

THE COMPLETE MAGAZINE FOR THE REGION

SOUTHASIA

July 2022

www.southasia.com.pk



BLOW HOT BLOW GOLD

The US and Pakistan have always seen each other as allies but, of late, relations between them are on the freeze.



SPECIAL EDITORIAL FEATURE

Energyico Pk Limited

Afghanistan	Afg. 50	India	Rs. 100	Philippines	P 75
Australia	AS 6	Japan	¥ 500	Saudi Arabia	SR 15
Bangladesh	Taka 100	Korea	Won 3000	Singapore	S\$ 8
Bhutan	NU 50	Malaysia	RM 6	Sri Lanka	Rs. 100
Brazil	BRL 20	Maldives	Rf 45	Thailand	B 100
Canada	CS 6	Myanmar	MMK10	Turkey	Lira. 2
China	RMB 30	Nepal	NrRs. 75	UAE	AED 10
France	EUR 45	New Zealand	NZ\$ 7	UK	£ 3
Hong Kong	HK\$ 30	Pakistan	Rs. 200	USA	\$ 5



Refining With Excellence

Cnergyico Pk Limited, formerly Byco Petroleum Pakistan Limited, is Pakistan's largest oil refining company, with the nation's highest refining design capacity of 156,000 barrels per day. Incorporated as a refining company in 1995, Cnergyico has since transformed immensely. Starting from a mere 30,000 bbl/day to currently 156,000 bbl/day. In response to the changing business environment, the Company has embarked upon a new journey: to further modernize its refining infrastructure to diversify its business, catering to tomorrow's petrochemical and energy requirements of the nation. The Company aims to create synergy in the energy vertical, leveraging its strengths and adapting to new forms of energy that are developing both locally and globally. To commemorate this diversification and expansion reflecting its new position in the industry, it rebranded itself as Cnergyico Pk Limited.

Currently engaged in the businesses of oil refining, petroleum, and lubricants marketing, Cnergyico has become a leader in Pakistan's energy sector, producing a wide range of refined petroleum products, including LPG, Motor Gasoline, Kerosene, Jet Fuels, High-Speed Diesel and Furnace Oil. The Company's vision is to achieve sustainable productivity and deliver shareholder returns while upholding high environmental, health and safety standards.

Cnergyico's founder, Mr. Pervez Abbasi, established the Company as Bosicor in 1995 to help make Pakistan self-sufficient in energy production. His dream materialized two decades later in 2015 with the launch of Oil Refining Complex-II, Cnergyico's larger refining facility. It is Pakistan's single largest refinery, with a design capacity of 120,000 barrels per day. Cnergyico hopes to keep increasing its production, saving Pakistan's economy and national ex-

chequer precious foreign exchange which would otherwise be spent on importing refined products. In 2007, Cnergyico launched its first retail outlet in Sukkur. Since then, Cnergyico's oil marketing retail network has expanded rapidly. Today Cnergyico has approximately 450 retail outlets nationwide and is growing quickly, making it the only vertically integrated oil refinery in Pakistan.

One of Cnergyico's major strategic advantages is its Single Point Mooring (SPM) facility, which is the nation's only floating port. The SPM is anchored in the deep sea, approximately 15 km from the coast of Hub, Balochistan. The SPM allows the Company to import and export crude oil and refined petroleum products directly to its refinery storages through 11.5 km subsea and 3.5 km onshore pipelines. Cnergyico's SPM is a strategic asset for Pakistan's economy and is considered a national asset.

The SPM imported its first shipment of crude oil in December 2012 and has been in continuous operation since then, including during the severe monsoon season, a feat which was previously considered impossible for the area. Due to its position in the deep sea, the SPM's depth of 26 meters allows handling of much larger vessels (VLCC or Very Large Crude Carriers) to deliver large shipments of oil and oil products, providing economies of scale to the Company.

In January 2021, Cnergyico conducted the ground-breaking of its Upgrade-I Project, which includes the installation of Pakistan's largest, state-of-the-art Fluidized Catalytic Cracking (FCC) unit and a Diesel Hydro Desulphurizing (DHDS) unit. This upgrade will allow Cnergyico to reduce the sulfur content of diesel produced and convert furnace oil into gasoline and diesel, enabling the company to be the first Pakistani refiner to produce Euro-V compliant fuels. **S**

INTERVIEW

“The Upgrade-1 project will further cement our position as an industry leader.”

Mohammad Wasi Khan,
Chairman of the Board, Cnergyico

The oil industry in Pakistan went through a rough patch last year in the aftermath of the Coronavirus. However, the oil producers, refiners and marketing companies stood firm during the difficult period and made a comeback. Although the industry is still facing numerous challenges, it came out stronger from the downturn and some companies are now looking for growth and expansion. This includes Cnergyico Pk Limited - Pakistan's biggest vertically integrated oil refiner and marketer that has ambitious plans for the future.

To gain better insight, SouthAsia availed an opportunity to interview Mr. Mohammad Wasi Khan, Cnergyico's Chairman of the Board who has been associated with the Cnergyico Group for more than seventeen years. A chemical engineer by profession, Mr. Wasi Khan is an industry veteran with four decades of experience of working in key positions in the large public sector and multinational organizations.



Cnergyico has been the fastest-growing oil company in Pakistan in recent history. What was the vision behind the company's expansion?

Cnergyico was formed by the father-son duo of late Mr. Parvez Abbasi and Mr. Amir Abbasciy in 1995 with a vision to serve Pakistan by reducing its reliance on imported petrol, diesel, and other refined products. Since then, the company has witnessed phenomenal growth. In fact, the expansion we've seen in Pakistan's oil refining sector over the last two decades can be attributed almost entirely to Cnergyico.

Cnergyico initially started in 2004 as a small refinery that could process 18,000 barrels per day of crude oil. Within 3 years, this capacity was doubled to 36,000 barrels per day. In 2015, Cnergyico installed its second oil

refining plant of 120,000 BPD which increased its total capacity to 156,000 barrels per day, the largest in the country. At the same time, we've also expanded our nationwide network of petrol pumps that currently stands at around 450 locations. Our petroleum marketing business is also growing rapidly.

We are also the only private-sector energy company in Pakistan that owns and operates its own offshore port. Cnergyico's state-of-the-art Single Point Mooring (SPM) facility is located in deep-sea near our oil refining complex. Unlike other energy companies that use third-party operated ports for importing crude oil, we use our own SPM. As a result, Cnergyico does not face any port congestion or delays that other refining companies frequently experience.

Besides growing capacity, does

Cnergyico has any plan to upgrade and modernize its oil refinery, especially in light of the changing environment of the global energy market?

The global energy market has always been in a state of constant change. The advent of advanced technologies, new regulations, shifts in consumption patterns, and major geopolitical events (such as the ongoing war in Ukraine) are some of the factors that have played a big role in reshaping energy markets and will continue to affect this sector in the future. In the past few years, the changes in the energy markets have been driven by the arrival of electric vehicles, fuel-efficient internal combustion engines, non-fossil fuels, renewables, etc.

The three main industries that constitute the energy sector – upstream (oil and gas exploration and

production), midstream (transportation and storage), and downstream (refining and marketing) industries – have upgraded their businesses in light of the above-mentioned trends. In Pakistan, oil refiners have been modernizing their facilities, including Cnergyco which has installed advanced technology equipment and has improved its production profile meaningfully over the years.

The upgrade is a process that continues over time. There's a constant need to adopt new tools and technologies in light of the changing market dynamics to become more efficient, reduce costs, and improve performance. Currently, Cnergyco is undergoing its biggest upgrade that will transform our hydro-skimming refinery into a deep conversion refinery.

Under the Upgrade-1 project, Cnergyco will install 19 plants to significantly modernize our oil processing capabilities. This will allow us to convert a major bulk of our furnace oil into high-value gasoline and diesel. Our entire production of petrol and diesel will be more environmentally friendly and will comply with the international Euro-V standards. In this upgrade, the crude oil processing capacity will also be expanded up to 200,000 BPD. The Upgrade project provides the flexibility of petrochemical integration.

The Upgrade-1 project will further cement our position as an industry leader that can produce even greater quantities of high-quality, high-performance, and environmentally friendly fuels and petrochemicals in the country. The company will simultaneously expand its retail network to align with added capacities.

What will Cnergyco's operations and production look like after it completes the Upgrade-1 project? Will this have any positive effect on Pakistan's economy?

The upgrade-1 project is going to drastically change our production profile. Currently, we are producing

large quantities of furnace oil but after installing the FCC (Fluidized Catalytic Cracking), Cnergyco will convert it into high-value gasoline and diesel products. Overall, by adding plants at the oil refining complex, we will be able to deep refine approximately 80% of our output into Euro-V compliant petrol and diesel.

The Upgrade-1 project will increase Cnergyco's production of petrol and diesel. That's going to go a long way in reducing Pakistan's dependence on buying these expensive fuels from abroad. Remember, this is one of the main reasons our country runs into massive current account deficits. But that's going to come down as Cnergyco raises its petrol and diesel output.

What are some of the biggest challenges the oil companies are facing in terms of growth and how can these issues be addressed?

The oil companies operate in a tightly regulated environment. All key aspects of the business are controlled by the government. Most importantly, refiners and oil marketing companies can sell their products only at prices that are determined by the government.


Additionally, a favourable policy framework that could encourage refiners to upgrade or modernize their plants is much needed. The downstream energy companies play a critical role in the economy, considering all other businesses rely on smooth operations of this sector, and the oil firms also ensure the nation's energy security.

If the government introduces business-friendly policies and cuts down the unnecessary regulation, as we have seen in many developed and emerging economies, then this will help the sector flourish more and play a much bigger role in the economy. Through growth and expansion, the refiners and OMCs can turn Pakistan into a commodity trading powerhouse, serving the needs of not just Pakistan but exporting fuels to other countries in the region as well.

Businesses must also think beyond growth and profits. What is Cnergyco's philosophy regarding social work and what kind of CSR activities do you participate in?

It is absolutely true that business is more than just about making money – providing a safe and healthy workplace, taking care of the environment, serving the communities, and participating in social projects are also critical to a business's survival. Delivering on ESG (Environmental, Social and Governance) factors has become just as important as growing profits when it comes to creating value for the shareholders. These principles have been a core part of Cnergyco since the company's inception.

Cnergyco has been the pioneer of using the Miyawaki Method of tree plantation in Pakistan among large corporations and we have planted thousands of trees near our refinery in Hub, Balochistan and Karachi using this novel technique. The company has been investing heavily to increase Pakistan's forest cover as part of its de-carbonization efforts. Cnergyco provides clean drinking water to thousands of people who live near our refinery in Hub through our solar-powered RO plant. The company also sponsors vocational training and skill development programmes for women. Cnergyco also supports the preservation of coral reefs and other marine habitats found in the Arabian Sea.

The full details of our CSR activities are far too many to provide them here. But in short, Cnergyco has one of the most robust CSR programs among all major corporations in Pakistan. Our award-winning activities, which have been widely recognized by local and international bodies, are focused on achieving various goals outlined by the United Nations Development Programme (UNDP) as Sustainable Development Goals (SDGs), specifically Goals number 5 (Gender Equality), 6 (Clean Water and Sanitation), 13 (climate action), and 14 (life below water). 

CNERGYICO 27 YEARS OF MAKING AN IMPACT

Pakistan is frequently experiencing severe weather events. The threats posed by climate change are increasing with every passing year, while changes in weather patterns could also deliver a devastating blow to the agriculture sector.

Pakistan holds 8th position in the Climate Risk Index. The government has taken numerous steps to address the environmental challenge but a lot more needs to be done to move the country towards a greener future. Companies operating in Pakistan can learn a lot from Cnergyico Pk Limited (formerly Byco Petroleum), which has been using creative ideas and innovative techniques for the last 27 years to tackle climate change.

Cnergyico is Pakistan's biggest vertically integrated oil refiner that is also looking to expand and diversify its business. It owns and operates an oil refining complex in Hub, Balochistan that can process up to 156,000 barrels per day of crude oil. Besides this, it also runs a rapidly growing network of more than 400 petrol pumps and the country's largest crude oil storage tanks. Innovation has always been at the forefront of Cnergyico's operations, so much so that it has become a part of the organizational culture. The company is known for finding out-of-the-box solutions to fix complex problems.

For example, in order to avoid congestion at the government-owned oil importing terminals, it installed the country's first and only Single Point Mooring. The SPM is a floating jetty located in the deep-sea that uses state-of-the-art technology to transfer crude oil from vessels to Cnergyico's oil refining complex through pipelines. The

installation of SPM also made Cnergyico the country's sole and largest vertically integrated oil refining company.

Cnergyico closely monitors the environment around its SPM and oil refining complex (for example by regularly conducting sub-sea surveys to evaluate the marine life) to ensure its operations do not have an adverse effect. Also, it takes measures to enhance the natural habitat and serve the local communities.

Due to Cnergyico's diligent efforts as well as careful planning, the sub-sea environment around the SPM and the company's pipeline has given birth to a thriving coral reef. The coral reef near Cnergyico's SPM and its offshore pipeline is a rare marine habitat in Pakistan that is home to some of the most diverse species of fish. By enhancing the marine ecosystem, Cnergyico is playing its part in improving the health of the Arabian Sea.

However, Cnergyico's most ambitious plan to combat climate change has been its massive and award-winning afforestation campaign. The company was the first major corporation in Pakistan to use the Miyawaki Method of afforestation to plant thousands of trees around its oil refining complex in Hub, Balochistan and Karachi. It has also sponsored the development of an urban forest in Clifton, Karachi.

Cnergyico seeks to reverse the effects of climate change by making Pakistan greener. The company has achieved phenomenal success over the last few years and anyone can easily observe how quickly the company has been able to grow trees in a span of just a few years by visiting its urban forest in Karachi.

Cnergyico's operations are geared

towards not just making profits but also delivering on United Nations Development Programme's (UNDP) various Sustainable Development Goals (SDGs). The afforestation activities are aligned with SDG number 13 (climate action). Cnergyico's efforts to preserve marine life allow it to contribute towards SDG number 14 (life below water).

Cnergyico also participates in other social projects by collaborating with renowned local and international social welfare organizations. For example, the company worked closely with UNDP to develop a Water Recycling Plant at its retail outlet in Quetta to conserve this precious natural resource. Furthermore, Cnergyico has deployed solar-powered RO plants for the local communities located near its oil refining complex. This way, the company helps provide clean drinking water to thousands of individuals in Balochistan. This helps the company in contributing towards another key SDG – goal number 6 (Clean Water and Sanitation).

Moreover, Cnergyico firmly believes that women's empowerment is essential to achieving sustainable socio-economic growth. In this regard, by collaborating with TAF Foundation, Cnergyico has supported skill development programmes for hundreds of women. This project is in line with SDG number 5 (Gender Equality).

The corporations must strive to strike a balance between the three P's - Profits, People and Planet. Cnergyico has already shown how this can be achieved – others should also step up and rise to the occasion. It is only through collective action that we can effectively fight against climate change. **S**