Pakistan Refinery Sector

Higher Petrol Import Cost Shifted to Refineries

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Pakistan Refinery Sector

Higher petrol import cost shifted to refineries

The Govt. has shifted the impact of higher petrol (MS) import costs onto local refineries to avoid passing it on to consumers, per the Oct 31, 2026 pricing notification. The ex-refinery MS price rises PKR 15.13/ltr to PKR 282.26/ltr, but this is fully offset by a PKR 14.71/ltr reduction in petroleum levy (PL) collected through refineries and a PKR 0.42/ltr lower IFEM, leaving the ex-depot price unchanged at PKR 377.91/ltr. With local refineries accounting for ~30% of MS supply, we estimate a burden of ~PKR 9.4bn/month pre-tax (~PKR 5.9bn post-tax) on the sector (doesn't include PARCO). The measure applies for 30 days; we assume the impact for one month (Nov-26) only.

Exhibit: Estimated Nov-26 impact on refineries (MS levy through refineries)

COMPANY	POST-TAX IMPACT	PRE-TAX IMPACT	% OF SECTOR	WHAT IS DRIVING IT?
ATRL Refinery	**PKR 2,063mn** PKR 19.35/sh | Post-tax	**PKR 3,275mn** Pre-tax | 37% tax rate	**34.8%** of sector pre-tax	Largest sales volume of the four at 49,163 tons, hence the largest share (34.8%) of the sector's PKR 9.4bn pre-tax burden and the highest per-share impact at PKR 19.35/sh post-tax.
NRL Refinery	**PKR 1,000mn** PKR 12.51/sh | Post-tax	**PKR 1,588mn** Pre-tax | 37% tax rate	**16.9%** of sector pre-tax	Sales of 23,838 tons, the lowest of the group, make NRL the smallest contributor to the sector burden at 16.9%. Post-tax impact translates to PKR 12.51/sh.
CNERGYCO Refinery	**PKR 1,679mn** PKR 0.31/sh | Post-tax	**PKR 2,666mn** Pre-tax | 37% tax rate	**28.3%** of sector pre-tax	Sales of 40,014 tons give the second-largest absolute impact (28.3% of the sector), though the per-share impact is limited to PKR 0.31/sh post-tax.
PRL Refinery	**PKR 1,188mn** PKR 1.89/sh | Post-tax	**PKR 1,886mn** Pre-tax | 37% tax rate	**20.0%** of sector pre-tax	Sales of 28,305 tons imply a 20.0% share of the sector burden, with a post-tax impact of PKR 1,188mn or PKR 1.89/sh.

Source(s): OGRA, AHL Research. Post-tax impact assumes a 37% tax rate; based on Nov-26 MS sales volumes; sector estimate assumes refineries account for ~30% of MS supply.

Pakistan Refinery Sector

Estimated Nov-26 impact on refineries

Exhibit: Estimated impact on refineries: Nov-26 (MS levy through refineries)

Nov-26	ATRL	NRL	CNERGYCO	PRL	Sector
Levy through refineries					
MS levy (PKR/ltr)	49	49	49	49	
MS levy (PKR/ton)	66,618	66,618	66,618	66,618	
Nov-26 impact					
Sales (tons)	49,163	23,838	40,014	28,305	141,320
Pre-tax impact (PKR mn)	**3,275**	**1,588**	**2,666**	**1,886**	**9,414**
Tax rate (%)	37	37	37	37	
Post-tax impact (PKR mn)	**2,063**	**1,000**	**1,679**	**1,188**	**5,930**
Post-tax impact per share (PKR/sh)	19.35	12.51	0.31	1.89	

Figure: Post-tax impact (PKR mn)

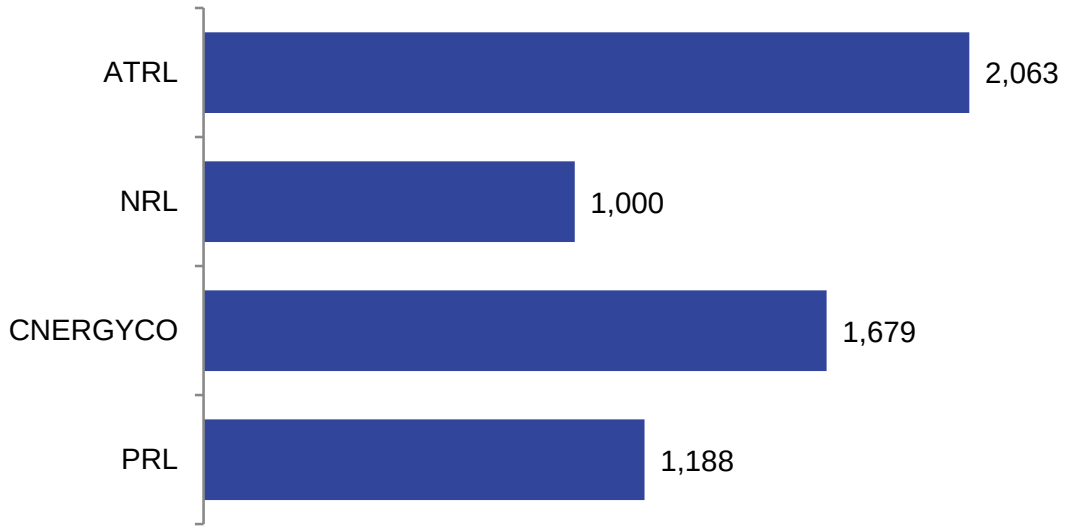
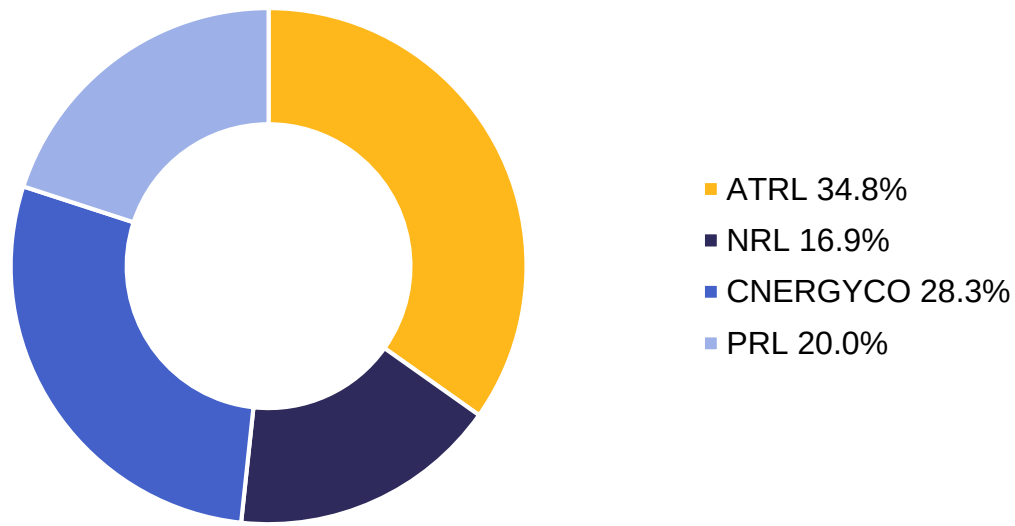


Figure: Share of sector pre-tax impact (%)



Source(s): OGRA, AHL Research. Post-tax impact assumes 37% tax rate; impact assumed for one month only. Figures may not sum due to rounding.

Pakistan Refinery Sector

PKR 9.4bn/month hit; consumer price unchanged

PKR 9.4bn
Monthly burden (pre-tax)
~PKR 5.9bn post-tax

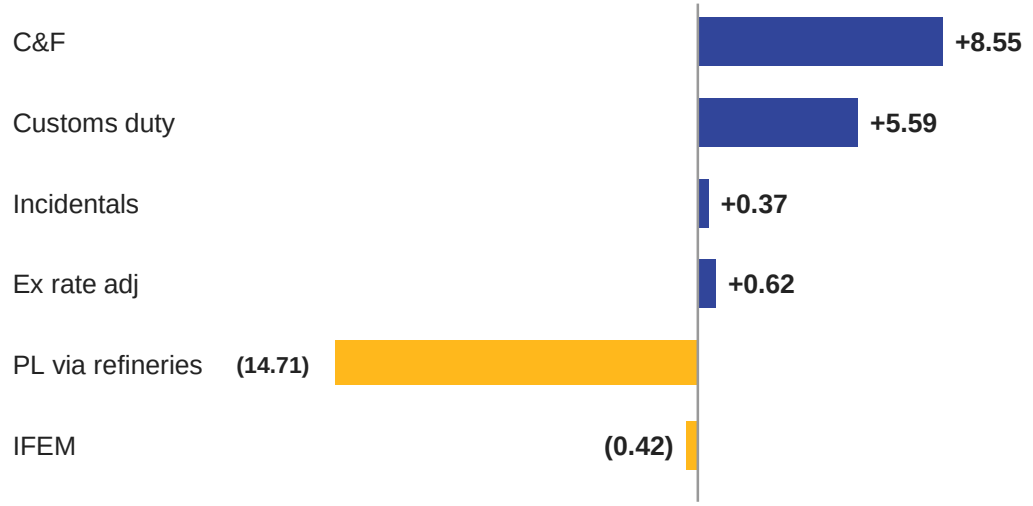
+PKR 15.13/ltr
Ex-refinery MS price
PKR 267.13 to 282.26/ltr

PKR (14.71)/ltr
PL through refineries
offsets higher import cost

PKR 377.91/ltr
Ex-depot MS price
unchanged for consumers

- Government has shifted the impact of higher petrol import costs to local refineries to avoid passing it on to consumers (Oct 31, 2026 pricing notification).
- Higher import premium (USD 19.88/bbl to USD 25.52/bbl) and customs duty (PKR 20.56/ltr to PKR 26.15/ltr) are offset via a PKR 14.71/ltr cut in petroleum levy (PDL), funded by an effective contribution of PKR 49.02/ltr on domestically produced petrol.
- Per Petroleum Division (Oct 30, 2026), the ex-refinery MS price uses premium, incidentals and customs duty fixed at 7-Mar-26 (pre-war) levels for the next 30 days (7-Mar-26 premium: USD 5.14/bbl; customs duty: PKR 13.90/ltr).
- The gap between import parity (actual PSO cargo cost) and the ex-refinery price is surrendered as petroleum levy; the benefit is to be passed to consumers only via a cut in the petrol price.
- Refineries must report daily domestic MS sales to the Petroleum Division and OGRA for reconciliation.

Figure: Drivers of MS price change (PKR/ltr), 30-Oct to 31-Oct-26



Net ex-depot change: nil

Exhibit: MS price build-up: ex-refinery to ex-depot (PKR/ltr)

Item	30-Oct-26	31-Oct-26	Change
Ex-refinery			
Ex refinery	**267.13**	**282.26**	**15.13**
Levies			
PDL	80.00	80.00	-
PL through refineries	-	(14.71)	**(14.71)**
IFEM	7.93	7.51	**(0.42)**
Climate support levy	5.00	5.00	-
Margins			
OMC margin	7.87	7.87	-
Dealer margin	9.98	9.98	-
Ex depot	**377.91**	**377.91**	-

Source(s): OGRA, AHL Research.

Pakistan Refinery Sector

MS price build-up: import parity to ex-refinery

Exhibit: MS price build-up: import parity

Item	30-Oct-26	31-Oct-26	Change
Benchmark (USD/bbl)			
Gasoline spot	121.28	120.56	**(0.72)**
Import premium (PSO)	19.88	25.52	**5.64**
C&F	141.16	146.08	**4.92**
Conversion to PKR/ltr			
Exchange rate (PKR/USD)	276.96	276.94	**(0.02)**
C&F	245.88	254.43	**8.55**
Customs duty	20.56	26.15	**5.59**
Incidentals / other charges	0.66	1.03	**0.37**
Ex rate adj	-	0.62	**0.62**
Ex refinery	**267.13**	**282.26**	**15.13**

Source(s): OGRA, AHL Research.

Key observations

- Import premium paid on PSO cargoes rose USD 5.64/bbl to USD 25.52/bbl, while gasoline spot declined USD 0.72/bbl; C&F rose USD 4.92/bbl to USD 146.08/bbl.
- In PKR terms, C&F adds PKR 8.55/ltr and customs duty adds PKR 5.59/ltr (PKR 20.56 to PKR 26.15), with incidentals (+0.37) and an exchange-rate adjustment (+0.62) taking the import-parity build-up higher by PKR 15.13/ltr.
- The exchange rate is essentially flat (PKR 276.96 to PKR 276.94/USD), so the increase is driven by premium, C&F and duty rather than currency.
- Premium, incidentals and customs duty in the ex-refinery price are fixed at 7-Mar-26 (pre-war) levels for the next 30 days.

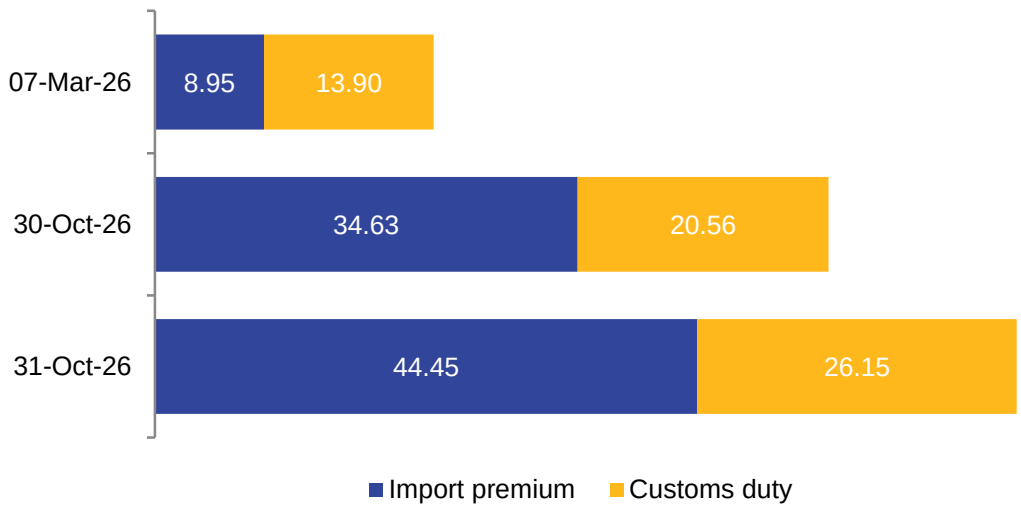
Pakistan Refinery Sector

Import premium and duty: 7-Mar-26 vs current

Exhibit: PSO import premium and customs duty vs 7-Mar-26 (pre-war) levels

Item	07-Mar-26	30-Oct-26	31-Oct-26	Chg 30 to 31-Oct	Excess vs 7-Mar
Import premium, PSO (USD/bbl)	5.14	19.88	25.52	5.64	20.38
Exchange rate (PKR/USD)	279.54	276.96	276.94	(0.02)	-
Import premium (PKR/ltr)	9.04	34.63	44.45	9.82	35.50
Customs duty (PKR/ltr)	13.90	20.56	26.15	5.59	12.25
Premium + customs duty (PKR/ltr)	**22.94**	**55.19**	**70.60**	**15.41**	**47.75**

Figure: Premium + customs duty (PKR/ltr)



Key observations

- On 7-Mar-26 (pre-war), PSO's import premium was USD 5.14/bbl (PKR 9.04/ltr) and customs duty was PKR 13.90/ltr, a combined PKR 22.94/ltr.
- The premium has since risen to USD 25.52/bbl, nearly five times the 7-Mar level, and customs duty to PKR 26.15/ltr; combined, PKR 70.60/ltr.
- The combined premium and duty sits PKR 47.75/ltr above 7-Mar levels (premium PKR 35.50/ltr, duty PKR 12.25/ltr). The notification cites an effective contribution of PKR 49.02/ltr from domestically produced petrol.
- Of the PKR 15.41/ltr rise between 30-Oct and 31-Oct, the premium contributes PKR 9.82/ltr and customs duty PKR 5.59/ltr.

Source(s): OGRA, AHL Research.

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