

## MALIR EXPRESSWAY 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		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	February 06, 2026		November 20, 2024	

**Shareholding (5% or More)**

Government of Sindh – 43% (Class B Shares)
Nazeer Ahmed Khan (Proprietor JN & Co.) – 40% (Class A Shares)
Niaz Muhammad Khan & Brothers (NKB) – 11% (Class A Shares)
Habib Construction Services Limited (HCS) – 6% (Class A Shares)

**Other Information**

<b>Incorporated in</b> 2020
Public Limited Company (Unquoted)
<b>Chairman:</b> Mr. Shoaib Ismail
<b>Chief Executive:</b> Mr. Tanweer Ahmed Khan
<b>External Auditor:</b> Grant Thornton Anjum Rahman Chartered
<b>Independent Engineer:</b> Engineering Consulting International (Pvt) Limited, in association with AA Associates, Euroconsult Pakistan (Pvt) Limited, and Exponent Engineers (Pvt) Limited.
<b>Independent Auditor:</b> A. F. Ferguson & Co -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**

The assigned rating reflects Malir Expressway Limited ('MEL' or the 'Company') strong sponsor profile and the strategic importance of the project under a public-private partnership (PPP) with the Government of Sindh (GoS), which provides policy support and funding comfort. The Company benefits from experienced private sector sponsors with proven execution capabilities and an established governance framework led by technically qualified management. Progress on construction has been steady, with a substantial portion of the corridor already completed and partially operational, allowing early visibility on toll revenue generation. The Concession Agreement provides commitment from the GoS to cover cost overruns during the construction phase and meet revenue shortfall during operational phase. Provisions for performance securities ensure adherence to quality and operational standards. Additionally, toll rate escalation and a cost-adjustment mechanism by GoS enhance financial stability going forward. Execution risk persists on the remaining segment, but material supply constraints and key approvals have largely been resolved, supporting expectation of timely completion. Ratings remain sensitive to timely completion of the project and continued support of GoS as built in the Concession Agreement.

## Company Profile

Malir Expressway Limited ('MEL' or the 'Company') is a public limited, unlisted company incorporated on March 22, 2020 under the Companies Act, 2017. The Company was established for the development of the Malir Expressway Project (Shahrah-e-Bhutto), a six-lane dual carriageway spanning approximately 39 km along the Malir Riverbed, connecting Jam Sadiq Bridge to Kathore Bridge, with the objective of providing an alternate north-south traffic corridor for Karachi. The Company's registered office is located in Karachi.

The project is being implemented under a Design, Finance, Build, Operate, Maintain and Transfer (DFBOT) public-private partnership arrangement with the Government of Sindh (GoS). In July 2019, the Local Government Department, GoS invited bids for the project under the PPP framework. Following a competitive bidding process, a consortium led by Nazeer Ahmed Khan & Others (JN & Co.), along with Niaz Muhammad Khan & Brothers (NKB) and Habib Construction Services Limited (HCS) as EPC contractors, was selected, and the Letter of Award was issued in January 2020. Subsequently, a Concession Agreement was executed in April 2020, granting a 25-year concession period from the date of substantial completion, and covering the engineering, construction, financing, operation, and maintenance of the project.

Construction activities commenced in May 2022. The project's original scheduled completion date of November 2024 has since been revised to March 31, 2026, following the approval of extensions of time and change-of-scope orders.

## Sponsor Profile

The Company has a strong sponsor and shareholder profile, comprising a mix of experienced private-sector infrastructure developers and public-sector participation. The Government of Sindh holds 43% equity through Class B shares with no voting rights and limited dividend entitlement. The Class A shareholding is led by Nazeer Ahmed Khan (40%), followed by Niaz Muhammad Khan & Brothers (11%) and Habib Construction Services Limited (6%).

## Management and Governance

### OWNERSHIP/SPONSOR/CHAIRMAN/CEO PROFILE

The Board is chaired by Shoaib Ismail, a seasoned civil engineer with over five decades of professional experience in planning, design, supervision, and execution of industrial and commercial infrastructure projects. His technical background and regulatory credentials provide strong governance and oversight at the Board level.

The Company's day-to-day operations are led by Tanweer Ahmed Khan, CEO and the owner of JN & Co., who holds a Bachelor's degree in Civil Engineering and has over two decades of experience across public and private-sector construction projects. His hands-on project execution experience and familiarity with government contracting support effective implementation and coordination during the construction phase.

## Business Risk

### INDUSTRY

Despite being a government-backed PPP project, toll road developments in Pakistan carry inherent business risks, particularly during the construction phase. While public-sector involvement provides policy support and contractual protections, projects remain exposed to execution risk, traffic demand uncertainty, tariff sensitivity, and reliance on timely government actions. These risks are more pronounced for urban, greenfield corridors where land acquisition, utility shifting, weather disruptions, and stakeholder coordination can materially affect timelines and costs.

### OPERATIONAL UPDATE:

The project is divided into two construction segments spanning a total approximate length of 38-39 km. MEL continued to make measured progress on the Malir Expressway Project (Shahrah-e-Bhutto) during FY25 and into late-2025, with execution momentum increasingly concentrated on the remaining works of Segment-2. Segment-1 (0-15 km), extending from Jam Sadiq Bridge/Qayyumabad to Quaidabad Interchange, is largely complete (around 95-98%). All major civil, pavement, and structural works in this segment have been completed, with residual activities limited to minor finishing and ancillary items. Importantly, toll collection on this 15km stretch has been operational since January 2024, providing early operating visibility; however, a formal O&M (Operations and Maintenance) contractor has not yet been appointed, as the expressway is not fully operational end-to-end.

Segment-2 (15-38km), covering approximately 23–24 km from the Quaidabad Interchange to Kathore Bridge near the M-9 Motorway, represents the longer and more complex portion of the Shahrah-e-Bhutto and remains the primary driver of residual execution risk. The physical progress in this segment is assessed at ~80–85% as of Nov 2025. Earthworks, sub-grade, and base layers are largely in place, while the remaining work primarily comprises completion of major interchanges and elevated structures, asphalt wearing course, and finishing and ancillary works.

Execution in Segment-2 was previously affected by scope changes involving the addition of elevated sections, which increased steel requirements, along with third-party approvals and weather-related disruptions. Management has confirmed that steel supply constraints have now been resolved, with materials available to support uninterrupted progress on the remaining structural works. With key approvals largely in place and recovery measures underway, construction activity in this segment has stabilized. Based on the current execution plan, Segment-2 is targeted for completion by March 2026, in line with the project's revised completion timeline.

The Engineering, Procurement & Construction (EPC) cost incurred up to December 2025 amounts to approximately PKR 18.9 billion for the original scope of work and PKR 10.3 billion for Change of Scope Order-I. Accordingly, the total project cost stands at PKR 29.2 billion, excluding escalation and non-EPC costs.

From an operational readiness perspective, the Company plans to transition toward electronic tolling (E-Tag) across the corridor; the system is currently in the testing phase and is expected to be implemented following full corridor completion. In addition, MEL intends to install solar power solutions at toll plazas and associated facilities, which is expected to lower operating costs, reduce reliance on grid electricity, and improve energy reliability during operations.

#### PROFITABILITY:

As per the FY25, toll revenue recognized during the year amounted to PKR 107.0mn, reflecting partial corridor availability and limited traffic capture. A material uplift in toll revenues is expected post-completion of Segment-2. The Company reported a net loss of PKR 934.5mn in FY25, which is expected, given the project is still in a partial operations stage and high depreciation is recognized during the initial year of the project. Profitability was further affected by administrative expenses and high finance costs of PKR 558.8mn. Profitability is expected to improve once the expressway is fully operational.

### Financial Risk

#### CAPITAL STRUCTURE:

The Company's capital structure is assessed as strong, supported by significant equity and government backing. Sponsors' equity constitutes 20% of the total project financing, accounting for PKR 5.52b, signifying a significant commitment. The GoS contributes 15% of the project's equity, amounting to PKR 4.14b, reflecting a substantial public-sector interest. Both contributions have been fully injected as of Jun'25. The majority of project funding, 65%, is secured through commercial loans, totaling PKR 17.93b, fully drawn, out of which conventional financiers contribute 59% while 41% is contributed by Islamic financiers, adhering to Sharia-compliant principles. These facilities have a grace period of 30 months from the first draw down or 6 months of commercial operations date whichever is earlier. These facilities are repayable in 20 semi-annual installments commencing from 6 months after the end of grace period i.e. May 2025. The facilities carry markup at the rate of 6 months KIBOR + 1.5% per annum. Cost overruns accruing for the change in project scope will be entirely born by the GoS via sub-ordinated loan of PKR 30.8b. Additionally, PKR 1.8b has subordinated by GoS as minimum revenue guarantee in accordance with the provision of the Escrow Agreement.

#### DEBT COVERAGE & LIQUIDITY:

Liquidity is considered adequate, supported by strong cash balances and continued government funding. Cash and bank balances stood at PKR 18.92bn, compared to current liabilities of PKR 5.02bn, resulting in a healthy current ratio of 4.13x. Management confirmed that the Company has started repaying its loans, with two instalments paid on time as the government funding is covering the debt servicing. Debt coverage is expected to strengthen after completion of the entire corridor and ramp-up of toll revenues.

Financial Summary		Appendix I	
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A
Property, plant and equipment	8,481.6	19,153.2	47,899.17
Long-term Deposit	0.2	0.2	0.2
Advance and Prepayments	772.0	2,042.5	1,797
Cash & Bank Balances	308.2	16,676.6	18,921.3
Total Assets	9,562.1	37,872.8	68,617.9
Total Current Liabilities	738.3	851.2	5,019.3
Long-term Loans	4,610.9	8,068.1	17,032.4
Subordinated Loans from GoS	1,153.5	22,517.3	39,746.0
Paid up Capital	2,960.5	6,525.9	9,654.0
Advance against Equity	189.8	16.7	-
Accumulated Losses	(90.9)	(106.4)	(1,040.8)
Total Equity	4,212.9	28,953.5	48,359.1
Income Statement (PKR Millions)	FY23A	FY24A	FY25A
Net Sales	0.00	0.00	106.98
Gross Profit	0.00	0.00	-279.53
Operating Profit	-37.29	-15.43	-374.38
Finance Costs	0.00	0.00	558.76
Profit Before Tax	-37.29	-15.43	-933.14
Profit After Tax	-37.29	-15.43	-934.48
Ratio Analysis	FY23A	FY24A	FY25A
Gearing (x)	2.27	1.31	0.35
Leverage (x)	1.27	0.31	0.42
Current Ratio (x)	1.47	21.99	4.13

\*Annualized, if required

A – Actual Accounts

P – Projected Accounts

M – Management Accounts

## REGULATORY DISCLOSURES

## Appendix II

Name of Rated Entity	Malir Expressway Limited				
Sector	Toll Roads				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	02/06/2026	A-	A2	Stable	Reaffirmed
	11/20/2024	A-	A2	Stable	Reaffirmed
	10/12/2023	A-	A2	Stable	Initial
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	Name	Designation		Date	
	Mr. Tanveer-ul-Bari	Chief Financial Officer (CFO)		06 <sup>th</sup> January 2026	