VIS
Credit Rating Company Limited

CNERGYICO PK LIMITED

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

RATING DETAILS	
RATINGS CATEGORY	Initial Rating **Short-term**
STS RATING	A1 (plim)
RATING ACTION	Preliminary
RATING DATE	September 09, 2026

Shareholding (5% or More)	Other Information
Bosicorco International Limited – 70.7%	Incorporated in 1995
	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

Instrument Rating
https://docs.vis.com.pk/Methodologies-2026/IRM-2026.pdf

Rating Scale

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

Rating Rationale

Cnergyico plans to issue a rated, secured, privately placed STS-1 of up to PKR 5 billion, including a Green Shoe option of PKR 2 billion, to finance its working capital requirements. The Sukuk will be structured on the basis of Musharakah, with a tenor of up to six months, and both principal and profit payable at maturity.

The rating is supported by the security structure and repayment mechanisms embedded in the instrument, including a ranking charge over current assets, a Sukuk Payment Account (SPA) under lien of the Investment Agent and progressive funding of the SPA during the sixth month with the requirement to maintain funds equivalent to the full Sukuk amount seven (7) days prior to maturity. The structure further requires monthly throughput equivalent to three times (3x) the Sukuk amount, with monthly monitoring of collection accounts by the Investment Agent and simultaneously sharing the same reporting of throughput with VIS, providing enhanced visibility and surveillance over cash flows available for Sukuk repayment.

Pakistan's refining sector witnessed higher production during FY26, with profitability improving mainly in the second half, supported by significant crack spreads amid rising crude oil prices following the geopolitical disruption. However, the subsequent reversal in crude oil prices will witness the adjustment in 4QFY26, albeit, overall profitability remained stronger than FY25.

Rating also considers the Company's higher production and improved profitability during FY26, supported by increased throughput and petroleum sales. The Company's capitalization profile has also improved, although liquidity remains sensitive to the working-capital-intensive nature of the business.

Company Profile

Cnergyico PK Limited ("Cnergyico" or "the Company") was incorporated in 1995 and is listed on Pakistan Stock Exchange (PSX). Its registered office is located at The Harbour Front, 9th Floor, Dolmen City, HC-3, Block 4, Marine Drive, Clifton, Karachi.

Cnergyico is a subsidiary of Bosicorco International Limited, Mauritius, which is in turn a subsidiary of Abasscico Busient Incorporated, Cayman Islands (the ultimate parent company). The Company is an integrated energy company with core operations spanning oil refining and petroleum marketing. Cnergyico operates two refineries with a combined rated capacity of 156,000 barrels per day (bpd). Its petroleum marketing business, formally launched in 2007, operates through a nationwide retail network of 484 outlets as of FY26 (FY25:470), with the network primarily concentrated in Sindh and Punjab, accounting for 48% and 34% of total outlets, respectively.

The Company's operations areas include storage and distribution terminals at Keamari and Mahmoodkot in Punjab. The Shikarpur terminal is currently under construction with the capacity of 9-10K MT and expected to be operational in FY27. A key operational differentiator is the Company's Single Point Mooring (SPM) facility located off Mouza Kund, Hub, Balochistan. The facility facilitates offshore offloading of crude oil and refined petroleum products and is connected to the refinery complex through subsea and onshore pipelines.

The Company has following subsidiaries:

- Cnergyico Isomerate PK (Private) Limited (CIPL): Engaged in blending and processing petroleum naphtha into products including PMG.

- Bosicorco OSB 1 (Private) Limited: Operates the Single Buoy Mooring (SBM) facility for handling liquid products.

- Other wholly owned subsidiaries: This represents investment in six wholly owned subsidiaries incorporated with paid-up capital of 10,000 shares each having face value of Rs. 10. The company holds 100% paid up capital of these subsidiaries. These subsidiaries include Bosicorco ORB 1 (Private) Limited, Bosicorco ORB 2 (Private) Limited, Bosicorco OSB 2 (Private) Limited, Bosicorco CPB 1, Bosicorco OMB 1 (Private) Limited and Bosicorco Essential Service (Private) Limited. During the year, Bosicorco Essential Service (Private) Limited acquired Stunner Security Services (Private) Limited having paid-up capital of 100 shares each having face value of Rs. 100. BESPL holds 100% paid-up capital of SSSPL.

Demerger

Pursuant to the Board's approval on December 21, 2023, and subsequent sanctioning by members and creditors during meetings held on March 26, 2024, and November 26, 2024, Cnergyico Pk Limited (CPL) is progressing with its corporate restructuring/demerger scheme under Sections 279 to 283 and 285 of the Companies Act, 2017. The proposed scheme entails segregating and demerging designated business undertakings into wholly-owned subsidiaries (ORB 1, ORB 2, OMB, OSB, and CPB), as well as merging Cnergyico Isomerate PK (Private) Limited into ORB 2.

The approval petition remains pending sanction before the High Court of Sindh at Karachi. While multiple hearings were conducted during the period, the final court sanction is awaited due to routine judicial procedures. CPL continues to actively coordinate with its legal counsel and has filed petitions for urgent hearings to expedite the matter. Management anticipates the court proceedings to conclude within the next couple of months, following which all legal and regulatory formalities will be finalized.

Refinery Upgradation

Under the Pakistan Oil Refining Policy for Upgradation of Existing Brownfield Refineries (2023, amended February 2024), refineries are required to upgrade within five years from the execution date of the agreement. Post-completion, the project will enhance capacity utilization by transitioning output away from Furnace Oil (FO) toward environmentally friendly, Euro-V compliant High-Speed Diesel (HSD) and Mogas (PMG). This upgrade is vital for domestic energy security given current FY26 demand dependencies, where local refining fulfills only 80% of HSD and 35% of PMG demand, with the remainder relying on costly imports (20% HSD and 65% PMG).

In a major recent update announced in Islamabad on August 28, 2026, Federal Minister for Petroleum Ali Pervaiz Malik held meetings with management from all five oil refineries—including Cnergyico—and announced that formal upgradation agreements under the policy are finalized and expected to be signed early next month, unlocking approximately $6 billion in sector-wide investments to fast-track Euro-V compliance and reduce import reliance.

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 Busientco Incorporated, Cayman Islands (the Parent Company). The Company's Ultimate owners are Abbassciy family wherein Mr. Amir Abbassciy is leading the Company as CEO.

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 Chairman, Chief Executive Officer Vice Chairman, two 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.

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

STS-1 Structure

Cnergyico PK Limited plans to issue Rated, Secured, Privately Placed Short Term Sukuk of up to PKR 5,000mn, including a green shoe option of PKR 2,000mn, to finance its working capital requirements. The Sukuk will be structured on the basis of Musharakah (Shirkat-ul-Aqd), carrying a profit rate of 6-month KIBOR + 1.00% and having a tenor of up to six months. The Sukuk will be redeemed in bullet at the expiry of the tenor, with profit also payable at maturity.

The instrument will be secured through a ranking charge over the Company's current assets. In addition, a Debt Payment Account (DPA) under lien of the Investment Agent will be maintained, with PKR 1,250mn to be deposited in four equal installments during the sixth month such that an amount equivalent to the full Sukuk issue is available in the DPA seven (7) days prior to maturity. Furthermore, the Company will route customer collections through its collection/current accounts to ensure monthly throughput equivalent to 3x of the Sukuk amount. The Investment Agent will monitor the collections through monthly account statement with simultaneous reporting to the Rating Agency.

Business Risk

INDUSTRY UPDATE:

Pakistan's refining sector comprises five operating refineries with combined installed capacity of approximately 446,510 bpd, with Cnergyico PK Limited accounting for around 35% of national capacity. According to Oil Companies Advisory Council (OCAC), during FY26, production of major POL products increased to 12.87mn MT, compared with 11.74mn MT in FY25, wherein HSD production, has increased to 5.66mn MT from 4.96mn MT. The sector has witnessed improved earnings because of marginal crack spread of HSD which were increased significantly mainly in 3QFY26 (Jan-Mar 2026) amid increasing crude oil prices due to US-Iran war. The consumption of the five major POL products during the same period portrayed minor improvement to 17.61mn MT in FY26 from 17.13mn MT in FY25because of higher retail fuel prices and smuggled product which has affected formal-market demand. The resulting increase in prices and lower domestic offtake led to higher inventory levels, while refiners also utilized exports and other sales channels to manage the sales. POL product exports stood at 1.82mn MT in FY26 (FY25: 1.43mn MT).

HSD cracks reached around US$60–65/bbl during the geopolitical disruption, encouraging higher crude bookings and refinery throughput. As crude prices subsequently declined and demand remained subdued, refiners faced pressure on inventory values and working capital, as funds remained tied up in crude and finished products while supplier payments fell due. This resulted in increased product liquidation during 4QFY26, including discounted sales in certain cases, and contributed to the decline in refinery margins. In response to the price volatility, the Government introduced daily petroleum pricing and, effective August, 2026, a temporary crude-based HSD pricing mechanism with a US$41.89/bbl ceiling on the refining crack spread. The ceiling remains above the historical weighted-average HSD crack.

The sector's longer-term outlook is linked to the implementation of the amended Brownfield Refining Policy 2023. The policy targets approximately US$6bn of investment in refinery upgrades, with refineries required to enter into legally binding Upgrade Agreements and undertake projects to increase Euro-V compliant MS and HSD production and reduce FO output. Once the agreements are signed, refiners are required to complete the projects within five years. In a major recent update announced in Islamabad on August 28, 2026, Federal Minister for Petroleum Ali Pervaiz Malik held meetings with management from all five oil refineries and announced that formal upgradation agreements under the policy are finalized and expected to be signed early next month, unlocking approximately $6 billion in sector-wide investments to fast-track Euro-V compliance and reduce import reliance. Until the planned upgrades are executed, refiners will continue to face the existing product-mix constraints and remain exposed to crude-price movements, refining margins, demand conditions, inventory valuation and working-capital requirements.

OPERATIONAL UPDATE

The refinery throughput improved from 35,700 bpd in FY25 to 43,500 bpd in FY26. Refinery utilization levels has increased over period and strategically aligned with demand of product mix along with lower furnace oil for which domestic demand is limited. Accordingly, throughput has been maintained at economically optimal levels rather than maximizing capacity utilization.

PROFITABILITY:

The net sales of the Company increased, driven by both an increase in prices and volumes, wherein volumetric sales registered growth despite a no major change in overall POL industry sales. HSD remained the Company's major product, accounting for the largest share of total volumetric sales followed by improved PMG sales because of incremental refinery throughput. The sales volume also includes export of VLSFO/HSFO, whose contribution has also increased.

Gross margin of the Company has increased notably, primarily driven by higher crack spreads and inventory gains, particularly on HSD, amid rising crude oil prices. The crack spread increased significantly during periods of heightened geopolitical tensions, supported by the prevailing war-related market conditions. However, the subsequent reversal in international crude oil prices is expected to impact profitability in 4QFY26, with gross margins likely to moderate accordingly.

The Company has also largely shifted towards sourcing US crude oil which, owing to its lighter characteristics, has resulted in higher product yields and improved profitability, as evidenced by the improvement in gross margins during the pre-war period. The Company had initiated sourcing US crude prior to the onset of the war, which has supported procurement security amid the prevailing market conditions and enabled the production of VLSFO. With the commencement of VLSFO production, commercial bunkering operations have also been initiated in Pakistan. Operating margin followed a similar trend to gross margin, while the decline in finance costs, amid a lower interest rate environment and an overall reduction in borrowings, supported net profitability.

Financial Risk

CAPITAL STRUCTURE:

The Company's capital structure strengthened amid improved internal cash generation. Tier-1 equity increased amid higher profitability compared to the previous period's net loss. Total debt declined, with long-term debt falling amid scheduled repayments, while short-term borrowings increased, suggesting a drawdown of working-capital facilities in response to cash-flow requirements. The combined effect of a larger equity base and a modestly lower debt burden resulted in a decline in gearing and leverage.

DEBT COVERAGE & LIQUIDITY:

Liquidity profile remained adequate, with the current ratio showing improvement. The Company's liquidity position is better reflected after adjusting for the petroleum levy (PL) payable to the Government, which represents a historical liability being settled through monthly instalments. Accordingly, treating the PL as a long-term obligation for analytical purposes results in an improved adjusted current ratio. Working capital indicators also remained manageable which is further supported by its supplier credit arrangment, with a major portion of crude sourced through Vitol Bahrain, which arranges US crude along with other crude grades.

Coverage indicators strengthened considerably, supported by improved profitability and cash generation. FFO increased, while DSCR also improved significantly. The improvement was further supported by a reduction in finance costs amid a lower interest rate environment and declining borrowings. Overall, coverage remains comfortable, with liquidity being managed efficiently, albeit remaining exposed to movements in inventory and receivables given the working-capital-intensive nature of the business.

FINANCIAL SUMMARY *(amounts in PKR millions)*					
BALANCE SHEET	**FY22A**	**FY23A**	**FY24A**	**FY25A**	**9MFY26M**
Property, Plant and Equipment	72,382	291,938	289,663	287,917	285,876
LT Investments	16,932	17,414	17,414	18,170	18,170
Other non-current assets	894	341	336	176	79
Stocks in trade	48,246	25,691	45,817	37,061	101,424
Trade debts	7,078	3,206	5,609	25,027	38,673
Other receivables	3,239	1,935	2,574	1,712	4,896
Other current assets	5,782	4,547	4,275	3,625	4,373
Cash and bank balances	2,880	1,195	2,400	2,620	2,656
Total Assets	**157,433**	**346,267**	**368,086**	**376,307**	**456,147**
Long term debt (inc. current portion)	22,882	18,046	15,474	14,775	13,983
ST debt	19,627	18,954	8,286	10,855	1,600
Total Debt	42,509	37,000	23,761	25,630	15,583
Lease liabilities (inc. current portion)	1,470	2,320	2,439	2,336	2,380
Trade payables	54,179	61,391	63,651	73,597	150,209
Customer Advances	2,893	1,346	1,128	1,221	1,106
Other liabilities	8,433	73,337	65,521	62,894	66,918
Total Liabilities	**175,394**	**175,394**	**156,500**	**165,677**	**236,196**
Share Capital	53,299	54,934	54,934	54,934	54,934
Reserves/Unappropriated profit	(22,219)	(34,741)	(31,474)	(32,111)	(12,718)
Contribution from shareholders	979	-	25,756	25,756	25,756
Tier-1 Equity	**32,059**	**20,193**	**49,217**	**48,580**	**67,972**
Surplus on revaluation of PPE	2,590	158,149	155,904	153,663	151,978
Total Equity	**34,649**	**178,343**	**205,120**	**202,243**	**219,951**
INCOME STATEMENT	**FY22**	**FY23**	**FY24**	**FY25**	**9MFY26M**
Revenue	170,015	193,912	240,626	296,720	261,856
Gross Profit	10,972	(9,749)	12,430	4,999	27,881
Finance costs	(2,963)	(6,579)	(9,387)	(4,759)	(2,551)
Profit/(Loss) Before Tax	5,921	(12,214)	1,485	(2,209)	23,511
Profit/(Loss) After Tax	4,788	(12,663)	1,008	(2,895)	17,708
FFO*	10,158	(12,395)	11,058	2,652	27,464
RATIO ANALYSIS	**FY22**	**FY23**	**FY24**	**FY25**	**9MFY26M**
Gross Margin (%)	6.5%	-5.0%	5.2%	1.7%	10.6%
Net Margin (%)	2.8%	-6.5%	0.4%	-1.0%	6.8%
FFO to Long-Term Debt (x)*	0.44	(0.69)	0.71	0.18	1.47
FFO to Total Debt (x)*	0.24	(0.33)	0.47	0.10	1.32
Current Ratio (x)	0.71	0.47	0.72	0.71	0.93
Debt Servicing Coverage Ratio (x)	1.96	(0.83)	1.70	1.30	3.67
Gearing (x)	1.33	1.83	0.48	0.53	0.23
Leverage (x)	3.83	8.32	3.31	3.58	3.47
ROAA (%) *	3.2%	-5.0%	0.3%	-0.8%	4.3%
ROAE (%) *	16.3%	-48.5%	2.9%	-5.9%	30.4%

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Cnergyico Pk Limited
Sector	Oil Refinery & Marketing
Type of Relationship	Solicited
Purpose of Rating	Instrument Rating

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
11-Nov-2025	A-	A2	Stable	Initial
Rating Type: STS 1				
09-Sep-2026		A1(plim)		Preliminary

Instrument Structure

Instrument Name	Short Term Sukuk – 1
Nature of Instrument	STS
Size of the Issue	6 months
Principle Redemption Schedule	Bullet
Interest Redemption Schedule	Bullet
Issue Date	N/A
Grace Period	No
Redemption Date	N/A
Nature of Security	Secured
Security	The underlying instrument will be secured with ranking charge on current assets of the company.
Sukuk Payment Account (SPA)	The Issuer shall maintain and efficiently manage Sukuk Payment Account ("SPA") under lien of the Investment Agent whereby the payment equivalent to PKR 1,250 million in four equal installments during the 6th month shall be made topped-up before the maturity date, such that amount equivalent to full issue amount is available in the DPA 07 days before the maturity date
Rating	A1 (plim)
Investment Agent	Pak Oman Investment Company Ltd

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. Zafar Shahab	Chief Financial Officer (CFO)	31-Aug-2026
Mr. Bashir Ahmed	DGM Finance	