Flash Note

Monday, November 2, 2026

Refineries

Govt. Shift Higher Import Price Burden on MS to Refineries

- The Government on 31-Oct-2026 revised the Motor Spirit (MS) price by keeping the domestic prices unchanged while shifting impact of higher import cost on MS to refineries to avoid passing it on to consumers.
- Import premium on MS increased from US$ 19.88/bbl to US$ 25.52/bbl while custom duty increased from PKR 20.56/ltr to PKR 26.15/ltr. This increase in import cost was offset by Government reducing the Petroleum Development Levy (PDL) on MS by PKR 14.71/ltr (from PKR 80/ltr to PKR 65.29/ltr) to keep MS price unchanged.
- As per the notification, the price set for 31-Oct-2026 uses premiums, incidentals and custom duty fixed at pre-war levels (07-Mar-2026) for the next 30 days. The import price of MS will be determined based on actual import cost of Pakistan State Oil Company Limited (PSO) cargo. Incase no import cost is available, premium, incidentals and custom duty of last available cargo will be used and the difference between the import price and ex-refinery price shall be surrendered by refineries.
- Refineries contribute nearly 30% of the total domestic MS demand. The gross surrendered rate would thus stand at PKR 49.0/ltr.
- Refineries are required to report daily MS sales to Petroleum Division and OGRA for reconciliation.
- In our view, while this may ease CPI inflation in the near term, this would likely have negative impact for refineries and also raises concerns on refinery upgradation projects where refineries had recently signed Agreements with Government for upgradation under Amended Refining Policy. Based on our estimate and numbers for Sep-26, ATRL is likely to have highest impact of PKR 2.2bn (PKR 20.6/share) followed by NRL (PKR 1.15bn or PKR 14.3/share), PRL (PKR 1.07bn or PKR 1.7/share) and CNERGY (PKR 1.03bn or PKR 0.19/share).

Estimated impact of MS Levy on Refineries

PKRmn	MS Sales (Mton)	MS Sales (mn litres)	Pre-tax impact (PKRmn)	Post-tax impact (PKRmn)	EPS Impact (PKR)
ATRL	52,460	71.29	3,493	2,201	20.64
PRL	25,601	34.79	1,705	1,074	1.70
NRL	27,295	37.09	1,818	1,145	14.32
CNERGY	24459	33.24	1,629	1,026	0.19
Total	129,815	176.42	8,645	5,446	

Source: OGRA, PSX, OCAC, IGI Research

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