

Day Break

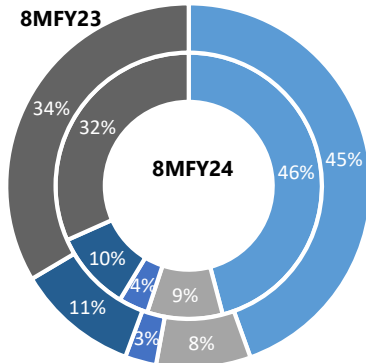
Tuesday, March 5, 2024



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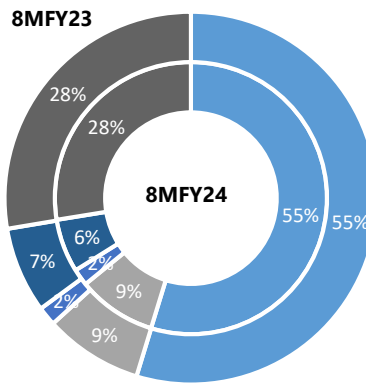
MS Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others



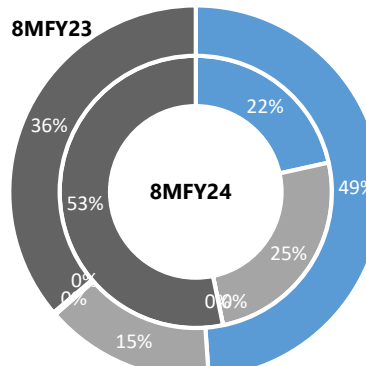
HSD Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others



FO Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others



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Oil & Gas Marketing Companies

Feb-24: Volumes Depict a Decline of 8%/y/y to 1.12mn tons

- Industry volumes for oil marketing companies for the month of Feb-24 declined by 8%/y/y to 1.12mn ton bringing industry volumes for 8MFY24 to 10.18mn ton down by 13%Y/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 58%/7%/1%/y/y during Feb-24.
- During the 8MFY24, MS/HSD sales declined by 6%/y/y and 7%/y/y while FO sales plummeted by 53%/y/y. Company wise SHEL/PSO/APL witnessed 18%/15%/4%/y/y decline in total sales whereas HASCOL reported +19%/y/y growth. Market share for PSO, dropped by 1.0% to 50% during 8MFY24 against 51% in the same period last year, while HASCOL and APL reported 0.7% and 1.0% incline in market share respectively during 8MFY24. Market share for SHEL dropped by 0.5% to 7%.
- Decline in interest rates in 2024 may provide some support to automobile sales whereas domestic prices may rise further if GST on POL products is imposed. Thus, demand is likely to remain subpar during 2024 and is likely to pick up from 2025. Higher OMC margins are likely support earnings amid depressed demand. Increase in power tariff and hike in gas prices would improve cash flow for PSO going forward and may unlock valuations.

Feb-24: POL sales drop by 8%/y/y to 1.12mn ton

Industry volumes for oil marketing companies for the month of Feb-24 declined by 8%/y/y to 1.12mn ton bringing industry volumes for 8MFY24 to 10.18mn ton down by 13%Y/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 58%/7%/1%/y/y during Feb-24. On a monthly basis, industry volumes plummeted by 19%/m/m to 1.12mn ton during Feb-24 on the back of 73%/13%/12%/m/m decline in FO/HSD/MS sales.

During the 8MFY24, MS/HSD sales declined by 6%/y/y and 7%/y/y while FO sales plummeted by 53%/y/y. Company wise SHEL/PSO/APL witnessed 18%/15%/4%/y/y decline in total sales whereas HASCOL reported +19%/y/y growth. Market share for PSO, dropped by 1.0% to 50% during 8MFY24 against 51% in the same period last year, while HASCOL and APL reported 0.7% and 1.0% incline in market share respectively during 8MFY24. Market share for SHEL dropped by 0.5% to 7%.

MS

MS sales decreased by 1%/y/y to 0.54mn ton during Feb-24 while on sequential basis volumes declined by 12%/m/m. SHEL and PSO recorded

8%/y/y and 5%/y/y drop in volumes respectively during Feb-24 while HASCOL and APL recorded +3%/y/y and +14%/y/y growth respectively. For 8MFY24, MS volumes are down by 6%/y/y to 4.73mn ton. During 8MFY24, HASCOL and APL posted +22%/y/y and +3%/y/y rise in volumes respectively, whereas, SHEL and PSO recorded 16%/y/y and 3%/y/y drop in total MS sales. PSO's market share increased to 45.9% during 8MFY24 from 44.5% in the same period last year. HASCOL and APL witnessed uptick in market share to 3.6% and 9.2% respectively while SHEL's market share declined by 1.2% to 9.7%.

HSD

HSD sales dropped by 7%/y/y to 0.45mn ton in Feb-24 and on monthly basis volumes depicted a decline of 13%/m/m. This brings total 8MFY24 sales at 4.12mn ton down by 7%/y/y. For 8MFY24, HASCOL and APL posted +12%/y/y and +2%/y/y incline in sales whereas SHEL and PSO reported 21%/y/y and 7%/y/y drop in volumes respectively. Market share for APL and HASCOL increased to 9.4% and 2.0% respectively. Market share for SHEL dropped by 1.1% to 6.3%.

FO

FO volumes plummeted by 58%/y/y during Feb-24 to 0.05mn ton likely attributable to lower demand from IPPs compared to last year. Volumes are up substantially by 73%/m/m during Feb-24. Total FO volumes are down by 53%/y/y during 8MFY24 to 0.80mn ton. For 8MFY24, PSO and APL reported 79%/y/y and 20%/y/y decline in sales with PSO's market share dropping to 21.5% compared to 48.9% in 8MFY23, whereas, APL's market share improved to 25.2% from 14.7% in the same period last year.

Outlook

Decline in interest rates in 2024 may provide some support to automobile sales whereas domestic prices may rise further if GST on POL products is imposed. Thus, demand is likely to remain subpar during 2024 and is likely to pick up from 2025. Higher OMC margins are likely support earnings amid depressed demand. Increase in power tariff and hike in gas prices would improve cash flow for PSO going forward and may unlock valuations.

Exhibit: OMC's Monthly Sales Volume (Feb-24)

000'tons	Feb-24	Jan-24	MoM	Feb-23	YoY	CY24TD	CY23TD	YoY	FY24TD	FY23TD	YoY
Industry											
MS	544.0	614.9	-12%	551.7	-1%	1,158.9	1,200.0	-3%	4,726.7	5,034.5	-6%
HSD	446.2	513.0	-13%	478.3	-7%	959.2	1,062.4	-10%	4,117.8	4,425.7	-7%
FO	49.6	183.8	-73%	118.3	-58%	233.5	261.5	-11%	795.0	1,708.1	-53%
Others	75.9	70.6	8%	67.6	12%	146.5	135.3	8%	543.4	524.3	4%
Total	1,115.8	1,382.2	-19%	1,215.9	-8%	2,498.1	2,659.2	-6%	10,183.0	11,692.6	-13%
PSO											
MS	247.7	279.8	-11%	261.4	-5%	527.6	577.3	-9%	2,169.2	2,240.5	-3%
HSD	234.2	273.5	-14%	258.0	-9%	507.7	572.8	-11%	2,254.0	2,421.8	-7%
FO	16.5	41.2	-60%	20.4	-19%	57.7	33.7	71%	171.3	835.0	-79%
Others	68.3	63.2	8%	58.2	17%	131.4	118.3	11%	481.8	449.1	7%
Total	566.7	657.7	-14%	597.9	-5%	1,224.4	1,302.2	-6%	5,076.3	5,946.5	-15%
APL											
MS	54.6	57.4	-5%	48.0	14%	112.0	102.1	10%	433.0	421.8	3%
HSD	43.5	46.4	-6%	42.7	2%	89.9	92.0	-2%	386.0	377.6	2%
FO	12.1	46.1	-74%	20.1	-40%	58.3	54.0	8%	200.7	251.1	-20%
Others	2.7	3.1	-12%	3.6	-25%	5.8	6.1	-6%	25.0	32.6	-23%
Total	112.9	153.0	-26%	114.4	-1%	266.0	254.3	5%	1,044.7	1,083.1	-4%
HASCOL											
MS	16.7	15.4	8%	16.2	3%	32.1	30.3	6%	170.3	139.5	22%
HSD	10.1	7.6	32%	10.7	-6%	17.7	22.5	-21%	82.3	73.1	12%
FO	-	-	0%	-	0%	-	-	0%	-	-	0%
Others	0.1	-	0%	0.0	141%	0.1	0.1	-25%	0.4	0.7	-42%
Total	26.8	23.0	17%	26.9	0%	49.8	52.9	-6%	252.9	213.3	19%
SHEL											
MS	55.7	62.9	-12%	60.2	-8%	118.6	132.0	-10%	456.8	545.0	-16%
HSD	31.9	33.4	-5%	37.4	-15%	65.3	79.0	-17%	261.1	330.2	-21%
FO	-	-	0%	3.7	n/m	-	3.7	-100%	-	3.7	-100%
Others	1.9	1.6	19%	3.4	-45%	3.5	5.3	-34%	14.1	19.1	-26%
Total	89.4	97.9	-9%	104.8	-15%	187.4	220.0	-15%	732.0	898.1	-18%

Source: IGI Research, OCAC

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