VIS
Credit Rating Company Limited

RATING REPORT

CNERGYICO PK LIMITED

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RATING DETAILS

RATINGS CATEGORY	Initial Rating	
	Long-term	Short-term
ENTITY	A-	A2
RATING OUTLOOK/ WATCH	Stable	
RATING ACTION	Initial	
RATING DATE	November 11, 2025	

Shareholding (5% or More)	Other Information
Bosicorco International Limited – 70.7%	Incorporated in 1995
Castockco Pk (Private) Limited – 5.88%	Public Limited Company (Listed)
	Chief Executive: Mr. Amir Abbassciy
	External Auditor: Yousuf Adil 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/do cs/VISRatingScales.pdf

Rating Rationale

The assigned ratings reflect Cnergyico PK Limited's position as Pakistan's largest refinery, representing about 36% of national refining capacity, supported by a diversified and expanding petroleum marketing network. The Company's integrated operations, spanning refining, import logistics through its Single Point Mooring (SPM) facility, extensive storage infrastructure, and over 470 retail outlets, underscore its strategic role in domestic fuel supply. Capitalization improved following addition of PKR 25.7 billion in sponsor support and debt reduction over a period, though liquidity remains constrained by elevated payables and sales tax receivables. Nonetheless, DSCR remained adequate at 1.34x (FY24: 1.73x), reflecting adequate near-term debt servicing capacity.

At the industry level, business risk remains medium to high, driven by exposure to crude oil price volatility, and weak furnace oil demand. The Refinery Upgradation Policy is expected to enhance operational efficiency and align output with Euro V/VI standards, though sector liquidity challenges persist. Going forward, the ratings will remain sensitive to Cnergyico's ability to sustain operations, maintain profitability, and ensure successful financial closing of its upgradation project. Moreover, the Company's post-demerger credit profile will be evaluated upon completion of the transaction, reflecting any structural or financial changes arising from the reorganization.

Company Profile

Cnergyico PK Limited ("Cnergy" or "the Company") was incorporated in Pakistan as a public limited company on January 9, 1995, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), and was granted its certificate of commencement of business on March 13, 1995. The Company's shares are listed on the Pakistan Stock Exchange.

Cnergyico is an integrated energy company, with operations spanning the downstream oil sector. The Company operates two core business segments: (1) an oil refining business, comprising two refineries with a combined rated capacity of 156,000 barrels per day (bpd), and (2) a petroleum marketing business, formally launched in 2007, which is managed through a network of over 470 retail outlets (as of June 30, 2025) across the country. The retail footprint is largely concentrated in Sindh (47%) and Punjab (34%), with nearly 46% of outlets strategically located along major highways.

A key differentiator for Cnergyico is its Single Point Mooring (SPM) floating terminal facility, situated off the coast of Mouza Kund, Hub, Balochistan. This SPM, one of its kind in Pakistan, serves as a floating jetty and mooring buoy system that enables tankers to dock offshore, facilitating the loading and off-loading of crude oil and refined petroleum products. The SPM connects via subsea and onshore pipelines directly to Cnergyico's refinery complex, providing significant logistical and cost efficiencies.

The financial statements for FY25 have been audited by Yousuf Adil Chartered Accountants, who issued an unqualified audit opinion.

Demerger

Cnergyico PK Limited has filed the Demerger Scheme in the court to split (demerge) its operations into six parts, each representing a specific business segment, and then merge these parts into its wholly owned subsidiaries such as Oil Refining Business (ORB)1, ORB 2, Oil Marketing Business (OMB), Oil Shipping Business (OSB), and Chemical Processing Business (CPB). One subsidiary, Cnergyico Isomerate Pk (Private) Limited, will also merge into ORB 2. All these entities will be fully owned by Cnergyico Pk Limited, which will be the holding company. The goal is to simplify the company's structure, improve operational efficiency, and make each business segment more commercially viable. Once the Sindh High Court approves the plan, all assets and liabilities of each segment will automatically transfer to the respective subsidiaries. By separating these operations, each business can be valued and managed independently, improving transparency and enabling better unlocking of value for shareholders and potential investors.

Management and Governance

The Company is a subsidiary of Bosicorco International Limited, Mauritius (the Holding Company). The Holding Company in turn is a subsidiary of Abasscico Busient Incorporated, Cayman Islands (the Parent Company). The Company's Ultimate owners are the Abbassciy family. Mr. Amir Abbassciy is leading the Company as CEO since 2017 while other family members are involved as directors.

BOD's, COMMITTEES & MANAGEMENT TEAM:

The Composition of the Board is in compliance with the requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Company's governance framework is overseen by a seven-member Board comprising of Chairperson, Chief Executive Officer Vice Chairman, one non-executive director, and three independent directors, reflecting a reasonable balance between management control and independent oversight.

The Board has constituted three sub-committees; Audit, Risk Management, and Human Resource & Remuneration Committees, to ensure effective oversight of financial reporting, risk governance, and human capital management. The committees are appropriately represented by the executive and independent board.

The management team is spearheaded by Mr. Amir Abbassciy, a seasoned professional with extensive experience in Pakistan energy sector and a strong background in business management. The overall management team comprises experienced professional with diverse expertise across refining, marketing and financial domains, ensuring operational oversight and strategic execution.

IT INFRASTRUCTURE / CERTIFICATIONS:

The Company maintains a strong IT infrastructure, with SAP serving as its primary ERP system. Bloomberg is utilized for pricing-related functions, while Microsoft and Documentum support daily operations, data management and archiving. Regular data backup protocols are in place to ensure data integrity and security. In addition, dedicated software solutions are deployed to maintain cybersecurity and virus protection.

Business Risk

INDUSTRY UPDATE:

Refinery sector

The sector comprises five refineries with a combined installed capacity of approximately 446,510 barrels per day (bpd). Among these, Cnergyico PK Limited holds the largest share at around 36% of national refining capacity. Despite this sizable base, industry utilization remains subdued, averaging well below potential, due to weak furnace oil demand - a typical output from crude oil - and operational constraints from supply chain disruptions and aging infrastructure.

To address these challenges, the Government of Pakistan (GoP) introduced the Refinery Upgradation Policy, aimed at modernizing facilities, improving fuel quality to Euro V/VI standards, and reducing the proportion of low-value furnace oil in total output.

Collectively, local refineries produce about 10–11 million tonnes of refined products annually, meeting roughly 60% of national consumption, with the remainder fulfilled through imports of refined petroleum products. Sector profitability has historically been volatile, largely influenced by fluctuations in international crude oil prices, exchange rate movements, and delays in government price adjustments. Elevated local energy and utility costs have added further pressure on margins, while import parity pricing continues to limit the industry's ability to fully pass on cost increases to consumers.

A recent policy challenge has emerged from the sales tax exemption on petroleum products, which has led to an accumulation of sales tax receivables that refineries cannot offset against output sales. The GoP has acknowledged this liquidity constraint and initiated refunds pertaining to last year, with a commitment to resolve the issue in the upcoming federal budget. The resolution is critical for enabling refinery upgrade projects across the sector, estimated at USD 6 billion.

Looking ahead, the transition toward Euro V/VI-compliant production is expected to improve product mix, enhance efficiency, and reduce furnace oil output. Nevertheless, the sector's overall risk profile remains high to medium, reflecting continued exposure to global crude price volatility, regulatory uncertainty, and high capital intensity.

Oil Marketing Sector

Pakistan's Oil Marketing Companies (OMC) sector comprises around 40 licensed operators, with a market dominated by Pakistan State Oil (PSO), which holds roughly 40%–50% share, followed by Attock Petroleum Limited (APL) at 10%–11%.

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.

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.

Going forward, the sector's performance 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.

OPERATIONAL PROFILE

Given fluctuations in oil prices, severe PKR depreciation and the excessive import of petroleum products. refinery capacity utilization has remained inconsistent over the years. During FY25, utilization improved, rising to 22.9% year-on-year.

Table 2: Utilization

Million Barrels	2022	2023	2024	2025
Capacity	56.94	56.94	56.94	56.94
Production	9.31	6.82	9.04	13.03
Utilization	16.3%	12.0%	15.9%	22.9%

Based on 365 days capacity

PROFITABILITY:

During FY25, the Company's topline grew by 23% Y/Y to PKR 296.7 Bn, with the increase in demand of overall POL products and relatively higher exports. The sales remained concentrated in the refinery segment, contributing 61% of total revenue (FY24: 57%), while the remaining was derived from the oil marketing business. The gross margin declined to 1.7% in FY25 (FY24: 5.2%), primarily reflecting normalization of refinery margins following exceptional product spreads during FY24.

	Oil Refining Business				Petroleum Marketing				Total			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
External Sales	64,681	121,205	136,748	181,122	105,334	72,707	103,878	115,598	170,015	193,912	240,626	296,720
Intersegment	103,395	71,848	100,477	113,110	-	-	-	-	103,395	71,848	100,477	113,110
Segment profit	7,737	(6,517)	7,328	634	1,569	1,197	3,029	2,008	9,306	(5,321)	10,357	2,642
Margin	12.0%	-5.4%	5.4%	0.3%	1.5%	1.6%	2.9%	1.7%	5.5%	-2.7%	4.3%	0.9%

The finance costs during FY25 reduced by 49% on account of declining interest rates, however, operating margin stood at 0.9% (FY24: 4.5%). The Company generated an EBITDA of PKR 9 billion and incurred net loss of PKR 2.9 billion as a result of significant depreciation of PKR 6.8 billion.

Financial Risk

CAPITAL STRUCTURE:

The Company's capitalization profile strengthened considerably following sponsor support of PKR 25 billion over the period, resulting in total equity of PKR 202 billion as of FY25. This recapitalization marked a significant turnaround from the previously elevated leverage and gearing levels of 8.32× and 1.82× in FY23, which have since moderated to 3.58× and 0.52×, respectively, in FY25 (FY24: 3.31× and 0.48×). Despite the improvement, leverage remains somewhat elevated due to sizable trade payables. Looking ahead, Cnergyico plans to undertake a refinery upgradation project of approximately USD 1 billion under the national Refinery Upgradation Policy, contingent on the government's resolution of the sales tax exemption issue. Maintaining capitalization indicators within prudent limits amid this planned expansion will be a key consideration for credit quality.

DEBT COVERAGE & LIQUIDITY:

Cnergyico's liquidity profile reflects a constrained working capital position compared to industry players which is duly managed by supplier credit. The current ratio has averaged 0.64x over the past five years (FY25: 0.71x; FY24: 0.72x), mainly due to high trade payables inflating current liabilities. While cash balances improved slightly to PKR 2.6 billion (FY24: PKR 2.4 billion), overall liquidity coverage remains constrained. The Company's working capital cycle stayed negative at -16 days in FY25 (FY24: -29 days), supported by delayed payables that continue to offset inventory and receivable pressures.

Funds from Operations (FFO) declined to PKR 2.6 billion (FY24: PKR 11.05 billion), primarily due to lower gross refinery margin compared to last year. This led to a weakened FFO coverages, however, DSCR remained adequate at 1.34x (FY24: 1.73x), indicating acceptable near-term debt servicing ability.

Liquidity pressures during the year were exasperated by the accumulation of sales tax receivables, constraining cash flows. However, the Government recently approved reimbursement of sales tax for year 2025 (to be reimbursed via IFEM) which is expected to enhance cash recovery and improve liquidity buffers in FY26. Sustained improvement in operating cash flows and timely realization of sales tax refunds will be critical to easing short-term liquidity constraints and maintaining financial flexibility

Financial Summary

Appendix I

Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A
Property, Plant and Equipment	291,938	289,663	287,917
LT Investments	17,414	17,414	18,170
Other non-current assets	341	336	176
Stocks in trade	25,691	45,817	37,061
Trade debts	3,206	5,609	25,027
Other receivables	1,935	2,574	1,712
Other current assets	4,547	4,275	3,625
Cash and bank balances	1,195	2,400	2,620
Total Assets	346,267	368,086	376,307
Long term debt (inc. current portion)	17,741	15,303	14,590
ST debt	18,954	8,286	10,855
Total Debt	36,695	23,589	25,445
Lease liabilities (inc. current portion)	2,320	2,439	2,336
Trade and other payables	54,228	70,288	82,168
Customer Advances	1,346	1,128	1,221
Other liabilities	73,337	65,521	62,894
Total Liabilities	167,925	162,965	174,064
Share Capital	54,934	54,934	54,934
Reserves/Unappropriated profit	(34,741)	(31,474)	(32,111)
Contribution from shareholders	-	25,756	25,756
Tier-1 Equity	20,193	49,217	48,580
Surplus on revaluation of PPE	158,149	155,904	153,663
Total Equity	178,343	205,120	202,243

Income Statement (PKR Millions)	FY22A	FY23A	FY24A
Revenue	193,912	240,626	296,720
Gross Profit	(9,749)	12,430	4,999
Finance costs	(6,579)	(9,387)	(4,759)
Profit/(Loss) Before Tax	(12,214)	1,485	(2,209)
Profit/(Loss) After Tax	(12,663)	1,008	(2,895)
FFO	(12,395)	11,058	2,652

Ratio Analysis	FY22A	FY23A	FY24A
Gross Margin (%)	-5.0%	5.2%	1.7%
Net Margin (%)	-6.5%	0.4%	-1.0%
FFO to Long-Term Debt (x)	(0.70)	0.72	0.18
FFO to Total Debt (x)	(0.34)	0.47	0.10
Current Ratio (x)	0.47	0.72	0.71
Debt Servicing Coverage Ratio (x)	(0.86)	1.73	1.34
(Stock in trade + trade debts) / STD (x)	1.52	6.21	5.72
Gearing (x)	1.82	0.48	0.52
Leverage (x)	8.32	3.31	3.58
ROAA (%)	-5.0%	0.3%	-0.8%
ROAE (%)	-48.5%	2.9%	-5.9%
Inventory Days	66	57	52
Receivable Days	10	7	19
Payable Days	101	92	87
Cash Conversion Cycle (days)	(25)	(29)	(16)

**Annualized, if required*

A - Actual Accounts

Note: The auditors have highlighted the valuation and existence of stock-in-trade as a key audit matter, given the significance and inherent complexity of crude oil and petroleum product inventories.

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Cnergyico Pk Limited
Sector	Oil Refinery
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
Rating History	see table below
Instrument Structure	N/A
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.
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Due Diligence Meetings Conducted	see table below

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
11/11/2025	A-	A2	Stable	Initial

Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Zafar Shahab	Chief Financial Officer (CFO)	16th October 2025
Mr. Syed Bashir Ahmed	DGM Treasury	