August 2026

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MOUNTAIN
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Scaling New Heights, Together

PAKISTAN DOWNSTREAM INTELLIGENCE

World Rankings

Diesel Steps Back

The White Elephant?

US$5B Upgrades to Refineries worth US$1B

The Conditional Litre

A solution to the OMC margin impasse

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August 2026

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Contents

Executive Summary

August is the month the levy reached its cap and everything else moved. Petrol rose Rs 5.99 to Rs 342.02 while the benchmark fell; the increase came from premium, customs duty and a dealer margin lifted from Rs 8.64 to Rs 9.98 on 22 August. Diesel fell Rs 20.94 to Rs 371.44, most of it in a single step on 20 August when the price moved from a Platts gasoil import-parity build-up to a crude-plus-crack construction with the crack held within a floor and a ceiling. The **Rs 32.63 relief** on that day was **financed by refineries**, not the exchequer.

Rs342/L	#47	Rs5Billion
PETROL PRICE	PRICE OF PETROL OUT OF 170 COUNTRIES	REFINERY UPGRADE PROGRAMME

The world table split by fuel. Petrol drifted one place dearer to 47th of 170. Diesel dropped fourteen places cheaper to 65th of 169, back to the 38th percentile, on the strength of the 20 August cut rather than any market move. Pakistan still prices diesel above China, India, Bangladesh and Japan; on petrol China has edged ahead by Rs 3, a gap one notification could reopen.

On volumes, **August gives back most of what July gained**. Gasoil fell by a third on the month and a fifth on the year, its weakest print of 2026; gasoline eased 10% and sits 3% below last August. The year to date has slipped from broadly flat through July to minus 1.5 per cent, and it is diesel, not petrol, that has moved it. Hi-octane continues to run at half its 2025 level. Gasoline, Hi Octane, and Gasoil sales for the month ended at 1.1 Million MTs.

The Conditional Litre takes a position on the OMC margin impasse. When OCAC asked for a margin increase; the Government tied it to completion of digitisation. Both are right and both are incomplete. **We recommend the increase be notified as a two-tier margin: Rs 9.09 for every OMC, of which Rs 1.22 is earned only on litres sold through outlets OGRA can see and recovered on the rest.** The Ministry gets a digitisation programme, and OCAC gets its increase on every litre it can evidence.

The White Elephant? returns to the refinery programme. **Five refineries have tabled US$4.5–5 billion of upgrades**; **the four that are listed are valued by the market at roughly US$ 1 billion combined**, so the ask is **four to five times what the companies are worth**. The money buys three things: **Euro-V quality**, **a yield shift out of furnace oil, and capacity**, all saving roughly $500 million a year. Simple payback lands between 2037 and 2043, on every path after the base-case petrol peak of 2030–31, and the consumer has already paid about Rs 700 billion in deemed duty since 2002 towards a programme with no pass-back. One of the most important questions is who will write the cheques for these upgrades. **A tenth of this money buys strategic storage instead.**

That idea gets its own edition.

World Rankings

Diesel Steps Back

July's reordering has held for one fuel and reversed for the other. Petrol crept +2% to PKR 342 and drifted one place dearer to #47 of 170, while diesel fell 5% to PKR 371 and dropped 14 places cheaper to #65 of 169, back to the 38th percentile. Pakistan still prices diesel above China, India, Bangladesh and Japan, but on petrol China has now edged ahead, a gap of Rs 3 that a single fortnightly notification could reopen.

GASOLINE · PETROL

#47 of 170

PKR 342/L · 28th percentile

▲ 1 place dearer on the month · +2% (#46 → #47)

GLOBAL PRICE DISTRIBUTION · PKR/L

▲ Pakistan Rs342

KEY COUNTRIES · PKR/L

Hong Kong	1,157
Germany	704
Singapore	657
Turkey	429
Sri Lanka	419
China	345
Pakistan	**342**
Bangladesh	327
India	317
Japan	296
Vietnam	251
Saudi Arabia	172

GASOIL · DIESEL

#65 of 169

PKR 371/L · 38th percentile

▼ 14 places cheaper on the month · -5% (#79 → #65)

GLOBAL PRICE DISTRIBUTION · PKR/L

▲ Pakistan Rs371

KEY COUNTRIES · PKR/L

Hong Kong	1,301
Singapore	769
Germany	734
Turkey	477
Sri Lanka	404
Pakistan	**371**
China	308
Vietnam	306
India	286
Japan	278
Bangladesh	259
Saudi Arabia	132

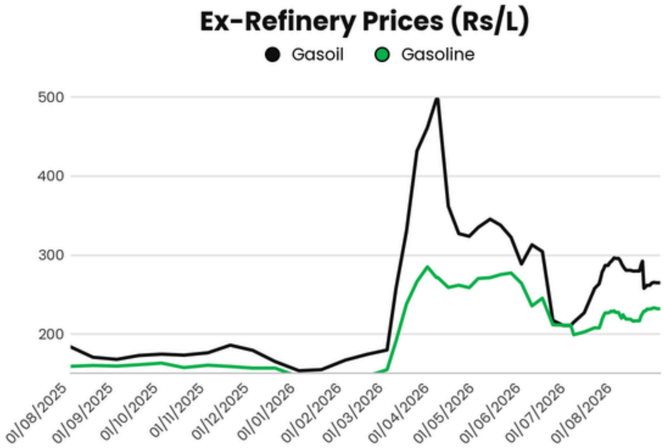
A note on the diesel fall. The August decline reflects the Rs 32.63/L reduction notified on 20 August, which was financed by refineries under the revised HSD pricing construction rather than by the exchequer or by Platts. It is a relief to the consumer regardless of who funds it, and it is measured as such here, but it is not a market move and should not be read as one.

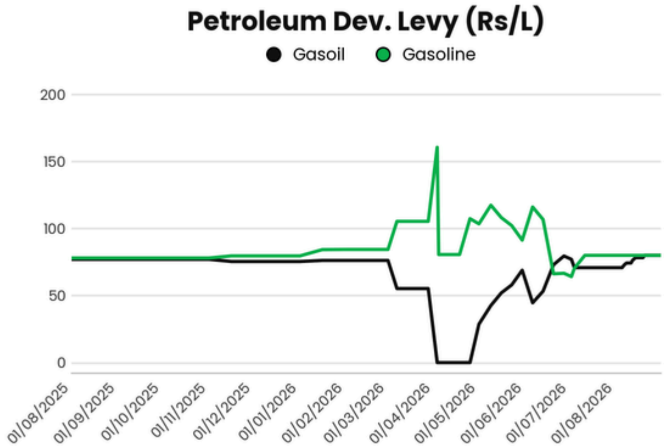
Prices as at end-August 2026, converted to Pakistani rupees per litre. Rank is cheapest-first across 170 economies for petrol and 169 for diesel. Percentile and month-on-month movement compare against the July 2026 edition.

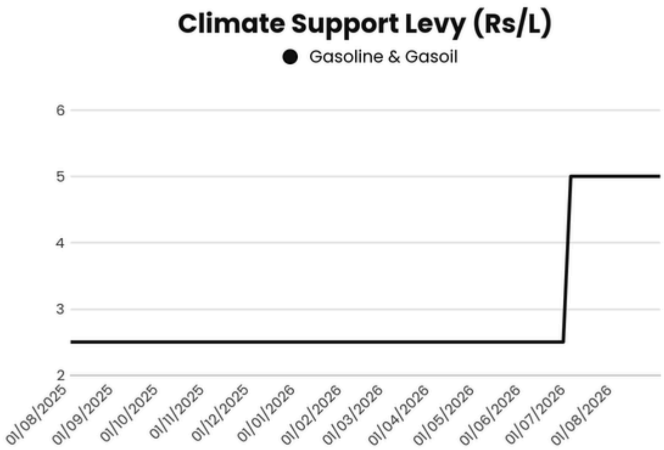
Source: GlobalPetrolPrices.com, and Mountain Ventures analysis.

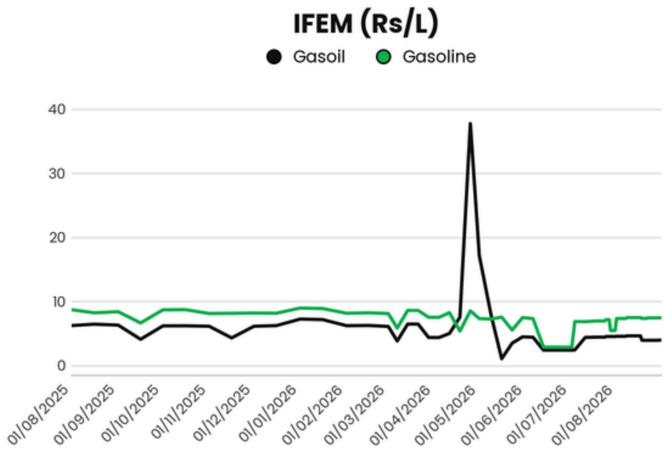
Price Trends

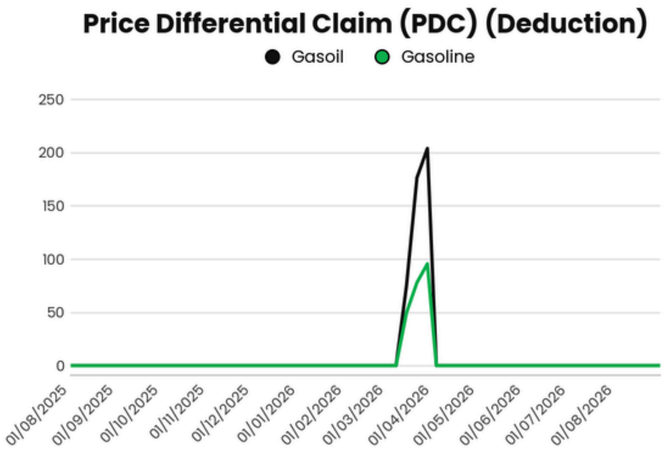
All price notifications over 13 months

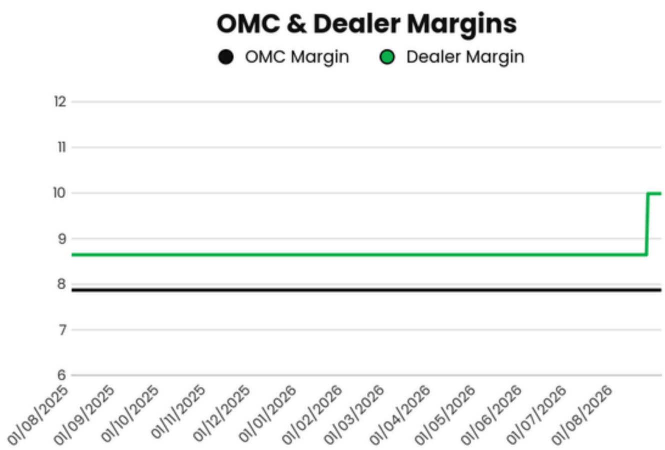








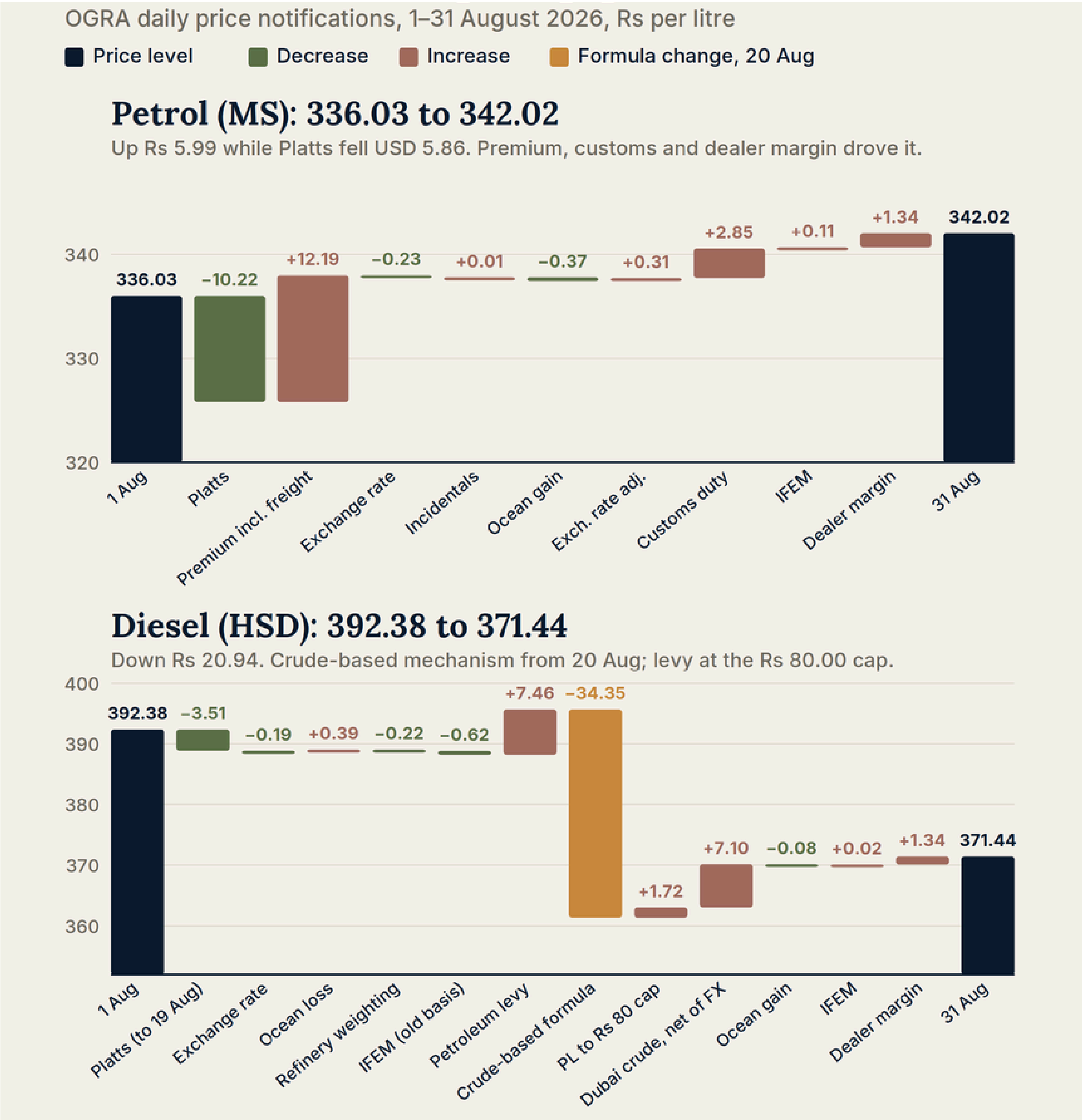




Source: OGRA Notifications · Mountain Ventures Analysis

Price Trends

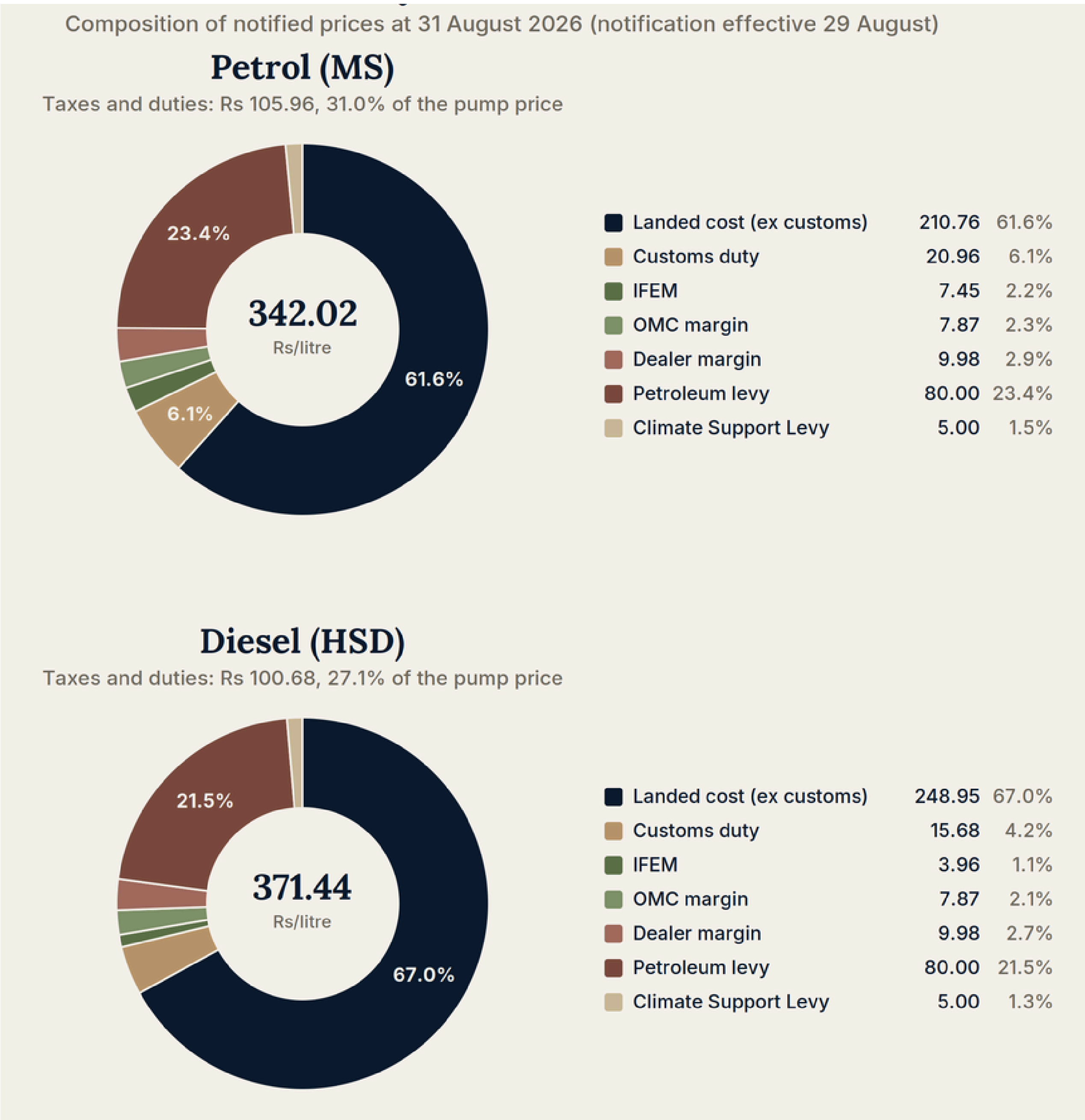
MoM Movements



Source: OGRA Notifications · Mountain Ventures Analysis

Price Trends

Month-end Price Composition



Source: OGRA Notifications · Mountain Ventures Analysis

Industry

The Diesel Retreat

August gives back most of what July gained. Gasoil fell by a third on the month and a fifth on the year, its weakest print of 2026; gasoline eased 10% and sits 3% below last August. The year to date has slipped from broadly flat through July to minus 1.5 per cent, and it is diesel, not petrol, that has moved it. Hi-octane continues to run at half its 2025 level. The final day of the month and the volumes of non-OCAC members are estimated.

HEADLINE VOLUMES · '000 MT · AUGUST 2026

675k	14k	431k	1,120k
GASOLINE	HI-OCTANE	GASOIL	COMBINED
-10% MoM -3% YoY	-3% MoM -51% YoY	-34% MoM -20% YoY	-21% MoM -11% YoY

MONTH-ON-MONTH AND YEAR-ON-YEAR · '000 MT

PRODUCT	AUG 2025	JUL 2026	AUG 2026	MOM	YOY
Gasoline	693	747	**675**	-10%	-3%
Hi-Octane	29	15	**14**	-3%	-51%
Gasoil	536	650	**431**	-34%	-20%
Combined	**1,259**	**1,412**	**1,120**	**-21%**	**-11%**

YEAR TO DATE · JAN–AUG · '000 MT

PRODUCT	JAN–AUG 2025	JAN–AUG 2026	DELTA	YOY
Gasoline	5,262	**5,318**	+57	+1.1%
Hi-Octane	248	**147**	-101	-40.7%
Gasoil	4,575	**4,466**	-110	-2.4%
Combined	**10,085**	**9,932**	**-154**	**-1.5%**

Components may not sum to totals due to rounding. August reflects OCAC data through 30 August, with the final day estimated at the month-to-date daily rate, with non-member OMCs estimated at their declared volumes adjusted for the industry's performance against plan.

Source: OCAC & OGRA data, and Mountain Ventures analysis and estimates.

Top 10

The Month and the Year, Together

The top ten took 91 per cent of August. Every named company fell on the month as diesel retreated; only Vital, the new entrant, held within five per cent of July. ParcoGunvor-Total moves past GO-Aramco into second place on the year. Vital enters the monthly ten for the second time this year, with Puma retained on its year-to-date standing. Each lane shows the month and the year side by side.

OMC · YTD SHARE	AUG 2026	MOM	AUG VOL	YTD VOL	YTD	YOY
PSO YTD SHARE · 41.6%	508k	-20%			4,127	+1%
ParcoGunvor-Total YTD SHARE · 10.6%	124k	-16%			1,048	-4%
GO-Aramco YTD SHARE · 10.1%	51k	-40%			999	-21%
Wafi-Shell YTD SHARE · 9.0%	107k	-18%			892	+11%
Attock YTD SHARE · 8.1%	88k	-20%			803	-4%
Hascol YTD SHARE · 3.3%	34k	-19%			328	-14%
Cnergyico YTD SHARE · 2.5%	34k	-30%			248	+32%
Taj YTD SHARE · 2.4%	28k	-12%			236	+5%
Be-Caltex YTD SHARE · 2.3%	27k	-7%			228	-1%
Puma YTD SHARE · 1.6%	17k	-39%			157	+26%
Vital NEW YTD SHARE · 1.4%	18k	-3%			134	+26%
Others YTD SHARE · 7.4%	82k	-19%			732	-2%
INDUSTRY	1,120k	-21%			9,932	-2%

Volumes in '000 MT. August reflects OCAC data through 30 August with the final day and non-member OMCs estimated; January to July are final OCAC figures.

Source: OCAC & OGRA data, and Mountain Ventures analysis and estimates.

Inventories

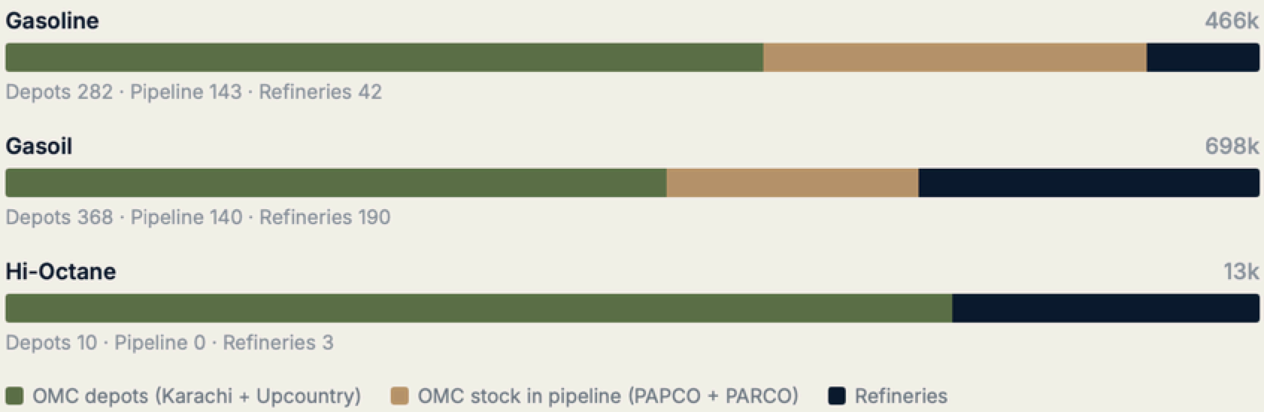
Days of Cover, by Product

Industry stocks at end-August stand at 466k MT of gasoline, 698k MT of gasoil and 13k MT of hi-octane. Diesel is the story: stock rose by 231k MT while offtake fell by a third, and cover has more than doubled from 23 days to 52. Petrol cover edged up to 22 days; hi-octane, at 29, is now being run down rather than held. Pipeline stock is shown with its owning OMC this month, since it sits on the OMC's books and carries the price exposure.

DAYS OF COVER · INDUSTRY · 31 AUGUST 2026

GASOLINE	HI-OCTANE	GASOIL
22	**29**	**52**
DAYS OF COVER	DAYS OF COVER	DAYS OF COVER
466k MT · steady	13k MT · drawn down	698k MT · overhang rebuilt
+3 days vs July (19)	-12 days vs July (41)	+29 days vs July (23)

WHO HOLDS THE STOCKS · '000 MT



TOP OMC STOCK HOLDERS · DEPOTS AND PIPELINE · '000 MT

OMC	GASOLINE	HI-OCTANE	GASOIL	OF WHICH PIPELINE	TOTAL
PSO	207.0	4.4	320.6	162.0	**532.0**
Wafi-Shell	59.1	2.7	39.8	36.3	**101.6**
ParcoGunvor-Total	54.0	0.5	37.8	29.9	**92.4**
Attock	24.9	1.4	35.3	18.4	**61.7**
GO-Aramco	23.5	0.9	12.3	2.8	**36.7**
Cnergyico	9.9	0.0	17.3	11.2	**27.2**
Hascol	10.7	0.1	6.6	3.2	**17.4**
Be-Caltex	6.9	0.1	8.3	4.3	**15.3**
Puma	4.1	0.0	8.2	1.9	**12.3**
Flow	11.0	0.0	0.9	0.3	**11.9**
Others	*12.9*	*0.0*	*21.1*	*12.6*	*34.0*
OMC Total	**424**	**10**	**508**	**283**	**942**

Source: OCAC & OGRA data, and Mountain Ventures analysis.

The Conditional Litre

OMC margin impasse

On 18 August the Oil Companies Advisory Council wrote to the Petroleum Minister asking for notification of the Rs1.22 per litre increase in the OMC margin approved by the ECC. The margin has stood at Rs7.87 since September 2023. Three financial years have passed without revision, stock-cover obligations have risen, and daily pricing has been implemented at the industry's own cost. The letter was signed by nine OMCs and copied to OGRA.

The quantum is not the dispute. Rs1.22 is a third of one per cent of the pump price; no consumer will notice it and no lender will reprice on it. The dispute is the condition. The Ministry has indicated that the increase should follow completion of the industry's digitisation programme. OCAC's reply is that a multi-year, capital-intensive programme cannot reasonably be made a precondition for an adjustment already approved, and that digitisation itself needs a viable margin to fund it.

Both positions are defensible and both are incomplete. The Ministry is right that an unconditional increase removes the one commercial lever the state holds over forecourt visibility. OCAC is right that an industry-wide precondition penalises the OMCs that have already invested for the delays of those that have not. Neither position distinguishes between **a litre sold through a dispenser OGRA can see and a litre sold through one it cannot.**

The Solution

That distinction is the whole answer. The instrument the Ministry wants and the equity OCAC wants are the same mechanism, once the condition is attached to the litre rather than to the company or the calendar.

We recommend that the ECC decision is notified as a **two-tier margin**. The OMC margin becomes Rs9.09 per litre, of which **Rs7.87 is unconditional** and **Rs1.22 is conditional on sale through a digitised outlet**. Both tiers are collected at the pump as today; the price build-up changes by one line.

OGRA already receives sales data from digitised outlets. The feed is uneven in quality, but it exists, and it is a sufficient basis on which to compute the condition. Each month OGRA determines, for each OMC, the litres sold with digital visibility against total product lifted, adjusted for stock movement. The conditional tier is earned on the first figure. On the balance, OGRA raises a recovery against the OMC's monthly return.

Pay the increase on the first kind of litre. Recover it on the second.

The Conditional Litre

The Solution

Recovery is by collection.

- **OMCs only.** The OMC is the licensee, holds the supply agreement and is the only party with leverage over twelve thousand forecourts. Dealers respond to supply terms, not to circulars.

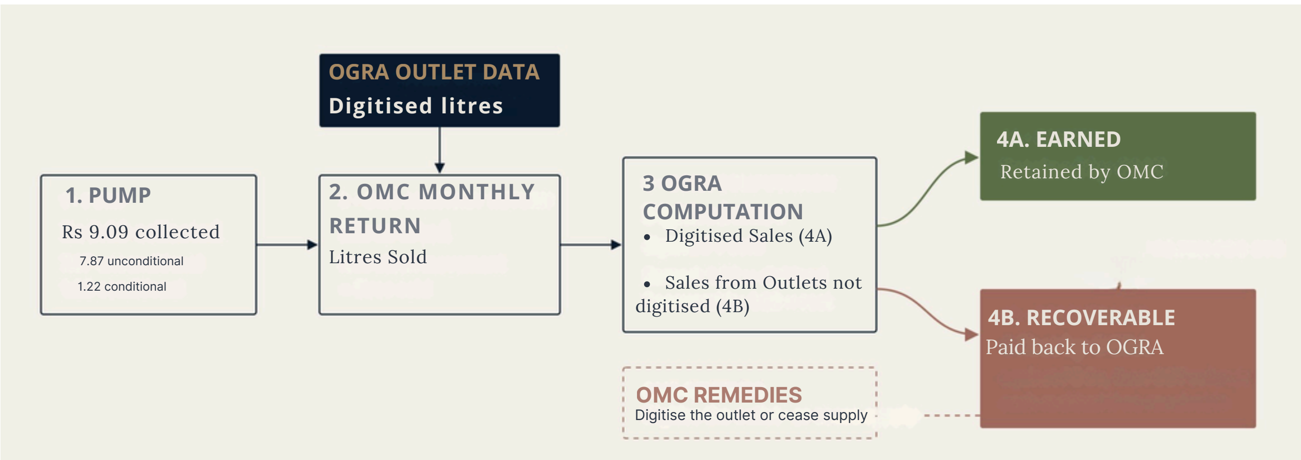
- **Refusal of supply is not a breach.** An OMC facing recovery has two remedies, digitise the outlet or cease supplying it, and neither should expose it to separate regulatory action.

This is a margin with a condition, recoverable under the notification that creates it.

The Ministry gets a digitisation programme that funds itself and polices itself. OCAC gets the increase it asked for, on every litre it can evidence.

OGRA gets the one dataset it has lacked, at a price the industry is paid to provide.

Nobody is asked to absorb a cost indefinitely, and nobody is paid for a litre that cannot be seen.



The White Elephant?

A five-billion-dollar build, one billion of market value, and a bending demand curve.

The White Elephant?

$5Billion for a bending demand curve

> *Last month we asked who pays for the refinery programme. On 28 July the CCoE approved the amended Brownfield policy, and the five refineries have now tabled $4.5–5 billion, from companies the stock market values at barely one. This month's questions are harder: who writes the cheque, and what will each barrel earn by the time the money comes back?*

What a refinery earns

A refinery is a margin business. It buys crude at world prices, sells petrol and diesel at world prices, and keeps the difference: the gross refining margin, in dollars per barrel. Configuration decides its size. A deep-conversion plant, one that turns furnace oil into petrol and diesel, earns mid-single digits or better. A hydroskimmer, which is what four of Pakistan's five refineries are, earns far less; in weak markets, nothing. And because our ex-refinery prices track import parity, the margin is set in Singapore and the Gulf, not in Pakistan.

$78	$84	$6
CRUDE COST / BBL (ILLUSTRATIVE)	PRODUCT BASKET / BBL (ILLUSTRATIVE)	GROSS REFINING MARGIN

WHAT IS ON THE TABLE, AND WHO IS CARRYING IT

REFINERY	CAPEX	MARKET VALUE	CAPEX ÷ VALUE	CAPACITY	HEADLINE
Parco	≈ $600m	Unlisted	—	Unchanged	Green fuel; FO 14% → 10–11%
PRL	$1.8–2bn	≈ $200m	≈ 9–10×	50 → 100k bpd	BoB; FO eliminated
Cnergyico	≈ $1.2bn	≈ $270m	≈ 4.5×	156 → ~200k bpd	Green fuel, BoB, SPM
ARL	≈ $600m	≈ $410m	≈ 1.5×	Unchanged	Euro-V; MS +25%
NRL	$0.3–0.8bn	≈ $135m	≈ 2–6×	50 → 70k bpd	Hybrid; Euro-V HSD done

Commitments as reported 17 August 2026; market values from PSX capitalisations of roughly Rs57bn (PRL), Rs77bn (Cnergyico), Rs116bn (ARL) and Rs38bn (NRL) at ~Rs285/$. Parco is an unlisted Pakistan–UAE joint venture. Tabled total $4.5–5bn against about $1bn of listed market value.

Who writes the cheque?

Read the third column slowly. **PRL proposes to spend nine to ten times what the entire company is worth**; the **four listed refineries together propose four to five times their combined value**. Equity markets cannot carry that, so the money must be borrowed, in dollars, against future refining margins. That transforms what these companies are: **from modest processors into leveraged project-finance vehicles whose solvency rests on eroding margins**, **and on the incentive packages.** Lenders will see this clearly, which is why the signed agreements matter less than the financial closes that must follow them. **Watch for sponsor injections,** strategic equity, and the gap between signing ceremonies and drawdown; that gap is where this programme will **succeed or quietly stall**.

What US$5 Billion buys

Three different things, with three different returns. Only one saves real foreign exchange.

1 · QUALITY	2 · YIELD SHIFT	3 · CAPACITY
≈ $90m / yr	≈ $300m / yr	≈ $105m / yr
PENALTY AVOIDED	EARNINGS	FIRM; ~$240M IF ALL PROCEED
Euro-V ends the pricing deductions refineries pay today on below-spec fuel.	Deep conversion turns ~15m barrels of furnace oil a year into petrol and diesel.	PRL's new unit is firm; Cnergyico and NRL expansions come later, if at all.
FX saved: none. Same crude in, same volumes out. A cleaner litre replaces no imported litre.	**FX saved: the spread** between import parity and FO export value. The real prize.	**FX saved: the margin only.** The crude behind every new barrel is still imported.

Mountain Ventures analysis: ~2.8m MT/yr furnace oil converted at 85%, $20/bbl spread; quality at $1.5/bbl; capacity at $6.5/bbl GRM.

Together, roughly **$500 million a year**, three-fifths of it from the yield shift. The loudest component, cleaner fuel, earns the least and saves no dollars at all.

The decomposition also corrects a popular number:

$1.5–2bn	is the claimed annual cost of upgrade delays. It counts product imports gross, as if the replacement crude were free.	≈ $0.5bn	is the true annual FX benefit, net of crude. Real, worth having, a third of the claim.

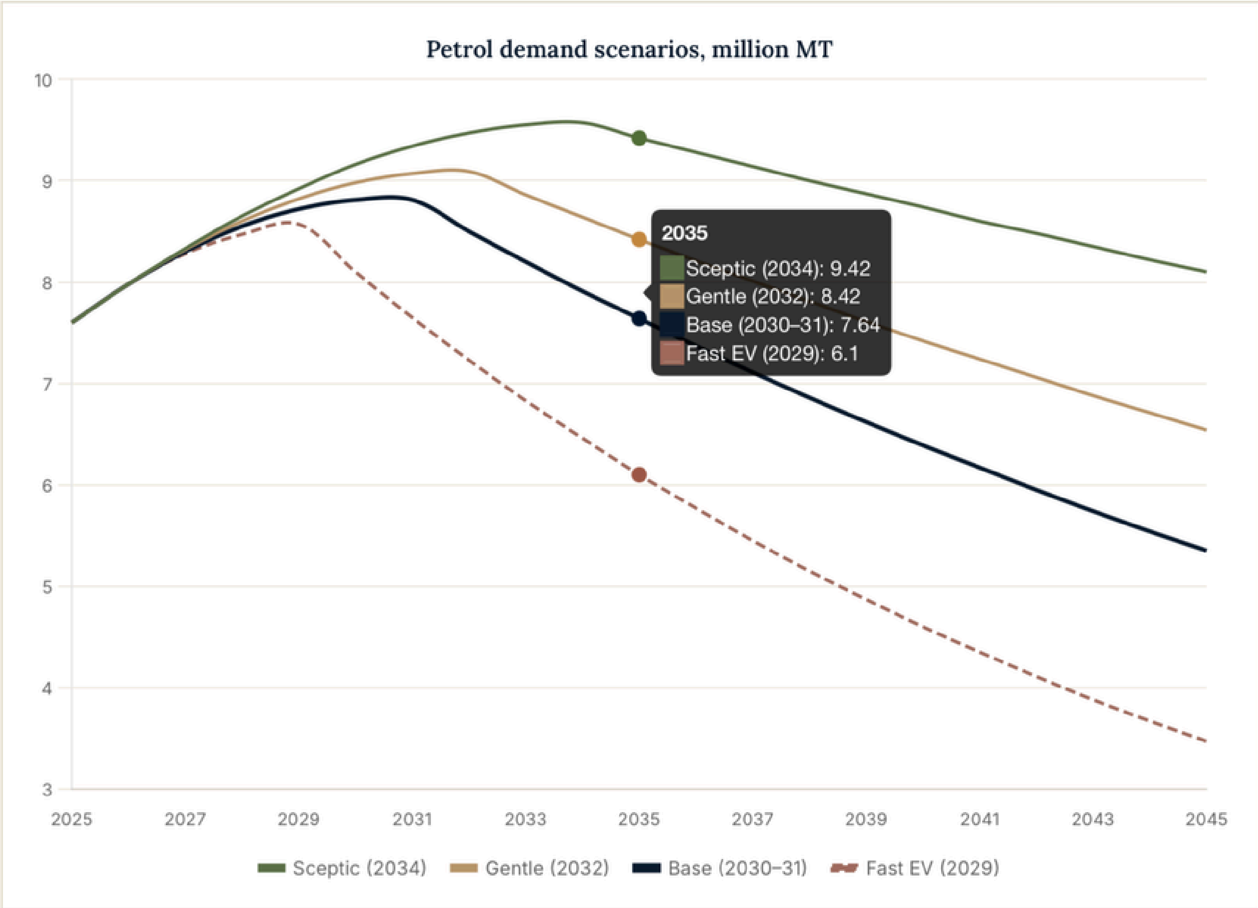
Nothing at the pump, which is itself paying

The consumer pays import parity whether a litre is refined in Karachi or shipped from the Gulf. Nothing above reaches the pump. The pump, in fact, funds it: the incentive package rests on deemed duty of up to 10% on petrol and diesel, collected through the price consumers pay. A former OGRA member puts the collection since 2002 at roughly Rs700 billion, about $2.5 billion, half this programme, and notes the framework offers no exit: no sunset when costs are recovered, no discount, no benefit-sharing. This is five billion dollars for the balance of payments and the industry's viability, not for the motorist. The case should be made honestly on those grounds.

Two fuels, two clocks

Petrol and diesel decline on different clocks. Our petrol pool is dominated by two- and three-wheelers, the vehicles that electrify first; diesel belongs to freight and farms, which electrify last. One variable governs every scenario below, the electric share of new bike sales, and it is tracked quarterly. The data will settle the argument.

The Bending Curve



SCENARIO	ELECTRIC SHARE OF NEW BIKE SALES BY 2030	PETROL PEAKS	AT
Sceptic	Below one-fifth	2034	9.6m MT
Gentle	Around one-third	2032	9.1m MT
Base	Crosses one-half	2030–31	8.8m MT
Fast	Most new bikes electric soon after	2029	8.6m MT

2025 base 7.6m MT per OCAC. Diesel: plateau near 8.0m MT to the mid-2030s, then ~-1% a year.

When does five billion come back?

Agreements signed now, three years to build, first earnings 2029. Then, in the right-hand column, one dose of realism: margins eroding 4% a year after 2030 as new Asian capacity keeps arriving and import parity carries the compression straight into Pakistan.

ANNUAL EARNINGS	PAYBACK	RECOVERED BY	WITH COMPRESSION
Low · ≈ $350m	14 years	2043	2048
Central · ≈ $500m	10 years	2039	2040
High · ≈ $650m	8 years	2037	2037

Simple payback on $5bn, undiscounted, before financing. The high case needs the conditional capacity built, which adds to the bill: a ceiling, not a scenario. Base-case petrol peaks 2030–31; every path completes well after the market has turned.

The SPR Option

One myth to retire: the plants will not sit idle. Local refineries supply a third of our petrol and three-quarters of our diesel, so falling demand crushes imports first, and the plants run full in every scenario. The danger is margin, not volume: the plant runs flat out while each barrel earns less every year. And yes, deep conversion keeps a petrochemical door open as fuels fade; walking through it costs billions more, into a market China has already flooded. An option worth holding, not an answer to the clock.

The upgrade does not fail because the plant sits idle. It fails, if it fails, because by the time the money is recovered, the market it was built for has been shrinking for a decade.

THE QUESTION TO HOLD ONTO

Quality stands on its own legs. The yield shift carries a real half-billion-dollar FX prize. Capacity earns only its margin. Yet consumer-funded protection attaches to all three equally, with no end date, and the balance sheets carrying the build are a fraction of its cost. As the agreements are signed, ask of each component: which demand curve is it underwritten against, who lends against it and on what security, whose money is at risk if the curve bends early, and when does the consumer's contribution end? An elephant is not white because it cannot work; it is white because it costs more to keep than it earns. Whether this one earns its keep will be decided by the margins of the 2030s, and those are being set, right now, in refineries far from Pakistan. And note what a tenth of this money buys instead: ninety days of strategic storage, financed by Gulf partners who need forward inventory east of Hormuz as much as Pakistan needs a reserve. That idea gets its own edition.

Mountain Ventures

Mountain Ventures is an investment and advisory practice founded by partners with deep expertise in oil & gas, energy transition, and technology. The firm has executed landmark transactions in Pakistan's downstream sector, combining hands-on execution with global partnerships to bridge policy, capital, and technology, and to help clients and investors capture opportunities in high-growth markets.

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Following the barrel from the refinery gate to the capital market.

CONTACT

For company-specific analysis, market data, or tailored strategic guidance beyond this overview, reach either partner directly.

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

Clarity through the fog

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