

Analysts:

M. Amin Hamdani
amin.hamdani@vis.com.pk

Abdul Ahad Jamsa
ahad.jamsa@vis.com.pk

**APPLICABLE
METHODOLOGY(IES):**

**VIS Entity Rating Criteria
Methodology – Corporates**

(<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>)

Rating Scale:

(<https://docs.vis.com.pk/docs/VISRatingScales.pdf>)

Instrument Rating

(<https://docs.vis.com.pk/Methodologies-2025/IRM-Apr-25.pdf>)

PAKISTAN TELECOMMUNICATION COMPANY LIMITED (PTCL)

President & CEO: Mr. Hatem Mohamed Bamatraf

RATING DETAILS

RATINGS CATEGORY	Preliminary Sukuk Rating
SHORT-TERM SUKUK XII	A1+ (plim)
RATING ACTION	Preliminary
RATING DATE	June 13, 2025

RATING RATIONALE

Pakistan Telecommunication Company Limited ('PTCL' or 'the Company'), Pakistan's leading ICT provider with the country's largest fixed-line network, was incorporated in 1995 following the reorganization of the national telecom sector. Listed on PSX and headquartered in Islamabad, PTCL operates nationwide and owns subsidiaries including PTML (Ufone) and U-Microfinance Bank, with the ongoing acquisition of Telenor Pakistan expected to enhance its market presence.

PTCL plans to issue a rated, unlisted, unsecured, and privately placed Short-Term Sukuk (STS-XII) of up to PKR 5 billion, under a Shariah-compliant structure with a six-month tenor and pricing at 3-month KIBOR - 0.05%, to support working capital needs.

RS. MILLION	CY23	CY24	1QCY25
Net Sales	96,267	107,766	29,601
PBT	13,906	6,885	1,703
PAT	9,391	4,826	1,176
Paid up capital	51,000	51,000	51,000
Equity (incl. surplus on PPE)	117,368	115,108	116,284
Total Debt	76,918	111,581	120,593
Debt Leverage	2.30	2.98	3.04
Gearing	0.66	0.97	1.04
FFO	23,820	22,277	7,060
FFO/Total Debt (x)*	0.31	0.20	0.23
NP Margin (%)	9.8%	4.5%	4.0%

COMPANY PROFILE

Pakistan Telecommunication Company Limited ("PTCL", "the Company") was incorporated in Pakistan on December 31, 1995 and commenced business on January 01, 1996. The Company, which is listed on the Pakistan Stock Exchange Limited (PSX), was established to undertake the telecommunication business formerly carried on by the Pakistan Telecommunication Corporation (PTC).

The registered office of the Company is situated at PTCL Headquarters, Ufone Tower, Plot No. 55-C, Main Jinnah Avenue, Sector F-7/1, Blue Area Islamabad. The Company provides telecommunication services in Pakistan. It owns and operates telecommunication facilities and provides domestic and international telephone services and other communication facilities throughout Pakistan. The Company has also been licensed to provide such services in the territories of Azad Jammu and Kashmir and Gilgit-Baltistan.

Profile of CEO

Hatem Bamatraf occupies the position of President & Group Chief Executive Officer at PTCL And PTML Telecommunication Co. Ltd.) and President & Group CEO-PTCL & Ufone at Emirates Telecommunications Group Co. PJSC. He previously was Executive Director-Technology at Etihad Etisalat Co., Chairman for Etisalat Technology Services LLC, and Chief Technology Officer at Emirates telecommunications Group Co. PJSC and Executive Vice President-Enterprise at Emirates Integrated Telecommunications Co. PSJC. He received an undergraduate degree from Etisalat University College.

SHORT-TERM SUKUK-XII ('STS-12'):

- PTCL plans to issue a rated, unlisted, unsecured, privately placed Short Term Sukuk (STS-12), up to PKR 5 billion to finance the working capital requirements.
- The Sukuk will employ a suitable shariah compliant mode of short-term Islamic Finance facility.
- Tenor of the instrument is up to six (06) months from the date of issuance.

- The Sukuk is callable in full or part the outstanding face value of the Sukuk after three months from the issue date.
- Profit rate on the instrument will be 3 Month KIBOR -0.05%.
- Profit is payable at the time of the maturity of the Sukuk along with the principal payment.

KEY RATING DRIVERS

The rating takes into account Strong Sponsor profile

The assigned rating incorporates the strong sponsor profile, with the Government of Pakistan (GoP) holding a major shareholding of 62.2% while the Etisalat Group owning a 26% equity stake in the Company. Etisalat, with 48 years of operational experience, is one of the world's largest telecom operators, with a presence in 32 countries and 2 continents. Although Etisalat Group, being a significant minority shareholder, also has management rights of PTCL. The ratings also factor in the Government of Pakistan as sponsor, and its past precedent of unwavering financial and logistical support to its entities as well as management and financial expertise of Etisalat Group, which holds credit ratings of AA- from S&P and Aa3 from Moody's.

The rating incorporates leading market positions of PTCL in Fixed-Line Voice and Wireline Broadband & IPTV and Revenue Base Diversification

The Company offers a diverse range of products and services, including voice services, broadband internet, Fiber to the Home (FTTH), CharJi wireless internet, Smart TV (IPTV), Smart Link App, Touch App, and digital content streaming via Starzplay. It also provides enterprise solutions such as Smart Cloud, Tier-3 Certified Data Centers, and Managed and Satellite Services. The ratings are supported by PTCL's strong market leadership in Fixed-line Voice, Wireline Broadband, and IPTV. With a strategic focus on upgrading its existing customer base to premium FTTH services. PTCL has the largest and state of the art International Submarine Cable network

comprising of three diverse routes cables i.e., AAE1, SMW4, IMEWE and one new sea cable (Africa-1) in pipeline, PTCL is well positioned to serve the data needs of the country. The Company is also concentrating on growing its wholesale and corporate business segments to drive future growth.

Corporate Governance Framework

- In accordance with the provisions of Share Purchase Agreement between Government of Pakistan (GOP) and Etisalat Group as well as under the Articles of Associations of PTCL, the GOP has four nominees while strategic investor, Etisalat Group, has five nominees on the Board. All members are non-executive directors.
- A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance and of its committees.
- Management team comprises qualified personnel and is supported by a well-designed organizational structure which has been made significantly leaner through 3 Voluntary Separation Schemes undertaken during the decade.

PTCL has implemented an SAP-based Enterprise Resource Planning system. Detailed and timely annual report disclosures bode well from a transparency perspective and provide important information to stakeholders.

FINANCIAL SUMMARY					(Rs. in millions)
BALANCE SHEET	CY21	CY22	CY23	CY24	1QCY25
Property, plant and equipment	121,508	131,490	144,018	161,173	163,361
Trade Debts	27,937	39,293	52,587	60,563	63,505
Cash & Bank Balances	2,556	5,685	10,029	12,088	13,828
Total Assets	245,735	305,159	387,602	457,686	470,272
Trade Payables & Other Payables	103,320	125,101	141,424	169,319	169,909
Long Term Debt	1,729	24,068	52,703	64,464	64,454
Short-Term Borrowings	-	93	19,215	27,117	33,639
Short term Sukuk	-	-	5,000	20,000	22,500
Total Debt	1,729	24,161	76,918	111,581	120,593
Total Liabilities	146,082	197,105	270,234	342,579	353,988
Paid Up Capital	51,000	51,000	51,000	51,000	51,000
Total Equity	99,653	108,054	117,368	115,108	116,284
INCOME STATEMENT	CY21	CY22	CY23	CY24	1QCY25
Net Sales	76,853	83,444	96,267	107,766	29,601
Gross Profit	16,533	18,233	22,500	28,276	8,550
Operating Profit	10,021	15,684	27,335	29,474	6,499
Profit Before Tax	9,682	13,513	13,906	6,885	1,703
Profit After Tax	6,874	9,053	9,391	4,826	1,176
RATIO ANALYSIS	CY21	CY22	CY23	CY24	1QCY25
Gross Margin (%)	21.5%	21.9%	23.4%	26.2%	28.9%
Net Margin (%)	8.9%	10.8%	9.8%	4.5%	4.0%
Net Working Capital	(24,662)	(21,059)	(33,942)	(57,917)	(59,204)
Trade debts/Sales	36%	47%	55%	56%	107%
FFO	25,560	28,195	23,820	22,277	7,060
FFO to Total Debt (%)	1478%	117%	31%	20%	23%
FFO to Long Term Debt (%)	1478%	117%	45%	35%	44%
Current Ratio (x)	0.76	0.83	0.80	0.73	0.74
Debt Servicing Coverage Ratio (x)	33.57	11.25	2.35	1.68	2.24
Gearing (x)	0.02	0.22	0.66	0.97	1.04
Leverage (x)	1.47	1.82	2.30	2.98	3.04
(Stock in Trade + Trade Debts)/STD	NA	42443%	274%	223%	189%
ROAA (%)	3%	3%	3%	1%	1%
ROAE (%)	7%	9%	8%	4%	4%

REGULATORY DISCLOSURES				Appendix II
Name of Rated Entity	Pakistan Telecommunication Company Limited			
Sector	Telecommunication Industry			
Type of Relationship	Solicited			
Purpose of Rating	Short-term Sukuk XII Rating			
Rating History	Rating Type: Short Term Sukuk XII			
	Rating Date		Ratings	Rating Action
	06/13/2025		A1+	Preliminary
Instrument Structure	Pakistan Telecommunication Company Limited (“PTCL” or the “Company”) intends to issue a Rated, Unlisted, Unsecured, Callable after three months from issue date and Privately Placed Short Term Sukuk (STS-12) of PKR 5 billion, based on Shariah compliant Structure. The funds will be utilized for fulfilling the working capital requirements of the Company. The issue has a tenor of six (06) months from the Issuance Date. Profit will be payable at maturity, calculated at a base rate of 3-Month KIBOR minus 0.05%.			
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.			
Probability of Default	VIS’ ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.			
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2025 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.			
Due Diligence Meetings Conducted	S.No.	Name	Designation	Date
	1	Mr. Asif	Head of Treasury	June 11, 2025
	2	Ms. Iram Sayed	Manager External Funding	