VIS
Credit Rating Company Limited

RATING REPORT

AL FEROZ (PRIVATE) LIMITED

Analyst:
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RATING DETAILS				
RATINGS CATEGORY	LATEST RATING		PREVIOUS RATING	
	MEDIUM TO LONG-TERM	SHORT-TERM	MEDIUM TO LONG-TERM	SHORT-TERM
ENTITY	A+	A1	A+	A1
RATING OUTLOOK	Stable		Stable	
RATING ACTION	Reaffirmed		Initial	
RATING DATE	August 17, 2026		July 01, 2025	

SHAREHOLDING 5% OR MORE	OTHER INFORMATION
Mr. Shoaib Feroz – 16.54%	Incorporated in 1983
Mr. Irfan Feroz – 16.53%	Private Limited Company
Mr. Kamran Feroz – 16.53%	External Auditor: A.F. Ferguson & Co. Chartered Accountants
Ms. Sartaj Begum – 12.54%	Chairman of the BOD & CEO: Mr. Shoaib Feroz

APPLICABLE RATING CRITERIA

VIS Entity Rating Criteria Methodology –Corporates
https://docs.vis.com.pk/docs/CorporateMethodology.pdf

APPLICABLE RATING SCALE

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

RATING RATIONALE

Reaffirmation of Al-Feroz (Private) Limited's ('AFPL' or 'the Company') entity ratings is supported by its strong financial risk profile, anchored by a prominent sponsor pedigree with over 34 years of real estate development experience and ongoing developments in major projects alongside several future strategic investments currently in the planning phase. The Company continues to maintain a highly conservative capital structure characterized by zero debt obligations. By funding its marquee commercial and residential portfolio entirely through internal equity, AFPL secures robust liquidity management and a healthy cash cushion. While core profitability is well-supported by resilient, growing rental income and dividend streams, recent net income spikes remain exposed to market-driven, non-cash fair value gains from its substantial Dolmen City REIT holding. Looking forward, the ratings will remain sensitive to systemic real estate headwinds in Pakistan, such as elevated construction input costs and overall subdued demand. These macroeconomic pressures have triggered localized challenges, including a relatively slow sales offtake at the recently completed Signature-27 project. Additionally, managing tight commercial timelines for the flagship hospitality venture remains critical. Ratings also depend on continued strengthening of cash flows, expanding the equity base, and maintaining the current near-unlevered profile.

COMPANY PROFILE

Al-Feroz (Private) Limited (‘AFPL’ or ‘the Company’) was incorporated in Pakistan on July 25, 1983 under the Companies Act, 1913 (now the Companies Act, 2017) as a private company, limited by shares. The principal activity of the Company is to undertake business of builders, developers and renting out of properties as developed by the Company. The registered office of the Company is situated on the 17th floor, The Harbour Front, Dolmen City, HC-3. Block-4, Clifton, Karachi. Geographical location and addresses of all business units of the Company are as follows:

Business unit	Nature	Location/address
a) Dolmen Mall - Tariq Road	Retail shopping mall	Plot No. 13-3, Tariq Road, Karachi.
b) Dolmen Mall - Hyderi	Retail shopping mall	D -14, Block-C, Hyderi, North Nazimabad, Karachi.
c) Sky Towers (A & B)	Commercial offices	Plot No. HC-3, Block-4, K.D.A. Scheme No. 5, Clifton, Karachi.
d) Corporate Office Block (COB)	Commercial offices	Plot No. HC-3, Btock-4, K.D.A. Scheme No. 5, Clifton. Karachi.
e) Signature 27	Mixed use project	Plot Q K 2/1 Sunrise Avenue, Phase-VII Ext. D.H.A. Karachi

SPONSOR PROFILE

The family managed group maintains its footprint in Karachi through landmark projects, including corporate associations with Dolmen City, Sky Towers, and premium waterfront joint ventures in Karachi and more recently in Lahore. Expanding its market frontier, the group recently integrated international hospitality into its portfolio via a landmark tripartite arrangement with Accor (for its brand ‘Pullman’) and Valor Hospitality operating hundreds of hospitality projects worldwide. This milestone collaboration will debut the Pullman Karachi Brentwood Tower in 2028, a high-end development featuring 250+ premium keys including serviced apartments in Clifton.

Mr. Shoaib Feroz
With 34+ years of experience, Mr. Shoaib Feroz specializes in Real Estate, Amusement Parks, Mechanical Engineering, and Renewable Energy. As CEO/Director of Al-Feroz (Pvt) Ltd (since 2021), Green Waste Energy (Pvt) Ltd (since 2020), and Pioneer Amusement Services (Pvt) Ltd (since 2013), he has led landmark projects like Dolmen City, Chunky Monkey Amusement, and renewable energy initiatives converting waste to synthetic gas. His expertise spans strategic real estate trading, long-term retail leases, and specialized engineering solutions for defense sectors.

Mr. Irfan Feroz
A seasoned professional with 36+ years, Mr. Irfan Feroz specializes in Real Estate, Amusement Parks, and Manufacturing of Engineering Equipment. Serving as Director at Al-Feroz (Pvt) Ltd (since 2021), Brentwood (Pvt) Ltd (since 2013), and Metal Engineering Works (Pvt) Ltd (since 1991), he has executed key projects including Dolmen Malls, Signature-27 Apartments, and Sindbad Amusement. His contributions include pioneering long-term retail leases and manufacturing specialized transport carriers for defense industries.

Mr. Kamran Feroz
With 38+ years in Real Estate, Amusement Parks, and Mechanical Engineering, Kamran Feroz holds leadership roles as CEO/Director of Metal Engineering Works (Pvt) Ltd (since 1991) and Al-Kehkashan (Pvt) Ltd (since 1989). He has overseen the development of Dolmen projects and Sindbad Amusement, emphasizing cost-effective, quality-driven real estate ventures. His engineering expertise includes manufacturing aircraft refuellers and specialized vehicles for defense sectors.

AUDIT OPINION

A.F. Ferguson & Co. Chartered Accountants, categorized as 'Category A' on SBP’s Panel of Auditors and with satisfactory QCR rating from ICAP, has provided an unqualified opinion.

BUSINESS RISK

INDUSTRY

During FY25–FY26, Pakistan's commercial real estate sector exhibited signs of recovery amid improving macroeconomic conditions. Declining inflation, easing interest rates, and greater exchange rate stability supported a gradual revival in investor confidence, resulting in renewed momentum in commercial developments, particularly mixed-use projects incorporating retail malls, office spaces, hotels, and serviced apartments. The recovery has been led by demand for integrated developments in major urban centers such as Islamabad, Rawalpindi, Lahore, and Karachi, where developers continue to launch projects catering to corporate, hospitality, and retail segments. The hospitality segment also witnessed improving fundamentals, supported by rising domestic tourism, business travel, and government initiatives aimed at attracting foreign investment. The Government's continued emphasis on investment facilitation through the Special Investment Facilitation Council (SIFC), alongside incentives for REITs and large-scale real estate developments, is expected to support the sector's long-term growth prospects.

The geopolitical tensions arising from the Iran–Israel conflict has resulted in renewed interest from overseas Pakistanis and Middle Eastern investors seeking geographical diversification through real estate investments in Pakistan, particularly in premium residential and mixed-use commercial developments. This improved investor sentiment and growing engagement from GCC-based investors is expected to provide incremental support to demand for high-quality commercial projects. Despite the improving outlook, the sector continues to face structural challenges, including elevated construction costs, lengthy regulatory approval processes, execution delays, and relatively limited availability of long-term project financing. Nevertheless, supported by improving macroeconomic fundamentals, declining financing costs, favorable fiscal measures announced in the FY26–27 Federal Budget, and increasing investor interest from overseas markets, the outlook for Pakistan's commercial real estate sector remains cautiously positive.

PROJECTS IN DEVELOPMENT AND UNDER PLANNING PHASE

- The Company has initiated development of a five-star hotel project, 'Pullman Karachi Brentwood Tower', through its wholly-owned subsidiary Brentwood Hospitality (Private) Limited 'BHPL'. A hotel franchise agreement (HFA) has been signed with AccorHotels Middle East (Accor) for their 'Pullman' brand, and the project is currently in the design phase with approximately 25 to 30 outsourced architectural and technical consultants involved. Although originally expected to be ready for commercial purposes by December 2026, recent global events have caused shipping delays. If these conditions persist, the timeline could slide by 3 to 6 months toward 2028. To mitigate this risk and expedite work, management is considering moving toward turnkey arrangements with contractors.

- The Signature-27 project is now complete, with approximately half of the available residential and retail inventory sold. The remaining inventory provides the Company with the opportunity to capitalize on future value appreciation. Management continues to strengthen the project's market visibility through enhanced promotional efforts and improvements to the surrounding infrastructure, which are expected to support sales momentum going forward.

- The Group continues to expand its development pipeline and plans to launch a large-scale mixed-use commercial and residential project 'Grand Bazaar' on a land parcel located in Phase-VII Ext., DHA, Karachi. The proposed development is expected to comprise five to six towers and will be marketed through a long-term installment-based sales model over an estimated five- to six-year period. This approach is intended to broaden the project's appeal to a wider investor base and support a more gradual sales absorption profile.

Management has indicated that the Group intends to continue financing its developments primarily through internal equity and cash flows, maintaining a conservative financial strategy with limited reliance on external debt.

Assets Mix

AFPL's total assets are on a strong upward trajectory, driven by gains in long-term investments, steady increase in properties under development, expanding investment properties, and healthier cash balances (1HFY26: PKR 2.37b, FY25: 0.91b, FY24: 0.63b).

PKR in billions	FY24	FY25	1HFY26
Long-term investments	19.15	30.18	39.59
Investment properties	31.76	32.58	32.82
Development properties	5.10	5.16	5.26
Cash & Bank Balances	0.63	0.91	2.37
Other assets	0.23	0.28	0.50
Total assets	**56.86**	**69.11**	**80.54**

A combination of fair value adjustments and the transfer of assets from the development in Sky Towers and COB (corporate office block) lifted investment properties to PKR 32.6b (FY24: PKR 31.8b) in FY25.

Investment properties (PKR in millions)	FY24	FY25	1HFY26
Dolmen Mall- Tariq	9,167.5	9,167.5	9,167.5
Dolmen Mall- Hyderi	1,872.8	1,872.8	1,872.8
Sky towers & Corporate Offices Block	19,794.5	20,601.9	20,840.9
Open plots	930.1	935.3	935.3
Total	**31,764.9**	**32,577.5**	**32,816.6**

Development properties (PKR in millions)	FY24	FY25	1HFY26
Signature-27	2,353.9	2,774.4	2,897.1
Grand Bazar	446.9	212.9	214.9
Sky Towers and COB	2,155.4	2,179.4	2,151.1
Sahil One	139.4	0.0	0.0
Total	**5,095.6**	**5,166.8**	**5,263.1**

LT investments (PKR in millions)	FY24	FY25	1HFY26
Fair value through profit or loss			
- Dolmen City REIT (DCR)	13,717.5	22,523.3	31,737.8
Fair value through other comprehensive income			
- DHA Dolmen Lahore (Private) Limited	5,437.4	7,656.8	7,856.8
- Brentwood Hospitality (Pvt) Limited		1.0	1.0
Total	**19,154.9**	**30,181.1**	**39,595.6**

Investment in DCR increased significantly to PKR 22.5bn (FY24: PKR 13.72bn), primarily driven by recognized fair value gains. Similarly, the Company's investment in DDL rose to PKR 7.66bn (FY24: PKR 5.44bn), supported by an additional equity injection of PKR 1.5bn during FY25, alongside moderate valuation gains. The Company also continues to support the development of BHPL, with management indicating that its long-term commitment will primarily be through incremental equity investment as the project progresses. The extension of short-term loan is an extension of the same.

PROFITABILITY

The Company's profitability profile remains strong, underpinned by stable and recurring dividend and rental income streams. Total income increased to PKR 3.9b in FY25 (FY24: PKR 3.5b), while dividend income continued to demonstrate robust growth during 1HFY26, reflecting the strength of the underlying investment portfolio.

Overall profitability strengthened markedly in FY25, with profit after tax increasing to PKR 11.5b (FY24: PKR 8.0b). This improvement was primarily attributable to fair value gains of PKR 8.8b recognized during the year (FY24: PKR 2.3b), largely arising from the Company's investment in DCR REIT.

The Company's operating efficiency also remained robust. Operating and net profit margins improved to 97.5% and 90.2%, respectively, in 1HFY26, compared to averages of approximately 94% and 85% over FY23–FY25, supported by prudent cost management and limited operating expense growth. Going forward, profitability is expected to remain supported by sustained growth in recurring rental and dividend income, while fair value gains may continue to introduce some variability to reported earnings.

FINANCIAL RISK

CAPITAL STRUCTURE

The Company maintains a highly conservative capital structure, supported by an unleveraged balance sheet and a strong capitalization profile. The absence of borrowings results in minimal leverage, recording at 0.04x as of end-1HFY26. The equity base has continued to strengthen through sustained profit retention and unrealized gains on investments, increasing to PKR 77.3b at end-1HFY26 (end-FY25: PKR 66.3b; end-FY24: PKR 54.2b). The consistent growth in shareholders' equity has further enhanced the Company's financial flexibility and loss-absorption capacity, providing a strong cushion against potential market volatility.

DEBT COVERAGE & LIQUIDITY

The Company's debt coverage and liquidity profile remains strong, supported by healthy recurring cash generation and the absence of financial leverage. Funds from operations (FFO) remained robust at PKR 2.07b during 1HFY26 (FY25: PKR 2.48b; FY24: PKR 2.18b), reflecting the Company's stable earnings generation from dividend and rental income.

Liquidity strengthened further during the period, with the current ratio improving to 4.97x as of end-1HFY26 (end-FY25: 4.62x; end-FY24: 4.42x). This was primarily driven by a significant increase in cash and cash equivalents to PKR 2.3b (end-FY25: PKR 520.2m; end-FY24: PKR 132.4m), coupled with lower trade payables and deferred tax liabilities. The Company's ample liquid resources, strong operating cash flows, and debt-free balance sheet provide considerable financial flexibility and support its overall credit profile.

FINANCIAL SUMMARY

Balance Sheet (PKR Mn)	FY23	FY24	FY25	1HFY26
Property, Plant & Equipment	6	10	10	8
Long term Investments	11,408	19,155	30,180	39,595
Investment Properties	26,860	31,765	32,577	32,817
Development properties	5,583	5,096	5,167	5,263
Trade Receivables	28	30	34	62
Advances	140	140	186	336
Cash and Bank Balances	2,406	626	911	2,367
Other Assets	33	43	47	97
Total Assets	**46,463**	**56,864**	**69,111**	**80,544**
Trade & other payables	595	815	847	805
Other liabilities	945	1,830	2,015	2,399
Total Liabilities	**1,540**	**2,645**	**2,862**	**3,204**
Paid up Capital	1	1	1	1
Total Equity	**44,923**	**54,219**	**66,249**	**77,340**
Income Statement (PKR Mn)	**FY23**	**FY24**	**FY25**	**1HFY26**
Rental Income	1,390	1,810	2,164	1,369
Dividend Income	1,434	1,668	1,751	1,576
Marketing Income	37	47	58	41
Unrealized gain on inv. prop. at FV	5,040	3,706	709	212
FV gain on equity instruments	133	2,310	8,806	9,214
Other Income	6	21	30	46
Total Incomes	**8,040**	**9,562**	**13,518**	**12,459**
Operating expenses	440	531	959	310
Profit before taxation	7,600	9,031	12,559	12,149
Net Income	**6,732**	**8,092**	**11,592**	**11,241**
Ratios Analysis	**FY23**	**FY24**	**FY25**	**1HFY26**
Operating Margin	94.5%	94.4%	92.9%	97.5%
Net Margin	83.7%	84.6%	85.8%	90.2%
Funds from operations (FFO) (PKR Mn)	1,614	2,183	2,478	2,075
Leverage (x)	0.03	0.05	0.04	0.04
Current Ratio (x)	8.21	4.42	4.62	4.97
Return on Average Assets*	15.7%	15.7%	18.4%	30.0%
Return on Average Equity*	16.2%	16.3%	19.2%	31.3%
**annualized*				

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Al Feroz (Private) Limited
Sector	Construction and Real Estate
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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Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
17-Aug-26	**A+**	**A1**	**Stable**	**Reaffirmed**
1-Jul-25	A+	A1	Stable	Initial

Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Aftab Ahmed	CFO	10 July 2026