

As a partial relief to OMCs, the government has increased petrol and diesel prices by Rs3/ltr (Delhi) each, wef 15-May. The hike remains inadequate relative to prevailing losses, but reduces daily under-recoveries of OMCs by Rs1bn, ie from Rs6bn to Rs5bn on auto-fuels, assuming prevailing spot Brent of ~USD110/bbl, Rs96/USD, and normalized refining cracks of USD15/bbl (SAED-adjusted). On a per ltr basis, integrated under-recoveries post price hikes stand at ~Rs13, which implies a Delhi equivalent RSP hike of ~Rs15. On the other side, oil prices falling to USD89/bbl would also bring back normalized earnings. Additionally, a sharp increase in international LPG prices has further aggravated losses. At current Saudi CP of USD750/mt, we estimate LPG under-recovery at Rs420/cy. However, HPCL management has stated Rs670/cy in its recent call, which could be due to premiums on delivered spot cargoes. At Rs420-670/cy, daily losses on LPG stand at ~Rs2-4bn. We believe the continuation of the crisis could lead to more RSP hikes in auto-fuels, but in a staggered manner. There are some under-recoveries on ATF also, as the rate change for domestic scheduled airlines was lower than expected, with no change since Apr-26. The increase in liquid fuel prices has created headroom for CNG price hikes, with IGL and MGL raising RSPs by Rs2/kg each. The increase is expected to improve EBITDA/scm by ~Rs1 for both, with IGL's EBITDA/scm expected at ~Rs5.5 and MGL's at ~Rs7-8. We maintain a cautious stance on OMCs and CGDs amid the volatile and elevated pricing environment, and retain ADD on IOCL, BPCL, HPCL, IGL, and MGL. We will assess IGL's EPS and TP post Q4 results.

Rs3/ltr hike in petrol/diesel RSP cuts losses by Rs1bn/day; CNG up by Rs2/kg

OMCs took a Rs3/ltr hike each in petrol and diesel prices wef 15-May (Delhi rate with VAT adjusted accordingly in other states). The much-required hike was probably short of expectation as against a Rs10/ltr excise duty cut earlier by the government. We had expected a hike of >Rs5/ltr, though we believe the dynamic macro situation could mean a step-by-step approach with staggered price hikes, and expect more to come if oil prices remain elevated. Under-recoveries, which are now based on integrated margins, have come down to Rs12.7/ltr from Rs15.0/ltr earlier, with daily losses on auto fuels down from Rs6bn to Rs5bn. Additionally, key CNG-heavy CGD players—IGL and MGL—who were reeling under margin pressure from the rise in NWG and oil-linked and spot LNG prices besides currency depreciation, also took a Rs2/kg hike each in CNG RSPs, with CNG economics vs liquid fuels, in fact, slightly better than before.

Elevated LPG under-recoveries another pain point, but should be budgeted

With Saudi CP increased to USD750/mt for Apr/May-26, coupled with increased reliance on spot LPG at elevated premiums amid supply disruptions, LPG under-recoveries for OMCs have risen sharply to ~Rs420/cy from ~Rs84/cy in Q4FY26, implying sector-level losses of ~Rs2.4bn/day. Per HPCL's management, LPG under-recoveries have increased to ~Rs170/cy in Apr-26 and further to ~Rs670/cy in May-26, implying cumulative sector under-recoveries of ~Rs150bn over the two-month period. If sustained, this translates to annualized LPG under-recoveries of ~Rs1.3trn. While LPG is a regulated commodity and under-recoveries are likely to be subsidized by the government, the elevated losses would result in at least near-term balance-sheet stress for OMCs. Despite the ongoing disruptions, OMCs have maintained uninterrupted supplies of auto-fuels as well as LPG, with 1.5-2.0 months cover still.

Refining export duties to ensure normalized GRMs and protect marketing

The Ministry of Finance has implemented export duty on transport fuel to normalize refined product cracks. This has been a boon, especially for HPCL whose standalone refining to marketing ratio is 50-55%. As per the four changes since 26-Mar, we estimate a targeted diesel crack of ~USD20/bbl, while actual Q1TDFY27 seems to be USD15-20/bbl. In petrol also, in the current cycle, Rs3/ltr of duty was introduced, as average cracks crossed USD20/bbl in the past 15 days. We believe standalone refiners should be recording ~USD20/bbl of transport fuel cracks, which at USD100/bbl crude and corresponding 'Fuel and Loss' could yield ~USD7-8/bbl of GRMs overall.

Sabri Hazarika

sabri.hazarika@emkayglobal.com

+91-22-66121282

Arya Patel

arya.patel@emkayglobal.com

+91-22-66121285

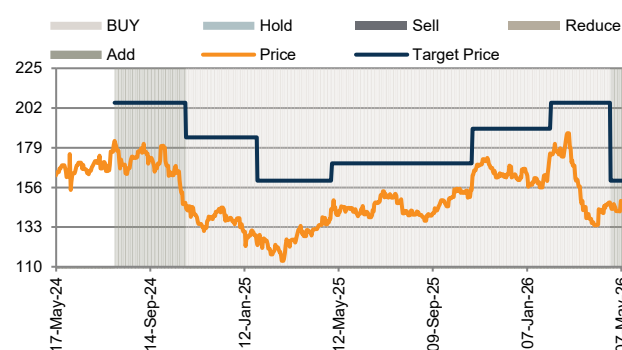
INDIAN OIL

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
23-Apr-26	145	160	Add	Sabri Hazarika
05-Mar-26	172	205	Buy	Sabri Hazarika
06-Feb-26	175	205	Buy	Sabri Hazarika
29-Oct-25	163	190	Buy	Sabri Hazarika
29-Sep-25	149	170	Buy	Sabri Hazarika
24-Aug-25	140	170	Buy	Sabri Hazarika
18-Jun-25	141	170	Buy	Sabri Hazarika
12-Jun-25	143	170	Buy	Sabri Hazarika
03-May-25	143	170	Buy	Sabri Hazarika
30-Apr-25	138	160	Buy	Sabri Hazarika
28-Jan-25	123	160	Buy	Sabri Hazarika
15-Jan-25	127	185	Buy	Sabri Hazarika
29-Oct-24	144	185	Buy	Sabri Hazarika
12-Sep-24	173	205	Add	Sabri Hazarika
20-Aug-24	172	205	Add	Sabri Hazarika
30-Jul-24	183	205	Add	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

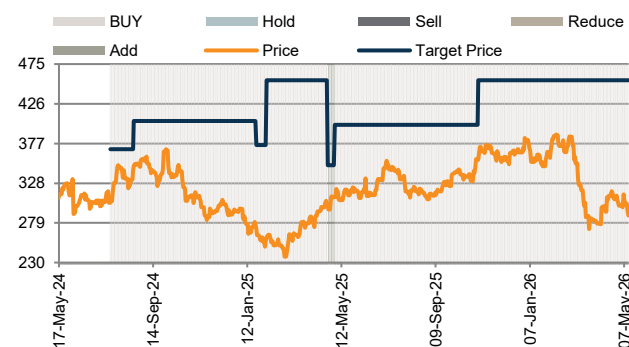
BPCL

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
02-Nov-25	357	455	Buy	Sabri Hazarika
24-Aug-25	316	400	Buy	Sabri Hazarika
18-Jun-25	316	400	Buy	Sabri Hazarika
12-Jun-25	319	400	Buy	Sabri Hazarika
03-May-25	311	400	Buy	Sabri Hazarika
24-Apr-25	302	350	Add	Sabri Hazarika
05-Feb-25	261	455	Buy	Sabri Hazarika
23-Jan-25	271	375	Buy	Sabri Hazarika
15-Jan-25	267	405	Buy	Sabri Hazarika
29-Oct-24	311	405	Buy	Sabri Hazarika
12-Sep-24	344	405	Buy	Sabri Hazarika
20-Aug-24	349	405	Buy	Sabri Hazarika
21-Jul-24	304	370	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

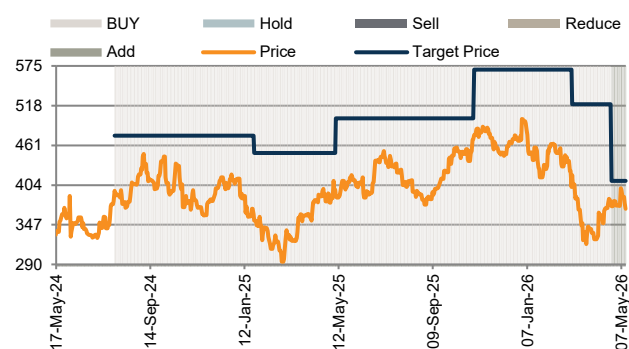
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HPCL RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
14-May-26	378	410	Add	Sabri Hazarika
24-Apr-26	374	410	Add	Sabri Hazarika
05-Mar-26	418	520	Buy	Sabri Hazarika
22-Jan-26	428	570	Buy	Sabri Hazarika
31-Oct-25	476	570	Buy	Sabri Hazarika
24-Aug-25	391	500	Buy	Sabri Hazarika
10-Aug-25	410	500	Buy	Sabri Hazarika
18-Jun-25	394	500	Buy	Sabri Hazarika
12-Jun-25	393	500	Buy	Sabri Hazarika
08-May-25	388	500	Buy	Sabri Hazarika
24-Jan-25	353	450	Buy	Sabri Hazarika
15-Jan-25	363	475	Buy	Sabri Hazarika
29-Oct-24	389	475	Buy	Sabri Hazarika
12-Sep-24	413	475	Buy	Sabri Hazarika
20-Aug-24	397	475	Buy	Sabri Hazarika
30-Jul-24	396	475	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



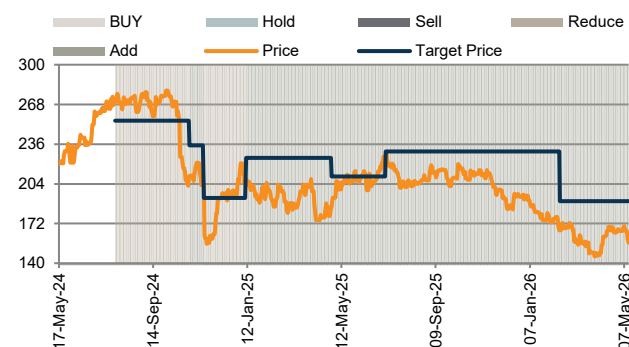
Source: Company, Bloomberg, Emkay Research

INDRAPRASTHA GAS RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
14-Feb-26	167	190	Add	Sabri Hazarika
17-Dec-25	193	230	Add	Sabri Hazarika
01-Aug-25	202	230	Add	Sabri Hazarika
07-Jul-25	227	230	Add	Sabri Hazarika
29-Apr-25	185	210	Add	Sabri Hazarika
29-Jan-25	195	225	Add	Sabri Hazarika
10-Jan-25	206	225	Add	Sabri Hazarika
24-Dec-24	199	193	Reduce	Sabri Hazarika
17-Nov-24	203	193	Reduce	Sabri Hazarika
30-Oct-24	210	235	Add	Sabri Hazarika
18-Oct-24	226	255	Reduce	Sabri Hazarika
27-Jul-24	270	255	Reduce	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

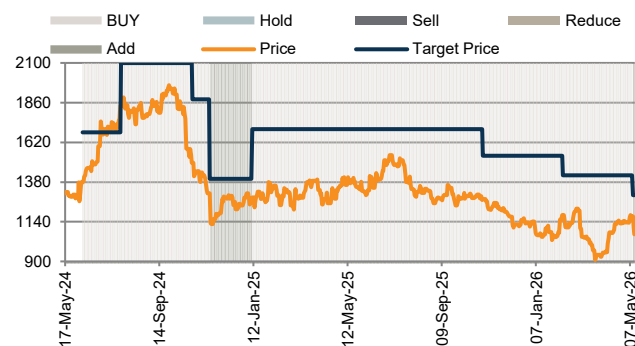
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MAHANAGAR GAS RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
10-May-26	1,173	1,300	Add	Sabri Hazarika
10-Feb-26	1,174	1,420	Buy	Sabri Hazarika
17-Dec-25	1,117	1,540	Buy	Sabri Hazarika
31-Oct-25	1,277	1,540	Buy	Sabri Hazarika
24-Jul-25	1,429	1,700	Buy	Sabri Hazarika
07-Jul-25	1,543	1,700	Buy	Sabri Hazarika
08-May-25	1,369	1,700	Buy	Sabri Hazarika
30-Jan-25	1,304	1,700	Buy	Sabri Hazarika
10-Jan-25	1,286	1,700	Buy	Sabri Hazarika
24-Dec-24	1,249	1,400	Add	Sabri Hazarika
17-Nov-24	1,313	1,400	Add	Sabri Hazarika
26-Oct-24	1,497	1,880	Buy	Sabri Hazarika
18-Oct-24	1,582	2,100	Buy	Sabri Hazarika
27-Jul-24	1,846	2,100	Buy	Sabri Hazarika
08-Jun-24	1,381	1,680	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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Ratings	Expected Return within the next 12-18 months.
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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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