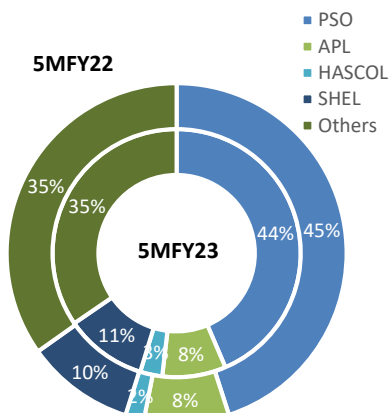
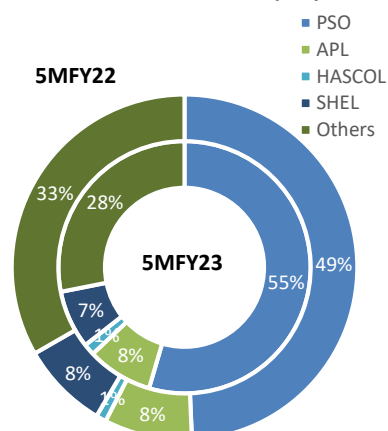


Sector Update

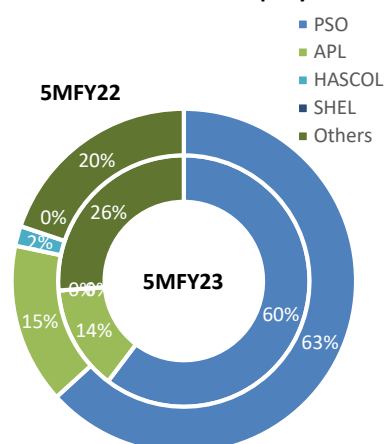
MS Market Share – Company wise



HSD Market Share – Company wise



FO Market Share – Company wise



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Oil & Gas Marketing Companies

Nov-22: Volumes drop by 12%/y as higher prices continue to take a toll

- Industry volumes for oil marketing companies for the month of Nov-22 declined by 12%/y to 1.55mn ton bringing industry volumes for 5MFY23 to 7.70mn ton down by 20%/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 22%/18%/13%/y during Nov-22.
- During the 5MFY23, FO/HSD/MS sales dropped by 25%/24%/16%/y. Company wise SHEL/APL/PSO/HASCOL witnessed 22%/21%/18%/2%/y decline in total sales. Market share for HASCOL, APL and SHEL remained unchanged during 5MFY23 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. Potential 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.

Nov-22: POL sales drop by 12%/y to 1.55mn ton

Industry volumes for oil marketing companies for the month of Nov-22 declined by 12%/y to 1.55mn ton bringing industry volumes for 5MFY23 to 7.70mn ton down by 20%/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 22%/18%/13%/y during Nov-22. On a monthly basis, industry volumes dropped by 7%/m to 1.55mn ton during Nov-22 on the back of 33%/6%/1%/m decline in FO/HSD/MS sales.

During the 5MFY23, FO/HSD/MS sales dropped by 25%/24%/16%/y. Company wise SHEL/APL/PSO/HASCOL witnessed 22%/21%/18%/2%/y decline in total sales. Market share for HASCOL, APL and SHEL remained unchanged during 5MFY23 against same period last year, while PSO reported 1% increase in market share.

MS

MS sales dropped by 3%/y to 0.67mn ton during Nov-22, while on sequential basis, volumes are down by 1%/m. HASCOL posted +19%/y growth in volumes, while APL and SHEL recorded 13%/y and 2%/y drop in volumes respectively during Nov-22. For 5MFY23, MS volumes plummeted by 16%/y to 3.21mn ton. During 5MFY23, PSO, SHEL and APL posted 18%/y, 13%/y and 13%/y decline in volumes respectively, whereas, HASCOL recorded +37%/y growth in total MS sales with market share rising to 3%. PSO's market share, however, slumped by 1% to 44% during 5MFY23. SHEL and APL witnessed slight uptick in market share.

HSD

HSD sales plummeted by 18%/y to 0.70mn ton in Nov-22 and on monthly basis volumes are down by 6%/m. This brings total 5MFY23 sales at 2.84mn ton down by 24%/y. For 5MFY23, SHEL, APL and PSO posted 31%/y, 23%/y and 16%/y

drop in sales with market share for PSO, APL and HASCOL increasing to 54.5%, 8.4% and 1.5% respectively. Market share for SHEL dropped by 0.7% to 7.5%. HASCOL recorded +17%/y growth in total HSD sales during 5MFY23.

FO

FO volumes dropped by 22%/y during Nov-22 to 0.20mn ton likely attributable to lower demand from IPPs compared to last year. Volumes are down by 33%/m during Nov-22. Total FO volumes are down by 25%/y during 5MFY23 to 1.32mn ton. For 5MFY23, APL and PSO reported 33%/y and 29%/y decline in sales with APL's market share dropping to 14% compared to 15% in 5MFY22, whereas, PSO's market share declined to 60% from 63% in the same period last year.

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

000'tons	Nov-22	Oct-22	MoM	Nov-21	YoY	11MCY22	11MCY21	YoY	FY23TD	FY22TD	YoY
Industry											
MS	672.6	680.0	-1%	695.9	-3%	7,654.0	7,938.2	-4%	3,212.7	3,811.7	-16%
HSD	669.5	711.6	-6%	812.8	-18%	7,347.9	7,700.7	-5%	2,841.1	3,748.7	-24%
FO	136.5	204.5	-33%	176.0	-22%	3,464.7	3,137.4	10%	1,323.4	1,774.2	-25%
Others	66.6	65.1	2%	68.1	-2%	716.0	524.3	37%	321.5	269.4	19%
Total	1,545.1	1,661.2	-7%	1,752.9	-12%	19,182.6	19,300.6	-1%	7,698.7	9,604.0	-20%
PSO											
MS	288.0	289.4	0%	287.3	0%	3,366.3	3,454.4	-3%	1,399.7	1,716.0	-18%
HSD	423.4	394.4	7%	391.1	8%	3,995.1	3,702.2	8%	1,549.7	1,848.6	-16%
FO	40.2	110.4	-64%	100.8	-60%	2,100.1	1,828.9	15%	798.0	1,122.0	-29%
Others	58.3	57.1	2%	50.0	17%	596.6	382.9	56%	271.0	200.2	35%
Total	809.9	851.2	-5%	829.3	-2%	10,058.0	9,368.4	7%	4,018.4	4,886.9	-18%
APL											
MS	52.7	53.8	-2%	60.4	-13%	632.5	616.6	3%	266.4	307.7	-13%
HSD	51.6	48.9	6%	76.3	-32%	620.1	596.6	4%	239.0	308.8	-23%
FO	25.4	32.2	-21%	28.6	-11%	472.5	468.9	1%	178.7	267.1	-33%
Others	3.3	3.3	2%	3.6	-8%	42.6	37.8	13%	23.8	16.7	42%
Total	133.1	138.1	-4%	169.1	-21%	1,767.7	1,719.9	3%	707.8	900.3	-21%
HASCOL											
MS	19.3	21.4	-10%	16.2	19%	160.6	244.8	-34%	92.5	67.8	37%
HSD	4.7	12.7	-63%	4.4	7%	78.6	170.8	-54%	41.8	35.9	17%
FO	-	-	0%	-	0%	-	33.2	-	-	33.2	-
Others	0.0	0.1	-69%	0.2	-81%	1.6	4.5	-65%	0.5	1.1	-58%
Total	24.0	34.2	-30%	20.8	16%	240.8	453.4	-47%	134.8	138.0	-2%
SHEL											
MS	68.9	73.5	-6%	70.1	-2%	823.9	839.9	-2%	343.7	393.3	-13%
HSD	43.5	53.3	-18%	66.4	-34%	580.5	630.9	-8%	211.8	306.8	-31%
FO	-	-	0%	-	n/m	-	-	0%	-	-	0%
Others	1.9	1.9	1%	9.0	-79%	38.6	56.6	-32%	12.3	32.3	-62%
Total	114.3	128.6	-11%	145.5	-21%	1,443.0	1,527.4	-6%	567.8	732.3	-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. Potential 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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