

OIL & GAS

Q2FY26 Review

21 November 2025

OMCs shine on robust refining margins

- Oil marketing companies (OMCs) reported strong performance due to Refining business. RIL reported strong EBITDA growth of 17.5%YoY
- Exploration companies got impacted by weak global prices and CGD companies by lower domestic gas allocation
- Post Q2FY26, we have a BUY rating on Reliance Industries (RIL), Bharat Petroleum Corp. (BPCL) and Oil India

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OMCs and RIL reported improved performance: Among various sub-segments of the Oil & Gas sector; oil marketing companies (OMCs) and RIL showed better-than-expected performance. OMCs' performance was driven by strong GRM, and coverage reported a revenue growth of 1.8%YoY and EBITDA growth of 207%YoY.

RIL performance was strong, and EBITDA growth was driven by the oil-to-chemicals (O2C) business (+20.9%YoY), retail (+16.5%YoY) and telecom (+17.7%YoY). O2C benefitted from the growth in fuel cracks and higher polymer margins. Retail business growth was driven by strong growth in segments – Grocery (+23%YoY), Fashion (+22%YoY) and Consumer Electronics (+18%YoY).

OMCs: Operational performance of HPCL, BPCL and IOC was strong due to the refining business. Average GRM of segment increased to USD10.0/bbl from USD3.1 in Q2FY25, due to lower crude prices YoY and stronger product cracks on Petrol and Diesel.

Upstream (ONGC & Oil India): Exploration business of ONGC & Oil India got impacted due to decline in crude oil realisation by 14%YoY, which impacted their EBITDA performance. On volume front, crude oil production was lower by 3%YoY for Oil India and higher by 0.6% for ONGC.

City Gas Distribution (CGD) companies: Volume growth was good for MGL (+13.6%) and IGL (+3.2%YoY) while it was a decline of 1.0% for Gujarat Gas, impacted by decline of 11% in industrial volume. EBITDA declined for the coverage due to higher gas cost on low domestic gas allocation.

Prefer RIL, BPCL and Oil India: We have a Buy rating on RIL with TP of Rs1,655 due to incremental business growth from Retail and Telecom businesses. We have BUY on BPCL & Oil India with TPs of Rs434 and Rs520 respectively. BPCL growth will likely be driven by Bina refinery expansion, resumption of work in Mozambique and AP greenfield refinery. Oil India growth will be through increase in volumes, commissioning of Numaligarh refinery expansion & from the Mozambique project.



Gas utility companies: GAIL & Petronet reported weak EBITDA performance due to lower volumes. Gas transmission volumes declined by 6%YoY and Petchem business continues to report EBIT loss on weak product prices and higher input cost. For Petronet, overall volumes declined by 4.4%YoY owing to the decline in Dahej terminal volumes by 6.2%YoY.

Management commentary: Management across OMCs remained positive on volume growth, GRM outlook and execution of capex plans. For CGD space, while the sentiment was upbeat on CNG volumes, the company expects increase in domestic gas allocation in future. With in the exploration space, outlook of management of Oil India was positive on volumes and new projects. .

Fig 1 – BOBCAPS OMCs universe Q2FY26 review

Y/E March	Net Sales (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)		
	Q2FY26	YoY (%)	QoQ (%)	Q2FY26	YoY (%)	QoQ (%)	Q2FY26	YoY (%)	QoQ (%)
HPCL	1,003,345	0.9	(9.0)	68,522	153.0	(9.5)	38,593	2604.5	(6.1)
BPCL	1,049,463	2.1	(6.8)	97,612	116.1	0.9	61,915	169.5	(9.5)
IOC	1,786,282	2.1	(7.1)	162,450	368.5	22.4	78,176	-	14.7
Total	3,839,090	1.8	(7.5)	328,584	207.3	7.7	178,684	687.1	0.6

Source: Company

Fig 2 – RIL Q2FY26 review

Y/E March	Net Sales (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)		
	Q2FY26	YoY (%)	QoQ (%)	Q2FY26	YoY (%)	QoQ (%)	Q2FY26	YoY (%)	QoQ (%)
RIL	2,546,230	10.0	4.5	458,850	17.5	6.9	181,650	9.7	(32.7)

Source: Company

Fig 3 – OMCs GRM performance

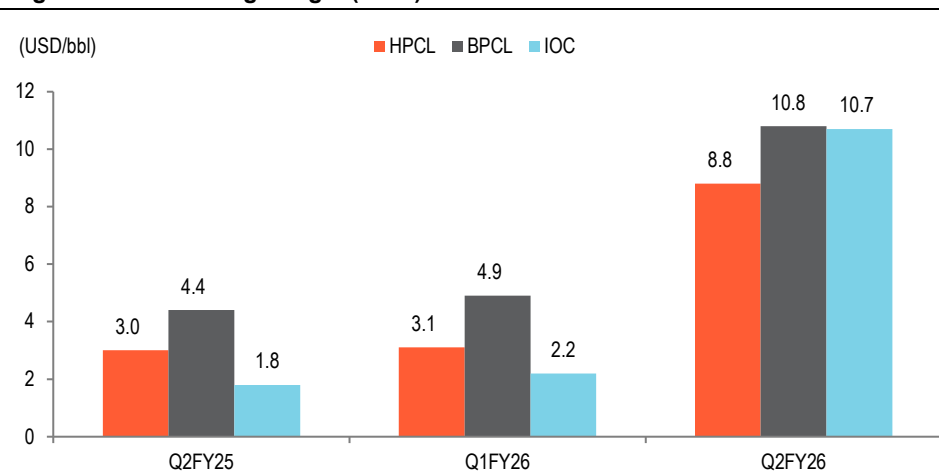
USD/bbl	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
HPCL	8.8	3.0	193.3	3.1	183.9
BPCL	10.8	4.4	145.5	4.9	120.4
IOC	10.7	1.8	494.4	2.2	386.4
Average	10.1	3.1	277.7	3.4	230.2

Source: Company

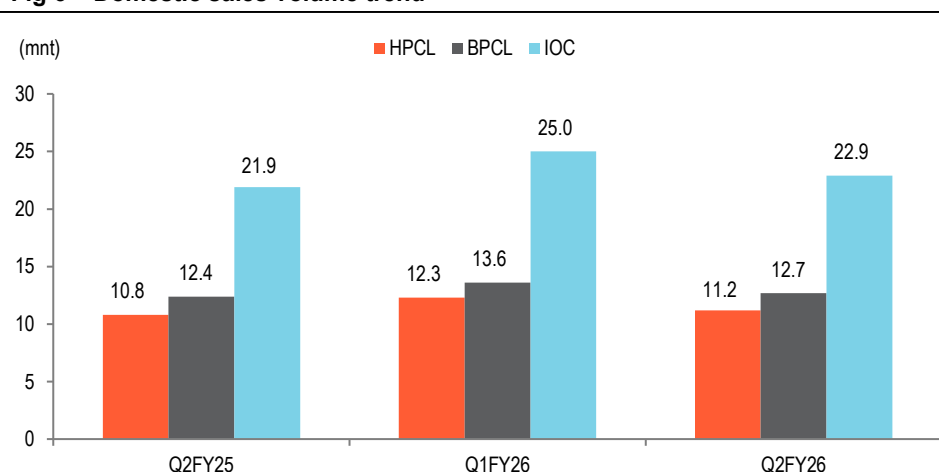
Fig 4 – OMCs domestic sales volume

Mn tonne	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
HPCL	11.2	10.8	3.7	12.3	(8.9)
BPCL	12.7	12.4	2.4	13.6	(6.6)
IOC	22.9	21.9	4.6	25.0	(8.4)

Source: Company

Fig 5 – Gross refining margin (GRM) trend

Source: Company

Fig 6 – Domestic sales volume trend

Source: Company

Fig 7 – BOBCAPS exploration(upstream) universe Q2FY26 review

Y/E March	Net Sales (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)		
	Q2FY26	YoY (%)	QoQ (%)	Q2FY26	YoY (%)	QoQ (%)	Q2FY26	YoY (%)	QoQ (%)
ONGC	1,579,111	(0.3)	(3.2)	265,212	29.3	2.4	107,849	5.0	10.0
Oil India	54,566	4.0	8.9	13,249	(39.3)	(17.5)	10,440	(43.1)	28.3
Total	1,633,677	(0.1)	(2.8)	278,461	22.7	1.2	118,289	(2.3)	11.4

Source: Company

Fig 8 – BOBCAPS CGD universe Q2FY26 review

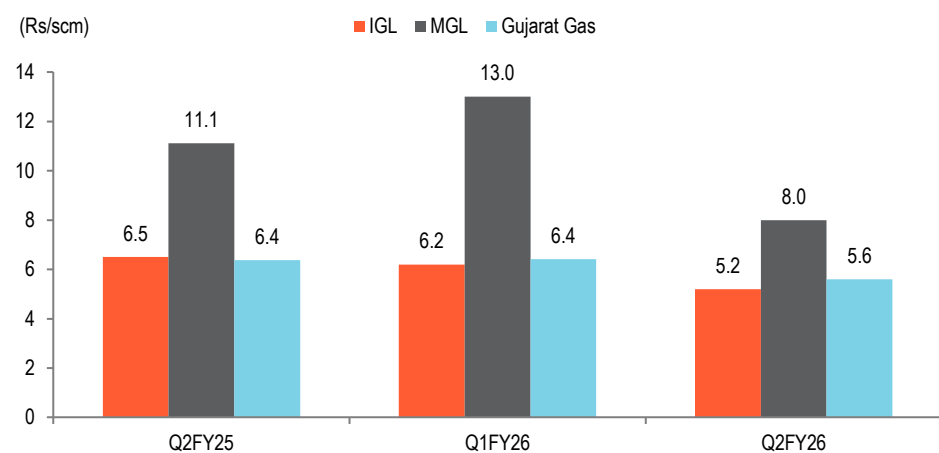
Y/E March	Net Sales (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)		
	Q2FY26	YoY (%)	QoQ (%)	Q2FY26	YoY (%)	QoQ (%)	Q2FY26	YoY (%)	QoQ (%)
IGL	40,233	8.8	2.8	4,428	(17.4)	(13.5)	3,725	(13.6)	4.7
MGL	20,493	14.7	(1.5)	3,380	(18.3)	(32.5)	1,934	(32.6)	(39.5)
Gujarat Gas	37,804	(0.0)	(2.3)	4,473	(13.0)	(14.0)	2,798	(9.4)	(14.6)
Total	98,530	6.3	(0.1)	12,281	(16.1)	(19.9)	8,457	(17.6)	(15.7)

Source: Company

Fig 9 – EBITDA spread of CGD companies

Rs/scm	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comments
IGL	5.2	6.5	(20.0)	6.2	(16.1)	EBITDA spread came lower due to lower APM allocation for IGL and MGL.
MGL	8.0	11.1	(28.1)	13.0	(38.5)	
Gujarat Gas	5.6	6.4	(12.1)	6.4	(12.8)	EBITDA spread for Gujarat gas was lower due to lower APM gas allocation and lower Industrial volumes.

Source: Company

Fig 10 – EBITDA spread trend of CGD companies

Source: Company

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