

Energy – Oil & Gas: Q2FY27 Quarterly Result Preview

Sector View: Positive

Middle Distillates Drive Earnings Momentum

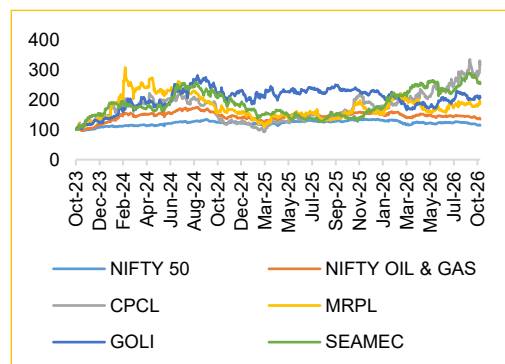
	Change in		
	Estimates	TP	Reco
CPCL	✓	✓	✗
MRPL	✓	✗	✗
GOLI	✓	✗	✗
SEAMEC	✓	✗	✗

Recommendations			
Company (Ticker)	CMP (INR)*	TP (INR)	Rated
CPCL	1,531	1,885	BUY
MRPL	174	215	BUY
GOLI	1,089	1,525	BUY
SEAMEC	1,573	2,270	BUY

*CMP as on Oct 08, 2026

Relative Performance (%)			
YTD	3Y	2Y	1Y
NIFTY 50	13.9	-7.9	-11.7
NIFTY Oil & Gas	34.3	-7.0	-9.7
CPCL	215.0	142.6	91.6
MRPL	87.1	9.4	20.0
GOLI	107.0	-7.7	-10.8
SEAMEC	153.3	20.9	81.6

Source: Company, Choice Institutional Equities



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Refining Leads, Lubricants Resilient; SEAMEC Seasonally Soft

On the strength of global middle-distillate supply tightness, we expect EBITDA margins for CPCL and MRPL to expand by 690 bps and 869 bps QoQ, respectively. Consequently, PAT is projected to increase by 7.2% QoQ for CPCL and 6.3% QoQ for MRPL.

Meanwhile, higher base oil prices are expected to constrain near-term margin expansion for lubricant players. However, for Gulf Oil Lubricants, we expect mid-teens volume growth to support earnings, with EBITDA margin remaining broadly stable QoQ. A lagged correction in base oil price, following lower crude, is estimated to provide scope for margin expansion in subsequent quarters. SEAMEC is expected to see a seasonally softer quarter due to monsoons, though charter rates remain robust at ~USD 100,000/day with limited cost escalation.

Diesel-led GRM Expansion Drives Earnings

The earnings strength is primarily driven by a sharp tightening in the global middle-distillate market, which pushed diesel crack to record level in this quarter. ICE gasoil cracks reached high of USD 99/b, while Dubai gasoil cracks remained above USD 50/b, reflecting constrained product availability across key markets. Global middle-distillate supply tightened materially during the quarter, driven by disruptions across multiple key supply regions. Ukrainian strikes on Russian refineries reduced product availability, while Russia's extended diesel export restrictions further constrained global supply. At the same time, disruption through the Strait of Hormuz restricted Middle Eastern product flows, particularly to Europe. These supply constraints, coupled with multi-year-low distillate inventories across the US, Asia and Europe and the seasonal refinery maintenance cycle, further tightened the global diesel balance. **We expect diesel cracks to remain elevated compared to past five average throughout FY27.**

Diesel outpacing crude is expected to drive strong GRM expansion for diesel-heavy refiners CPCL and MRPL. India's reduction in the diesel export tax to INR 16/litre (~USD 26/b) provides an additional earnings tailwind. **We have raised the target price for CPCL to INR 1,885/sh from INR 1,540/sh on the back of higher-than-expected diesel cracks during Q2FY27 and Q3FY27 as we expect company to deliver strong growth during both the quarters.** Meanwhile, we may or may not update our target price for MRPL based on detailed analysis of the results.

Lubricants - Growth Holds Firm, Margin Resilient

With over 60% of domestic base oil requirement met through imports, the limited correction in Group II price, coupled with the sharp increase in Group III prices, is forecasted to constrain near-term margin expansion for lubricant manufacturers. For Gulf Oil Lubricants, however, **we expect robust volume growth in the lower-teens in this quarter, which is anticipated to support earnings despite elevated input cost.** We expect EBITDA margins to remain broadly stable QoQ, with limited downside risk. Given the typical lag between crude and base oil prices, the recent correction in crude should gradually translate into lower base oil costs, supporting margin improvement over the subsequent quarters.

SEAMEC – seasonally soft quarter

On a sequential basis, SEAMEC is expected to have weaker quarter due to monsoons. However, the charter rates continue to be at USD100,000/day, without meaningful increase in costs.

Growth and Valuation Comparison

Company	CMP (INR)	TP (INR)	Revenue CAGR (FY26-29E)	PAT CAGR (FY26-29E)	EBITDAM (%)				PAT (INR Bn)				PE (x)			
					FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E
CPCL	1,531	1,885	7.7%	25.8%	6.1	10.4	8.8	9.4	31.0	84.1	59.8	61.8	9.0	2.7	3.8	3.7
MRPL	174	215	8.0%	83.6%	7.0	10.3	14.9	16.1	19.2	85.5	111.8	119.1	16.4	3.6	2.7	2.6
GOLI	1,089	1,525	14.1%	28.5%	12.7	13.2	14.0	14.5	3.4	5.1	6.2	7.3	12.6	10.5	8.6	7.3
SEAMEC	1,573	2,270	13.0%	24.7%	42.0	41.2	41.2	41.7	2.5	2.4	3.6	4.9	14.1	16.9	11.0	8.1

Source: Company, Choice Institutional Equities

CPCL						
INR Bn	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue	247.2	273.9	-9.7	163.3	51.4	We expect a ~9.7% QoQ revenue decline, driven by weakness in diesel, gasoline and ATF prices from the peak witnessed during Q1FY27.
EBITDA	36.3	15.7	130.5	11.4	216.7	Meanwhile, we expect EBITDA to increase by 131% QoQ 217% YoY. This is driven by record high diesel crack of ~USD52/b in Dubai and Singapore during the quarter. Meanwhile, inventory gain will also incrementally contribute to EBITDA.
EBITDAM (%)	12.3	5.4	690 bps	5.7	654 bps	The increase in EBITDA margin is primarily driven by increase in higher GRM.
PAT	26.3	10.5	150.9	7.2	265.8	To watch out for: (1) Utilisation levels among the coming quarters (2) Increase in Special Additional Excise Duty, (3) Additional release of oil products by IEA.
MRPL						
INR Bn	Q2FY27E	Q1FY27	QoQ (%)	Q2FY26	YoY	Comments
Revenue	332.6	382.5	-13.1	226.5	46.9	We expect revenue to decline ~13.1% QoQ, primarily reflecting a moderation in diesel, gasoline and ATF prices from their Q1FY27 peaks.
EBITDA	40.4	13.2	206.3	14.9	171.1	We expect EBITDA to rise 206.3% QoQ and 171.1% YoY, supported by record-high diesel cracks of ~USD 52/b in Dubai and Singapore during the quarter. Inventory gains are also expected to provide incremental support to profitability.
EBITDAM (%)	12.1	3.4	869 bps	6.6	556 bps	The expansion in EBITDA margin is primarily attributable to stronger gross refining margins (GRMs).
PAT	20.6	9.4	117.6	6.3	228.0	To watch out for: (1) Refinery utilisation levels over the coming quarters, (2) Potential hikes in Special Additional Excise Duty (SAED), and (3) Further releases of refined petroleum products by the IEA.
GOLI						
INR Bn	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue	11.0	13.2	-16.6	9.6	15.1	We expect revenue to decline 16.6% QoQ, reflecting seasonal weakness and limited incremental sales amid supply availability constraints. Despite elevated base oil prices exerting pressure on input costs, GOLI's strong pricing power within the lubricant industry should help cushion the impact on profitability, with EBITDA expected to decline broadly in line with revenue.
EBITDA	1.4	1.7	-16.6	1.2	19.9	Margin expansion is expected to be supported by a marginal decline in Group II base oil prices, although higher Group III base oil prices could partially offset these gains.
EBITDAM (%)	12.9	12.7	20 bps	12.4	52 bps	To watch out for: (1) Commissioning timeline for expanded plants in Chennai and Silvassa, (2) Deployment of cash towards inorganic growth, (3) Further OEM deals for Tirez as well as Industrial sector.
PAT	1.2	1.3	-9.0	0.9	33.2	
SEAMEC						
INR Mn	Q2FY27E	Q1FY27	QoQ	Q2FY26	YoY	Comments
Revenue	2,258	2,834	-20.3	824.1	174.0	There will be decline in QoQ revenue and EBITDA on the back seasonally weaker quarter.
EBITDA	813	1,168	-30.4	1.4	NA	
EBITDAM (%)	36.0	41.2	-523 bps	0.2	3,583 bps	EBITM is expected to decline sequentially by 523 bps on the back of lower EPC work.
PAT	325.3	811.7	-59.9	-258.4	-225.9	To watch out for: (1) Deployment of SEAMEC III and SEAMEC Princess for EPC work, (2) Deployment of Vessel Anant, and (3) Procurement new vessel

Historical share price chart: CPCL



Date	Rating	Target Price
May 22, 2026	BUY	1,265
July 9, 2026	BUY	1,265
July 24, 2026	BUY	1,540
October 08, 2026	BUY	1,885

Historical share price chart: MRPL



Date	Rating	Target Price
May 22, 2026	BUY	215
July 9, 2026	BUY	215
July 16, 2026	BUY	215
October 08, 2026	BUY	215

Historical share price chart: GOLI



Date	Rating	Target Price
August 25, 2025	BUY	1,600
October 1, 2025	BUY	1,600
October 16, 2025	BUY	1,600
October 29, 2025	BUY	1,600
November 07, 2025	BUY	1,600
January 11, 2026	BUY	1,600
February 15, 2026	BUY	1,600
May 29, 2026	BUY	1,525
August 05, 2026	BUY	1,525
October 08, 2026	BUY	1,525

Historical share price chart: SEAMEC



Date	Rating	Target Price
September 03, 2026	BUY	2,270
October 08, 2026	BUY	2,270

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
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