

Day Break

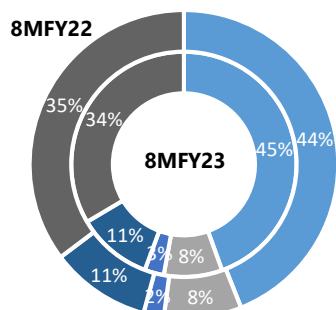
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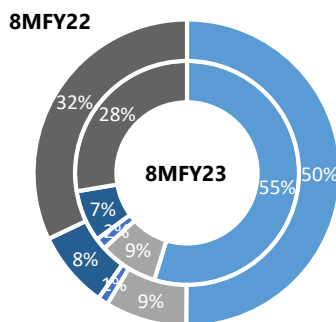
MS Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others



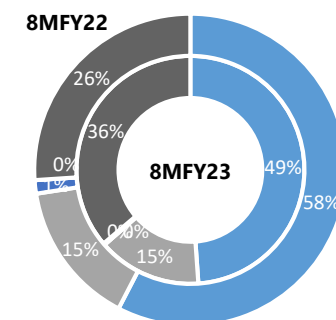
HSD Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others



FO Market Share – Company wise

■ PSO ■ APL ■ HASCOL
■ SHEL ■ Others



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Oil & Gas Marketing Companies

Feb-23: Volumes Shrink by 21%/y/y as Higher Prices Continue to Erode Demand

- Industry volumes for oil marketing companies for the month of Feb-23 declined by 21%/y/y to 1.22mn ton bringing industry volumes for 8MFY23 to 11.69mn ton down by 19%Y/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 47%/19%/15%/y/y during Feb-23.
- During the 8MFY23, FO/HSD/MS sales dropped by 28%/22%/15%/y/y. Company wise SHEL/APL/PSO/HASCOL witnessed 21%/20%/17%/5%/y/y decline in total sales. Market share for HASCOL, APL and SHEL remained relatively unchanged during 8MFY23 against same period last year, while PSO reported 1.2% 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. 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 going forward.

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

Industry volumes for oil marketing companies for the month of Feb-23 declined by 21%/y/y to 1.22mn ton bringing industry volumes for 8MFY23 to 11.69mn ton down by 19%Y/y. Furnace Oil (FO) / High Speed Diesel (HSD) / Motor Spirit (MS) sales were down by 47%/19%/15%/y/y during Feb-23. On a monthly basis, industry volumes declined by 16%/m/m to 1.22mn ton during Feb-23 on the back of 18%/17%/15%/m/m incline in HSD/FO/MS sales.

During the 8MFY23, FO/HSD/MS sales dropped by 28%/22%/15%/y/y. Company wise SHEL/APL/PSO/HASCOL witnessed 21%/20%/17%/5%/y/y decline in total sales. Market share for HASCOL, APL and SHEL remained relatively unchanged during 8MFY23 against same period last year, while PSO reported 1.2% increase in market share.

MS

MS sales dropped by 15%/y/y to 0.55mn ton during Feb-23 and on sequential basis volumes are also down by 15%/m/m. HASCOL posted +5%/y/y growth in volumes, while APL, SHEL and PSO recorded 15%/y/y, 14%/y/y and 6%/y/y drop in volumes respectively during Feb-23. For 8MFY23, MS volumes plummeted by 15%/y/y to 5.03mn ton. During

8MFY23, PSO, SHEL and APL posted 14%/y/y, 12%/y/y and 12%/y/y decline in volumes respectively, whereas, HASCOL recorded + 11%/y/y growth in total MS sales with market share rising to 2.8%. PSO's market share increased to 44.5% during 8MFY23 from 44% in the same period last year. SHEL and APL witnessed slight uptick in market share.

HSD

HSD sales plummeted by 19%/y/y to 0.48mn ton in Feb-23 and on monthly basis volumes are down by 18%/m/m. This brings total 8MFY23 sales at 4.43mn ton down by 22%/y/y. For 8MFY23, SHEL, APL and PSO posted 29%/y/y, 23%/y/y and 15%/y/y drop in sales with market share for PSO and HASCOL increasing to 54.7% and 1.7% respectively. Market share for SHEL dropped by 0.7% to 7.5%. HASCOL recorded +17%/y/y growth in total HSD sales during 8MFY23.

FO

FO volumes dropped by 47%/y/y during Feb-23 to 0.12mn ton likely attributable to lower demand from IPPs compared to last year. Volumes are down by 17%/m/m during Feb-23. Total FO volumes are down by 28%/y/y during 8MFY23 to 1.71mn ton. For 8MFY23, PSO and APL reported 39%/y/y and 30%/y/y decline in sales with APL's market share dropping to 14.7% compared to 14.9% in 8MFY22, whereas, PSO's market share declined to 48.9% from 57.6% 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. 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 going forward.

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

| 000'tons | Feb-23 | Jan-23 | MoM | Feb-22 | YoY | CY23TD | CY22TD | YoY | FY23TD | FY22TD | YoY |
|-----------------|---------|---------|------|---------|------|---------|---------|------|----------|----------|-------|
| Industry | | | | | | | | | | | |
| MS | 551.7 | 648.3 | -15% | 652.6 | -15% | 1,200.0 | 1,397.3 | -14% | 5,034.5 | 5,910.0 | -15% |
| HSD | 478.3 | 584.1 | -18% | 591.9 | -19% | 1,062.4 | 1,332.2 | -20% | 4,425.7 | 5,697.6 | -22% |
| FO | 118.3 | 143.1 | -17% | 224.2 | -47% | 261.5 | 482.5 | -46% | 1,708.1 | 2,383.9 | -28% |
| Others | 67.6 | 67.8 | 0% | 67.8 | 0% | 135.3 | 126.9 | 7% | 524.3 | 458.1 | 14% |
| Total | 1,215.9 | 1,443.3 | -16% | 1,536.5 | -21% | 2,659.2 | 3,338.9 | -20% | 11,692.6 | 14,449.7 | -19% |
| PSO | | | | | | | | | | | |
| MS | 261.4 | 315.9 | -17% | 277.4 | -6% | 577.3 | 589.3 | -2% | 2,240.5 | 2,597.7 | -14% |
| HSD | 258.0 | 314.9 | -18% | 295.6 | -13% | 572.8 | 703.3 | -19% | 2,421.8 | 2,853.4 | -15% |
| FO | 20.4 | 13.3 | 53% | 115.8 | -82% | 33.7 | 207.5 | -84% | 835.0 | 1,373.3 | -39% |
| Others | 58.2 | 60.2 | -3% | 53.5 | 9% | 118.3 | 102.1 | 16% | 449.1 | 353.5 | 27% |
| Total | 597.9 | 704.3 | -15% | 742.3 | -19% | 1,302.2 | 1,602.2 | -19% | 5,946.5 | 7,177.9 | -17% |
| APL | | | | | | | | | | | |
| MS | 48.0 | 54.1 | -11% | 56.5 | -15% | 102.1 | 116.2 | -12% | 421.8 | 480.8 | -12% |
| HSD | 42.7 | 49.4 | -14% | 52.4 | -19% | 92.0 | 120.6 | -24% | 377.6 | 491.1 | -23% |
| FO | 20.1 | 33.9 | -41% | 37.0 | -46% | 54.0 | 66.7 | -19% | 251.1 | 356.4 | -30% |
| Others | 3.6 | 2.6 | 40% | 3.2 | 11% | 6.1 | 5.9 | 5% | 32.6 | 26.1 | 25% |
| Total | 114.4 | 139.9 | -18% | 149.1 | -23% | 254.3 | 309.3 | -18% | 1,083.1 | 1,354.4 | -20% |
| HASCOL | | | | | | | | | | | |
| MS | 16.2 | 14.1 | 15% | 15.4 | 5% | 30.3 | 37.4 | -19% | 139.5 | 126.2 | 11% |
| HSD | 10.7 | 11.8 | -10% | 10.1 | 6% | 22.5 | 17.1 | 32% | 73.1 | 62.3 | 17% |
| FO | - | - | 0% | - | 0% | - | - | 0% | - | 33.2 | -100% |
| Others | 0.0 | 0.1 | -55% | 0.3 | -86% | 0.1 | 0.4 | -70% | 0.7 | 1.6 | -60% |
| Total | 26.9 | 26.0 | 4% | 25.7 | 5% | 52.9 | 54.9 | -4% | 213.3 | 223.3 | -5% |
| SHEL | | | | | | | | | | | |
| MS | 60.2 | 71.8 | -16% | 70.4 | -14% | 132.0 | 148.6 | -11% | 545.0 | 621.2 | -12% |
| HSD | 37.4 | 41.6 | -10% | 51.1 | -27% | 79.0 | 104.3 | -24% | 330.2 | 463.3 | -29% |
| FO | 3.7 | - | 0% | - | n/m | 3.7 | - | 0% | 3.7 | - | 0% |
| Others | 3.4 | 1.8 | 85% | 6.1 | -44% | 5.3 | 10.3 | -49% | 19.1 | 45.7 | -58% |
| Total | 104.8 | 115.2 | -9% | 127.7 | -18% | 220.0 | 263.2 | -16% | 898.1 | 1,130.2 | -21% |

Source: IGI Research, OCAC

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