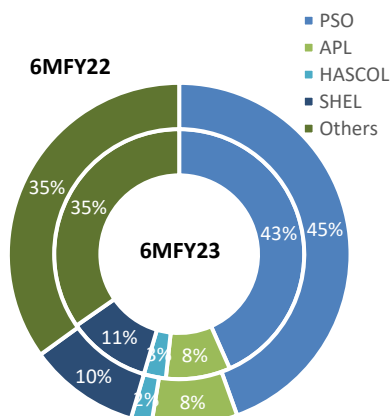
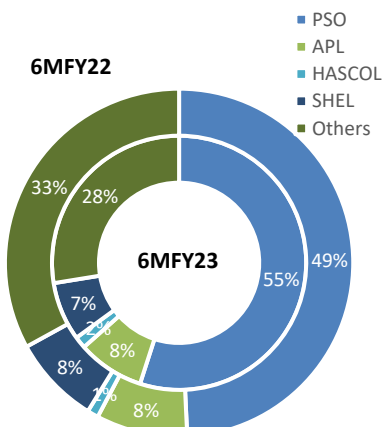


Sector Update

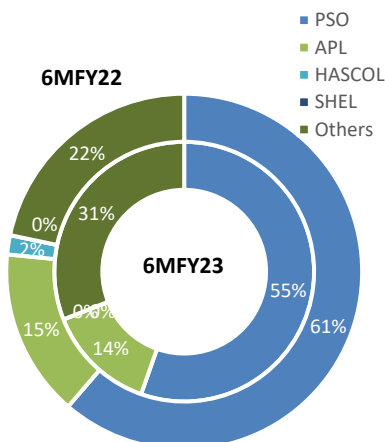
MS Market Share – Company wise



HSD Market Share – Company wise



FO Market Share – Company wise



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Oil & Gas Marketing Companies

Dec-22: Higher prices continue to dent retail demand as volumes drop 11%y/y

- Industry volumes for oil marketing companies for the month of Dec-22 declined by 11%y/y to 1.33mn ton bringing industry volumes for 6MFY23 to 9.03mn ton down by 19%Y/y. High Speed Diesel (HSD) / Motor Spirit (MS) / Furnace Oil (FO) sales were down by 15%/11%/3%y/y during Dec-22.
- During the 6MFY23, FO/HSD/MS sales dropped by 24%/23%/15%y/y. Company wise SHEL/APL/PSO/HASCOL witnessed 22%/21%/17%/5%y/y decline in total sales. Market share for HASCOL, APL and SHEL remained unchanged during 6MFY23 against same period last year, while PSO reported 1% increase in market share.
- 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. FO sales are likely to remain strong in coming months owing to higher demand from IPPs amid gas shortage. 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 position for PSO.

Dec-22: POL sales drop by 11%y/y to 1.33mn ton

Industry volumes for oil marketing companies for the month of Dec-22 declined by 11%y/y to 1.33mn ton bringing industry volumes for 6MFY23 to 9.03mn ton down by 19%Y/y. High Speed Diesel (HSD) / Motor Spirit (MS) / Furnace Oil (FO) sales were down by 15%/11%/3%y/y during Dec-22. On a monthly basis, industry volumes dropped by 14%m/m to 1.33mn ton during Dec-22 on the back of 22%/10%/8%m/m decline in HSD/FO/MS sales.

During the 6MFY23, FO/HSD/MS sales dropped by 24%/23%/15%y/y. Company wise SHEL/APL/PSO/HASCOL witnessed 22%/21%/17%/5%y/y decline in total sales. Market share for HASCOL, APL and SHEL remained unchanged during 6MFY23 against same period last year, while PSO reported 1% increase in market share.

MS

MS sales dropped by 11%y/y to 0.62mn ton during Dec-22, while on sequential basis, volumes are down by 8%m/m. HASCOL, SHEL, PSO and APL recorded 21%y/y, 13%y/y, 10%y/y and 6%y/y drop in volumes respectively during Dec-22. For 6MFY23, MS volumes plummeted by 15%y/y to 3.83mn ton. During 6MFY23, PSO, SHEL and APL posted 17%y/y, 13%y/y and 12%y/y decline in volumes respectively, whereas, HASCOL recorded +23%y/y growth in total MS sales with market share rising to 3%. PSO's market share, however, slumped by 2% to 43% during 6MFY23. SHEL and APL witnessed slight increase in market share.

HSD

HSD sales plummeted by 15%y/y to 0.52mn ton in Dec-22 and on monthly basis volumes are down by 22%m/m. This brings total 6MFY23 sales at 3.36mn ton down by 23%y/y. For 6MFY23, SHEL, APL and PSO posted 30%y/y, 23%y/y and 14%y/y

drop in sales with market share for PSO and HASCOL increasing to 55% and 1.5% respectively. Market share for SHEL dropped by 0.7% to 7.5%. APL maintained its market share at 8.5% during 6MFY23.

FO

FO volumes dropped by 3%/y during Dec-22 to 0.12mn ton likely attributable to lower demand from IPPs compared to last year. Volumes are down by 10%/m during Dec-22. Total FO volumes are down by 24%/y during 6MFY23 to 1.45mn ton. For 6MFY23, APL and PSO reported 32%/y and 31%/y decline in sales with APL's market share dropping to 14% compared to 15% in 6MFY22, whereas, PSO's market share declined to 55% from 61% in the same period last year.

Exhibit: OMC's Monthly Sales Volume (Dec-22)

000'tons	Dec-22	Nov-22	MoM	Dec-21	YoY	CY22	CY21	YoY	FY23TD	FY22TD	YoY
Industry											
MS	621.8	672.6	-8%	701.0	-11%	8,275.8	8,639.2	-4%	3,834.5	4,512.7	-15%
HSD	522.2	669.5	-22%	616.7	-15%	7,870.1	8,317.4	-5%	3,363.3	4,365.4	-23%
FO	123.2	136.5	-10%	127.3	-3%	3,587.9	3,264.7	10%	1,446.6	1,901.4	-24%
Others	67.5	66.6	1%	61.8	9%	783.5	586.1	34%	389.0	331.2	17%
Total	1,334.7	1,545.1	-14%	1,506.8	-11%	20,517.3	20,807.4	-1%	9,033.4	11,110.7	-19%
PSO											
MS	263.5	288.0	-9%	292.4	-10%	3,629.8	3,746.8	-3%	1,663.2	2,008.4	-17%
HSD	299.3	423.4	-29%	301.4	-1%	4,294.5	4,003.7	7%	1,849.0	2,150.1	-14%
FO	3.3	40.2	-92%	43.8	-93%	2,103.3	1,872.7	12%	801.2	1,165.8	-31%
Others	59.7	58.3	3%	51.2	17%	656.3	434.1	51%	330.8	251.4	32%
Total	625.8	809.9	-23%	688.9	-9%	10,683.9	10,057.3	6%	4,644.2	5,575.7	-17%
APL											
MS	53.3	52.7	1%	56.8	-6%	685.8	673.5	2%	319.7	364.6	-12%
HSD	46.5	51.6	-10%	61.8	-25%	666.6	658.4	1%	285.5	370.6	-23%
FO	18.4	25.4	-27%	22.6	-18%	490.9	491.4	0%	197.1	289.7	-32%
Others	2.7	3.3	-19%	3.5	-23%	45.3	41.4	9%	26.5	20.3	31%
Total	121.0	133.1	-9%	144.8	-16%	1,888.7	1,864.7	1%	828.8	1,045.1	-21%
HASCOL											
MS	16.7	19.3	-14%	21.0	-21%	177.3	265.7	-33%	109.2	88.8	23%
HSD	8.8	4.7	89%	9.3	-6%	87.4	180.2	-51%	50.6	45.2	12%
FO	-	-	n/m	-	n/m	-	33.2	n/m	-	33.2	n/m
Others	0.1	0.0	73%	0.1	-50%	1.7	4.7	-64%	0.5	1.2	-57%
Total	25.6	24.0	6%	30.5	-16%	266.4	483.8	-45%	160.4	168.4	-5%
SHEL											
MS	69.3	68.9	1%	79.3	-13%	893.3	919.3	-3%	413.0	472.6	-13%
HSD	39.4	43.5	-10%	52.3	-25%	619.8	683.2	-9%	251.2	359.0	-30%
FO	-	-	n/m	-	n/m	-	-	n/m	-	-	n/m
Others	1.6	1.9	-16%	3.2	-50%	40.2	59.7	-33%	13.9	35.4	-61%
Total	110.3	114.3	-4%	134.8	-18%	1,553.3	1,662.2	-7%	678.1	867.1	-22%

Source: IGI Research, OCAC

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. FO sales are likely to remain strong in coming months owing to higher demand from IPPs amid gas shortage. 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 position for PSO.

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