

Struggling to return to pre-Covid fundamentals

Q2FY21 has been another volatile quarter for the energy sector, with oil and spot LNG prices recovering from multiyear lows but spreads staying muted for cyclicals. The demand environment remains challenging, albeit with some green shoots in natural gas consumption from industrial segments. RIL's earnings are expected to remain under pressure while OMCs could sustain their earnings traction given high marketing margins. Industrial gas utilities are likely to see sharp volume recovery but CGDs would struggle due to pandemic disruptions.

Rohit Ahuja | Harleen Manglani
 research@bobcaps.in

Margins still muted for cyclicals: Benchmark Singapore GRMs remained muted in Q2FY21 (US\$ 0.1/bbl) as an oil demand recovery continued to be elusive. Petrol (gasoline) and naphtha spreads improved QoQ. Singapore GRMs have started improving from Oct'20, averaging ~US\$ 2/bbl currently, as oil demand has begun normalising globally. Staggered easing of lockdowns across Asia should revive transportation fuel demand. Petrochemical cracks have also remained subdued in Q2. However, gas-based petrochemical margins may perk up on stronger polymer prices.

Gas consumption stable: Spot LNG prices have surged QoQ in Q2 but remain comfortable, averaging at ~US\$ 3.5/mmbtu. **Gas consumption** has stayed stable QoQ at ~150mmcmd. While CNG volumes in metro cities remain depressed due to lockdown extensions, low prices have aided an increase in industrial demand for gas driven by the fertiliser, power and petchem sectors.

With long-term contracted LNG prices declining to <US\$ 5/mmbtu in Q2FY21, consumption from industrial units remains robust. This would benefit GAIL, Petronet LNG and Gujarat State Petronet. CGD companies with high exposure to CNG volumes (Indraprastha Gas, Mahanagar Gas) could see volume revival being pushed to Q4FY21.

Earnings volatility to continue: OMCs are expected to report profits in Q2 on the back of robust marketing earnings. Reliance Industries' (RIL) earnings are likely to be under pressure due to a decline in the cyclical and retail segments, though RJio profits remain robust. Midstream gas utilities could report strong earnings on stable volumes and margins. CGD companies could see some profit recovery as lockdowns are eased across metros. Upstream PSU earnings could also improve QoQ due to the oil price surge. The outlook for RIL and midstream gas utilities will be keenly watched.

KEY RECOMMENDATIONS

Ticker	Rating
RIL IN	SELL
IOCL IN	BUY
PLNG IN	BUY
GAIL IN	BUY



FIG 1 – BOBCAPS ENERGY UNIVERSE: Q2FY21 PREVIEW

Company (Rs mn)	Net Sales			EBITDA			PAT		
	Q2FY21E	YoY (%)	QoQ (%)	Q2FY21E	YoY (%)	QoQ (%)	Q2FY21E	YoY (%)	QoQ (%)
Reliance Industries	1,004,349	(32.4)	13.8	163,522	(26.2)	(3.1)	63,008	(44.5)	(23.9)
Indian Oil Corp	836,171	(25.1)	34.0	88,839	148.7	61.2	45,398	705.8	137.6
Bharat Petroleum Corp	410,100	(36.3)	5.7	41,319	74.0	5.5	23,301	91.2	12.2
Hindustan Petroleum Corp	370,438	(38.8)	(1.2)	43,912	116.5	6.3	29,471	180.1	4.7
Oil & Natural Gas Corp	164,932	(32.7)	26.8	74,432	(44.0)	26.0	14,986	(76.1)	202.2
Oil India	19,280	(40.0)	10.6	5,046	(59.4)	155.9	907	(85.5)	-
GAIL (India)	145,570	(19.3)	20.4	19,080	22.1	206.2	12,223	14.9	377.3
Petronet LNG	65,787	(29.7)	34.7	10,105	(12.9)	11.0	5,918	(49.6)	13.8
Indraprastha Gas	9,801	(42.1)	53.5	1,764	(55.1)	111.4	1,001	(73.7)	214.3
Mahanagar Gas	4,152	(47.0)	58.6	1,345	(50.8)	68.2	846	(68.7)	161.8
Gujarat State Petronet	5,408	(14.9)	16.5	3,550	(18.8)	2.5	2,108	(53.7)	5.7
Gujarat Gas	19,202	(23.6)	77.3	3,687	(0.5)	98.5	1,933	(62.6)	229.5

Source: BOBCAPS Research

FIG 2 – BOBCAPS ENERGY UNIVERSE: VALUATION SUMMARY

Company	CMP (Rs)	Rating	EPS (Rs)			PE (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
RIL IN	2,236	SELL	70.0	113.3	149.4	31.9	19.7	15.0	10.1	13.6	15.6
IOCL IN	76	BUY	22.5	26.0	26.6	3.4	2.9	2.8	21.7	23.5	22.3
BPCL IN	341	BUY	49.6	43.0	46.0	6.9	7.9	7.4	24.9	19.2	18.5
HPCL IN	171	BUY	50.4	60.8	72.8	3.4	2.8	2.4	29.0	31.9	34.7
ONGC IN	69	BUY	4.9	10.3	15.0	14.0	6.7	4.6	3.0	6.0	8.3
OINL IN	87	REDUCE	11.9	14.6	16.7	7.4	6.0	5.2	5.2	6.3	6.9
GAIL IN	83	BUY	10.7	13.2	15.0	7.8	6.3	5.6	10.8	12.6	13.3
PLNG IN	218	BUY	17.9	22.6	25.0	12.2	9.7	8.7	24.2	29.5	29.8
IGL IN	373	REDUCE	18.9	24.7	27.8	19.8	15.1	13.4	21.8	23.2	21.2
MAHGL IN	811	SELL	75.3	84.8	85.1	10.8	9.6	9.5	23.9	24.4	22.2
GUJS IN	190	BUY	17.2	20.8	22.6	11.1	9.1	8.4	13.6	14.8	14.4
GUJGA IN	294	ADD	14.0	19.6	22.0	21.1	15.0	13.4	25.2	28.8	28.5

Source: BOBCAPS Research

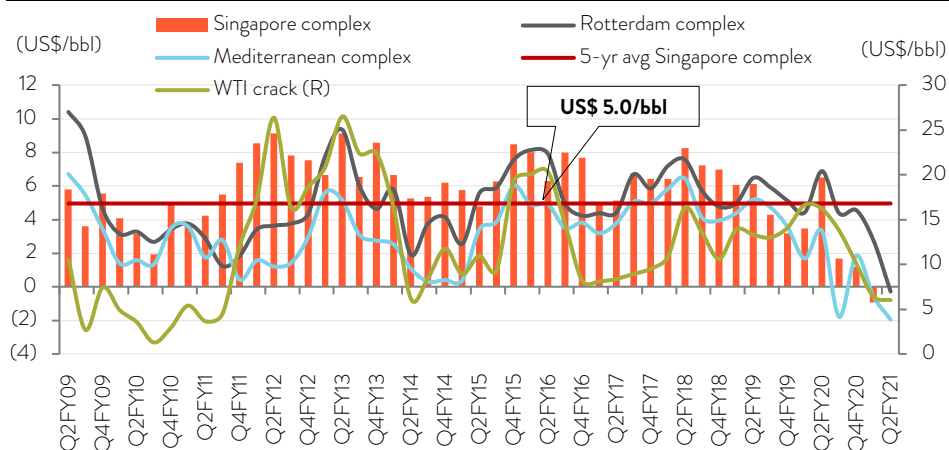
Key macro trends

FIG 3 – MONTHLY GRM AND PRODUCT PRICE MOVEMENT

(US\$/bbl)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
Rotterdam Complex	(0.3)	6.8	-	2.8	-	1.2	5.6	(77.9)
Singapore Complex	0.1	6.5	-	(0.9)	-	(0.4)	5.0	-
Mediterranean Complex	(1.9)	3.3	-	(0.6)	-	(1.3)	2.5	-
WTI Crack	6.0	16.1	(62.6)	6.4	(6.0)	6.2	16.4	(62.0)
Product Spreads								
LPG	(13.6)	(29.0)	53.0	(3.8)	-	(8.7)	(28.8)	69.7
Petrol	2.9	7.9	(63.9)	0.4	-	1.6	6.8	(76.3)
Naphtha	0.0	(7.9)	100.3	(3.2)	100.6	(1.6)	(8.5)	81.3
Jet Kero	(0.7)	15.7	-	(0.1)	-	(0.4)	14.0	-
Diesel	4.2	15.3	(72.6)	5.7	(26.2)	5.0	13.8	(64.2)
Fuel Oil	(3.5)	(0.6)	-	(2.2)	(58.6)	(2.8)	(2.2)	27.6
Crude Prices & Spreads								
Brent	42.7	61.9	(30.9)	31.4	35.9	37.1	65.1	(43.0)
Indian Crude Basket	42.8	61.4	(30.4)	31.9	33.9	37.4	64.6	(42.2)
Arab Light Heavy	0.3	1.5	(80.4)	0.4	(31.3)	0.4	1.6	(77.6)
Dubai - Arab Heavy	(0.8)	(1.1)	(28.9)	5.1	-	2.2	(0.6)	-
Currency - INR USD	74.4	70.4	5.6	75.9	(2.0)	75.1	70.0	7.3
Spot LNG (US\$/mmbtu)	3.5	4.7	(26.6)	2.2	56.2	2.9	4.8	(41.0)

Source: Bloomberg, BOBCAPS Research

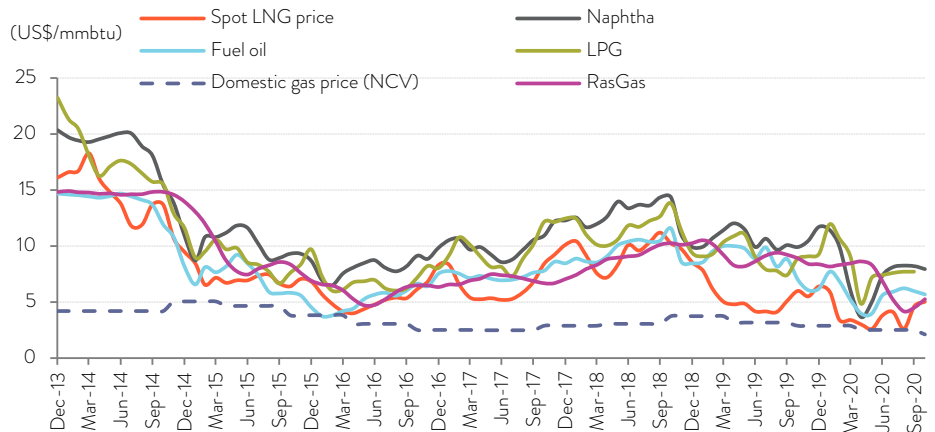
Singapore GRMs increased during Q2 due to higher gasoline cracks while ATF cracks tanked further

FIG 4 – REGIONAL GRM TREND


Source: Bloomberg, BOBCAPS Research

Spot LNG prices recovered in Q2 to US\$ 3.5/mmbtu

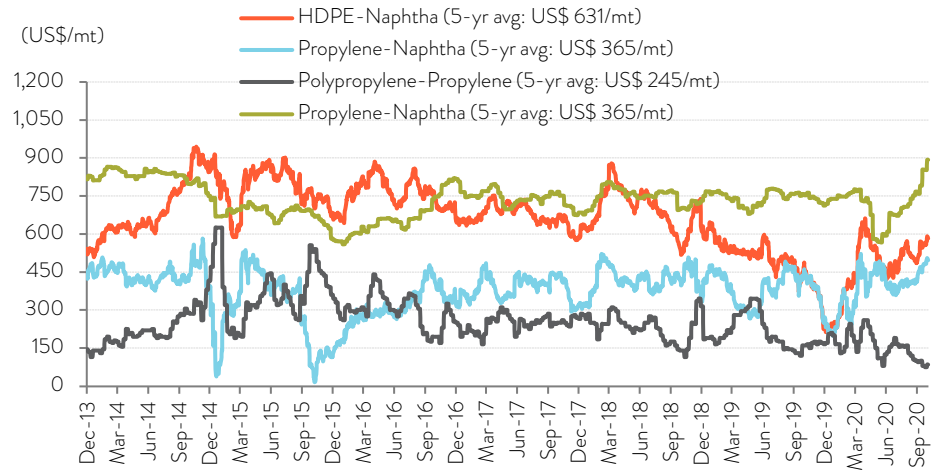
FIG 5 – LNG PRICES AGAINST ALTERNATIVES



Source: Bloomberg, BOBCAPS Research

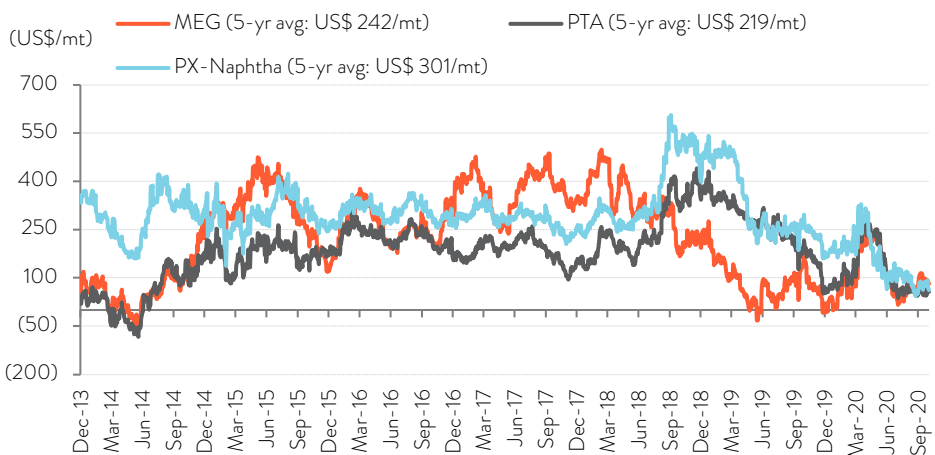
Spreads over naphtha have remained muted QoQ for PE, PP and PVC; PP declined YoY as well

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



Source: Bloomberg, BOBCAPS Research

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



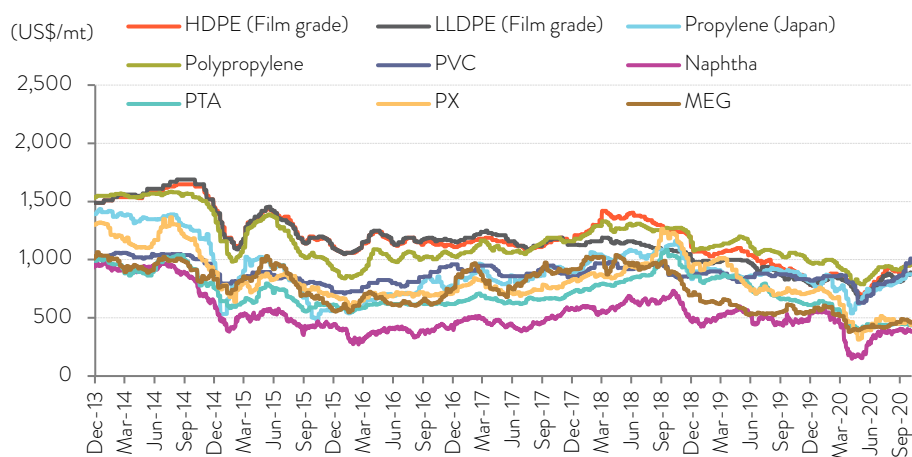
Source: Bloomberg, BOBCAPS Research

FIG 8 – PETROCHEMICAL PRODUCT CRACKS

(US\$/mt)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
Naphtha Prices	387	478	(19.14)	250	54.5	318.5	502.7	(36.65)
HDPE Naphtha	522	472	10.41	504	3.57	512.6	501.2	2.27
LLDPE Naphtha	460	417	10.35	478	(3.74)	468.8	431.8	8.55
Propylene Naphtha	421	427	(1.28)	424	(0.71)	422.9	379.8	11.35
Polypropylene - Propylene	125	155	(18.93)	163	(23.11)	144.1	218.1	(33.92)

Source: Bloomberg, BOBCAPS Research

FIG 9 – PRODUCT PRICES



Source: BOBCAPS Research, Bloomberg

Q2FY21: Company-wise expectations

Reliance Industries (RIL)

Q2FY21E highlights

- Consolidated earnings and EBITDA expected to decline to Rs 63bn (-44.5% YoY, -23.9% QoQ) and Rs 164bn (-26.2% YoY, -3.1% QoQ) respectively due to weak earnings across segments except connectivity
- GRMs estimated at US\$ 5.5/bbl (-41.5% YoY, -12.7% QoQ) against the Singapore GRM average of US\$ 0.1/bbl (mainly impacted due to fall in gasoil cracks). RIL's GRMs will not benefit from refinery complexity due to shrinking of Arab Light-Heavy spreads during Q2. Refining EBIT forecast to decrease to Rs 15bn (-69.5% YoY) on reduced crude throughput and lower GRMs
- Petchem EBIT projected to witness slight drop QoQ to Rs 33bn (-2.7% QoQ) as product prices have barely improved against a 55% rise in naphtha prices during Q2
- RJio EBIT estimated to improve to Rs 51bn (+8.2% QoQ) on ~5mn net subscriber additions and ARPU of Rs 145 (+3.3% QoQ)
- Retail business EBIT estimated at Rs 9.3bn (-54.2% YoY, +29.2% QoQ)

What to watch for

- GRM outlook after Covid-19 lockdown
- Further investments in Jio Platforms and RRVL that could bump up valuations
- Updates on Saudi Aramco deal

FIG 10 – RIL: Q2FY21 PREVIEW (CONSOLIDATED)

(Rs mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	1,004,349	1,485,260	(32.4)	882,530	13.8	1,886,879	3,055,020	(38.2)
EBITDA	163,522	221,520	(26.2)	168,750	(3.1)	332,272	434,670	(23.6)
EBITDA margin (%)	16.3	14.9	-	19.1	-	17.6	14.2	-
Adj. PAT	63,008	113,520	(44.5)	82,820	(23.9)	142,608	215,420	(33.8)
Adj. EPS (Rs)	9.9	17.9	(44.5)	13.1	(23.9)	22.5	34.0	(33.8)
GRMs (US\$/bbl)	5.5	9.4	(41.5)	6.3	(12.7)	5.9	8.8	(32.6)
Refining throughput (mmt)	15.0	16.7	(10.0)	16.6	(9.5)	31.6	34.2	(7.5)
Petrochemical production (mmt)	8.9	9.9	(10.1)	8.9	-	17.8	18.6	(4.3)

Source: BOBCAPS Research

Oil marketing companies (IOCL, BPCL, HPCL)

Q2FY21E highlights

- Refining segment earnings expected to decrease for all three OMCs as GRMs could trend lower due to absence of inventory gains during Q2 and low refinery throughput (we don't expect return to pre-Covid demand yet)
- Marketing margins for OMCs forecasted to cool down 10-20% from high levels (~Rs 4,600/mt to Rs 6,100/mt) witnessed in the previous quarter

What to watch for

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

FIG 11 – IOCL: Q2FY21 PREVIEW

(Rs mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	836,171	1,116,897	(25.1)	623,966	34.0	1,460,137	2,432,021	(40.0)
EBITDA	88,839	35,722	148.7	55,123	61.2	143,962	119,222	20.8
EBITDA margin (%)	10.62	3.20	-	8.83	-	9.86	4.90	-
Adj. PAT	45,398	5,634	705.8	19,108	137.6	64,507	41,595	55.1
Adj. EPS (Rs)	4.8	0.6	705.8	2.0	137.6	6.9	4.4	56.1
GRMS (US\$/bbl)	2.2	1.3	71.9	(2.0)	(211.1)	0.1	3.0	(96.3)
Throughput (mmt)	13.9	17.5	(20.8)	12.9	7.4	26.8	34.8	(23.0)
Market sales (mmt)	17.8	21.4	(17.1)	16.5	7.6	34.3	43.0	(20.4)
Pipeline throughput (mmt)	17.0	21.7	(21.9)	15.02	13.0	32.0	43.6	(26.7)
Petrochemical volumes (mmt)	0.54	0.53	1.7	0.48	11.5	1.02	1.05	(3.5)

Source: BOBCAPS Research

FIG 12 – BPCL: Q2FY21 PREVIEW

(Rs mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	410,100	643,408	(36.3)	387,851	5.7	797,951	1,406,587	(43.3)
EBITDA	41,319	23,749	74.0	39,158	5.5	80,477	45,548	76.7
EBITDA margin (%)	10.1	3.7	-	10.1	-	10.1	3.2	-
PAT (adj.)	23,301	12,187	91.2	20,762	12.2	44,063	20,399	116.0
Adj. EPS (Rs)	11.85	6.20	91.2	10.56	12.2	22.40	10.37	116.0
Reported GRMs (US\$/bbl)	2.50	3.38	(26.0)	0.39	541.0	1.45	2.93	(50.6)
Refining throughput (mmt)	6.57	7.66	(14.3)	5.14	27.8	11.71	15.11	(22.5)
Market sales (mmt)	8.58	10.81	(20.6)	8.32	3.2	16.11	22.15	(27.3)

Source: BOBCAPS Research

FIG 13 – HPCL: Q2FY21 PREVIEW

(Rs mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	370,438	605,728	(38.8)	374,982	(1.2)	745,420	1,312,833	(43.2)
EBITDA	43,912	20,284	116.5	41,310	6.3	85,222	33,939	151.1
EBITDA margin (%)	11.9	3.3	-	11.0	-	11.4	2.6	-
Adj. PAT	29,471	10,523	180.1	28,138	4.7	57,610	18,633	209.2
Adj. EPS (Rs)	19.3	6.9	180.0	18.4	4.9	37.8	17.2	119.4
Reported GRMs (US\$/bbl)	2.0	2.8	-	0.0	-	1.0	1.9	(45.5)
Refining throughput (mmt)	3.6	4.6	(20.4)	4.0	(8.5)	7.6	8.5	(10.4)
Market sales (mmt)	8.6	9.4	(8.4)	7.6	13.0	16.2	19.5	(16.7)
Pipeline throughput (mmt)	6.1	5.1	21.2	3.5	73.0	9.7	10.4	(7.0)

Source: BOBCAPS Research

ONGC

Q2FY21E highlights

- Earnings expected at Rs 15bn (-76% YoY, +202% QoQ) on higher crude realisation QoQ
- Oil & gas production estimated at 12.1mmtoe (flat YoY) with oil production at 6.1mmt (+4%) and gas output slipping to 6bcm (-3.9%)

What to watch for

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

FIG 14 – ONGC: Q2FY21 PREVIEW (STANDALONE)

(Rs mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	164,932	244,926	(32.7)	130,113	26.8	295,044	510,474	(42.2)
EBITDA	74,432	132,900	(44.0)	59,077	26.0	133,510	284,020	(53.0)
EBITDA margin (%)	45.1	54.3	-	45.4	-	45.3	55.6	-
Adj. PAT	14,986	62,631	(76.1)	4,960	202.2	19,946	121,674	(83.6)
Adj. EPS (Rs)	1.2	5.0	(76.1)	0.4	202.2	1.6	9.7	(83.6)

Source: BOBCAPS Research

FIG 15 – PRODUCTION AND SALES TREND

	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Production								
Oil (mmt)	6.1	5.8	4.0	5.7	7.2	11.7	11.7	0.2
Gas (bcm)	6.0	6.3	(3.9)	5.5	8.6	11.6	12.7	(8.8)
Total (mmtoe)	12.1	12.1	(0.1)	11.2	7.9	23.3	24.4	(4.5)
Sales								
Oil (mmt)	5.5	5.4	2.4	5.2	7.4	10.7	10.7	(0.1)
Gas (bcm)	4.6	4.9	(6.4)	4.2	8.7	8.8	9.9	(10.8)
Total (mmtoe)	10.1	10.3	(1.8)	9.4	8.0	19.5	20.6	(5.2)

Source: BOBCAPS Research

Oil India (OINL)

Q2FY21E highlights

- Expect earnings at Rs 0.9bn on higher crude realisations QoQ
- Oil & gas production estimated to fall to 1.3mmtoe (-17.4% YoY) with oil production at 0.7mmt (-17.1% YoY) and gas output at 0.6bcm (-17.8%)

What to watch for

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

FIG 16 – OINL: Q2FY21 PREVIEW

(Rs mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	19,280	32,136	(40.0)	17,439	10.6	36,719	65,870	(44.3)
EBITDA	5,046	12,429	(59.4)	1,972	155.9	7,353	25,960	(71.7)
EBITDA margin (%)	26.2	38.7	-	11.3	-	20.0	39.4	-
Adj. PAT	906.6	6,272	(85.5)	(1,552)	-	(2,178)	12,520	(117.4)
Adj. EPS (Rs)	0.8	5.8	(85.5)	(1.4)	-	(2.0)	11.5	(117.4)

Source: BOBCAPS Research

FIG 17 – PRODUCTION AND SALES TREND

	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Production								
Oil (mmt)	0.68	0.82	(17.1)	0.75	(10.0)	1.43	1.63	(12.3)
Gas (bcm)	0.61	0.75	(17.8)	0.68	(10.0)	1.30	1.46	(11.2)
Total (mmtoe)	1.29	1.56	(17.4)	1.43	(10.0)	2.72	3.09	(16.5)
Sales								
Oil (mmt)	0.66	0.79	(16.5)	0.73	(10.0)	1.39	1.58	(12.0)
Gas (bcm)	0.52	0.66	(21.6)	0.58	(10.0)	1.09	1.27	(14.1)
Total (mmtoe)	1.18	1.45	(18.8)	1.31	(10.0)	2.49	2.86	(12.9)

Source: BOBCAPS Research

GAIL

Q2FY21E highlights

- Gas transmission/trading volumes forecast at 100mmscmd/86.2mmscmd (+10.8%/+6.2% QoQ), as industries (especially power and fertiliser) continued to offtake gas amid lockdown given low spot LNG prices
- Gas trading realisations projected to increase QoQ to Rs 15/scm (-13.4% YoY, +17.3% QoQ) on reversal of inventory losses witnessed in the previous quarter and hedging of 80% of US volumes

- Expect higher LPG earnings due to increase in LPG production (280k mt, +5.7% QoQ) and realisations (US\$ 390/mt, +5% QoQ)
- Petchem production to decline to 150k mt (-18% QoQ) due to lower demand induced by the lockdown
- Overall EBITDA projected at Rs 19.1bn (+206% QoQ)

What to watch for

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

FIG 18 – GAIL: Q2FY21 PREVIEW

(Rs mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	145,570	180,399	(19.3)	120,875	20.4	266,439	363,505	(26.7)
EBITDA	19,080	15,627	22.1	6,232	206.2	25,307	38,217	(33.8)
EBITDA margin (%)	13.1	8.7	-	5.2	-	9.5	10.5	-
PAT (adjusted)	12,223	10,643	14.9	2,561	377.3	14,778	23,518	(37.2)
Adjusted EPS (Rs)	2.7	2.4	14.9	0.6	377.3	3.3	5.2	(37.2)

Source: Company, BOBCAPS Research

FIG 19 – VOLUME TREND

	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Natural Gas transmission								
Volume (mmscmd)	100.0	108.7	(8.0)	90.2	10.8	95.1	108.0	(12.0)
Realisation (Rs/scm)	1.5	1.4	8.8	1.5	(0.3)	1.5	1.5	4.5
LPG transmission								
Volume ('000 MT)	1,000	999	0.1	963.0	3.8	1,963.0	1,826.0	7.5
Realisation (Rs/MT)	1,594	1,613	(1.2)	1,594.5	-	1,594.5	1,656.3	(3.7)
Natural Gas trading								
Volume (mmscmd)	86.2	94.7	(9.0)	81.2	6.2	83.7	95.8	(12.6)
Realisation (Rs/scm)	15.0	17.3	(13.4)	12.8	17.3	13.9	17.0	(18.1)
Petrochemicals								
Volume ('000 MT)	150.0	228.0	(34.2)	183.0	(18.0)	333.0	364.0	(8.5)
Gross Realisation (US\$/MT)	1,062	960	10.7	878	20.9	969	1,129	(14.1)
LPG and Liquid HC								
Volume ('000 MT)	280.0	329.0	(14.9)	265.0	5.7	545.0	625.0	(12.8)
Realisation (Rs/MT)	29,760	29,195	1.9	28,223	5.4	29,013	33,073	(12.3)

Source: Company, BOBCAPS Research

Petronet LNG (PLNG)

Q2FY21E highlights

- Volumes estimated at 210tbtu (-16% YoY, +10.5% QoQ) given increase in LNG imports QoQ as per macro industry data

- Expect improved offtake in spot volumes (+57% YoY), replacing the volumes that may decline due to force majeure on long-term contracts
- EBITDA forecast at Rs 10.1bn (-12.9% YoY, +11% QoQ)
- Service volumes projected at 101tbtu (-21.7% YoY, flat QoQ)

What to watch for

- Updates on Tellurian LNG deal
- Updates on commissioning of Kochi-Mangaluru gas pipeline (delayed to start in H2 FY21)

FIG 20 – PLNG: Q2FY21 PREVIEW

(Rs mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	65,787	93,612	(29.7)	48,836	34.7	114,623	179,746	(36.2)
EBITDA	10,105	11,605	(12.9)	9,099	11.0	19,204	21,844	(12.1)
EBITDA margin (%)	15.4	12.4	-	18.6	-	16.8	12.2	-
EBITDA margin (Rs/mmbtu)	48.1	46.4	3.7	47.9	0.5	48.0	45.9	4.6
Blended margin (Rs/mmbtu)	54.6	53.5	2.1	55.1	(0.8)	54.9	53.2	3.1
Adj. PAT	5,918	11,752	(49.6)	5,202	13.8	11,120	17,355	(35.9)
Adj. EPS (Rs)	3.9	7.8	(49.6)	3.5	13.8	7.4	11.6	(35.9)

Source: Company, BOBCAPS Research

FIG 21 – VOLUME TRENDS

Volumes (tbtu)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Long-term contract	98.0	114.0	(14.0)	86.0	14.0	184.0	221.0	(16.7)
Spot	11.0	7.0	57.1	4.0	175.0	15.0	13.0	15.4
Regasification services	101.0	129.0	(21.7)	100.0	1.0	201.0	242.0	(16.9)
Total volumes	210.0	250.0	(16.0)	190.0	10.5	400.0	476.0	(16.0)

Source: Company, BOBCAPS Research

Indraprastha Gas (IGL)

Q2FY21E highlights

- Earnings forecast at Rs 1bn (-73.7% YoY, +214.3% QoQ)
- Overall volumes to plunge to 372mmscm (-38.5% YoY) as CNG volumes severely impacted by lockdown, at 175mn kg (-45.4% YoY, +66.3% QoQ)
- Despite stable INR rates and price hike of Rs 1/kg in CNG taken during the quarter, we expect per unit EBITDA to decline YoY to Rs 4.7/scm (-26.9% YoY, +40.3% QoQ)

What to watch for

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

FIG 22 – IGL: Q2FY21 PREVIEW

(Rs mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	9,801	16,925	(42.1)	6,386	53.5	16,187	32,686	(50.5)
EBITDA	1,764	3,926	(55.1)	834	111.4	2,599	7,511	(65.4)
EBITDA (Rs/scm)	4.7	6.5	(26.9)	3.4	40.3	4.2	6.4	(34.4)
EBITDA margin (%)	18.0	23.2	-	13.1	-	16.1	23.0	-
Adj. PAT	1,001	3,810	(73.7)	318	214.3	1,319	5,993	(78.0)
Adj. EPS (Rs)	1.4	5.4	(73.7)	0.5	214.3	1.9	8.6	(78.0)

Source: Company, BOBCAPS Research

FIG 23 – VOLUME TREND

	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
CNG Volumes (mn kg)	175	320	(45.4)	105	66.3	280	625	(55.3)
PNG Volume (mmscm)	126	152	(16.8)	101	25.1	227	297	(23.4)
Industrial/Commercial	60	73	(17.8)	41	46.3	101	141	(28.4)
Domestic	33	33	(0.6)	43	(23.7)	76	64	18.4
Natural Gas	34	46	(27.0)	17	97.6	51	92	(45.0)
Total Volume (mmscm)	372	605	(38.5)	247	50.7	619	1,174	(47.3)
Total Volume (mmscmd)	4.04	6.58	(38.5)	2.74	47.4	3.36	6.42	(47.6)

Source: Company, BOBCAPS Research

Mahanagar Gas (MAHGL)

Q2FY21E highlights

- Volumes projected at 170mmscm (-38.4% YoY, +67.9% QoQ) as we expect some recovery post staggered opening up of the economy during Q2. Domestic PNG users might show some growth at 41mmscm (+16.9% YoY, +5% QoQ)
- Gross spreads estimated at Rs 14.9/scm (+1.6% YoY, -7.3% 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 7.9/scm (-20.2% YoY, +0.2% QoQ)

What to watch for

- Outlook on expansion in Raigad

- Impact of pandemic-led disruptions and higher use of diesel mini AC buses on CNG volume outlook in Mumbai

FIG 24 – MAHGL: Q2FY21 PREVIEW

(Rs. mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	4,152	7,836	(47.0)	2,618	58.6	6,769	15,411	(56.1)
EBITDA	1,345	2,734	(50.8)	800	68.2	2,145	5,502	(61.0)
EBITDA margin (%)	32.4	34.9	-	30.6	-	31.7	35.7	-
EBITDA (Rs/scm)	7.9	9.9	(20.2)	7.9	0.2	7.9	10.1	(21.6)
Adj. PAT	846	2,706	(68.7)	453	87.0	1,299	4,409	(70.5)
Adj. EPS (Rs)	8.6	27.4	(68.7)	4.6	87.0	13.1	44.5	(70.5)

Source: Company, BOBCAPS Research

FIG 25 – VOLUME TREND

	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
CNG Volume (mmscm)	108	203	(46.6)	44	147.4	152	400	(62.0)
PNG Volume (mmscm)	62	73	(15.6)	58	7.6	120	147	(18.4)
Industrial/Commercial	21	38	(45.2)	19	13.2	40	75	(47.2)
Domestic	41	35	16.9	39	5.0	80	71	11.9
Total Volume (mmscm)	170	276	(38.4)	101	67.9	271	546	(50.3)
Total Volume (mmscmd)	1.85	3.00	(38.4)	1.10	67.9	1.47	2.98	(50.6)

Source: Company, BOBCAPS Research

Gujarat State Petronet (GUJS)

Q2FY21E highlights

- Volumes likely to return to pre-Covid levels of 39.2mmscmd (+17.8% QoQ) led by quick revival in power and fertiliser segments. As evident from the Q1 results, we expect gas-based power plants to be the major driver of transmission volumes in Q2
- EBITDA estimated at Rs 3.6bn (+2.5% QoQ)

What to watch for

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

FIG 26 – GUJS: Q2FY21 PREVIEW

Y/E March (Rs mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	5,408	6,356	(14.9)	4,644	16.5	10,052	11,482	(12.5)
EBITDA	3,550	4,371	(18.8)	3,462	2.5	7,012	8,391	(16.4)
EBITDA margin (%)	65.6	68.8	-	74.5	-	69.8	73.1	-
PAT (adjusted)	2,108	4,549	(53.7)	1,994	5.7	4,102	6,610	(37.9)
EPS (Rs)	3.74	8.06	(53.7)	3.53	5.7	7.27	11.72	(37.9)
Volumes (mmscm)	3,603	3,605	(0.0)	3,026	19.1	6,629	7,119	(6.9)
Volumes (mmscmd)	39.2	39.2	(0.0)	33.3	17.8	36.2	38.7	(6.4)
Tariffs (Rs/scm)	1.50	1.72	(12.9)	1.50	-	1.50	1.57	(4.6)

Source: Company, BOBCAPS Research

Gujarat Gas (GUJGA)

Q2FY21E highlights

- EBITDA/scm expected at Rs 5.1/scm (+18.9% YoY, +4.2% QoQ)
- Volumes likely to be at 7.8mmscmd (-16.4% YoY, +88.5% QoQ) as we expect revival in industrial demand led by Morbi customers

What to watch for

- Outlook on expansion into new geographical areas and capex allocation

FIG 27 – GUJGA: Q2FY21 PREVIEW

(Rs mn)	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21E	H1FY20	YoY (%)
Net sales	19,202	25,129	(23.6)	10,829	77.3	30,031	51,275	(41.4)
EBITDA	3,687	3,706	(0.5)	1,857	98.5	5,545	8,371	(33.8)
EBITDA (Rs/scm)	5.1	4.3	18.9	4.9	4.2	5.1	4.9	2.3
EBITDA margin (%)	19.2	14.7	--	17.2		18.5	16.3	-
Adj. PAT (Rs)	1,933	5,173	(62.6)	587	229.5	2,535	7,509	(66.2)
Adj. EPS (Rs)	2.8	7.5	(62.6)	0.9	229.5	3.7	10.9	(66.2)
Volumes (mmscmd)	7.8	9.3	(16.4)	4.1	88.5	6.0	9.2	(35.3)

Source: Company, BOBCAPS Research

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