VIS
Credit Rating Company Limited

RATING REPORT

PGP CONSORTIUM LIMITED

Analyst:
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RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A	A2	A	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	November 26, 2026		October 07, 2025	

Shareholding (5% or More)	Other Information
Pakistan Gas Port Limited – 99.99%	Incorporated in 2015
	Public Limited Company (Unlisted)
	Chief Executive: Mr. Fasih Ahmed
	Chairman: Mr. Iqbal Z. Ahmed
	External Auditor: RSM Avais Hyder Liaquat Nauman, Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
https://docs.vis.com.pk/Methodologies-2026/Corporate-Rating-2026.pdf

Rating Scale

https://vis.com.pk/docs/VISRatingScales.pdf

Rating Rationale

PGP Consortium Limited's ('PGPC' or the 'Company') ratings is supported by its LNG terminal infrastructure, strategic role in Pakistan's energy supply chain, stable contractual arrangements with Pakistan LNG Limited, and continued operational reliability. The Company benefits from the experience of its management team and the backing of the Associated Group. The long-term OSA with PLL provides revenue visibility through contracted capacity fees for 600 MMSCFD, irrespective of actual LNG throughput. However, profitability remains subject to fluctuations in operating costs, finance costs and other income.

The capital structure strengthened during FY26, supported by debt reduction and growth in equity. However, higher finance costs and pending enforcement of LCIA award on royalty continue to constrain the Company's capacity to meet its financing commitments through internally generated funds. The operating environment remains challenging amid subdued LNG demand, affordability concerns, and uncertainty surrounding future utilization of uncontracted terminal capacity. Nevertheless, LCIA Final Award has established PLL's obligation to reimburse qualifying royalty payments made by the Company, together with applicable interest. This development is expected to positively contribute to the Company's profitability and cash flows upon recovery. Furthermore, the Company's classification under the Normal Tax Regime (NTR) and potential for additional revenue through TPA provide further opportunities for financial improvement. The Company's credit profile remains dependent on maintaining terminal availability, and generating sufficient cash flows to meet its obligations.

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Company Profile

PGP Consortium Limited ('PGPC' or the 'Company') is an unlisted public limited company incorporated in Pakistan on September 1, 2015 as a Special Purpose Vehicle (SPV) for the development and operation of a Liquified Natural Gas (LNG) terminal. The Company is a wholly owned subsidiary of Pakistan GasPort Limited (PGPL), which is wholly owned by the Associated Group (AG). Its registered office is located at Associated House, Lahore, while the LNG terminal is situated at Mazhar Point, Hafeez Island, Port Qasim, Karachi.

PGPL was awarded Pakistan's second LNG terminal project under a competitive bidding process. The terminal commenced commercial operations on 4th January 2018 and has a peak regasification capacity of 750 MMSCFD, comprising a Floating Storage and Regasification Unit (FSRU), jetty and associated facilities for LNG unloading, storage, regasification and transmission of RLNG to the national gas network. The project includes a 171,000 cubic metre FSRU, with the terminal infrastructure developed under a long-term concession arrangement.

The terminal operates under an Operation and Services Agreement (OSA) originally signed in July 2016 for a period of 15 years from the start of commercial operations. Under the agreement, Pakistan LNG Limited (PLL) has contracted 600 MMSCFD of regasification capacity and provides off-take support through fixed capacity charges for the provision of LNG terminal services, irrespective of actual LNG volumes. The terminal's operations are supported by key infrastructure and service arrangements. BW Group (BW), a global maritime and gas infrastructure group, supports FSRU operations, while Fauji Oil Terminal & Distribution Company Limited (FOTCO) undertakes jetty operations and maintenance. The project also includes a 13.8-kilometre subsea and onshore pipeline connecting the terminal to the national gas grid.

Group Profile

PGPC forms part of the Associated Group (AG), an energy-focused business group with interests across the energy sector. The group's key entities include Pakistan GasPort Limited (PGPL), Jamshoro Joint Venture Limited (JJVL), Lub Gas (Private) Limited and Mehran LPG (Private) Limited. Mr. Iqbal Z. Ahmed serves as Co-founder and Chairman of Associated Group (AG). The group's senior management and directors have experience across the energy, oil and gas, LPG/NGL, power, architecture and media sectors. PGPC's professional team also includes individuals with experience in LNG and related infrastructure.

Management and Governance

OWNERSHIP & MANAGEMENT

PGPC maintains a closely held ownership structure. The Board provides strategic oversight, while day-to-day operations are managed by Mr. Fasih Ahmed, Chief Executive Officer, supported by a team with relevant experience.

The senior management team includes Mr. Iqbal Z. Ahmed (Chairman), Mr. Razi Ahmed (Director), Mr. Asim Iftikhar (Finance Director), Mr. Rahat Kamal (Senior Project Director) and Mr. Muhammad Kashif, CFO, along with professionals overseeing maritime logistics, LNG-related projects and construction management. During FY2025 and FY2026, the Board and senior management composition remained the same.

AUDITOR OPINION

RSM Avais Hyder Liaquat Nauman, Chartered Accountants, a Category "A" firm on the State Bank of Pakistan (SBP) Panel of Auditors and holding a satisfactory ICAP Quality Control Review (QCR) rating, served as the external auditor for FY25. The auditor issued an unqualified opinion on the financial statements for the year ended June 30, 2025. The same auditor has been engaged to audit the financial statements for the current financial year, and the audit is currently in progress.

LITIGATIONS

Ongoing Major Litigations

PGPC referred its disputes with PLL concerning royalty reimbursement, Third-Party Access (TPA) and pre-CSD payments to the London Court of International Arbitration (LCIA) on October 28, 2023. On November 7, 2025, the Tribunal ruled that royalty paid by PGPC to Port Qasim Authority (PQA) on LNG imported by PLL was PLL's responsibility under the OSA. PLL was directed to reimburse eligible royalty claims, along with interest at KIBOR + 1%, excluding time-barred claims. Although PGPC's entitlement to pre-CSD payments was acknowledged, the related claim was held to be time-barred. PGPC subsequently filed an enforcement petition before the Islamabad High Court (IHC) on December 22, 2025. On February 6, 2026, the IHC directed PLL to deposit PKR 3.41bn in three equal instalments to safeguard PGPC's claim, and the full amount has been deposited. The enforcement proceedings remain pending. Management expects royalty recovery to support future profitability and cash flows; however, realization remains subject to the outcome of the proceedings. As at Jun'26, PGPC had recognized a receivable of PKR 8.98bn under the award, comprising PKR 3.06bn of royalty due, PKR 5.20bn of royalty not yet due and PKR 0.72bn of interest.

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Regarding TPA, the Tribunal recognized the availability of sufficient excess capacity to accommodate third-party demand and noted that key commercial terms had been agreed through the August 3, 2022 Clarification Letter. However, further negotiations with PLL and the Ministry of Energy (Petroleum Division), followed by formal execution of a TPA agreement, are required. While the Tribunal attributed the breakdown in negotiations to the Ministry's intervention, PGPC's claim for damages under the relevant OSA provision was not allowed. Accordingly, commercial utilization of the excess terminal capacity remains contingent on finalizing the required arrangements.

The Honourable IHC, on November 04, 2025, declared that the operations of the Company's regasification / tolling activity constitute toll manufacturer, reaffirming the Company's stance of being taxed under the Normal Tax Regime (NTR). Consequently, withholding tax rate is being applied at 9% instead of the previously applied rate of 15%. Furthermore, following the application of the NTR, the Company has a significant tax refund receivable of approximately PKR 6.4bn and is pursuing its recovery. The Company is also considering the possibility of the reduced withholding tax rate, which may further improve its future cash flow position.

Business Risk

INDUSTRY

Natural gas remains an important component of Pakistan's energy mix; however, declining indigenous production continues to widen the supply gap, increasing reliance on imported LNG. During FY25, average gas consumption stood at 3,143 MMCFD, including 798 MMCFD of RLNG, while the country's two LNG terminals provided around 1,380 MMCFD of regasification capacity. LNG consumption was 914 MMCFD for FY25, with imports declining for the fifth consecutive year, resulted in lower utilisation of the country's LNG infrastructure. In 1HFY26, petroleum products demand showed some recovery, while gas and RLNG consumption remained subdued; during FY26 (July- March), petroleum products demand increased 3.5% YoY to 13.64m tonnes, whereas natural gas and RLNG consumption declined to 2,316 MMCFD and 613 MMCFD, respectively, from 2,345 MMCFD and 798 MMCFD in the corresponding period.

The sector continues to face challenges from declining domestic gas availability, relatively high LNG prices, foreign exchange requirements and circular debt, although recent policy measures are focused on improving cost recovery and market efficiency. While declining indigenous gas availability is structurally supportive of the need for imported LNG, actual LNG demand remains constrained by affordability concerns, pricing dynamics and the financial position of gas utilities. The government has developed a gas-sector deregulation roadmap, while negotiations with Qatar have also enabled surplus LNG cargoes to be diverted to international markets. For FY26, S&P Global had estimated total gas demand at 3,500–4,000 MMCFD, with LNG accounting for around 1,000–1,200 MMCFD, supported by expectations of improved macroeconomic conditions; however, actual demand during the period remained sensitive to pricing and supply disruptions, resulting in subdued LNG consumption and lower utilisation of available regasification capacity.

Going forward, sector conditions are expected to remain dependent on domestic production trends, LNG affordability, economic activity and progress on pricing and market reforms. While declining reserves support the structural requirement for LNG imports, subdued demand and elevated import costs may constrain volume growth in the near term. However, increased participation of the private sector in LNG imports could provide access to more competitively priced cargoes, improve supply flexibility and create additional opportunities for utilisation of existing LNG infrastructure through third-party access (TPA) arrangements.

OPERATIONAL UPDATE

PGPC'S terminal availability has remained above 98%, supporting consistent operating performance. In FY26, average utilization of the 600 MMSCFD capacity contracted to PLL stood at 262 MMSCFD, compared with 399 MMSCFD in FY25. The remaining 150 MMSCFD merchant capacity was not utilized during FY26, with its future utilization subject to the required commercial arrangements following the November 2025 LCIA award.

PROFITABILITY

PGPC's pricing is governed by contractual arrangements under the OSA with PLL. The Company's revenue is primarily based on contracted capacity fees and other agreed charges, rather than being directly linked to the market price of LNG or RLNG. Accordingly, fluctuations in LNG prices do not directly determine PGPC's revenue, which is primarily driven by the contracted capacity charges under the OSA and the availability of the terminal.

In FY25, revenue declined modestly by 4.0% YoY to PKR 20.5bn (FY24: PKR 21.3bn), while gross profit increased to PKR 7.2bn (FY24: PKR 6.0bn), primarily due to the discontinuation of royalty expenses payable to PQA. Accordingly, gross margin improved to 35.3% from 28.0%. Profit before tax (PBT) increased to PKR 6.8bn, with PBT margin strengthening to 33.1% from 25.0%, while Profit After Tax (PAT) rose to PKR 5.5bn (FY24: PKR 3.3bn), translating into a net margin of 27.1% (FY24: 15.3%). The higher profitability was supported by a significant increase

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in other income to PKR 7.0bn (FY24: PKR 2.3bn). This was primarily driven by a PKR 5.2bn write-back of royalty, following the determination under the LCIA proceedings, along with PKR 380mn of interest income on reimbursable royalty claims.

In FY26, revenue further decreased by 4.8% to PKR 19.5bn due to reduction in finance income from sub-lease hence gross profit stood at PKR 6.4bn and gross margin at 33%. Furthermore, PAT amounted to PKR 2.8bn, primarily due to normalization of other income to PKR 1.3bn, following the one-off royalty write-back recorded in FY25.

Moreover, the management highlighted that the Federal Board of Revenue (FBR) had previously treated PGPC as a service provider for tax purposes, whereas the Company's operations relate to toll manufacturing. Following the Islamabad High Court's decision in November 2025, toll manufacturers were recognized as a distinct category for tax purposes. Accordingly, the 9% withholding tax on gross revenue is treated as adjustable against the normal tax liability, calculated at 29% of taxable profits. This will reduce the tax burden and support improvement in the Company's profitability, going forward.

Financial Risk

CAPITAL STRUCTURE

The Company's capitalization profile reflects the capital-intensive nature of terminal operations. Gearing and leverage improved to 2.96x and 4.56x as of Jun'25 (Jun'24: 3.52x and 5.30x), respectively, supported by a slight reduction in total debt to PKR 54.8bn (Jun'24: PKR 55.5bn) and an increase in Tier-1 equity to PKR 18.5bn (Jun'24: PKR 15.8bn). Lease liabilities declined to PKR 51.8bn as of Jun'25 (Jun'24: PKR 55.1bn), although continued to represent a substantial portion of debt given the lease-based operating structure of the terminal. These lease liabilities primarily arise from the recognition requirements of IFRS 16 and are accompanied by corresponding right-of-use assets on the Company's balance sheet.

As of Jun'26, gearing and leverage improved further to 2.44x and 4.01x, respectively, as total debt declined to PKR 48.9bn. Lease liabilities also reduced to PKR 46.0bn, while tier-1 equity increased to PKR 20.0bn

Going forward, the capital structure is expected to strengthen, supported by limited planned CAPEX, the gradual run-off of lease liabilities and continued debt reduction.

DEBT COVERAGE & LIQUIDITY

In FY25, FFO improved to PKR 3.44bn (FY24: PKR 2.64bn), driven by an increase in the bottom line. Consequently, FFO-to-total debt improved marginally to 0.06x (FY24: 0.05x). In FY26, coverage weakened as FFO declined to PKR 2.24bn, reducing FFO-to-total debt to 0.05x. DSCR also decreased to 0.71x (FY24: 0.78x).

Liquidity remained adequate, with the current ratio maintained at 1.06x as of Jun'26 (Jun'25: 1.06x; Jun'24: 1.00x). Current assets increased to PKR 28.4bn from PKR 25.6bn, mainly due to higher trade debts and income tax recoverable. Trade debt included receivable recognized under the LCIA award, while cash and bank balances declined to PKR 1.4bn (Jun'25: PKR 2.3bn). Sustained improvement in liquidity metrics remains important for the credit profile.

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Financial Summary				*Appendix I*
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	FY26M
Property, Plant and Equipment	35,575	34,787	33,941	33,428
Net Investment in lease	58,868	53,281	49,745	43,657
Non-current Assets	**98,590**	**95,129**	**91,172**	**85,411**
Current portion of non-current assets	4,675	4,713	5,813	6,971
Trade debts - unsecured	2,756	5,425	9,778	11,223
Income tax recoverable	1,131	3,694	5,465	6,485
Cash and bank balance	2,648	2,483	2,283	1,445
Current Assets	13,267	18,396	25,573	28,378
Total Assets	**111,858**	**113,525**	**116,745**	**113,789**
Total Debt (incl. lease)	61,740	55,493	54,783	48,947
Trade and other payables	12,624	12,899	14,542	18,280
Total Liabilities	**85,393**	**83,639**	**84,478**	**80,388**
Paid up capital - Ordinary shares	4,084	4,084	4,293	4,293
Paid up capital - Preference shares	1,609	2,000	2,000	2,000
Unappropriated profit	6,277	9,474	12,234	13,745
Tier-1 Equity	**11,969**	**15,768**	**18,527**	**20,038**
Total Equity	**26,465**	**29,886**	**32,267**	**33,401**

Income Statement (PKR Millions)	FY23A	FY24A	FY25A	FY26M
Revenue	18,774	21,326	20,477	19,493
Gross Profit	5,716	6,059	7,231	6,351
Finance costs	(2,716)	(1,513)	(1,783)	(2,228)
Other income	1,127	2,350	6,983	1,305
Profit Before Tax	1,756	5,327	6,771	3,527
Profit After Tax	1,739	3,264	5,546	2,848
FFO	2,730	2,635	3,440	2,237

Ratio Analysis	FY23A	FY24A	FY25A	FY26M
Gross Margin (%)	30.4%	28.4%	35.3%	32.6%
Net Margin (%)	9.3%	15.3%	27.1%	14.6%
FFO to Total Debt (x)*	0.04	0.05	0.06	0.05
Current Ratio (x)	0.75	1.00	1.06	1.06
Debt Servicing Coverage Ratio (x)*	0.74	0.78	0.71	0.57
Gearing (x)	5.16	3.52	2.96	2.44
Leverage (x)	7.13	5.30	4.56	4.01
ROAA (%)*	1.8%	2.9%	4.8%	2.5%
ROAE (%)*	15.3%	23.5%	32.3%	14.8%
Cash Conversion Cycle (days)*	(299)	(216)	(226)	(298)

**Annualized, if required*
A - Actual Accounts
M - Management Accounts

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REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	PGP Consortium Limited
Sector	Petroleum Transmission
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
11/26/2026	A	A2	Stable	Reaffirmed
10/07/2025	A	A2	Stable	Reaffirmed
09/10/2024	A	A2	Stable	Upgrade
07/04/2023	A-	A2	Positive	Maintained
11/28/2022	A-	A2	Rating Watch – Developing	Reaffirmed
11/25/2021	A-	A2	Rating Watch – Developing	Reaffirmed
11/27/2020	A-	A2	Rating Watch – Developing	Reaffirmed
10/31/2019	A-	A2	Rating Watch – Developing	Update
09/17/2019	A-	A2	Rating Watch – Developing	Maintained
04/16/2018	A-	A2	Positive	Maintained
10/07/2016	A-	A2	Stable	Initial

Instrument Structure	-
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.
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Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Muhammad Kashif	Chief Financial Offer	12th October 2026
Mr. Muhammad Yasin	Head of Accounts	
Mr. Mohsin Butt	Manager Compliance	

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