

GAS & OIL PAKISTAN LIMITED

Analyst:

M. Amin Hamdani
amin.hamdani@vis.com.pk

RATING DETAILS

RATINGS CATEGORY	Preliminary Sukuk Rating
ENTITY	A1+ (plim)
RATING ACTION	Preliminary
RATING DATE	March 16, 2026

Shareholding (5% or More)

Mr. Khalid Riaz – 51.0%

Aramco Asia Singapore Pte. Ltd – 40.0%

Mr. Shahzad Mubeen – 6.0%

Other Information

Incorporated in 2012

Public Limited Company

Chief Executive: Mr. Khalid Riaz

External Auditor: PKF F.R.A.N.T.S. Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

Rating Scale

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

Rating Rationale

GO is an Oil Marketing Company (OMC) involved in the business of procurement, storage, marketing and sale of petroleum and related products. GO has obtained permanent license from Oil and Gas Regulatory Authority (OGRA) to operate as an Oil Marketing Company (OMC) across Pakistan in 2019. The Company has a total retail network of 1,290 sites wherein 80 sites are Company Owned Company Operated (COCO) while the remaining are operated by dealers.

Assigned ratings incorporates a strong sponsor profile of Aramco Asia Singapore Pte. Ltd (AAS) which has acquired 40% stake in the Company. AAS is a wholly owned subsidiary of Saudi Aramco. Headquartered in Singapore, AAS serves as a regional hub supporting Aramco's operations across Southeast Asia and Oceania. With the induction of Aramco Asia Singapore Pte. Ltd. ("AAS") as a shareholder, the Company benefits from AAS's strong financial standing and its extensive experience in the energy sector. The involvement of AAS has also contributed to strengthening the governance framework through the presence of its representatives on the Board of Directors (BoD) and in key management positions. Resultantly, the Company's market share has increased significantly, reaching 13%, making it the second-largest OMC in Pakistan in terms of volumetric sales.

The assigned ratings also consider the Company's business and financial risk profile, which reflects substantial growth in sales and profitability, driven by business expansion which supported by the injection of Rs. 10.6 billion in equity in the form of a right issue, along with increased debt mobilization on the balance sheet. The capitalization profile remains manageable, while the coverage profile is considered satisfactory, with a debt service coverage ratio of 1.71x at end-CY25.

*Entity Rating by PACRA

Company Profile

Incorporated in 2012 as a private limited Company, Gas & Oil Pakistan Limited (“GO” or “the Company”) changed its status to public limited company in 2017. GO is an Oil Marketing Company (OMC) involved in the business of procurement, storage, marketing and sale of petroleum and related products. The registered office of the Company is situated in Lahore.

GO obtained permanent license from Oil and Gas Regulatory Authority (OGRA) to operate as an Oil Marketing Company (OMC) across Pakistan in 2019. The Company has a total retail network of 1,290 sites wherein 80 sites are Company Owned Company Operated (COCO) while the remaining are operated by dealers.

The financial statements for CY24 have been audited by PKF F.R.A.N.T.S. Chartered Accountants, who issued an unqualified audit opinion.

Management and Governance

SHAREHOLDING:

The major shareholding of 51% is vested with Mr. Khalid Riaz who also acts as a CEO and director in the Company. He has more than 35 years of experience in oil transportation & retail sector. Lately, in 2024, Aramco Asia Singapore Pte. Ltd (AAS) acquired 40% stake in the Company. It is a wholly owned subsidiary of Saudi Aramco. Headquartered in Singapore, AAS serves as a regional hub supporting Aramco's operations across Southeast Asia and Oceania.

BOD's, COMMITTEES & MANAGEMENT TEAM:

The Company's Board comprises ten members, including four nominee directors representing Saudi Aramco, three dependent directors, and three independent directors. The Board is chaired by Mr. Shahid Mehmood Khan, an independent director, in line with best corporate governance practices. There are three Board committees, namely the Board Human Resource & Compensation Committee (BHRCC), the Board Audit Committee (BAC), and the Strategic Projects Committee (SPC).

The management team is led by Mr. Khalid Riaz, who is also a majority shareholder, while certain key positions are appointed by Saudi Aramco to enhance oversight and transparency. The management team consists of experienced professionals with extensive industry expertise.

Short Term Sukuk (STS) Details

- GO plans to issue a rated, unsecured, privately placed Short Term Sukuk (STS) of up to PKR 10 billion (inclusive of a Green Shoe Option of PKR 2 billion) to finance the on-going working capital requirements.
- The Sukuk will employ a suitable shariah compliant mode of short-term Islamic Finance facility.
- Tenor of the instrument is six (06) months from the date of issuance.
- Profit rate on the instrument will be Base Rate (3M KIBOR) plus a spread of 35 basis points per annum.
- The profit on the Sukuk will be paid at maturity along with the principal, as a bullet payment.

Business Risk

INDUSTRY UPDATE:

Oil Marketing Sector

Pakistan's Oil Marketing Companies (OMC) sector comprises around 40 licensed operators, with a market dominated by Pakistan State Oil (PSO)

Table 1: POL Consumption Estimate (Mn M.Tons)

Company	FY24	FY25
Local POL Production	9.89	10.33
POL Imports	6.62	7.43
POL Product Exports	0.98	1.39
Est. POL Storage	3.85	3.85
POL Consumption	15.69	16.41

In FY25, total POL consumption increased to 16.41 million tonnes, up from 15.69 million tonnes in FY24 – a growth of about 4.6%. The increase was driven by higher motor spirit (MS) and high-speed diesel (HSD) demand, offset by a continued decline in furnace oil consumption. During the year, POL imports rose to 7.43 million tonnes (FY24: 6.62 million tonnes), underscoring Pakistan's sustained dependence on imported products to meet domestic demand.

Table 2: Product Wise (Mn M.Tons)

Company	FY24	FY25
MS	7.19	7.65
HSD	6.30	6.97
FO	1.24	0.76
Others	0.96	1.03
POL Consumption	15.69	16.41

While volumes exhibited modest growth, the operating environment for OMCs remains characterized by regulated pricing, thin margins, and exchange rate exposure. Import reliance exposes companies to global price swings, freight costs, and currency movements, while cost pass-through limitations often compress margins.

Table 3: Top 10 Volumetric Market Share (MS & HSD)

Market Share (%)	FY24	FY25
PSO	49.29%	43.44%
GO	3.87%	11.62%
TPPL	11.62%	10.94%
APL	9.13%	8.58%
SPL	8.12%	7.85%
HPL	2.86%	3.57%
BE	2.68%	2.34%
TGPL	1.92%	2.11%
CENERGYICO OMC	1.61%	1.84%
EOPL	1.07%	1.28%
Top 10	92.45%	93.57%

On the market share front, PSO remained a leader in the industry while GO emerged out as a 2nd largest player with 11.62% market share in FY25. As per the management, the current market share of GO has further increased to 13%.

Recently, the Economic Coordination Committee (ECC) has approved a Rs. 1.22/litre rise in OMC margins in two phases of Rs. 0.61/litre. The first increase is affected from December while the Second phase will take effect on June 1, 2026. This second hike is contingent upon the full digitalization of the sales and stock networks and real-time connectivity with OGRA, FBR and the Petroleum Division. Resultantly, the OMC margin will rise to Rs. 9.10/litre from Rs. 7.87/litre.

Going forward, in the long run, the performance of OMC's will hinge on retail network expansion, operational efficiency, and inventory management discipline. However, profitability will remain sensitive to pricing policy consistency, exchange rate stability, and macroeconomic conditions that affect consumer demand for petroleum products.

Further, the on-going geopolitical tensions including the conflict between USA, Israel and Iran has heightened geopolitical risk, leading to upward pressure in crude oil prices and supply disruptions. Elevated freight and war-risk insurance will increase import costs for fuel suppliers. In response, the GoP raised retail petrol and diesel prices by approximately Rs 55/litre. This dual impact of elevated global prices and abrupt domestic price adjustments has introduced uncertainty around refining and marketing margins for local OMCs, as the timing of cost pass-through and inventory valuation effects may vary, resulting in a cautious near-term outlook for sector profitability. However, the prevailing Middle East conflict has not disrupted the supply chain arrangements of GO in particular, nor those of other OMCs operating in Pakistan, with procurement channels and product availability remaining intact. Domestic demand trends and any further price revisions will remain key determinants of financial performance going forward.

OPERATIONS

Over three-fourths of the Company's storage capacity is located in Punjab. Unlike other OMCs, the Company has placed greater emphasis on POL products, particularly white oil products (PMG, HSD, and HOBC), along with lubricants (Valvoline), with HSD storage accounting for 52% of total capacity. In addition to the capacities listed in the table below, the Company maintains a dedicated storage facility of 36,000 Metric Tons at Fauji Trans Terminal Limited (FTTL) in Port Qasim, Karachi. Inclusive of this, GO's total storage capacity stands at 201,047 Metric Tons. The Company has a total retail network of 1,290 sites wherein 80 sites are Company Owned Company Operated (COCO), while the remaining are dealer-operated under various financing models, including CODO and DODO, with the Company maintaining close coordination with these dealers.

Table 4: Storage Capacities in Metric Tons (MTs)

Province	Depot / Terminal	MS (inc. HOBC)	HSD	Total Storage (in MTs)
Punjab	Sahiwal Depot	12,290	3,163	15,453
	MehmoodKot Terminal	26,072	55,986	82,059
	Vehari Depot	14,270	6,154	20,425
	Kotlajam Depot	2,692	6,432	9,124
Total Punjab		55,324	71,737	127,061
KPK	Sarainorang Depot	9,628	2,357	11,984
Sindh	Daulatpur Depot	11,219	2,357	13,576
	Dedicated Storage Facility at FTTL	-	36,000	36,000
Balochistan	HUB Terminal	2,724	9,702	12,426
Grand Total		78,895	122,152	201,047

PROFITABILITY:

The Company's revenue registered a notable growth of 89% year-on-year in CY25, primarily driven by volumetric expansion following the onboarding of Aramco and an increase in the number of operational pump sites. Despite the strong topline performance, gross margins experienced some pressure due to volatility in inventory valuations arising from price changes at different time intervals. Nevertheless, improved operating efficiencies provided partial support to operating margins during the period.

Furthermore, the Company benefited from relatively lower finance costs amid a decline in interest rates, enabling the net margin to remain broadly stable in CY25 compared to CY24. The Company's sales comprised approximately 52% Petrol (PMG) and 48% High-Speed Diesel (HSD) during CY25.

Financial Risk

CAPITAL STRUCTURE:

The Company undertook a right issue amounting to Rs. 10.6 billion in CY24 following the acquisition of shareholding by Aramco Asia Singapore Pte. Ltd. ("AAS"). During CY25, although net margins remained stable at relatively thin levels, the substantial increase in sales volumes translated into improved cash generation. Consequently, the Company's equity base (excluding surplus on revaluation) increased to Rs. 36.7 billion at end-CY25 from Rs. 30.1 billion at end-CY24.

On the other hand, as the Company remains in an expansionary phase, its overall debt profile, including long-term borrowings and short-term debt, witnessed a notable increase. Long-term borrowings rose to Rs. 3.95 billion at end-CY25 compared to Rs. 1.9 billion at end-CY24, primarily due to the issuance of a long-term Sukuk amounting to Rs. 2.5 billion to finance the development of Company Owned Company Operated (COCO) retail sites. Lease liabilities increased to Rs. 8.0 billion (end-CY24: Rs. 5.7 billion), mainly due to increased land acquisitions associated with the expansion of the Company-owned and operated retail network. Meanwhile, short-term borrowings increased to Rs. 38.1 billion at end-CY25 from Rs. 24.0 billion at end-CY24. Resultantly, the Company's gearing ratio rose to 1.15x at end-CY25 (end-CY24: 0.86x), which is considered manageable. The leverage ratio also increased to 4.42x at end-CY25 (end-CY24: 3.74x), primarily driven by a notable rise in trade payables.

DEBT COVERAGE & LIQUIDITY:

The Company's liquidity profile remained strong, supported by cash and bank balances amounting to Rs. 10.2 billion on the balance sheet at end-CY25. The current ratio stood at 1.04x (end-CY24: 1.08x), broadly in line with peers. The cash conversion cycle improved to 17 days in CY25 and 13 days in CY24, compared to 37 days in CY23, reflecting enhanced working capital management.

Supported by improved profitability, funds from operations (FFO) increased to Rs. 7.6 billion in CY25 (CY24: Rs. 4.4 billion). Consequently, FFO to long-term debt and FFO to total debt stood at 1.93x and 0.18x, respectively. The debt service coverage ratio (DSCR) strengthened to 1.71x at end-CY25 (end-CY24: 1.40x). Overall, the Company's coverage profile is considered satisfactory.

Financial Summary	Appendix I		
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25M
Property, Plant and Equipment	27,230	30,791	41,213
LT Investments	-	-	-
Other non-current assets	567	669	4,472
Stocks in trade	16,208	49,047	78,498
Trade debts	28,047	36,584	53,412
Other receivables	11,649	10,845	8,849
Other current assets	9,455	5,826	6,239
Cash and bank balances	3,224	11,167	10,177
Total Assets	96,379	144,929	202,861
Long term debt (inc. current portion)	3,705	1,929	3,956
ST debt	40,353	24,063	38,119
Total Debt	44,058	25,993	42,075
Lease liabilities (inc. current portion)	5,514	5,731	8,021
Trade and other payables	19,054	72,295	101,548
Other liabilities	9,327	8,552	10,599
Total Liabilities	77,953	112,571	162,243
Share Capital	3,167	3,958	3,958
Reserves/Unappropriated profit	11,030	14,388	20,989
Share Premium	1,972	11,754	11,754
Tier-1 Equity	16,169	30,100	36,702
Surplus on revaluation of PPE	2,258	2,258	3,917
Total Equity	18,426	32,357	40,618
Income Statement (PKR Millions)	FY22A	FY23A	FY24A
Revenue	240,918	327,831	619,662
Gross Profit	25,275	17,730	21,375
Finance costs	11,273	8,180	6,413
Profit/(Loss) Before Tax	2,151	4,053	5,194
Profit/(Loss) After Tax	1,632	3,359	6,693
FFO	5,566	4,379	7,631
Ratio Analysis	FY22A	FY23A	FY24A
Gross Margin (%)	10.5%	5.4%	3.4%
Net Margin (%)	0.7%	1.0%	1.1%
FFO to Long-Term Debt (x)	1.50	2.27	1.93
FFO to Total Debt (x)	0.13	0.17	0.18
Current Ratio (x)	0.98	1.08	1.04
Debt Servicing Coverage Ratio (x)	1.04	1.40	1.71
(Stock in trade + trade debts) / STD (x)	1.10	3.56	3.46
Gearing (x)	2.72	0.86	1.15
Leverage (x)	4.82	3.74	4.42
ROAA (%)	0.0%	2.8%	3.8%
ROAE (%)	0.0%	14.5%	20.0%
Inventory Days	27	58	48
Receivable Days	42	41	31
Payable Days	32	85	62
Cash Conversion Cycle (days)	38	13	17

*Annualized, if required

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

REGULATORY DISCLOSURES Appendix II

Name of Rated Entity	Gas & Oil Private Limited		
Sector	Oil Marketing Company		
Type of Relationship	Solicited		
Purpose of Rating	Short Term Sukuk Ratings		
Rating History	Rating Date	Ratings	Rating Action
	03/16/2026	A1+ (Plim)	Preliminary
Instrument Structure	<p>GO plans to issue a rated, unsecured, privately placed Short Term Sukuk (STS) of up to PKR 10 billion (inclusive of a Green Shoe Option of PKR 2 billion) to finance the on-going working capital requirements. The Sukuk will employ a suitable shariah compliant mode of short-term Islamic Finance facility. Tenor of the instrument is six (06) months from the date of issuance. Profit rate on the instrument will be Base Rate (3M KIBOR) plus a spread of 35 basis points per annum. The profit on the Sukuk will be paid at maturity along with the principal, as a bullet payment.</p>		
Statement by the Rating Team	<p>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.</p>		
Probability of Default	<p>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.</p>		
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Due Diligence Meetings Conducted	Name	Designation	Date
	Sohail Sheikh	Head of Corporate Finance	11 March 2026