PAKISTAN ENERGY INDUSTRY

OIL MARKETING COMPANIES

Between a Rock and a Hard Place

January 2026

Issued on 1 February 2026

MOUNTAIN
VENTURES
Scaling New Heights, Together

EXECUTIVE SUMMARY

After closing solid volume growth of approximately 10% in 2025, Pakistan's oil marketing sector entered 2026 with **continued demand momentum**. Total sales of Gasoline, Gasoil, and Hi-Octane reached **1.34 million MT in January 2026**, representing a ~**8% increase over December 2025** and **~5% growth year-on-year**.

Notwithstanding resilient volumes, operating pressures continue to tighten. OMCs remain constrained by regulated pricing, rising compliance costs, and elevated working-capital requirements. While the **ECC approved** a total **margin increase** of **Rs 2.56 per litre** (OMCs and Dealers combined), full implementation has been made **conditional on sector-wide digitisation**. Objections raised by Pakistan Petroleum Dealers Association (PPDA), including cost and execution concerns, reflect **resistance to change** rather than a credible alternative to improving transparency, enforcement, and system integrity across the supply chain.

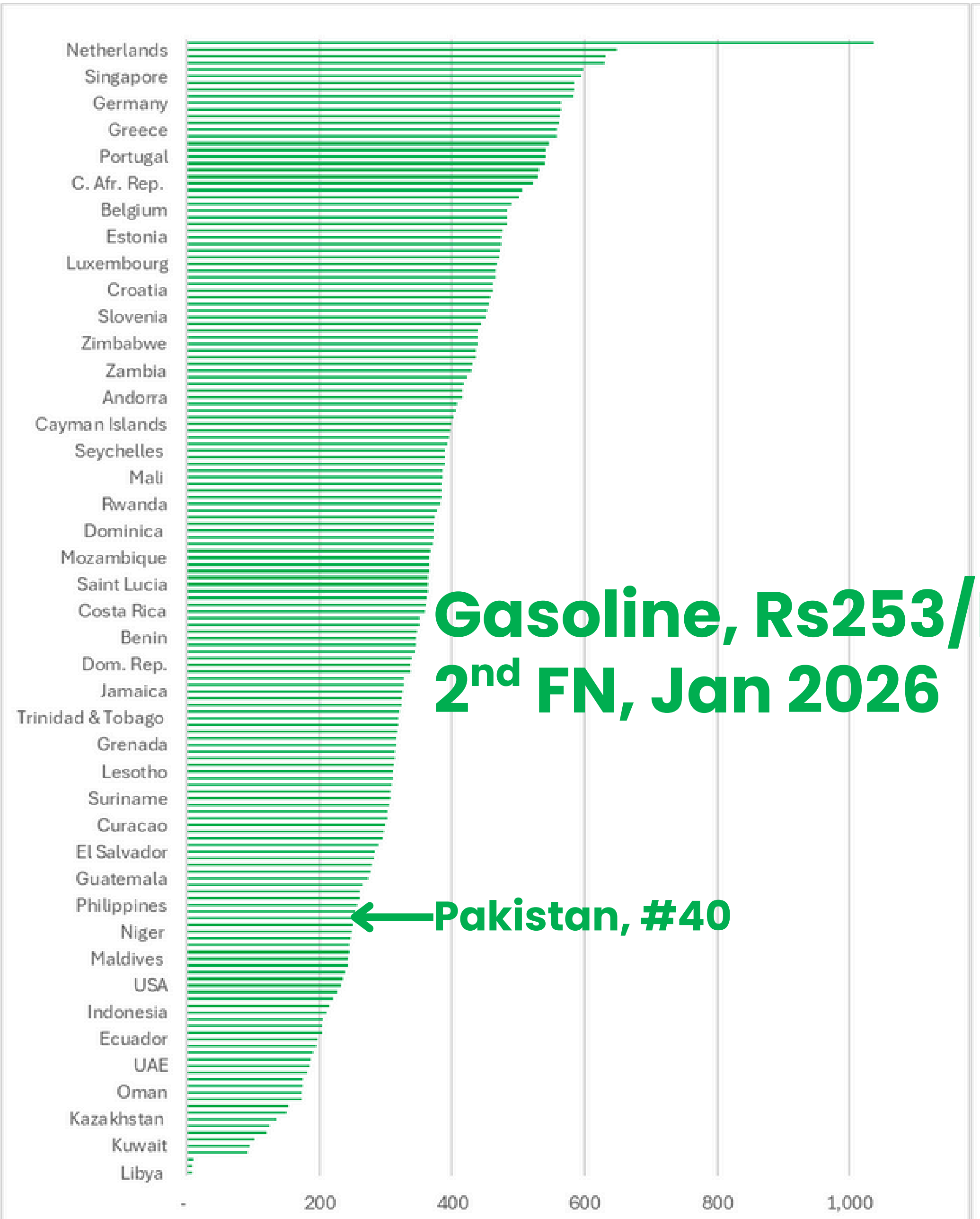
Mountain Ventures' analysis indicates that **digitisation is both unavoidable and manageable if implemented pragmatically**. A phased rollout, initially covering the top ~20% of outlets (OGRA already has retail outlet wise volumes data) that account for ~80% of volumes on a fast-track basis, would materially reduce upfront costs while delivering the majority of regulatory and fiscal benefits. Delaying implementation risks prolonging inefficiencies and undermining the case for sustainable margin recovery.

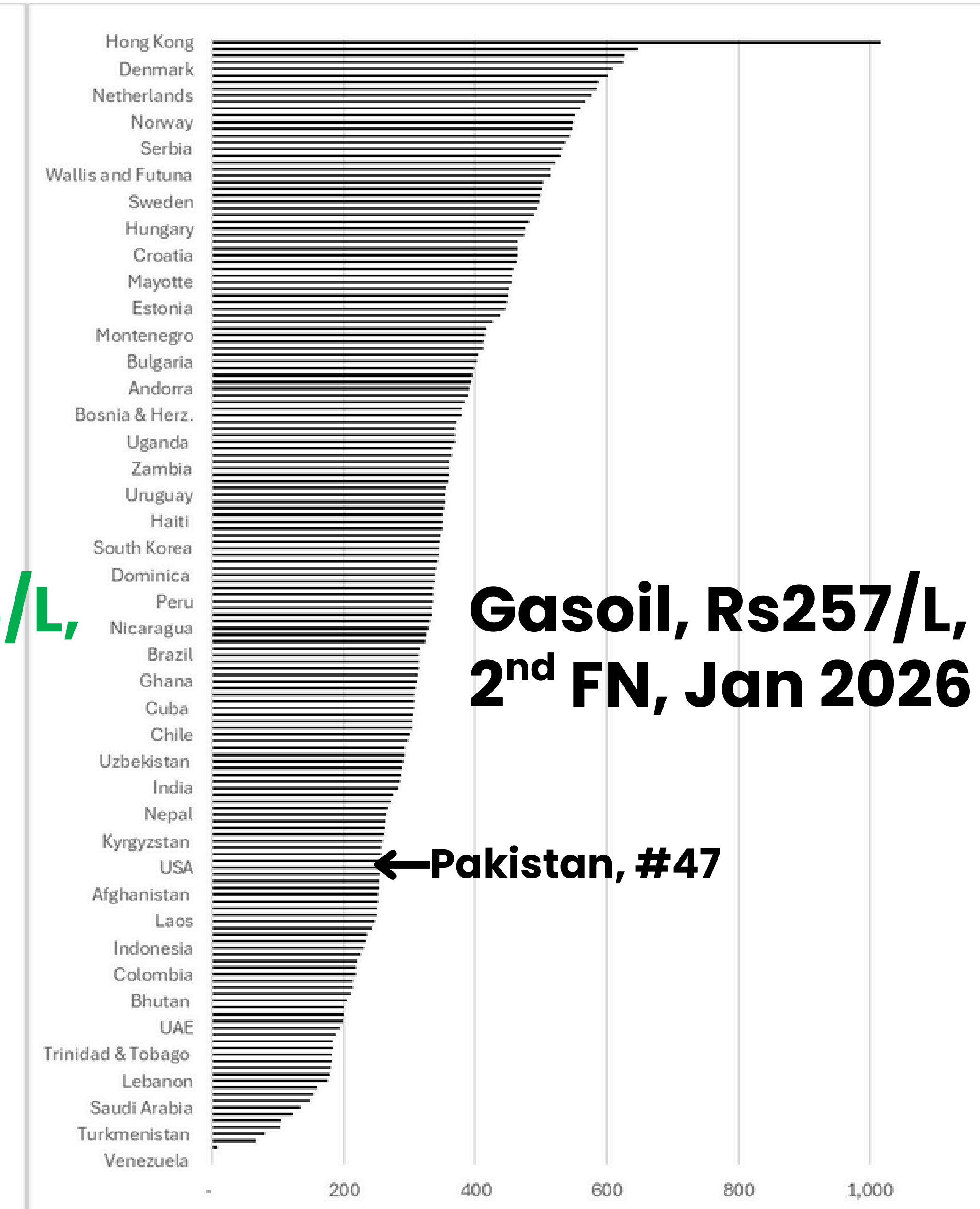
Beyond core fuels, **voluntary ethanol blending** remains under discussion but faces **structural challenges** around **pricing**, **infrastructure**, and **vehicle compatibility**. In contrast, EV charging at selected retail forecourts represents a commercially viable and OMC-controlled opportunity. Based on Mountain Ventures' analysis, selective deployment of fast chargers at high-throughput urban sites can generate attractive returns, enhance forecourt relevance, and future-proof retail networks. We therefore recommend disciplined, targeted adoption, rather than passive observation or blanket rollout orders.

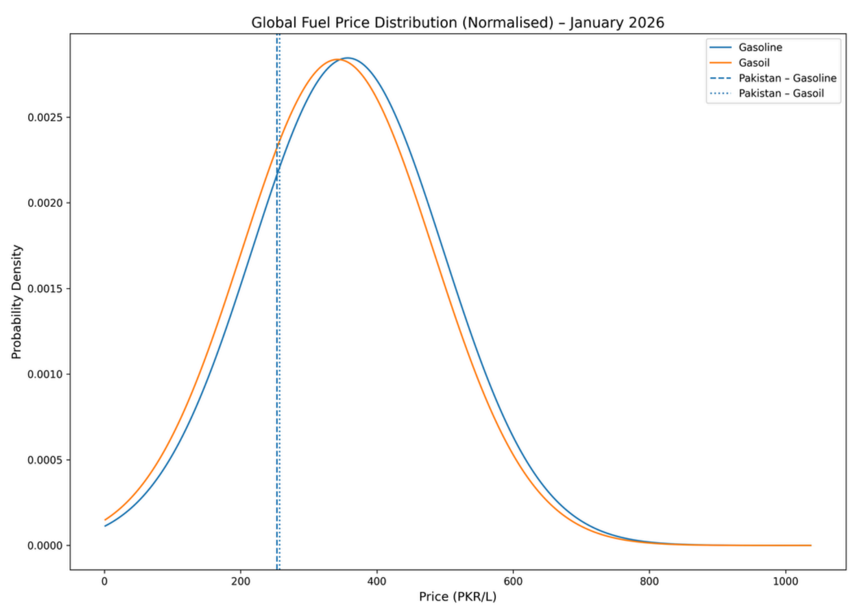
Overall, the sector remains between **a rock and a hard place**, tasked with **delivering affordable fuel** while **absorbing rising regulatory, compliance, and capital demands**. Near-term outcomes will depend less on demand growth and more on execution discipline, digitisation progress, and selective strategic investment within an increasingly constrained operating framework.

GLOBAL COMPETITIVENESS

As of **January 2026**, Pakistan improved its rank to **40th (42nd in Dec 2025) in out of 170 countries for gasoline** prices and **47th (48th in Dec 2025) out of 169 for gasoil**, placing it among the lowest-priced quartile globally. Approximately **three-quarters of countries face higher retail fuel prices than Pakistan**.







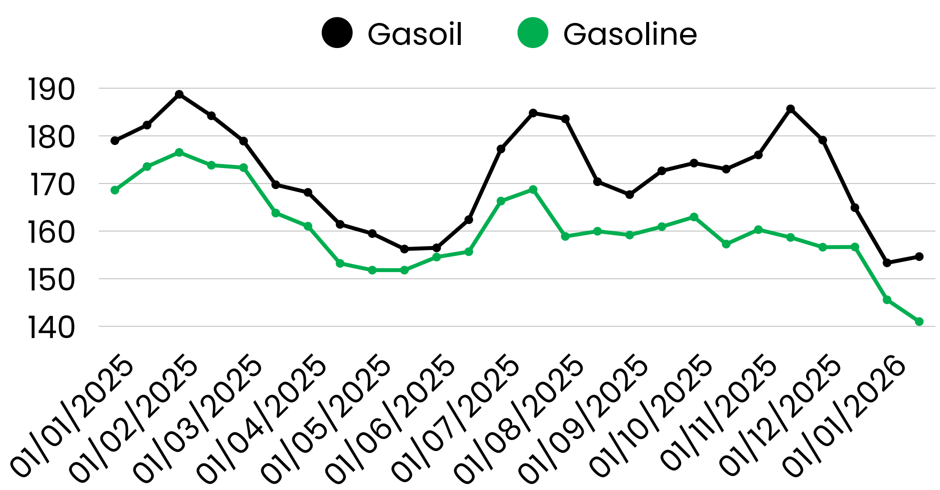
MOUNTAIN VENTURES
Scaling New Heights, Together

Data: GlobalPetrolPrices.com for Mid January 2026.

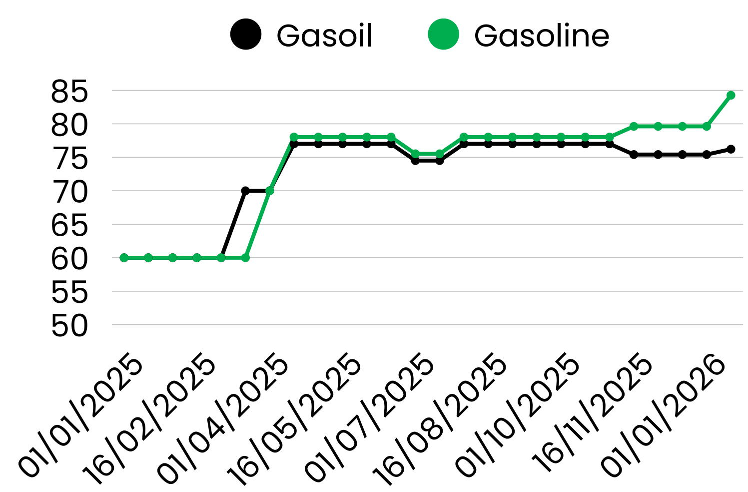
GASOLINE & GASOIL PRICE TRENDS

Gasoline was priced at PKR 253/L and Gasoil at PKR 257/L in the 2nd Fortnight of January 2026. Since January 2025, the main movements during the year resulted from fluctuations in international prices and adjustments in Petroleum Development (PDL) and Freight (IFEM) by the Government to soften the impact of spikes in international prices.

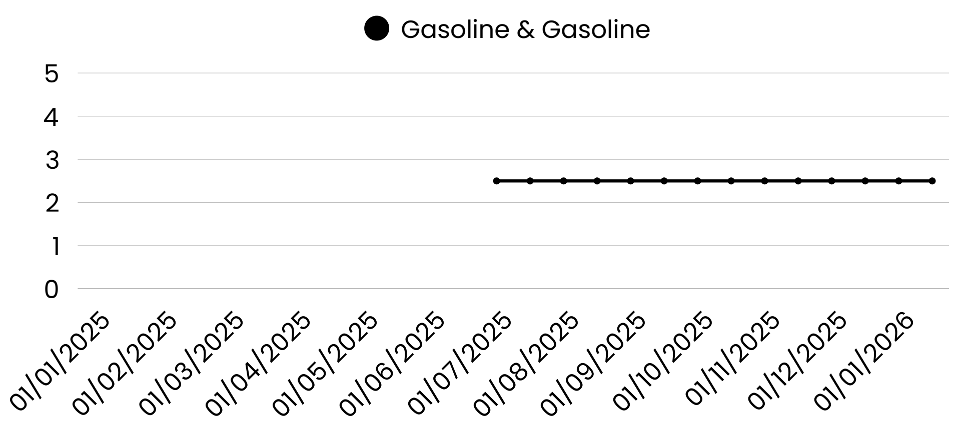
Ex-Refinery Prices (Rs/L)



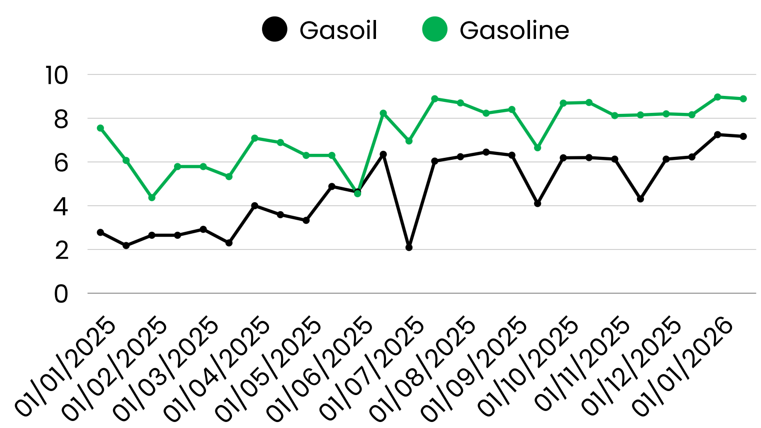
Petroleum. Dev. Levy (Rs/L)



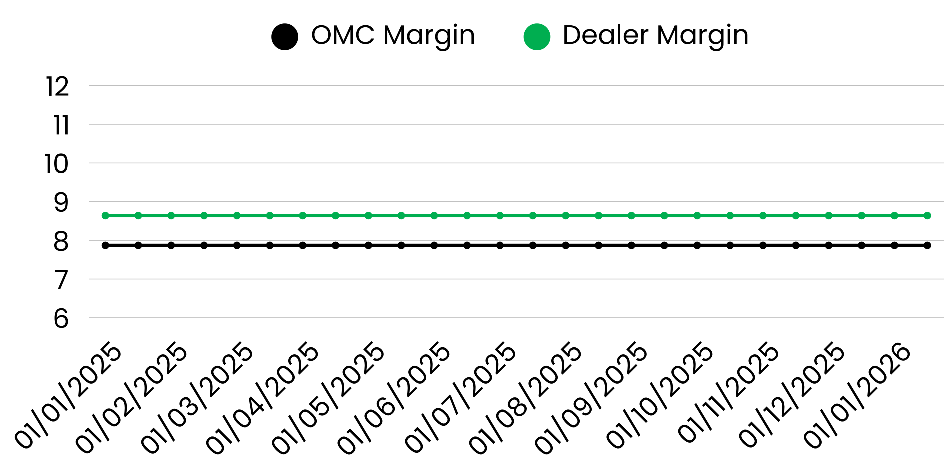
Climate Support Levy (Rs/L)



IFEM (Rs/L)



OMC & Dealer Margins

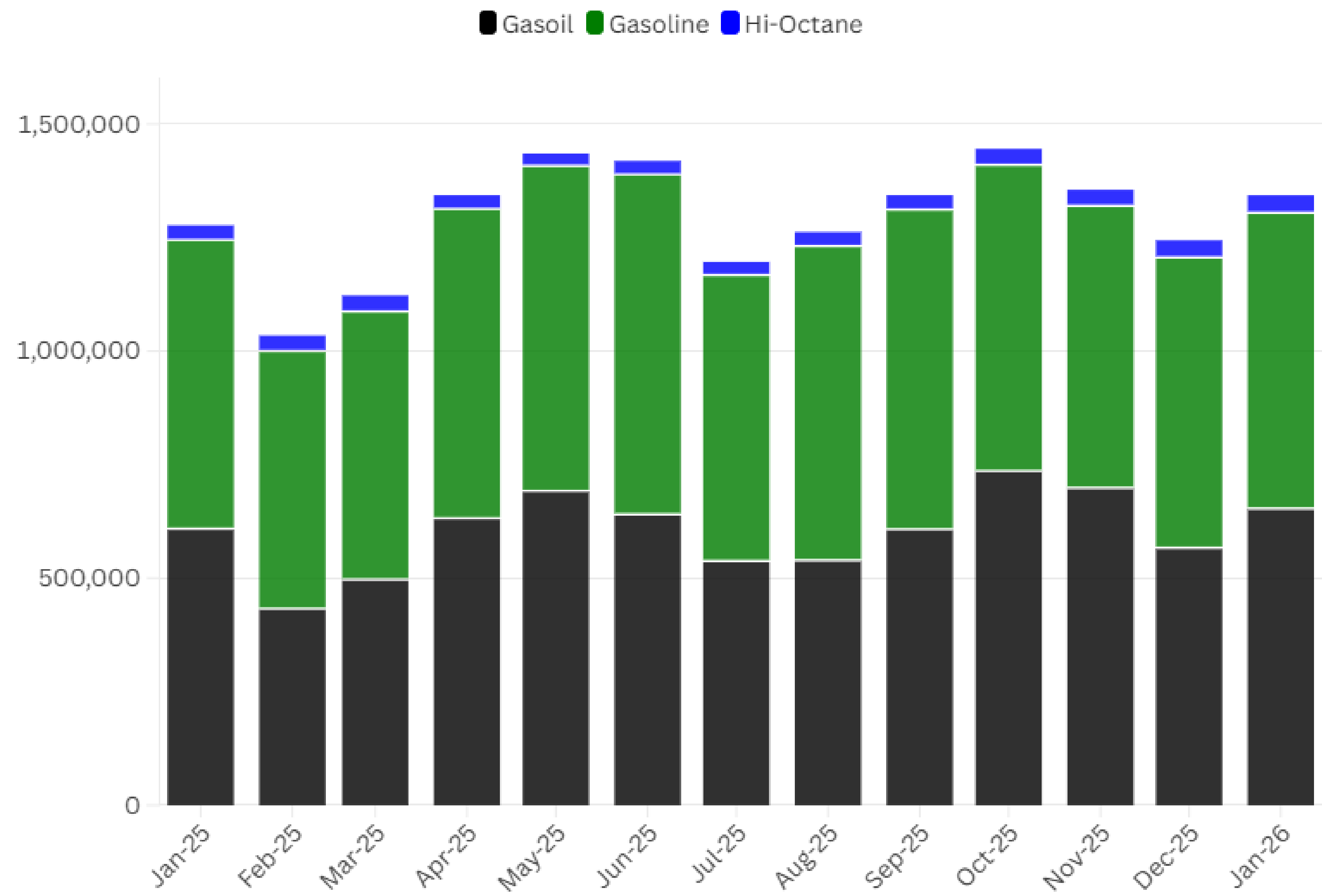


Data: OGRA, OCAC, Mountain Ventures Analysis.

SALES & PRODUCT SPLIT MONTH

('000MTs)

Jan 2025	Products	Dec 2025	Jan 2026
32	Hi-Octane	38	39
636	Gasoline	639	651
609	Gasoil	567	653
1,277	Total	1,244	1,343

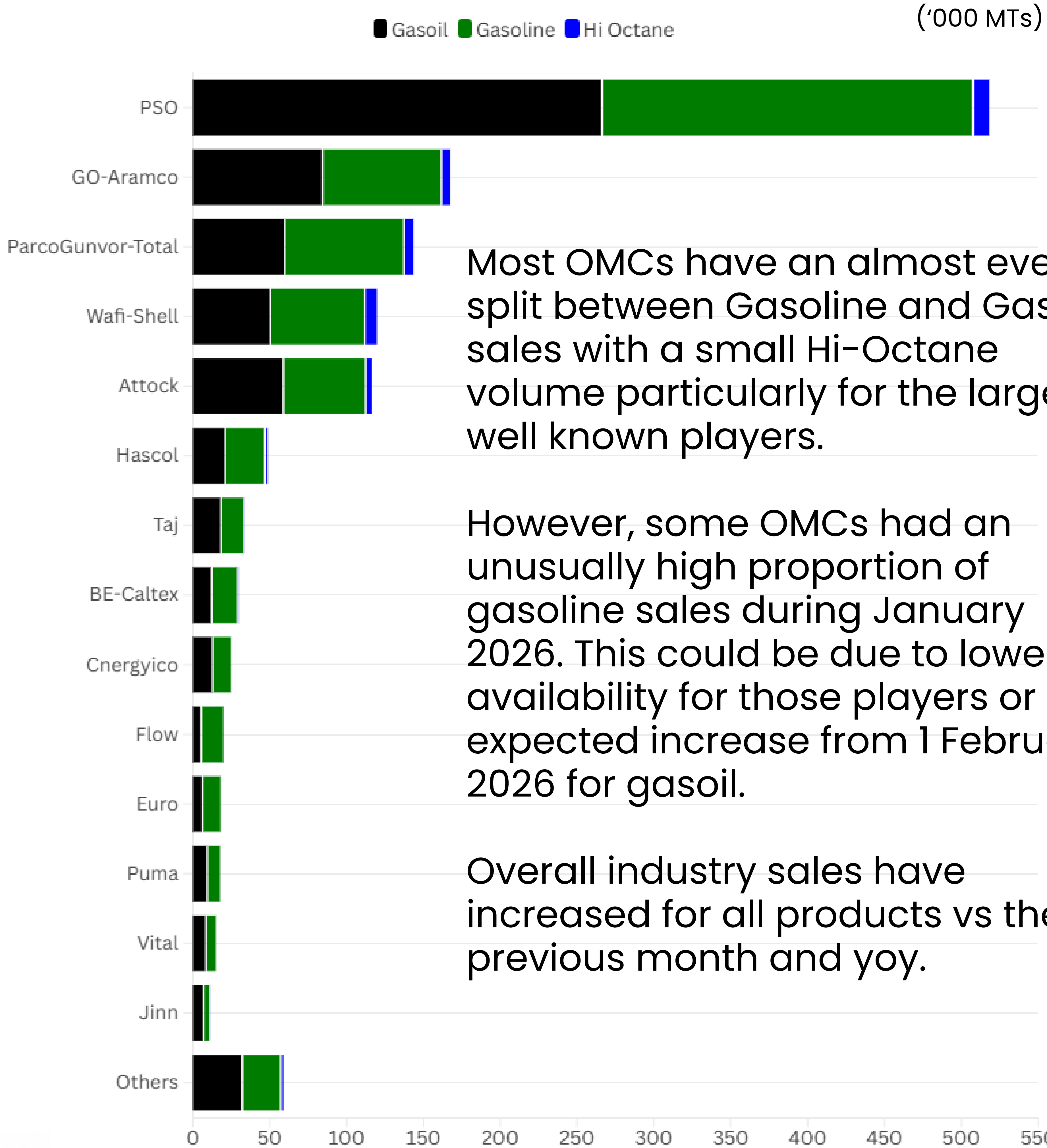


Data: OCAC, OGRA, OMCs, and Mountain Ventures estimates. Some numbers differ slightly from previous month's report due to updated numbers provided by OMCs. ***Please note that, for the reported month, Mountain Ventures has estimated some numbers due to lack of timely availability of data, particularly from OMCs that are not members of OCAC.***

PRODUCT SPLIT BY OMC

JANUARY 2026

('000 MTs)



Most OMCs have an almost even split between Gasoline and Gasoil sales with a small Hi-Octane volume particularly for the large, well known players.

However, some OMCs had an unusually high proportion of gasoline sales during January 2026. This could be due to lower availability for those players or the expected increase from 1 February 2026 for gasoil.

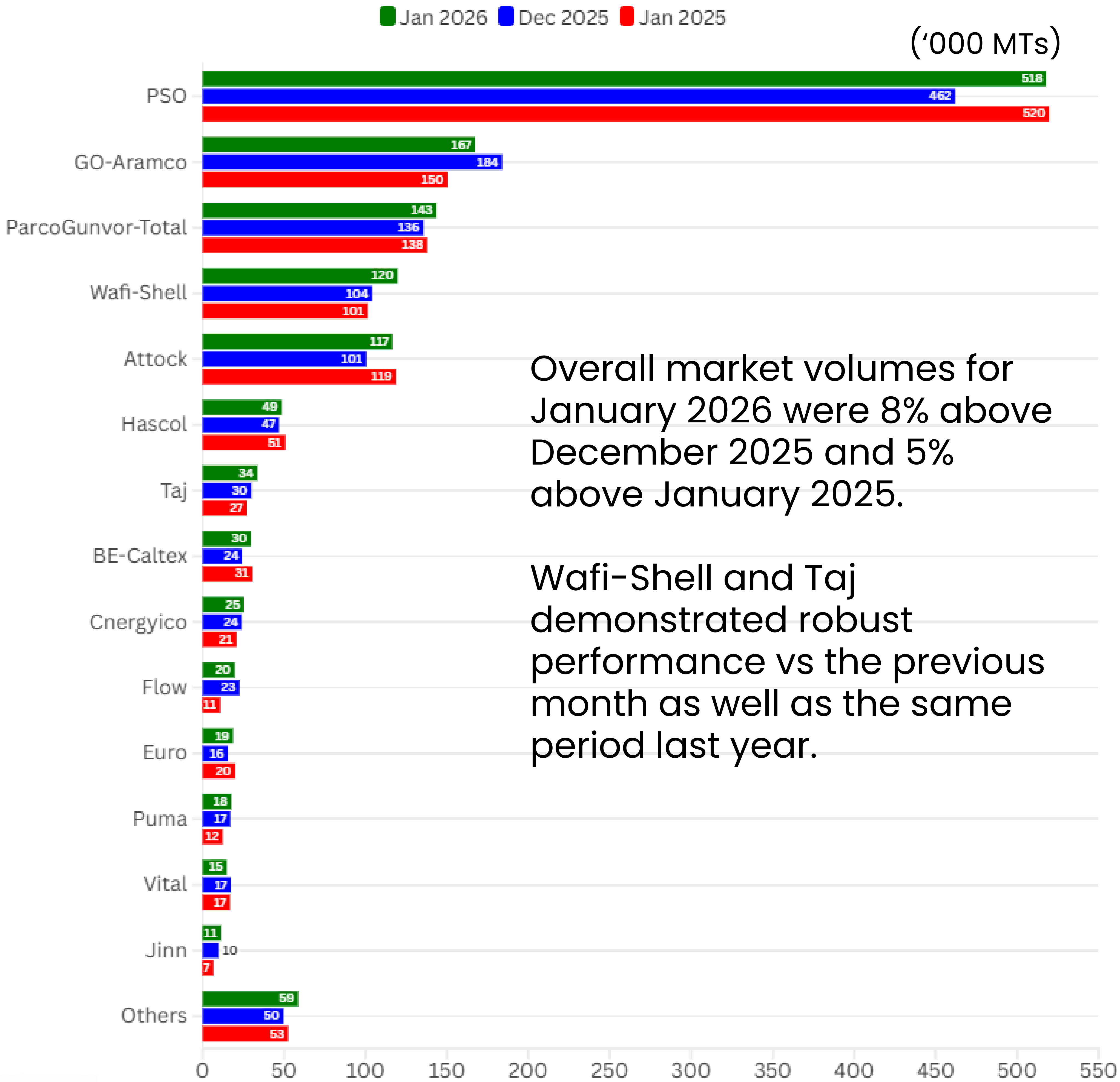
Overall industry sales have increased for all products vs the previous month and yoy.

Data: OCAC, OGRA, OMCs, and Mountain Ventures estimates. Some numbers differ slightly from previous month's report due to updated numbers provided by OMCs. ***Please note that, for the reported month, Mountain Ventures has estimated some numbers due to lack of timely availability of data, particularly from OMCs that are not members of OCAC.*** *Others include OMCs with Gasoline, Gasoil, and Hi-Octane volumes of less than 10K MTs for the month (est.).*

OIL MARKETING COMPANIES IN PAKISTAN

JANUARY 2026 PERFORMANCE

GASOLINE, GASOIL, HI-OCTANE VOLUMES



Overall market volumes for January 2026 were 8% above December 2025 and 5% above January 2025.

Wafi-Shell and Taj demonstrated robust performance vs the previous month as well as the same period last year.

Data: OCAC, OGRA, OMCs, and Mountain Ventures estimates. Some numbers differ slightly from previous month's report due to updated numbers provided by OMCs. ***Please note that, for the reported month, Mountain Ventures has estimated some numbers due to lack of timely availability of data, particularly from OMCs that are not members of OCAC.*** *Others include OMCs with Gasoline, Gasoil, and Hi-Octane volumes of less than 10K MTs for the month (est.).*

OMC MARGIN & DIGITISATION

Although the Economic Coordination Committee (ECC) had approved a **total margin increase of Rs 2.56 per litre (Rs 1.22 for OMCs and Rs 1.34 for dealers)**, the federal cabinet has made full implementation **conditional on 100 % sector-wide digitisation and real-time connectivity of sales and inventory systems with OGRA**.

OCAC has expressed concern and has formally requested OGRA and the Petroleum Division to pursue immediate notification of the already-approved Rs 0.61/litre component and to **establish a dedicated "Digitisation Fund"** to transparently recover digitization costs through a separate line item in the fuel price structure.

The Department of Explosives also issued a letter to all OMCs reminding that **beyond 10 February 2026**, **no new license** (Form K) will be granted **without installation of ATG** (Automatic Tank Gauging).

Although the Pakistan Petroleum Dealers Association (**PPDA**) welcomed the initiative to digitise the oil supply chain, it has quoted an estimate of US$140 Million (Rs40 Billion) to cover 14,000 stations across the country, **warning** that if the government initiates action against petrol pumps over the issue, the dealers will **respond strongly** across the country.

Mountain Ventures believes the cost is likely to be less than US$100 Million to cover the c12,000 registered outlets operating in the country. We also believe that the **Government's desire to digitise the supply chain** can be **significantly achieved** by focusing on the **top 20%** (c2,400) **retail outlets** by sales in the **first phase**, which we believe would **cover c80%** of the volumes and inventory. This step alone can reduce the initial burden from the sector to cUS$20 Million. We also believe that the **bigger challenge** in digitisation is likely to be **less about installation** of ATGs and **more about keeping connections live at the retail outlet** to prevent any unauthorised activities.

ETHANOL BLENDING

A government-appointed committee, led by the Minister for Petroleum, Ali Pervaiz Malik, has recommended introducing a **voluntary 5 % ethanol blend (E5) in petrol**, subject to **commercial viability** and consultation with oil marketing companies. The panel presented its findings to the Prime Minister's Office, and the report is now under further consideration.

The analysis highlighted that Pakistan's annual ethanol production from sugarcane crushing (about 400,000–450,000 tonnes) is currently largely exported due to higher international prices, even though ethanol is consistently cheaper than petrol by an average of ~$225 per tonne. However, because ethanol has lower energy content, its price would need to be 20 %–30 % lower than petrol to be cost-effective. The committee also noted the need for substantial investment in storage and blending infrastructure to enable any ethanol-blend rollout.

Vehicle compatibility was reviewed, with findings that **newer vehicles can handle E5 and E10 blends**; however, **older cars** and **two-wheelers may not be compatible**, according to Pak Suzuki Motor Company. **Previous attempts** at a 10 % ethanol blend (E10) via Pakistan State Oil (PSO) between 2010–2012 were **discontinued** due to **supply shortages** and **export incentives** that drew ethanol away from domestic use.

If adopted, voluntary ethanol blending could begin to diversify the fuel mix and support local ethanol producers, but its implementation will depend on pricing competitiveness, infrastructure readiness, and sustainable supply.

EV CHARGERS AT RETAIL OUTLETS

Electric vehicle (EV) adoption in Pakistan remains at an early stage; however, regulatory direction, OEM activity, and urban adoption trends indicate a gradual but sustained shift toward electrification. For OMCs, EV charging represents a strategic adjacency to the core retail fuels business rather than an immediate volume replacement.

Deploying EV fast chargers at existing retail fuel stations allows the Company to future-proof its network, retain forecourt relevance, and build early operational capability at a controlled capital and execution risk.

Proposed Pilot Configuration at Existing forecourts

Capex
60 kW DC fast charger *
Installed CapEx: ~Rs 3.5 million/site
Warranty: 2 years
Post warranty, expenses are expected to remain low with use of a maintenance contract.

Operating costs (monthly)
Staffing: 2 attendants @ Rs 42k → Rs 84k
Miscellaneous: Rs 10k
Total OpEx: Rs 94k / month

Commercial Assumptions
Charging tariff: Rs 120 / kWh
Electricity cost: Rs 60 / kWh **
Gross margin: Rs 60 / kWh (50%)

Demand & Utilisation (Conservative)
Average charge size: 40 kWh / vehicle
Throughput: ~3 vehicles per day
Energy dispensed: ~120 kWh per day
This is materially below charger technical capacity, leaving upside as EV penetration increases.

Financial Outcome
Net operating profit: ~Rs 120k / month
Payback period: ~2.5 years (can be much lower in higher EV density areas)

** A 60 kW DC fast charger is recommended as most EVs and PHEVs introduced in Pakistan (primarily from China) are limited to charging rates of up to 60 kW, making higher-capacity chargers largely underutilised. The lower power requirement also minimises grid upgrades, transformer capacity, and installation complexity, resulting in lower capital cost, faster deployment, and reduced execution risk while retaining flexibility for future expansion. (Higher capacity chargers may be appropriate for Highways, Motorways and very high density areas).*
*** Retail Outlets able to secure EV Charging tariff (Rs39/unit) introduced by the Government would be able to recoup their investment much sooner (unless a cap is introduced on what can be charged to the consumers).*

MOUNTAIN
VENTURES
Scaling New Heights, Together

Data: Multiline Engineering

MORE INFORMATION?

MOUNTAIN VENTURES

Mountain Ventures is an investment and advisory practice with offices in Dubai, Lahore, and London, founded by experienced partners with deep expertise in oil & gas, energy transition, and technology. The firm has executed landmark transactions in Pakistan's downstream sector and operates across three divisions: Energy (oil marketing, EV charging, renewables), Technology (AI, blockchain, computer vision), and Advisory (M&A, corporate finance, strategy). Mountain Ventures combines hands-on execution experience with global partnerships, bridging the gap between policy, capital, and technology to help clients and investors capture opportunities in high-growth markets.

CONTACT

For additional information beyond this overview, including company-specific analysis, market data, or tailored strategic guidance, please contact us using the details below:

Zeeshan Tayyeb
Partner
zt@mvglobal.net
+971 50 702 7696
+44 776 675 7696

Zain Jaffery
Partner
zj@mvglobal.net
+971 50 434 3677
+92 322 402 0020