

Foundation Alert

MARI: Sachal Gas Processing Complex starts production

Event

- MARI Petroleum Company Limited (MARI) has successfully commissioned processing of low Btu gas from Sachal Gas Processing Complex phase-II.

Impact

- MARI has successfully completed the construction of Sachal Gas Processing Complex (SGPC) Phase-II facilities to process low Btu gas from Goru-B reservoir of Mari Gas Field in Daharaki, Sindh Province.
- The phased commissioning and performance testing of the facility is ongoing.
- After processing, company is supplying 47.5 mmcf of pipeline specification gas to SNGP.
- The gas is being supplied by company's own 20 inch, 25 km long, cross country gas transmission pipeline connecting SGPC to SNGP valve assembly (QV-2) at Mahammadpur.
- Company is targeting to add 200 mmcf of Goru-B gas through this facility.
- These incremental flows would have an annualized impact of ~Rs54 per share on company's profitability, in our view.
- We expect, Phase-II of SGPC would add ~Rs61/96 per share to company's profitability of FY24/FY25.

Outlook

- Materialization of lower Goru-B reserves, enhanced probability of continuation of flows on incremental pricing from HRL, immunity to circular debt, dollar hedged topline, aggressive exploration drive in hydrocarbon rich areas and offshore expansion compel us to have "Outperform" stance on the stock with Dec'23 TP of Rs 2,096.6.

Analyst

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Recommendations definitions

If	
Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.