

ENGRO ENFRASHARE (PVT) 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		Positive	
RATING ACTION	Upgrade		Maintained	
RATING DATE	October 06, 2026		September 15, 2025	

Shareholding (5% or More)

Engro Connect (Pvt) Limited – 100%

Other Information

Incorporated in 2018

Private Limited Company

Chief Executive: Mr. Fawad Haider

External Auditor: A.F. Ferguson & Co., 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://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

The rating reflects Engro Enfrashare (Private) Limited's established position in Pakistan's telecom infrastructure sector, supported by its sizeable tower portfolio, strong market presence and strategic association with Engro Holdings Limited. The Company benefits from the essential nature of telecom infrastructure, recurring contractual revenues, relatively low tenant churn and structural growth in data consumption, network densification and mobile broadband usage. The sector also offers further growth potential through increasing colocation and the gradual rollout of 5G. Enfrashare's strong position within the independent TowerCo segment, together with its scale and established relationships with major mobile network operators, provides a supportive business profile.

Rating also incorporates Company's improving operating performance, with continued tower additions and improving colocation supporting revenue growth, margins and operating leverage. Profitability turned positive in CY25 and remained resilient in HY26, supported by operating efficiencies, integration synergies and lower finance costs. Ratings also draw comfort from demonstrated support of the Engro Group, alongside an experienced management team and sound governance framework. Going forward, sustained improvement in profitability and coverages will remain important.

Company Profile

Engro Enfrashare (Private) Limited ('Enfrashare' or 'the Company') was incorporated as a private limited Company on November 13, 2018. It is a wholly owned subsidiary of Engro Connect (Pvt) Limited - the telecom infrastructure arm of Engro Holdings Limited, a major Pakistani conglomerate and the Ultimate parent company of Enfrashare.

The Company is engaged in buying, building, maintaining and operating telecommunication infrastructure and any products, by products and activities relating to or ancillary thereto. The registered office of the Company is located at Ufone Tower, Blue Area, Islamabad.

Management and Governance

CHAIRMAN/CEO PROFILE

Mr. Abdul Samad Dawood is Vice Chairman and CEO of Engro Holdings and Chairman of Enfrashare, with over 20 years of experience in management, governance, and M&A. He has led major transactions, including the acquisition of The Hub Power Company and merger of Engro Foods with Royal FrieslandCampina. He holds a degree in Economics from University College London.

During the year, Mr. Fawad Haider was appointed CEO, bringing over 27 years of experience across strategy, M&A, business development, marketing, and operations, with senior roles at Jazz, Warid, Wateen, Transworld, and NADRA. He holds an MBA from LUMS and a B.Sc. in Telecommunications Engineering.

BOARD & SENIOR MANAGEMENT

The Company has a well-structured five-member Board, comprising experienced professionals with extensive corporate and industry exposure. Board members also hold directorships across various companies, including entities within the Engro Group.

The Company's CY25 financial statements were audited by A.F. Ferguson & Co., Chartered Accountants, a Category 'A' auditor on SBP's panel, which issued an unqualified audit opinion.

Business Risk

INDUSTRY UPDATE

The TowerCo sector involves construction, maintenance, and leasing of telecom towers to Mobile Network Operators (MNOs). Pakistan's telecom tower sector growth is driven by rising data consumption, broadband penetration, network densification and continued expansion of mobile networks. Infrastructure sharing, supported by the Passive Telecom Infrastructure Policy, has facilitated the growth of independent TowerCos and improved asset utilization through colocation. Pakistan has approximately 50,000 telecom towers, with independent TowerCos accounting for nearly half of the installed base. The market remains concentrated, with Enfrashare-Deodar accounting for over 75% of independently owned towers, followed by Edotco, Tower Power/Associated Technologies and TAWAL. Including towers retained by MNOs, Enfrashare-Deodar's share is estimated at around 34%. Recent consolidation, including the Enfrashare-Deodar and Ufone-Telenor transactions, has further increased concentration among leading platforms.

Industry tenancy of around 1.35x remains below the global average of approximately 2.2x, providing scope for further colocation and operating leverage. Demand is supported by Jazz and Zong as major tenants, while the gradual rollout of 5G is expected to provide an additional growth catalyst. The sector remains exposed to customer concentration, regulatory developments and elevated energy costs, particularly at off-grid sites, although increasing solarization is helping mitigate the latter. Overall, the sector has a medium-to-low business risk profile, supported by essential infrastructure, recurring contractual revenues, low tenant churn and resilient demand. Favorable structural trends in data usage, network densification and 5G adoption are expected to sustain growth, while increasing colocation should support margins and asset utilization.

ESTIMATED MARKET SHARE

Company	2023	2024	2025	2026
Engro Enfrashare	51%	51%	23%	22%
Deodar			54%	53%
Edotco.	34%	34%	14%	14%
Tower Power/ Associated Tech	14%	13%	7%	7%
Tawal Telecom	1%	2%	3%	4%

Operational Performance

The Company's total tower portfolio increased by 326 sites, or 8%, to 4,541 as of 1QCY26 from 4,215 at end-CY24, with 263 towers added during CY25 and a further 63 in 1QCY26. Expansion has been directed towards Enfrashare, as Deodar's elevated leverage limits its capacity to undertake additional debt-funded capex. Accordingly, capex of PKR 5.7bn and PKR 2.4bn was incurred during CY25 and 1QCY26, respectively.

Operational utilization also continued to improve, while total tenants rose to 6,070 from 5,297. Consequently, the tenancy ratio improved to 1.33x from 1.26x over the same period, continuing its steady upward trend from 1.10x in 2021. The increasing colocation of existing sites, alongside portfolio expansion, is expected to support revenue growth.

	2021	2022	2023	2024	2025	1QCY26
Total Towers	2,246	3,329	3,952	4,215	4,478	4,541
Total Colos	235	560	820	1,082	1,406	1,529
Total Tenants	2,481	3,889	4,772	5,297	5,884	6,070
Tenancy Ratio	1.10x	1.17x	1.21x	1.26x	1.31x	1.33x

PROFITABILITY

Engro Enfrashare's profitability profile strengthened materially during CY25, supported by sustained growth in the tower portfolio, a rising tenancy base and improving operating efficiencies. Revenue increased by 25% YoY to PKR 20.7bn, primarily driven by additional towers and a higher number of tenants. The corresponding improvement in gross margin to 50.0% (CY24: 48.2%) reflects better tenancy levels and increasing revenue generation from the existing tower base. Operating efficiency also improved during the year, with operating expenses moderating following the acquisition of Deodar at group level, benefiting from workforce rationalization and operational synergies. Lower interest rates also contributed to the improvement in profitability through a reduction in finance costs. Consequently, the Company reported a positive net margin of 8.4% in CY25, marking a significant improvement from the losses recorded in preceding years.

The positive profitability trend continued into HYCY26, with revenue reaching PKR 12.8bn. Gross margin remained resilient at 49.2%, while net margin stood at 7.9%, indicating that the improvement in the earnings profile has been sustained into the current year. Going forward, revenue and profitability are expected to benefit from continued tower additions and improving tenancy, with tenancy ratio targeted to reach around 2.0x over the medium term.

Financial Risk

CAPITAL STRUCTURE

The Company's capital structure remains leveraged, reflecting the capital-intensive nature of the tower business and the impact of accumulated losses during its growth phase. Gearing and leverage stood at 2.22x and 2.42x, respectively, as of CY25 (CY24: 2.19x and 2.41x), increasing to 2.30x and 2.61x by end-HYCY26. The Company's return to profitability is expected to support gradual strengthening of the equity base; however, this benefit is likely to be partly offset by higher shareholder distributions as profitability becomes more established. Historically, the Company has also benefited from sponsor support through equity injections, with the parent providing financial support during the growth phase. Going forward, gearing is expected to remain broadly around current levels, with planned capex to be funded through internally generated cash flows and a targeted 65:35 debt-to-equity mix. Accordingly, despite improved earnings and gradual strengthening of the equity base, leverage is expected to remain elevated over the medium term. The Company's ability to sustain profitability and fund its expansion through prudent management will remain an important consideration for the rating.

DEBT COVERAGE & LIQUIDITY

The Company maintains an adequate liquidity profile, supported by positive funds from operations (FFO), a sizeable cash balance and improving debt coverage indicators. FFO turned positive during CY25 and HYCY26, in line with the improvement in profitability, and is expected to strengthen further as the benefits of higher tenancy and operating leverage continue to materialize. FFO to total debt stood at 0.10x in CY25, while DSCR improved to 0.85x from 0.63x in CY24 and further to 0.98x in HYCY26. On a cash-adjusted basis, DSCR stood higher at 1.35x in CY25 (CY24: 0.76x) and 1.16x in HYCY26.

Going forward, stronger FFO generation is expected to provide increasing support to debt servicing and liquidity. The Company's ability to sustain the improving FFO profile and generate sufficient internal cash flows to support debt servicing and planned expansion capex will remain important for ratings.

FINANCIAL SUMMARY *(amounts in PKR millions)*

Appendix I

BALANCE SHEET	CY22 A	CY23 A	CY24 A	CY25 A	HYCY26 M
Property, plant and equipment	34,242	39,877	42,106	44,234	46,383
Right of use assets	10,675	10,968	6,849	8,192	8,814
Trade debts	2,389	3,408	4,887	5,222	6,763
Short term investments	1,800	970	1,800	-	819
Cash and bank balance	2,596	3,594	1,610	6,062	2,227
Total Assets	58,925	68,402	65,115	70,598	72,554
Long term debt (inc. current portion)	35,689	42,311	39,881	43,935	45,656
Short term debt	2,500	3,013	1,954	1,814	536
Total debt	38,189	45,324	41,835	45,749	46,192
Trade and other payables	6,282	4,730	3,153	2,906	4,283
Authorized capital	20,000	25,000	25,000	25,000	25,000
Paid up capital	15,815	21,490	24,490	24,490	24,490
Accumulated loss	(2,675)	(5,622)	(5,959)	(4,218)	(4,940)
Shareholders' contribution	326	326	326	326	326
Total Equity	13,466	17,157	19,083	20,614	20,105
INCOME STATEMENT	CY22 A	CY23 A	CY24 A	CY25 A	HYCY26 M
Net Sales	9,095	13,230	16,590	20,700	12,821
Gross Profit	3,831	5,370	7,996	10,348	6,307
Operating Profit	3,085	4,378	6,747	9,283	5,838
Finance Costs	(3,972)	(7,274)	(7,245)	(5,604)	(2,862)
Profit Before Tax	(788)	(2,742)	(57)	3,786	3,005
Profit After Tax	(253)	(2,209)	(337)	1,741	1,017
RATIO ANALYSIS	CY22 A	CY23 A	CY24 A	CY25 A	HYCY26 M
Gross Margin	42.1%	40.6%	48.2%	50.0%	49.2%
Operating Margin	33.9%	33.1%	40.7%	44.8%	45.5%
Net Margin	-2.8%	-16.7%	-2.0%	8.4%	7.9%
Funds from Operation (FFO)*	(185)	(1,231)	(508)	4,788	6,830
FFO to Total Debt* (x)	(0.00)	(0.03)	(0.01)	0.10	0.15
FFO to Long Term Debt* (x)	(0.01)	(0.03)	(0.01)	0.11	0.15
Gearing (x)	2.84	2.64	2.19	2.22	2.30
Leverage (x)	3.38	2.99	2.41	2.42	2.61
Debt Servicing Coverage Ratio* (x)	0.55	0.43	0.63	0.85	0.98
DSCR (adjusted for lease) * (x)	0.59	0.41	0.64	0.98	1.14
Current Ratio (x)	0.89	0.93	1.08	1.15	0.94
STD Coverage (x)	0.96	1.13	2.50	2.88	12.61
Return on Average Assets*	-0.5%	-3.5%	-0.5%	2.6%	2.9%
Return on Average Equity*	-2.3%	-14.4%	-1.9%	8.8%	9.7%
Cash Conversion Cycle (days)*	32	67	81	68	52

*Annualized, if required

A - Actual Accounts

M - Management Accounts

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	Engro Enfrashare (Private) Limited				
Sector	Telecommunication				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Outlook / Rating Watch	Rating Action
	RATING TYPE: ENTITY				
	06/10/2026	A	A2	Stable	Upgrade
	15/09/2025	A-	A2	Positive	Maintained
	21/10/2024	A-	A2	Stable	Reaffirmed
	08/09/2023	A-	A2	Stable	Reaffirmed
	06/05/2022	A-	A2	Stable	Reaffirmed
	14/01/2021	A-	A2	Stable	Initial
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Due Diligence Meetings Conducted	S.No.	Name	Designation	Date	
	1.	Mr. Kashif Mahmood	Head of Corporate Finance	31-August-26	
	2.	Mr. Muhammad Huzaifa	Manager - Treasury		