



AIR LINK COMMUNICATION LIMITED

Ref: ALC/PUCAR/2022-25

November 22, 2022

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: **Material Information**

Dear Sir,

In accordance with Sections 96 and 131 of the Securities Act, 2015 (the "Act") and pursuant to Regulation 5.6.1 of the PSX Regulations (the "Regulations"), Air Link Communication Limited pleased to inform the following:

The Pakistan Credit Rating Agency Limited (PACRA) issued press release on November 22, 2022 whereby PACRA maintains Entity Ratings of Air Link Communication Limited to "A" (Long Term) & "A1" (Short Term) with "Stable" outlook. For more details copy of press release is enclosed.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

Amer Latif
Company Secretary



Copy to:

Executive Director/HOD,
Offsite-II Department,
Supervision Division,
Securities & Exchange Commission of Pakistan,
63, NIC Building, Jinnah Avenue,
Blue Area, Islamabad



Date

22-Nov-22

Analyst

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Applicable Criteria

- Methodology | Corporate Rating | Jun-22
- Methodology | Correlation Between Long-term & Short-term Rating Scales | Jun-22
- Methodology | Rating Modifiers | Jun-22

Related Research

- Sector Study | Mobile Phone and Allied Products | Dec-21

Disclaimer

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PACRA Maintains Entity Ratings of Air Link Communication Limited

Rating Type	Entity	
	Current (22-Nov-22)	Previous (22-Nov-21)
Action	Maintain	Upgrade
Long Term	A	A
Short Term	A1	A1
Outlook	Stable	Stable
Rating Watch	-	-

Air Link Communication Limited (“Airlink” or “the Company”) is principally engaged in the distribution and retail business followed by assembling of mobile devices and allied items in Pakistan. The ratings reflect Airlink’s sustainable business fundamentals underpinned by its solid market position. The Company is the official partner of multiple leading global brands to ensure diversified earnings from its core business line. Pakistan’s telecom industry is one of the fastest growing segments of the economy. With successful execution of DIRBS, the local assembly industry has evolved from infancy to well growing stage. Government of Pakistan introduced a comprehensive Mobile Manufacturing Policy to attract manufactures to Pakistan and establish their plants. PTA has issued MDM authorizations to 30+ foreign & local companies to create more jobs in technical sector and enable consumers to buy locally. During first nine months (Jan-Sep) of 2022, the local plants manufactured/assembled ~16.7mln handsets as compared to ~1.24mln commercially imported ones. Favorable policies, trade & investment liberalization, and healthy competition promoting shared industry prosperity. Following, the Company captures market share of around ~22% in mobile phone distribution. On an accumulated basis, topline of the Company continued to witness reasonable growth on a Year-on-Year basis primarily on back of higher prices, followed by more volume. During FY22, Airlink joined hands with Xiaomi, a global electronics & smartphones brand, to manufacture/assemble Xiaomi mobile phones in Pakistan through its wholly owned subsidiary “Select Technologies (Pvt) Limited” for which the commercial production was initiated in Mar-22. Further, the Company retained its profitability matrix despite tough macroeconomic conditions and high cost of doing business. Funds received through IPO ramped up Company’s equity base; keeping capital structure moderately leveraged mainly comprised of STBs. With its legal status converted into a Public Listed Entity, several improvements in the governance structure were witnessed including induction of independent directors. Financial risk profile of the Company is reflected by slightly stretched working capital cycle, comfortable coverages, and healthy cash flows.

The ratings are dependent on the Company’s ability to sustain its relative position amidst changing industry environment. As business grows, prudent financial discipline - particularly in working capital structure, is essential to uphold the ratings.

About the Entity

Airlink was formed as a partnership firm in 2010 for import & distribution of IT-related products & services. In 2014, a new private company was incorporated simultaneously to take over the business of the partnership firm. During 2018, entire partnership business transferred to the Company's books and later in 2019, it got converted into a Public Unlisted Entity. During Sep-21, Airlink was eventually listed on PSX. Mr. Muzaffar Hayat (CEO) & the family own majority stake in the Company while remaining shareholding rests with General Public, Insurance Companies, Banks, DFIs, NBFIs, and others. Mr. Muzaffar Hayat holds an overall experience of ~28 years. He is being assisted by a team of qualified professionals.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.