

Day Break

Tuesday, April 4, 2023

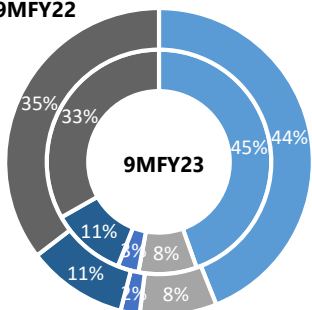
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MS Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others

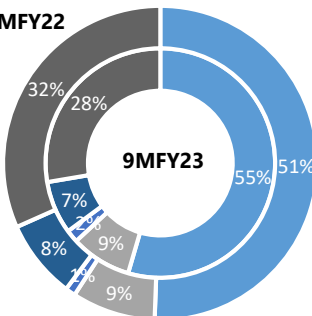
9MFY22



HSD Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others

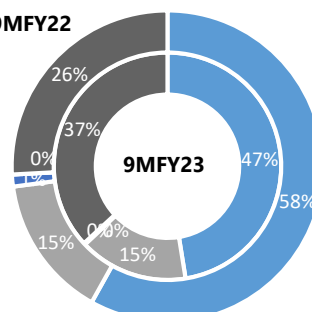
9MFY22



FO Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others

9MFY22



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Oil & Gas Marketing Companies

Mar-23: Higher Price Continue to Dent Demand as Volumes Shrink by 39%/y/y

- Industry volumes for oil marketing companies for the month of Mar-23 declined by 39%/y/y to 1.11mn ton bringing industry volumes for 9MFY23 to 12.80mn ton down by 21%Y/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 70%/43%/28%/y/y during Mar-23.
- During the 9MFY23, FO/HSD/MS sales dropped by 33%/25%/16%/y/y. Company wise SHEL/APL/PSO witnessed 22%/21%/20%/y/y decline in total sales whereas HASCOL reported +9%/y/y growth. Market share for APL and SHEL remained relatively unchanged during 9MFY23, while PSO and HASCOL reported 0.7% and 0.6% increase in market share respectively.
- We expect MS and HSD volumes to remain under pressure owing to higher domestic prices, which are likely to stay elevated due to imposition of levy and taxes and declining automobile sales. Increase in OMC margins will provide some cushion to earnings amid drop in volumes. Increase in power tariff and hike in gas prices would improve cash flow positive for PSO going forward.

Mar-23: POL sales drop by 21%/y/y to 1.22mn ton

Industry volumes for oil marketing companies for the month of Mar-23 declined by 39%/y/y to 1.11mn ton bringing industry volumes for 9MFY23 to 12.80mn ton down by 21%Y/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 70%/43%/28%/y/y during Mar-23. On a monthly basis, industry volumes declined by 9%/m/m to 1.11mn ton during Mar-23 on the back of 28%/17%/m/m incline in HSD/FO sales while MS volumes recorded +1%/m/m growth.

During the 9MFY23, FO/HSD/MS sales dropped by 33%/25%/16%/y/y. Company wise SHEL/APL/PSO witnessed 22%/21%/20%/y/y decline in total sales whereas HASCOL reported +9%/y/y growth. Market share for APL and SHEL remained relatively unchanged during 9MFY23 against same period last year, while PSO and HASCOL reported 0.7% and 0.6% increase in market share respectively.

MS

MS sales dropped by 28%/y/y to 0.56mn ton during Mar-23 while on sequential basis volumes are up by +1%/m/m. HASCOL posted +3.6xy/y growth in volumes, while SHEL, PSO and APL recorded 30%/y/y, 26%/y/y

and 21%/y/y drop in volumes respectively during Mar-23. For 9MFY23, MS volumes plummeted by 16%/y/y to 5.59mn ton. During 9MFY23, PSO, SHEL and APL posted 15%/y/y, 14%/y/y and 13%/y/y decline in volumes respectively, whereas, HASCOL recorded +26%/y/y growth in total MS sales with market share rising to 3.0%. PSO's market share increased to 44.6% during 9MFY23 from 43.9% in the same period last year. SHEL and APL witnessed slight uptick in market share.

HSD

HSD sales plummeted by 43%/y/y to 0.40mn ton in Mar-23 and on monthly basis volumes are down by 17%/m/m. This brings total 9MFY23 sales at 4.82mn ton down by 25%/y/y. For 9MFY23, SHEL, APL and PSO posted 31%/y/y, 25%/y/y and 19%/y/y drop in sales with market share for PSO and HASCOL increasing to 54.5% and 1.8% respectively. Market share for SHEL dropped by 0.7% to 7.5%. HASCOL recorded +29%/y/y growth in total HSD sales during 9MFY23.

FO

FO volumes dropped by 70%/y/y during Mar-23 to 0.09mn ton likely attributable to lower demand from IPPs compared to last year. Volumes are down by 28%/m/m during Mar-23. Total FO volumes are down by 33%/y/y during 9MFY23 to 1.79mn ton. For 9MFY23, PSO and APL reported 45%/y/y and 30%/y/y decline in sales with PSO's market share dropping to 47.5% compared to 58.1% in 9MFY22, whereas, APL's market share improved to 15.5% from 14.8% in the same period last year.

Outlook

We expect MS and HSD volumes to remain under pressure owing to higher domestic prices, which are likely to stay elevated due to imposition of levy and taxes and declining automobile sales. Increase in OMC margins will provide some cushion to earnings amid drop in volumes. Increase in power tariff and hike in gas prices would improve cash flow positive for PSO going forward.

Exhibit: OMC's Monthly Sales Volume (Mar-23)

000'tons	Mar-23	Feb-23	MoM	Mar-22	YoY	CY23TD	CY22TD	YoY	FY23TD	FY22TD	YoY
Industry											
MS	558.2	551.7	1%	773.6	-28%	1,758.2	2,170.9	-19%	5,592.7	6,683.6	-16%
HSD	396.9	478.3	-17%	690.7	-43%	1,459.3	2,022.9	-28%	4,822.6	6,388.3	-25%
FO	85.5	118.3	-28%	284.6	-70%	347.0	767.0	-55%	1,793.6	2,668.5	-33%
Others	66.3	67.6	-2%	73.7	-10%	201.6	200.6	1%	590.6	531.8	11%
Total	1,106.9	1,215.9	-9%	1,822.5	-39%	3,766.1	5,161.5	-27%	12,799.5	16,272.2	-21%
PSO											
MS	251.4	261.4	-4%	337.7	-26%	828.7	927.0	-11%	2,492.0	2,935.4	-15%
HSD	208.0	258.0	-19%	378.0	-45%	780.8	1,081.3	-28%	2,629.8	3,231.4	-19%
FO	16.2	20.4	-21%	176.9	-91%	49.9	384.4	-87%	851.1	1,550.2	-45%
Others	59.8	58.2	3%	60.9	-2%	178.1	163.0	9%	508.9	414.4	23%
Total	535.4	597.9	-10%	953.5	-44%	1,837.6	2,555.6	-28%	6,481.8	8,131.4	-20%
APL											
MS	47.7	48.0	-1%	60.7	-21%	149.7	176.9	-15%	469.5	541.5	-13%
HSD	36.0	42.7	-16%	58.6	-39%	128.0	179.2	-29%	413.6	549.8	-25%
FO	26.5	20.1	32%	39.0	-32%	80.6	105.7	-24%	277.7	395.4	-30%
Others	3.1	3.6	-13%	4.0	-22%	9.3	9.9	-6%	35.7	30.1	19%
Total	113.3	114.4	-1%	162.3	-30%	367.6	471.6	-22%	1,196.4	1,516.7	-21%
HASCOL											
MS	30.3	16.2	87%	8.4	259%	60.5	45.9	32%	169.8	134.6	26%
HSD	12.8	10.7	20%	4.1	211%	35.3	21.2	67%	85.9	66.4	29%
FO	-	-	0%	-	0%	-	-	0%	-	33.2	-100%
Others	0.0	0.0	-80%	0.2	-97%	0.1	0.6	-80%	0.7	1.9	-65%
Total	43.1	26.9	60%	12.8	237%	96.0	67.7	42%	256.3	236.1	9%
SHEL											
MS	58.5	60.2	-3%	84.2	-30%	190.5	232.8	-18%	603.5	705.4	-14%
HSD	29.5	37.4	-21%	54.6	-46%	108.5	158.9	-32%	359.7	518.0	-31%
FO	-	3.7	-100%	-	n/m	3.7	-	0%	3.7	-	0%
Others	1.2	3.4	-65%	4.6	-74%	6.5	14.9	-57%	20.3	50.3	-60%
Total	89.2	104.8	-15%	143.4	-38%	309.2	406.6	-24%	987.3	1,273.6	-22%

Source: IGI Research, OCAC

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