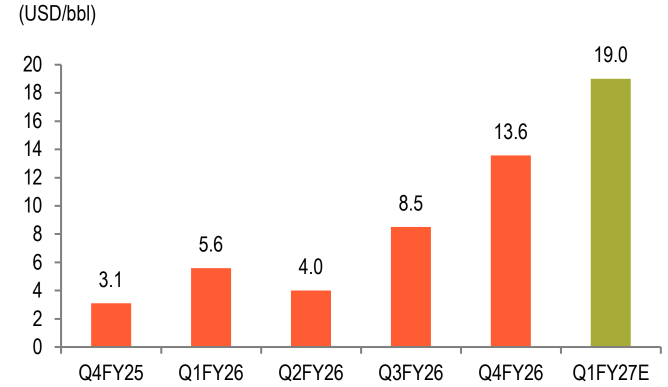
Macros: Q1FY27E witnessed elevated commodity prices, with brent crude averaging USD 98/bbl v/s USD 67/bbl in Q1FY26 and USD 76/bbl in Q4FY26. Singapore GRMs remained strong at USD 19.0/bbl, significantly higher than USD 5.6/bbl in the corresponding last year quarter and USD 14.0/bbl in Q4FY26. Spot LNG prices averaged USD16.5/mmbtu vs USD13.7/mmbtu in Q1FY26 and USD14.1 in Q4FY26.

Fig 12 – Average brent crude price



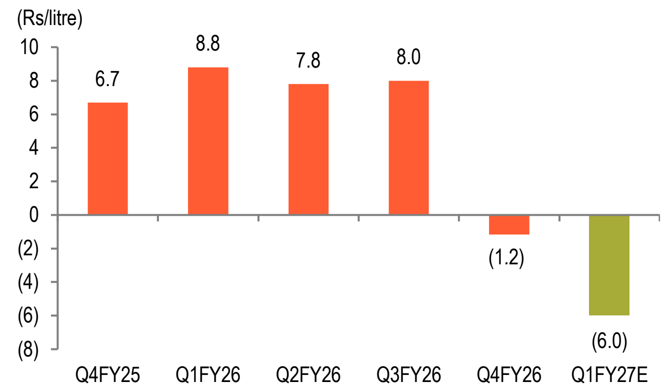
Source: Bloomberg

Fig 13 – Average Singapore GRM



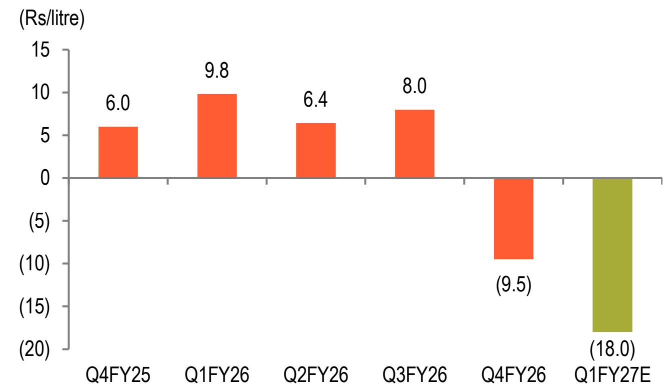
Source: Bloomberg

Fig 14 – OMCs retail margins (Petrol)



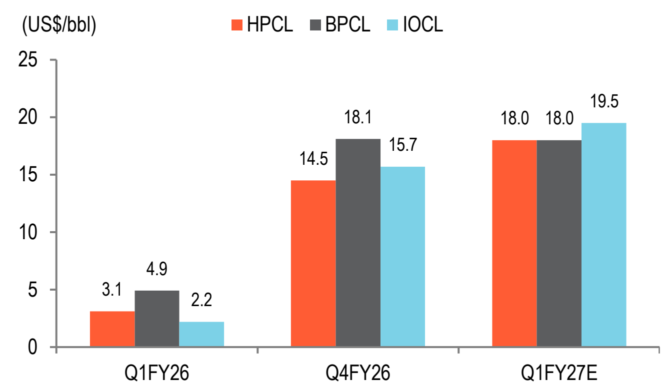
Source: Bloomberg, BOBCAPS Research

Fig 15 – OMCs retail margins (Diesel)



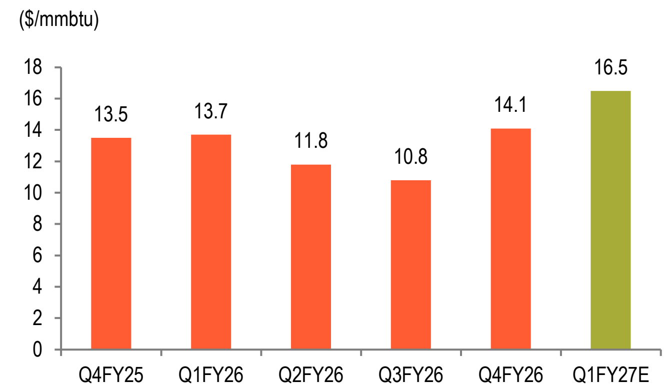
Source: Bloomberg, BOBCAPS Research

Fig 16 – OMCs GRM performance



Source: , Company

Fig 17 – Spot LNG prices



Source: , Company

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