VIS
Credit Rating Company Limited

RATING REPORT

TRANSSION TECNO ELECTRONICS (PVT) LIMITED

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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
OUTLOOK/RATING WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Maintained	
RATING DATE	May 21, 2026		April 15, 2025	

Shareholding (5% or More)	Other Information
Tecno Pack Telecom (Private) Limited - ~60%	Incorporated in 2019
Transsion Tecnology Limited - ~40%	Private Limited Company
	Chief Executive: Mr. Asif Allawala
	External Auditor: 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://vis.com.pk/docs/VISRatingScales.pdf

Rating Rationale

The ratings reflect the Company's established position in the local mobile phone assembly industry, supported by the presence of strong brands within its portfolio. The assigned ratings continue to incorporate the medium to high business risk profile of the mobile phone industry, characterized by demand cyclicality, sensitivity to exchange rate movements, and evolving taxation measures. Competitive intensity within the sector has increased with the entry and expansion of new players, exerting pressure on pricing dynamics and margins.

The ratings are further supported by the Company's adequate liquidity profile, underpinned by available cash buffers and access to banking lines to support working capital requirements. The operating cycle remained volatile, with inventory days increasing during FY25 amid lower sales volumes; however, the working capital cycle turned negative during 9MFY26, supported by extended payable terms provided by sponsors. Profitability weakened in FY25 following a normalization in sales orders after the unusually strong demand witnessed in the preceding year, though operating performance has started to gradually realign during the current period. Debt servicing remains sound.

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Company Profile

Transsion Tecno Electronics (Pvt) Limited ('TTE' or 'the Company') was incorporated in 2019 as a joint venture between Tecno Pack Telecom (Private) Limited (the Holding Company) and Transsion Technology Limited ('TTL') (incorporated in Hong Kong). The Company is engaged in assembling mobile phones and their accessories. TTE assembles three brands of mobile phone namely, Tecno, Infinix and Itel in local market. The manufacturing facility and registered office are located in Karachi. TTL provides technical expertise, product design, branding support and procurement of semi-knocked down kits through its global manufacturing network. TTE manages manufacturing operations, regulatory compliance and market execution within Pakistan.

Management and Governance

Sponsor Profile

The Tecno Group was established in 1971 by Mr. Iqbal Ahmed Allawala and remains family owned. Over the years, the Group has diversified its operations across the automotive, electronics, renewable energy, e-bikes and agricultral sectors. The Group includes several operating entities, with TTE holding a 60% stake in Tecno Pack Telecom (Private) Limited and wholly owns Transsion Tecno Motors (Private) Ltd. Other entities operate as associated companies under common directorship.

Transsion Technology Limited, founded in 2006 by Mr. George Zhu Zhaojiang and listed on the Shanghai Stock Exchange STAR Market in 2019. TTL established a notable presence across emerging markets, particularly in Africa, South Asia, Southeast Asia, Latin America and the Middle East, through its mobile phone brands, including Tecno, Infinix and Itel.

Board & Management

The Board comprises five members, including Mr. Iqbal Ahmed Allawala, Mr. Asif Ahmed Allawala, Mr. Aamir Ahmed Allawala, Mr. Yi Zhou and Mr. Wang Chen. The Board includes members of sponsor and associated family interest, along with representation from the foreign sponsor group. It is chaired by Mr. Iqbal Ahmed Allawala, while Mr. Asif Ahmed Allawala serves as the CEO. The Board is supported by a team of experienced professionals who assist in overseeing strategic and operational matters. The governance structure may benefit from further strengthening through the induction of independent directors and formal Board-level committees to improve governance effectiveness.

The Company operates through a fully integrated system, utilizing Chinese production software for manufacturing operations and a locally implemented financial system.

The FY25 annual financial statements of the Company were audited by A.F. Ferguson & Co. Chartered Accountants, wherein the auditors expressed an unqualified opinion.

Business Risk

INDUSTRY UPDATE

The Pakistani mobile industry shifted from strong volume-driven growth in FY24 to a more competitive operating environment in FY25 with intact demand in FY25 compared to FY24. During FY24, distributors significantly increased inventory levels ahead of expected tax increases. However, the implementation of the Finance Act 2025 imposed a flat 18% GST, which materially weakened consumer demand and disrupted inventory flows across the distribution chain, which impacted industry growth momentum.

Assembly volumes increased significantly to 31.4 million units in FY24 (FY23: 21.3 million units), supported by the easing of LC-related import constraints. However, volumes moderated to 30.2 million units in FY25, reflecting the impact of higher taxation and subdued demand conditions following the implementation of the Finance Act 2024. Volumes are expected to remain broadly stable in FY26.

Competitive dynamics have intensified following the entry of Samsung (Lucky Motors Corporation Limited) into the local market, resulting in relative erosion of market share for existing assemblers. While TTE remained the market leader through FY24 to 3QFY26, its market share has since moderated amid increased competition. The Company's market share is estimated to have declined to ~19.3% in FY25 from ~28.4% in FY24, while Lucky Motor Corporation Limited is estimated to have increased its share to ~13.8% in FY25 from ~4.3% in FY24.

Market concentration also moderated slightly, with the top five distributors estimated to account to ~81.7% in FY24, declining marginally to ~78.2% in FY25.

The entry of new players also led to a structural shift in industry payment dynamics. Previously, assemblers largely operated on an advance-based model, with distributors providing near 100% upfront payments. However, new entrants introduced more flexible terms, requiring only 10-15% advance payment, thereby setting new payment dynamics. This shift exerted competitive pressure on other assemblers to align with similar terms, resulting in increased working capital requirements and higher reliance on borrowings to support funding needs.

Top 10 Brands (Millions)			
Brands	2024	2025	Jan-Mar 2026
Infinix	**3.98**	**3.65**	**1.75**
VGO TEL	3.37	3.57	1.12
Vivo	2.77	2.80	0.56
Samsung	1.51	1.85	0.52
Itel	**3.64**	**2.34**	**0.50**
Tecno	**2.85**	**1.84**	**0.44**
Nokia	1.36	-	0.40
X Mobile	-	-	0.35
Oppo	-	1.01	0.29
Realme	1.76	1.06	0.27
Source: PTA			

Industry performance also reflected a shift in product mix, with 4G smartphones increasingly dominating total volumes as consumer demand moved toward data-enabled devices. Going forward, competition within the sector is expected to increasingly center on 5G-enabled devices, while manufacturers are also anticipated to expand export-oriented production targeting Middle Eastern and African markets.

Local assembly of mobile devices (Millions)						
	2021	2022	2023	2024	2025	Jan-Mar 2026
2G phones	14.6	13.2	13.0	12.7	14.6	3.9
Smartphones	10.1	8.8	8.3	18.6	15.6	3.4
Total	**24.7**	**21.9**	**21.3**	**31.4**	**30.2**	**7.4**
Source: PTA						

PROFITABILITY

In FY25, revenue declined to PKR 69.0 billion from PKR 129.0 billion in FY24, which had been inflated due to a surge in 4QFY24 sales following the easing of LC-related import constraints and subsequent inventory build-up by distributors. The FY25 decline primarily reflects normalization in demand, with lower volumes driven mainly by the Itel segment, as affordability in the budget category was reduced after the implementation of 18% GST, which increased retail prices.

The product mix shifted during the year, with Infinix, Tecno and Itel contributing 51%, 47% and 3% (FY24: 38%, 52% and 10%), respectively. Geographic concentration also changed, with Central Pakistan increasing to 60% (FY24: 30%), while North declined to 10% (FY24: 32%) and South to 30% (FY24: 38%).

Gross margins declined primarily due to lower volumes, while operating margins also moderated in line with core operational performance. Net profitability was partially supported by gains on short-term investments, however, higher finance costs continued to exert pressure on earnings, resulting in subdued bottom-line profitability.

During 9MFY26, the Company reported revenue of PKR 62.2 billion, supported by stronger Tecno sales. The product mix shifted to Infinix and Tecno at 47% and 53% respectively with negligible contribution from Itel during the period. Gross and operating margins remained at subdued levels, supported by other income, however, elevated finance costs and taxation continued to constrain profitability, resulting in a modest net margin.

Going forward, profitability is expected to remain under pressure amid a more competitive market following the entry of new entrants, which has contributed to a decline in the Company's market share. The increased competitive intensity has also led to changes in payment dynamics across the industry, resulting in higher working capital requirements. Consequently, vulnerability to profitability volatility may increase. On the other hand, planned export initiatives are expected to support medium-term revenue diversification.

Financial Risk

CAPITAL STRUCTURE

The Company's debt profile is primarily short-term in nature, utilized mainly for working capital requirements, with no long-term debt on the balance sheet apart from rental lease liabilities. Capitalization indicators remained elevated, with gearing recorded at 3.80x at end-9MFY26 (FY25: 3.68x; FY24: 2.10x). Elevated gearing was attributable to higher reliance on short-term borrowings, alongside a dividend payout of PKR 3.1 billion in FY25 resulting in reduction in equity to PKR 2.9 billion from PKR 5.5 billion in FY24. Moreover, akin to the industry payables remain high, increasing leverage to 9.78x. However, adjusting for available cash balances and short-term investments, adjusted gearing and leverage stood at 2.70x and 12.41x, respectively at end-9MFY26. Going forward, working capital efficiencies will remain important for managing the overall leverage in the Company.

DEBT COVERAGE & LIQUIDITY

Liquidity indicators remained adequate, with the current ratio recorded at 1.06x at end-9MFY26 (FY25: 1.08x; FY24: 1.15x).

Following an increase in inventory days during FY25 amid lower sales volumes, the Company's working capital cycle increased, which was offset by an increase in payable terms by the sponsors, which supported overall liquidity profile.

Debt coverage remains sound with short-term debt coverage through inventory and receivables at 1.43x at end-9MFY26, while debt service coverage ratio (DSCR), was recorded at 1.60x. Additional comfort is drawn from available cash balances amounting to PKR 3.2 billion at end-9MFY26.

REGULATORY DISCLOSURES	Appendix I
Name of Rated Entity	Transsion Tecno Electronics (Pvt) Limited
Sector	Electronics & Electrical Goods
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Outlook/Rating Watch	Rating Action
RATING TYPE: ENTITY				
05/21/2026	A-	A2	Stable	Reaffirmed
05/07/2025	A-	A2	Stable	Reaffirmed
04/19/2024	A-	A2	Stable	Upgrade
06/16/2023	BBB+	A2	Stable	Maintained
04/13/2023	BBB+	A2	Rating Watch - Developing	Maintained
08/29/2022	BBB+	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. Jamil Ahmed	CFO	May 05, 2026