The Pakistan Credit Rating Agency Limited

Rating Report

Airlink Communication Limited - PPSTS-IV - PKR 3.0bln - TBI

Report Contents

Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
17-Jan-2025	A+	A1	Stable	Preliminary	-

Rating Rationale and Key Rating Drivers

Airlink Communication Limited ("Airlink" or "the Company") is principally engaged in two business verticals; i) mobile phones distributor and retailer, ii) assembling of smartphone and allied items in Pakistan. The ratings reflect Airlink's strong business fundamentals, supported by its growing relative position, and its partnership with several renowned global brands, which ensure diversified earnings from its product portfolio. The ratings are further bolstered by the vertical integration of the Company's operations; Airlink operates its own assembly line and owns Select Technologies (Pvt.) Limited, a wholly owned subsidiary focused on assembling mobile phones for Xiaomi Pakistan (Pvt.) Limited, a subsidiary of Xiaomi Corporation, a leading global brand from China. Xiaomi is expanding its market in Pakistan, both with existing and new products. According to the Pakistan Telecommunication Authority (PTA), 28.43mln mobile devices were manufactured in the first 11 months of CY24, compared to ~21.28mln devices during CY23, reflecting an annual growth of ~45.7%. Management reports that Airlink holds ~22% market share in mobile phone distribution. In FY24, the Company achieved significant revenue growth, with consolidated total sales of PKR 129,742 million. Revenue for the current financial year is expected to exceed this figure, with positive profitability indicators. Moving forward, Airlink plans to focus more on its assembly segment, especially by increasing the production volumes of Tecno mobile phones. The Company's capital structure is leveraged, with a primary reliance on short-term borrowings. Despite this, its financial risk profile demonstrates good coverage ratios and healthy cash flows. However, the recent imposition of sales tax in FY25 has raised the Company's working capital requirements in the distribution segment. Airlink manages its working capital through short-term borrowings, including debt instruments. The Company has also secured an exclusive partnership with Acer Gadget Inc. to assemble and introduce its product line, including laptops and tablets, to the local market, leveraging Airlink's established nationwide distribution and retail network.
The underlying instrument is secured by a ranking charge over the Company's current assets. The Issuer must maintain a Debt Payment Account (DPA) under the lien of the Investment Agent. Payments will begin 47 days before maturity and continue fortnightly to ensure the full issue amount is available in the DPA five days before maturity. Principal and profit repayment will be made in a bullet payment.

The Company's ratings depend on its ability to maintain its market position in a rapidly evolving industry. Prudent financial discipline, particularly with regard to working capital management, is essential to sustaining these ratings, a principle to which management is fully committed.

Disclosure

Name of Rated Entity	Airlink Communication Limited - PPSTS-IV - PKR 3.0bln - TBI
Type of Relationship	Solicited
Purpose of the Rating	Debt Instrument Rating
Applicable Criteria	Methodology | Rating Modifiers(Apr-24),Methodology | Correlation Between Long-term & Short-term Rating Scales(Jul-24),Methodology | Corporate Rating(Jul-24),Methodology | Debt Instrument Rating(Oct-24)
Related Research	Sector Study | Mobile Phone and Allied Products(Jan-25)
Rating Analysts	Sohail Ahmed Qureshi | sohail.ahmed@pacra.com | +92-42-35869504

Issuer Profile

Profile Air Link Communication Limited ('Airlink' or 'the Company') is a public limited company, incorporated in January 2014 under the repealed Companies Ordinance 1984, now the Companies Act, 2017. The Company has been listed on the Pakistan Stock Exchange (PSX) since September 2021. Its registered office is located at 152/1-M, Quaid-e-Azam Industrial Estate, Kot-Lakhpat, Lahore. Airlink began as a partnership firm in 2010, engaged in the import and distribution of IT products, particularly mobile phones and related products. In 2014, a new private company was incorporated to take over the partnership's business, and the entire business was transferred to the Company's books in 2018. Subsequently, Airlink converted its status to a Public Unlisted Company in April 2019 and was eventually listed on the PSX in September 2021. Airlink's core operations include the production of Tecno smartphones and the distribution of mobile phones and allied products from leading brands such as Xiaomi, Techno, Samsung, iPhone, and Itel. Furthermore, Airlink has partnered with Xiaomi to manufacture and distribute Xiaomi mobile phones and accessories in Pakistan through its wholly-owned subsidiary, Select Technologies (Private) Limited.

Ownership The majority stake in the Company is held by the sponsoring family, with approximately 73.43% of the shares. The general public owns around 8.07%, foreign companies hold about 5.75%, and approximately 5.91% is collectively owned by banks, development finance institutions, non-banking finance institutions, insurance companies, modarabas, and mutual funds. Directors, their spouses, and minor children hold about 2%, while the remaining 4.83% is owned by others. The ownership structure of Airlink is considered stable, given the significant majority stake held by the sponsoring family. No major changes in the ownership structure are anticipated in the near future. Mr. Muzzaffar Hayat Piracha, the primary sponsor, has led the Company since its inception. With extensive industry experience and a deep understanding of the market, his strong leadership is evident through the successful strategic partnerships the Company has established. His business acumen is highly regarded. The owners of the Company do not hold any strategic stakes in other companies. However, Mr. Muzzaffar Hayat owns commercial and residential real estate, contributing to the overall financial strength, which is deemed adequate.

Governance The Board of Directors comprises seven members: two non-executive directors (including the chairman and a female director), two executive directors (including the CEO), and three independent directors. The Board members are seasoned professionals with extensive, multifunctional experience across multiple sectors. Mr. Aslam Hayat Piracha, the Chairman, possesses over five decades of business experience with a core specialty in imports and exports. He is actively involved in overseeing Airlink's systems and controls. The independent directors are highly regarded business experts, bringing exposure from diverse sectors. The Board meets at least quarterly to oversee management's performance and ensure alignment with the Company's strategic goals. In FY24, four Board meetings were held with strong attendance from the directors. Meeting minutes are appropriately documented, and action points are communicated to the relevant stakeholders. The Board has established two committees: the Audit Committee and the HR and Remuneration Committee, which enhance the Board's effectiveness by enabling focused oversight and efficient decision-making. M/S BDO Ebrahim & Co. Chartered Accountants, listed in the category 'A' on SBP's panel of auditors, serve as the Company's external auditors. They have expressed an unqualified opinion on the Company's financial statements for the year ended June 30, 2024.

Management Airlink has a well-defined organizational structure, divided into eight functional departments: Human Resources, Production, Retail, Operations, Internal Audit, Marketing, Distribution, and Accounts & Finance. Each department is led by a professional Head who reports directly to the CEO. Currently, all key positions are filled. Mr. Muzaffar Hayat Piracha, the CEO, holds a Master's Degree in Business Administration and has over two decades of multifaceted leadership experience across various sectors. He is supported by a seasoned management team with extensive expertise. Notably, Mr. Adnan Aftab, the CEO of Select Technologies (Pvt.) Ltd., holds a Master's Degree in Manufacturing Engineering and has over three decades of experience in manufacturing. Additionally, Mr. Nusrat Mahmood, the CFO, is a distinguished Management Accountant and Chemical Engineer with over two decades of experience across multiple industries, including textiles, fertilizers, and telecommunications. Each functional department has a multi-layered hierarchy with well-defined and documented roles and responsibilities, strengthening management effectiveness. Furthermore, six management committees have been established: the Credit Committee, Risk Management Committee, Sales Control Committee, Cash Management Committee, Operational Control Committee, and Business Plan Committee. These committees enhance overall operational efficacy by enabling focused decision-making and bridging inter-departmental gaps. The Company has implemented SAP, an ERP solution, to maintain a robust reporting system. The internal audit department, which reports directly to the Board's audit committee, ensures oversight. Detailed MIS reports for senior management are frequently generated for each business unit, including region-wise business partner reports with adjustments, daily stock reports for all warehouses, and product-wise reports of region and corporate limits.

Business Risk Pakistan's cellular market has experienced rapid growth, with tele-density rising from ~6% in FY04 to ~80% in FY24. However, currency devaluation against the USD and increased import duties have escalated mobile phone costs, impacting demand for high-end devices. In the first 11 months of CY24, local mobile production reached ~28.43 million units, comprising around 11.42 million 2G devices and 17.01 million smartphones. In contrast, imports declined to 1.49 million units from ~1.58 million units in CY23. Currently, four major distributors dominate the market, with Airlink leading at a 22% market share. The Company partners with top global mobile brands in the distribution segment, with major contributors by volume being Xiaomi (52%), Tecno (44%), and Samsung (4%). Airlink also exclusively manufactures Xiaomi smartphones in Pakistan and produces Tecno smartphones, solidifying its strong industry position. In FY24, Airlink's consolidated revenue surged to PKR 129.74 billion (FY23: PKR 36.93 billion), driven by the easing of CKD import restrictions, which boosted mobile phone assembly volumes. The assembly segment contributed ~PKR 93.35 billion (72%) to revenue, while the distribution segment contributed ~PKR 36.40 billion (28%). In 1QFY25, sales declined by approximately 40% year-over-year due to inventory buildup and reduced demand stemming from price increases linked to new taxes. The gross profit margin decreased from ~9.6% in FY23 to ~7.6% in FY24, primarily due to higher component costs. However, the net profit margin improved to ~3.6% from ~2.6% in FY23, thanks to better cost management and optimized capacity utilization. Further improvement in profitability margins was observed in 1QFY25. As one of Pakistan's largest mobile phone distributors, Airlink has fortified its market position through partnerships with globally recognized brands. In 2022, the Company began assembling and distributing Xiaomi phones and recently signed an agreement with Acer Inc. to produce Acer laptops and tablets. Airlink is also expanding its product range by assembling Xiaomi smart TVs, further enhancing its growth prospects. Looking ahead, the macroeconomic landscape has demonstrated improvement in the second of FY25. This positive shift has fueled the demand, subsequently driving growth in sales. Consequently, the Company is experiencing increased working capital requirements to support this expansion.

Financial Risk Airlink's working capital requirements are primarily driven by the need to fund its inventory in the assembly and distribution segments. During FY24, the average gross working capital days significantly decreased to ~30 days from 94 days in FY23, mainly due to robust inventory management. Consequently, the average net working capital days reduced to ~18 days in FY24 from 70 days in FY23. However, the working capital cycle days increased during 1QFY25 due to inventory build-up to meet the demand from Xiaomi Pakistan (Pvt.) Ltd. In FY25, the recent imposed sales tax has raised the Company's working capital requirements in the distribution segment. Free cash flow from operations (FCFO) surged to ~PKR 8,578 million in FY24 from PKR 2,874 million in FY23, driven by an increase in profit before tax. This led to improved core coverages, with the interest coverage ratio rising to 3.3x in FY24 from 2.1x in FY23. Debt payment capacity remains comfortable, reflected by a debt payback ratio of 0.5 times in FY24 compared to 2.1 times in FY23. Furthermore, the Company's interest and debt coverages remained intact during 1QFY25. Airlink's total debt increased during the review period, reaching ~PKR 16,124 million as of September 2024 (FY23: PKR 8,302 million; FY22: PKR 8,021 million). The Company maintains a leveraged capital structure, with a leverage ratio of ~53% as of September 2024 (FY23: 40.4%; FY22: 40.8%; FY21: 53.3%). The debt portfolio is predominantly composed of short-term loans, constituting ~88% of the total debt, which are utilized to fund growing working capital needs.

Instrument Rating Considerations

About The Instrument Airlink has issued fourth Rated, secured, privately-placed, short-term Sukuk-IV, marking a strategic financial move for the Company. The Sukuk carries a markup of 6MK+1.75%, with a tenor of six months.

Relative Seniority/Subordination Of Instrument The claims of Sukuk holders will rank superior to the claims of ordinary shareholders.

Credit Enhancement The underlying instrument is secured by a ranking charge over the Company's current assets. The Issuer is required to maintain and efficiently manage a Debt Payment Account ("DPA") under the lien of the Investment Agent. Payments, starting 47 days before the maturity date and every fortnight thereafter, will ensure that an amount equivalent to the full issue amount is available in the DPA five days before the maturity date. Principal and profit repayment will be made in a bullet payment.

The Pakistan Credit Rating Agency Limited

Financial Summary
PKR mln

Air Link Communication Limited Listed Public Limited	Sep-24 3M Management	Jun-24 12M Audited	Jun-23 12M Audited	Jun-22 12M Audited
A BALANCE SHEET				
1 Non-Current Assets	8,460	8,571	6,186	6,172
2 Investments	3,829	4,202	3,484	1,010
3 Related Party Exposure	-	-	-	-
4 Current Assets	26,259	27,745	18,964	14,479
a Inventories	*8,829*	*8,109*	*7,175*	*5,334*
b Trade Receivables	*5,536*	*3,527*	*2,714*	*3,753*
5 Total Assets	38,548	40,518	28,635	21,660
6 Current Liabilities	7,901	8,604	7,796	1,725
a Trade Payables	-	*3,899*	*4,715*	*47*
7 Borrowings	16,124	16,419	8,302	8,021
8 Related Party Exposure	-	-	-	-
9 Non-Current Liabilities	193	426	312	258
10 Net Assets	14,330	15,069	12,225	11,656
11 Shareholders' Equity	14,330	15,069	12,225	11,656
B INCOME STATEMENT				
1 Sales	22,052	129,742	36,934	49,166
a Cost of Good Sold	*(19,882)*	*(119,937)*	*(33,399)*	*(43,968)*
2 Gross Profit	2,170	9,806	3,535	5,198
a Operating Expenses	(385)	(1,312)	(1,105)	(1,548)
3 Operating Profit	1,785	8,493	2,430	3,649
a Non Operating Income or (Expense)	*124*	*83*	*266*	*132*
4 Profit or (Loss) before Interest and Tax	1,909	8,577	2,696	3,781
a Total Finance Cost	*(681)*	*(2,974)*	*(1,828)*	*(1,175)*
b Taxation	*(386)*	*(977)*	*93*	*(1,076)*
6 Net Income Or (Loss)	842	4,625	961	1,530
C CASH FLOW STATEMENT				
a Free Cash Flows from Operations (FCFO)	*1,884*	*8,578*	*2,874*	*3,231*
b Net Cash from Operating Activities before Working Capital (	*1,413*	*6,217*	*2,546*	*2,567*
c Changes in Working Capital	*(273)*	*(9,041)*	*51*	*(970)*
1 Net Cash provided by Operating Activities	1,140	(2,824)	2,597	1,597
2 Net Cash (Used in) or Available From Investing Activities	573	(2,711)	(2,793)	(5,947)
3 Net Cash (Used in) or Available From Financing Activities	(878)	6,803	115	4,620
4 Net Cash generated or (Used) during the period	835	1,267	(81)	269
D RATIO ANALYSIS				
1 Performance				
a Sales Growth (for the period)	-32.0%	251.3%	-24.9%	0.0%
b Gross Profit Margin	9.8%	7.6%	9.6%	10.6%
c Net Profit Margin	3.8%	3.6%	2.6%	3.1%
d Cash Conversion Efficiency (FCFO adjusted for Working Ca	7.3%	-0.4%	7.9%	4.6%
*e Return on Equity [Net Profit Margin * Asset Turnover * (To*	22.9%	33.9%	8.0%	13.1%
2 Working Capital Management				
a Gross Working Capital (Average Days)	54	30	94	67
b Net Working Capital (Average Days)	38	18	70	67
c Current Ratio (Current Assets / Current Liabilities)	3.3	3.2	2.4	8.4
3 Coverages				
a EBITDA / Finance Cost	3.1	3.3	2.1	4.3
b FCFO / Finance Cost+CMLTB+Excess STB	2.2	2.4	1.3	2.3
c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Fin	0.4	0.5	2.1	1.0
4 Capital Structure				
a Total Borrowings / (Total Borrowings+Shareholders' Equity	52.9%	52.1%	40.4%	40.8%
b Interest or Markup Payable (Days)	92.1	70.1	48.8	89.5
c Entity Average Borrowing Rate	17.4%	21.3%	18.1%	10.5%

Credit Rating

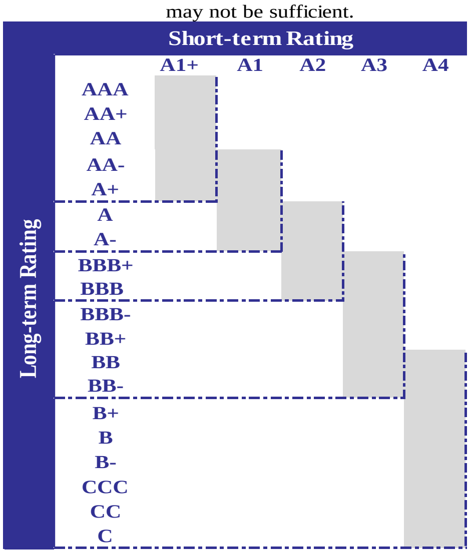
Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Long-term Rating

Scale	Definition
AAA	**Highest credit quality.** Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+ AA AA-	**Very high credit quality.** Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A+ A A-	**High credit quality.** Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.
BBB+ BBB BBB-	**Good credit quality.** Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
BB+ BB BB-	**Moderate risk.** Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.
B+ B B-	**High credit risk.** A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
CCC CC C	**Very high credit risk.** Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default.
D	Obligations are currently in default.

Short-term Rating

Scale	Definition
A1+	The highest capacity for timely repayment.
A1	A strong capacity for timely repayment.
A2	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
A3	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial
A4	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.



**The correlation shown is indicative and, in certain cases, may not hold.*

Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.

Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

Withdrawn A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveill the opinion due to lack of requisite information.

Harmonization A change in rating due to revision in applicable methodology or underlying scale.

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

Note. This scale is applicable to the following methodology(s):

a) Broker Entity Rating
b) Corporate Rating
c) Debt Instrument Rating
d) Financial Institution Rating
e) Holding Company Rating
f) Independent Power Producer Rating
g) Microfinance Institution Rating
h) Non-Banking Finance Companies Rating

Regulatory and Supplementary Disclosure

(Credit Rating Companies Regulations,2016)

Rating Team Statements

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) **Conflict of Interest**

i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)

ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)

iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

Restrictions

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)

(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)

(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)

(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).

(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)

(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)

(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)

(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest

(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA´s opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity

(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)

(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)

(15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)

(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)

(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

(18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)

(19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)

(20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)

(21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument;| Chapter III | 17-(d)

Probability of Default

(22) PACRA´s Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA´s transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA´s Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

Proprietary Information

Nature of Instrument	Size of Issue (PKR)	Tenor	Security	Book Value of Assets (PKR mln)	Nature of Assets	Trustee
Rated, Secured, Privately Placed Short Term Sukuk ("PPSTS" or the "Issue")	Up to PKR 3,000 Million	Up to 6 months from the date of Drawdown	1. The underlying instrument will be secured by ranking charge over the Current Assets of the company. 2. The Issuer shall maintain and efficiently manage Debt Payment Account ("DPA") under lien of the Investment Agent whereby the payment equivalent to PKR 750 million shall be made starting from 47 days before the maturity date, and every fortnight thereafter, such that amount equivalent to full issue amount is available in the DPA 05 days before the maturity date.	-	Current Assets	Pak Oman Investment Company Limited

Name of Issuer	Airlink Communication Ltd
Issue Date	TBI
Maturity	6-Months from Issue Date
Profit Rate	6MK+1.75%

Airlink Pakistan Limited | PPSukuk | Repayment Schedule | Estimated

Sr.	Due Date Principal/markup	Opening Principal	6M Kibor	Markup/Profit Rate (6MK + 1.75%)	Markup/Profit Payment	Principal Payment	Total	Principal Outstanding
		PKR				PKR		
Tentative Issue Date	20-Jan-25	3,000,000,000				-	-	3,000,000,000
1	22-Jul-25	3,000,000,000	11.89%	13.64%	205,160,548	3,000,000,000	3,205,160,548	-
					205,160,548	**3,000,000,000**	**3,205,160,548**	