

## Refining and Marketing: April-January 2021 update

February 26, 2021 | Industry Research

### Refining

Demand-Supply and Trade situation of Petroleum Products during April-January 2021 i.e. 10M-FY21

**Table 1: Production, Consumption, Exports and Imports of Refinery Products (Unit: Million Tonnes/ MMT)**

	Change (y-o-y)			
	2019-20	2020-21	2019-20	2020-21
<b>Production</b>	218	191	-0.4%	-12.4%
<b>Consumption</b>	180	159	2.2%	-11.9%
<b>Exports</b>	55	47	6.4%	-15.0%
<b>Imports</b>	37	35	38.4%	-2.8%

Source: PPAC

Production of refinery products/petro products has fallen by 12.4% during 10M-FY21. Crude throughput or refineries processed 4.36 mb/d during 10M-FY21 compared with the 5.08 mb/d of crude processed during 10M-FY20. Cumulative capacity utilisation has been around 87.4% compared with the 101.8% capacity utilization achieved in the same period in the previous corresponding year. With the outbreak of the COVID-19 pandemic across the world and with the nationwide lockdown imposed in the country, Indian refineries have been operating at reduced capacities. Fall in demand has led to refiners trimming their capacity utilisation in order to remain afloat and protect their margins.

Overall consumption of all petroleum products has fallen by 11.9%. Overall consumption has recovered to 88.1% of its pre-pandemic consumption prevalent during the same comparable period in the previous financial year. Cumulatively except for LPG, Naphtha, Bitumen and LDO demand for all refinery products has fallen. However, consumption of petroleum products has been gathering pace as the economy has been opening up and easing restrictions.

Exports of POL products have decreased by 15% during 10M-FY21 compared with the 6.4% growth achieved during 10M-FY20. Decrease in POL products exports was mainly due to decrease in exports of aviation turbine fuel (ATF), naphtha, motor spirit (MS), high speed diesel (HSD), fuel oil (FO), vacuum gas oil (VGO), superior kerosene oil (SKO), bitumen and liquified petroleum gas (LPG). Global fall in demand of petroleum products due to COVID-19 induced lockdowns and social distancing measures adopted has resulted in the overall fall in exports.

POL products imports have decreased by 2.8% during 10M-FY21 compared with the 38.4% growth achieved during 10M-FY20. Decrease in imports was mainly due to the decline in the imports of high speed diesel (HSD), motor spirit (MS), LOBS/Lube oil, naphtha and aviation turbine fuel (ATF).

**Table 2: Trend in monthly Production and Consumption of Petroleum Products during 2020-21 (Unit: MMT)**

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
<b>Production</b>	16.0	17.3	18.7	19.4	17.9	18.0	18.9	21.4	21.5	22.2
<b>y-o-y</b>	-24.2%	-21.3%	-8.9%	-13.9%	-19.1%	-9.5%	-16.7%	-4.9%	-2.7%	-2.5%
<b>Refinery Capacity Utilisation</b>	71%	79%	84%	85%	78%	85%	88%	100%	101%	105%
<b>Consumption</b>	9.4	15.4	16.2	15.6	14.4	15.5	17.8	17.8	18.6	18.0
<b>y-o-y</b>	-48.7%	-19.4%	-8.4%	-12.3%	-16.2%	-4.4%	2.9%	-3.8%	-1.6%	-3.9%
<b>Production</b>	16.0	17.3	18.7	19.4	17.9	18.0	18.9	21.4	21.5	22.2

Source: PPAC, CARE Ratings

\*prorated on a monthly basis.

January 2021 saw growth in consumption of LPG 2.4%, Petrol (MS) 6.3%, Light Diesel Oil (LDO) 48.1% and products categorised under “Others” category 6.1% compared with January 20. The products which registered de-growth were Diesel (HSD) -2.2%, Naphtha -10.4%, Aviation Turbine Fuel (ATF) -41.9%, Bitumen -3.4%, Furnace Oil & Low Sulphur Heavy Stock (FO/LSHS) -11.3%, Lubes & Greases -16.7% , Pet coke -13.5% and Kerosene (SKO) -11.0%. Consumption has recovered upto 96.1% of its pre-pandemic consumption prevalent during January 20.

January 2021 saw the much anticipated roll out of COVID 19 vaccination programme resulting in a surge in both consumer and business confidence. GST collection for January 2021 was close to Rs 1.20 lakh crore indicating a healthy economic activity during the month. The budget released in February 2021 has paved the way for steady economic growth for the coming months

### Cumulative product-wise demand-supply of refinery petroleum products

**Table 3: Production and Consumption of Refinery Products (Unit: Million Tonnes)**

	Production		Change (y-o-y)		Consumption		Change (y-o-y)	
	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
LPG	10.5	10.0	-0.4%	-5.3%	21.9	23.1	7.3%	5.2%
Naphtha	16.9	15.8	1.8%	-6.2%	11.7	11.7	0.0%	0.0%
MS	32.2	29.2	1.5%	-9.3%	25.3	22.8	7.9%	-10.1%
ATF	12.8	5.4	-0.5%	-57.7%	6.8	2.8	-1.5%	-59.2%
SKO	2.6	2.0	-25.5%	-22.7%	2.1	1.5	-28.9%	-27.0%
HSD	92.5	82.5	0.4%	-10.8%	69.8	58.9	0.6%	-15.5%
LDO	0.5	0.6	-6.3%	10.4%	0.5	0.7	6.8%	24.1%
Lubes	0.8	0.8	-4.4%	11.5%	3.2	2.9	10.9%	-11.9%
FO/LSHS	8.0	7.0	-6.9%	-12.4%	5.2	4.9	-4.6%	-5.9%
Bitumen	3.9	3.7	-12.4%	-5.4%	5.3	5.5	2.5%	3.7%
Pet Coke	12.1	9.9	5.8%	-18.0%	18.5	15.1	5.4%	-18.7%
Others	25.5	24.4	-1.7%	-4.4%	9.6	8.9	-1.7%	-7.9%
<b>TOTAL</b>	<b>218.2</b>	<b>191.2</b>	<b>-0.4%</b>	<b>-12.4%</b>	<b>180.1</b>	<b>158.6</b>	<b>2.2%</b>	<b>-11.9%</b>

Source: PPAC

\*Others include sulphur, propylene, propane, reformat, butane, MTO (Mineral Turpentine oil) etc

MS consumption increased by 6.3% during January 2020, fell by 10.1% during 10M-FY21 and has recovered to 89.9% of its previous year's pre pandemic volumes. Increased mobility by personal vehicles and high consumption in rural markets have been the main propellers of MS consumption. Increased economic activity by reopening of schools, cinema halls, theatres etc, and further increase in personal mobility over public transport is adding onto the recovery of the auto-fuel.

- HSD consumption fell by 2.2% during January 2021 and by 15.5% during 10M- FY21 but has recovered to 84.5% of its volumes which was prevalent during 10M-FY20. With opening of economy, the HSD sales have been gradually improving. Sectoral analysis of direct consumer segment indicated a growth of 14.4% in the consumption of diesel during the month in manufacturing activities compared to its level in January 2020. Manufacturing PMI for the month of January 2021 stood at 57.7 as compared to 56.4 in December 2020 indicating a strong improvement in both consumer and business sentiments. Services PMI for the month of January 2021 stood at 52.8 as compared to 52.3 in January 2020 indicating a moderate growth in service sector. The rollout of COVID 19 vaccines has provided a major boost in positive sentiment across sectors.
  - Commercial vehicle sales as reported by individual companies in the month of January 2021 has been mostly in the positive territory indicating recovery in manufacturing sector.
  - Tractor sales as reported by major individual companies continues to show a double-digit growth on account of good monsoon and thriving rural economy.
  - There has been a growth in traffic handled at major ports for third consecutive month indicating a sustained expansion of economic activities.
- Naphtha consumption fell by 10.4% but has recovered to 100% volume during 10M-FY21 as in the same period last year. Petrochemical industries remain the main consumers of naphtha. The de-growth in Naphtha consumption during the month of January 2021 has been due to a fall in consumption of Naphtha by petrochemical, fertilizer and other miscellaneous sectors.
- ATF consumption fell by 59.2% during 10M-FY21 and has only recovered to only 40.8% of its 10M-FY20 volume. International air traffic remains restricted with the continuing ban on international flights. Domestic flights continue to operate with marginal increase over previous month hence keeping up the month on month increase in air travel. Passengers carried by domestic airlines during the month of January 2021 stood at 77.3 lakhs as

against 127.8 lakhs during January 2020. The total domestic passengers carried during 10M-FY21 was 378.3 lakhs as against 1215 lakhs during 10M-FY20. Sequentially ATF consumption has increased by a meagre 0.3% on m-o-m basis.

- Bitumen consumption fell by 3.4% during January 20 but has increased by 3.7% during 10M-FY21. The consumption was moderately affected by rainfalls in the southern states. MORTH has constructed 9,129 km of National Highways upto January 2021 compared with 7,925 km constructed upto January , 2021.
- LPG consumption increased by 2.4% during January 2021 and by 5.2% during 10M-FY21. During January 2021, out of the five regions, Northern region had the highest share in total PSU LPG sales of 32.4% followed by Southern region at 27.6%, Western region at 21.8%, Eastern region at 15.6% and North Eastern region at 2.5%.
  - PSU LPG Packed Domestic category recorded a cumulative growth of 10.4% during 10M-FY21 compared with 7.3% growth during 10M-FY20. During April - January 2021, around 74.6 lakh new connections and 56.7 lakh DBCs have been released. A total of 8.01 crore BPL households have been covered under PMUY till 31.01.2021 since inception of the scheme.
  - PSU LPG Packed Non-Domestic category recorded a cumulative de-growth of 33.7% during 10M-FY21 compared with the 16.1% growth during 10M-FY20.
  - PSU Bulk LPG category registered a cumulative growth of 21.1% during 10M-FY21 compared with the 11.3% de-growth witnessed during 10M-FY20.
  - PSU Auto LPG category registered a cumulative de-growth of 36.7% during 10M-FY21 compared with the 1.8% de-growth witnessed during 10M-FY20.
- SKO consumption continues to decline. With Rajasthan also joining the bandwagon of states who have gone kerosene free, there are now total 12 number of states/UTs who have voluntarily surrendered kerosene. All UTs except the UT of J&K and Ladakh and the states of Andhra Pradesh, Delhi, Haryana, Punjab, Uttar Pradesh and Rajasthan have been declared kerosene free. States like Gujarat, Bihar and Maharashtra have also voluntarily surrendered a certain quantity of PDS SKO allocation. The state of Uttarakhand had nil upliftment of PDS SKO during the month. Also the quota for PDS SKO of Uttar Pradesh has been made nil for Q4 (Jan-Mar) of 2020-21.
- Increase in LDO consumption by 48.1% during January'20 and by 24.1% during 10M-FY21 can be ascribed to its usage in various types of furnaces. Power generation, civil engineering and Iron & Steel were the major sectors contributing to the total consumption.
- Consumption of Petcoke, Lubes & Greases and FO/LSHS fell by 18.7%, 11.9% and 5.9% and have recovered to 81.3%, 88.1% and 94.1% of its previous year's volumes during 10M-FY21.

**Table 4: Exports and Imports of Refinery Products (Unit: MMT)**

	Exports		Change (y-o-y)		Imports		Change (y-o-y)	
	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
LPG	0.38	0.36	10.7%	-3.4%	12.3	13.6	15.3%	11.3%
MS	10.5	9.4	-1.5%	-10.5%	2.0	1.1	377.4%	-43.5%
Naphtha	7.4	5.2	21.4%	-30.1%	1.5	1.1	-17.9%	-24.1%
ATF	5.9	2.7	-4.1%	-54.2%	0.06	0.00	-74.4%	-100.0%
SKO	0.09	0.01	502.7%	-87.3%	-	-	-	-
HSD	26.3	25.4	12.9%	-3.5%	2.4	0.6	674.8%	-73.1%
LOBS/ Lube Oil	0.007	0.014	7.9%	111.6%	2.3	1.7	16.1%	-23.1%
Fuel Oil	1.31	0.90	-35.5%	-31.1%	3.2	4.9	164.3%	51.2%
Bitumen	0.02	0.006	37.4%	-74.3%	1.2	1.4	83.2%	14.1%
Others%	2.80	2.56	3.1%	-8.7%	-	-	-	-
Others&	-	-	-	-	11.6	10.9	27.3%	-5.8%
<b>TOTAL</b>	<b>54.7</b>	<b>46.5</b>	<b>6.4%</b>	<b>-15.0%</b>	<b>36.5</b>	<b>35.5</b>	<b>38.4%</b>	<b>-2.8%</b>

Source: PPAC

% Others in export include Petcoke/CBFS, Benzene, Hexane, MTO, Sulphur etc.

& Others in import include Petcoke, Paraffin wax, Petroleum Jelly, Aviation Gas, MTBE, Reformate etc.

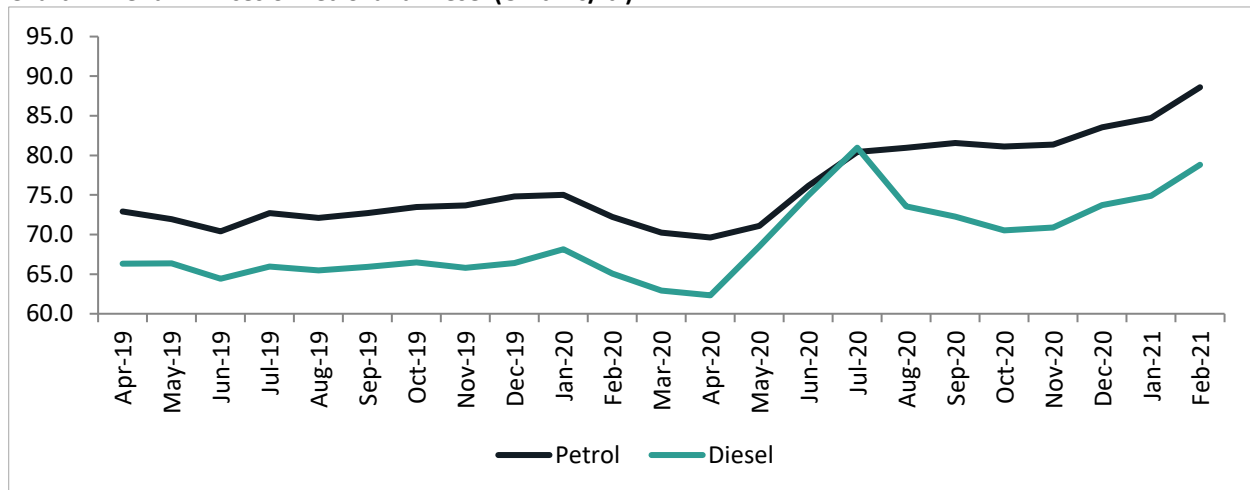
## Product-wise pricing of Refinery Petroleum products

### Petrol Diesel

Prices of petrol and diesel have been made market-determined by the Government with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel in line with their international product prices, exchange rate, tax structure, inland freight and other cost elements.

Oil firms consider the trade parity pricing which is based on the prevailing prices in the international markets. Retail prices of petrol and diesel in India are linked to their prices in the global markets and not crude oil. Prices of petrol and diesel in India are worked out based on the average of the trailing 15 days of benchmarked Arab-Gulf fuel prices which move in tandem with global crude oil prices. The pricing formula involves 80% of import price and 20% export price of the fuel.

**Chart 1: Trend in Prices of Petrol and Diesel (Unit: Rs/ltr)**



Source: PPAC

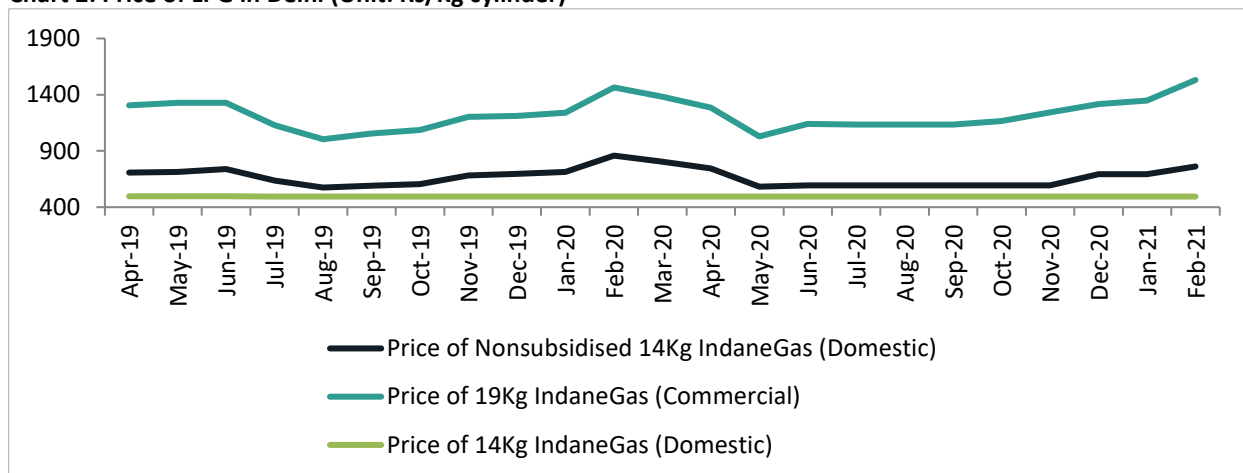
Prices of Petrol and Diesel are at an all-time high. The current high price of petrol and diesel can be ascribed to the high taxes levied by the government coupled with an increase in crude oil price. Taxes make up 60% of the retail price of petrol and 55% of the retail price of diesel (as of 16<sup>th</sup> February 2021).

### LPG

Unlike the price petrol and diesel which are revised on a daily basis in line with rates of benchmark fuel in the international market, price of LPG is revised on first of every month which too is in line with the counterpart's product prices prevalent in the international markets.

The Government continues to modulate the effective price to consumer for Subsidized Domestic LPG and currently purchases of LPG cylinders at the prevailing market price. The amount of subsidy provided by the government on the annual quota of 12 refills varies from month to month. The subsidy amount is determined broadly by factors such as crude oil and foreign exchange rates.

**Chart 2: Price of LPG in Delhi (Unit: Rs/Kg cylinder)**



Source: CMIE, IOCL

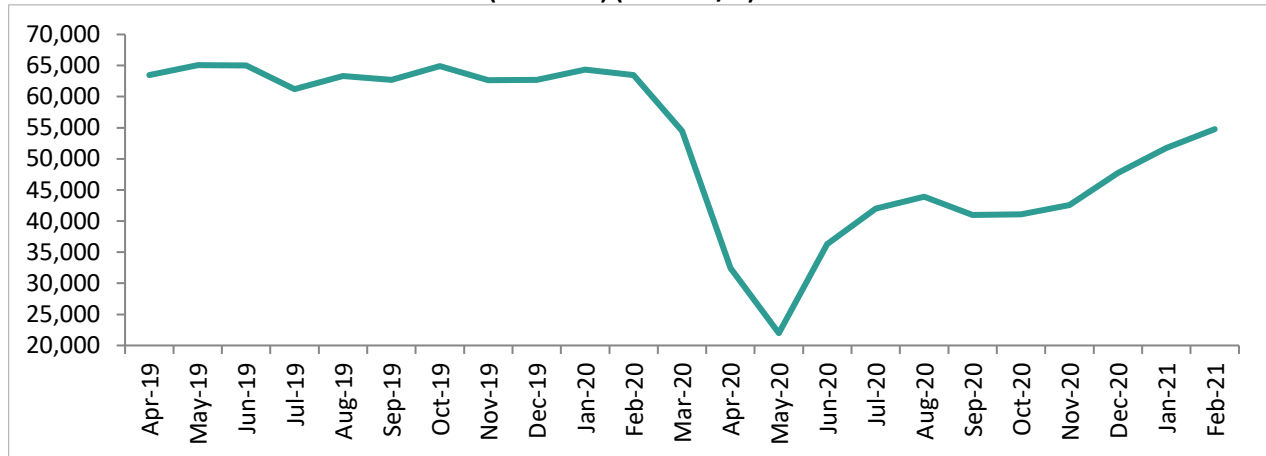
This rise in the prices of the LPG gas cylinders comes for the third time this month. Earlier, the cost of the domestic gas cylinders was increased by Rs. 25 on February 4 and then by Rs. 50 on February 15.

### ATF

ATF prices are revised on 1st and 16th of every month based on the average price of benchmark international rate and foreign exchange rate in the preceding fortnight. Though the price of the fuel is in line with ATF prices in the

international markets in the domestic economy the selling price of the fuel varies from city to city depending on local taxes.

**Chart 3: Price Aviation turbine fuel in Delhi (Domestic) (Unit: Rs./kl)**



Source: CMIE

**Price of ATF has been increasing with firming international oil prices.**

ATF costs, accounting for about a fourth of expenses for major domestic airlines, was raised by 3.6% on 16<sup>th</sup> February compared with a fortnight ago as global crude oil prices firmed up on improved demand. ATF prices were increased to ₹55,737.91 per kilo litre in New Delhi for domestic airlines on Tuesday from ₹53,795 per kilo litre on 1 February. But in retrospect, price of ATF is lower than 13.7% compared with the comparable month (February 2020) in the previous financial year.

**Marketing**

The retail marketing of petroleum products in India is done mainly by the public sector Oil Marketing Companies (OMCs) i.e. Indian Oil Corporation Ltd (IOCL), Hindustan Petroleum Corporation Ltd (HPCL), Bharat Petroleum Corporation Ltd (BPCL), and private companies like Reliance, Nayara & Shell. Important processes in the marketing include storage, distribution and sales of petroleum products. The OMCs perform marketing activities through their vast network of Terminals/Depots, LPG Bottling Plants, Retail Outlets, LPG Distributorships and SKO/LDO Dealers across India.

- **Retail Infrastructure**

Vast marketing infrastructure of OMCs comprise of petrol/diesel stations, Indane (LPG) distributorships, lubricants & greases outlets, consumer pumps which are backed by bulk storage terminals and installations, inland depots, aviation fuel stations, LPG bottling plants and lube blending plants amongst others.

**Table 5: Industry marketing infrastructure as on 01.02.2021 (Unit: in Numbers) (Provisional)**

Particulars	Total
POL Terminal/ Depots	303
Aviation Fuel Stations	257
Retail Outlets (total)	74,951
^ out of which Rural ROs	20,110
SKO/LDO agencies	6,439

Source: PPAC

Petroleum, Oils and Lubricants (POL) depot consists of strategic storage of crude oil refinery products in sufficient quantities. The POL depot provides bulk storage facility for various fuels to meet the stocking requirements of various oil companies.

Aviation Fuel stations are situated at airports which can refuel aircrafts Aviation Turbine Fuel (ATF) is dispensed from specially designed re-fuellers, which are driven up to parked airplanes and helicopters. Major airports have hydrant refuelling systems that pump the fuel right up to the filling outlets on the tarmac through underground pipelines for faster refuelling. Essentially, ATF is pumped into an aircraft by two methods: Overwing and Underwing. Overwing fuelling is used on smaller planes, helicopters, and piston-engine aircraft and is similar to automobile fuelling - one or more fuel ports are opened and fuel is pumped in with a conventional pump. Underwing fuelling, also called single-point which is used on larger aircrafts.

Retail Outlets, commonly known as Petrol Pumps are engaged in making available automotive fuels/ lubricants and other value added services for the automobile / private transport sector. The Retail unit is so named, as it involves dispensing fuels of relatively smaller volumes to the vehicle fuel tank. Almost 99% of petrol and 90% of diesel is sold

through retail pumps. There are almost 74,224 retail outlets in India and around 27% of these ROs are present in rural regions (as of 1.2.2021). PSU OMCs account for 90% of the retail outlets present in the country.

SKO/LDO agencies as the name suggests market/distribute kerosene and light diesel oil to its customers. In the case of Public Distribution System (PDS) Kerosene which is a subsidized product, it is distributed to the customers through the PDS network (Ration shop) of the State Governments / Union Territories (UT).

- **LPG Marketing**

LPG in India is predominantly marketed by Public Sector Oil Marketing Companies (OMC).

**Table 6: Region-wise data on LPG marketing (As on 01.02.2021)**

Particulars	North	North-East	East	West	South	Total
LPG Active Domestic Customers (in Lakh)	882	100.5	560.3	607.8	731.8	2882.4
LPG Coverage (Estimated)	114%	92.8%	86%	90%	107%	99.6%
PMUY Beneficiaries (in Lakh)	249	42	254	175	81	801
LPG Distributors (Numbers)	8,127	1,068	5,015	5,304	5,438	24,952
Auto LPG Dispensing Stations (Numbers)	115	0	48	145	343	651
Bottling Plants* (Numbers)	62	12	28	45	52	199
LPG Bottling capacity# %(MMTPA)	6.5	0.7	3.3	4.8	5.7	21.0

Source: PPAC

\*Includes Numaligarh BP, Duliajan BP and CPCL BP. # Bottling Capacity is based on number of shifts presently in operation at plants. %LPG Bottling capacity is on 1.01.2021

- PSU OMCs together have 28.82 crore active LPG customers in the domestic category which are being served by 24,952 LPG distributors. The LPG coverage of the country is estimated/based on active domestic connections and estimated households as on 1 February 2021 and it is around 99.6%.
  - Uttar Pradesh has the most number of LPG distributors accounting for 16.5% of the total, followed by Maharashtra and Bihar at 8.8% and 7.9% respectively.
- PSU OMCs have a total of 199 LPG bottling plants all over India with rated bottling capacity of around 21 million metric tonnes per annum (MMTPA).
  - Uttar Pradesh has the most number of LPG bottling plants accounting for 13% of the total, followed by Maharashtra and Tamil Nadu at 10% and 9.5% respectively.
- PSU OMCs have a total of 655 Auto LPG Dispensing Stations all over India for catering to LPG demand in the automotive sector.
  - Karnataka has the most number of Auto LPG Dispensing Station accounting for 17% of the overall total followed by Tamil Nadu and Kerala at 13.7% and 10.4% respectively.

- **Product Pipelines**

The primary transportation of POL products across the country takes place by four transportation modes viz. pipelines, rail, coastal and road. Generally pipeline represents the cheapest mode of POL transportation. Pipelines are the most cost effective, energy efficient, safe and environment friendly mode of transportation of petroleum products. They ease the overburdened rail & road infrastructure and minimise the environmental impacts arising out of rail and road transportation.

**Table 7: Major product pipeline network (as on 01.02.2021)**

	Oil India	IOCL	BPCL	HPCL	Others*	Total
Length (kms)	654	9,400	2,241	3,775	2,395	18,465
Capacity (MMTPA)	1.7	46	19.5	34.7	9.4	111.3

Source: PPAC

\* HPCL and BPCL lubes pipeline included in products pipeline data

Pipelines play a significant role in meeting the demand of petroleum products in India by ensuring product availability to consumers and the public at large from the refineries itself. Primarily products which are transported via these product pipelines are ATF, Lubes and LPG.

## CARE Ratings Views and Opinions: Outlook FY21

### Consumption

In the recent months as the economic environment has improved, India's fuel demand is on a recovery path after the lows witnessed during April-May 2020 as economic activity is picking up with the subsequent easing of lockdown restrictions. Now even some schools and colleges have opened up and is operating by following social distancing



norms. The Indian economy is now expected to witness a faster turnaround with the roll out of the vaccine, increased mobility and less disruptions in business operations.

The consumption of petroleum products in the country, underscores the high growth potential that the domestic market offers for refined products and India will continue to be a major demand centre over the long-term but since the virus is showing no signs of abating for the time being, demand is to be muted or subdued for the time being. Overall consumption of petroleum products is to fall by 8.4% during FY21 though a recovery of 1.2% is expected during H2-FY21 and as of now till 10M-FY21 consumption has fallen by 11.9%.

- Recovery in total consumption during H2-FY21 is to be supported by the increase in demand for auto fuels such as diesel and petrol, and industrial fuels such as bitumen and Naphtha.
- Increase in consumption of LPG and LDO is to remain elevated while there will be a fall in consumption of ATF, SKO, Petcoke, lubes and greases and FO&LSHS during H2-FY21.

The consumption of petrol which constitutes around 13%-14% of the overall fuel consumption and diesel which constitutes around 39% of the overall fuel consumption will register a fall in consumption of 6.4% and 11.3% by the end of FY21.

- Recovery in consumption of petrol is expected to be around 8.6% and 2.7% for diesel during H2-FY21.
- Demand for petrol will be more resilient than diesel due to an increased preference for using personal vehicles instead of public transport to follow distancing norms. Improvement in freight activities may also support fuel sales.
- Vibrancy in the rural markets is to also further demand of diesel on the back of a favourable monsoon seasons and a good kharif cropping season.
- Night curfews, resurgence of a second wave of COVID-19 cases and restricted movements of goods due to states being cautious of the spread of the virus might restrict the use of the auto-fuels to a certain extend.

The LPG segment is witnessing a major transformation, with a slew of reform measures. Consumption of LPG has remained elevated and has defied a broader demand slump for oil products in India as families spent more time cooking at home amid the lockdown. Going forward, LPG demand is to increase by 5.2% during FY21. LPG consumption had increased by 5.9% during FY20 and has increased by 5.2% during 10M-FY21 as well.

- LPG consumption is also benefitting as the government is stocking up supplies to ensure regular deliveries across the economy.

Consumption of ATF is to continue to be sub-par as airlines are yet to resume full operations. Going forward, ATF demand is to fall by 53.5% during FY21.

### **Production**

In terms of refining activities, crude throughput is to fall by 10.4% during FY21. Consumption of crude oil is likely to come down to around 4.5 mb/d during FY21 as compared with the 5.09 mb/d consumed during FY20.

Going forward, refiners are also expected to produce diesel in lesser quantities and focus more on the production of petrol in order to respond to changing demand dynamics.

- There has been a structural shift in India's demand for diesel as slowing primarily the country's car fleet are shifting predominantly to petrol, trucks are getting more efficient and solar pumps are displacing diesel-fed units across the countryside. Some auto makers are also rejigging their portfolio by either discontinuing diesel-powered vehicles or those which have low sales volume.
- Use of hydrogen and natural gas in trucks and buses is also leading to a shift which has entangled refiners at crossroads, considering over the years diesel sales have been double of that of petrol.
- The price advantage of once diesel had is also stymied as the fuel now costs almost as much as petrol in some states.

**Contact:**

**Madan Sabnavis**  
**Urvisha H Jagasheth**  
**Mradul Mishra**

Chief Economist  
Research Analyst  
(Media Contact)

madan.sabnavis@careratings.com  
urvisha.jagasheth@careratings.com  
mradul.mishra@careratings.com

+91-22-6837 4433  
+91-22-6837 4410  
+91-22-6754 3573

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Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022  
Tel.: +91-22-6754 3456 | CIN: L67190MH1993PLC071691

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