VIS
Credit Rating Company Limited

MICROTECH INDUSTRIES 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-**	**A2**	A-	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	**September 18, 2026**		August 21, 2025	

Shareholding (5% or More)	Other Information
Shayan Siddiqi – 98.55%	**Incorporated in:** January 15, 2003
	CEO: Shayan Siddiqi
	External Auditor: UHY Hassan Naeem and Co.

Applicable Rating Methodology

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

Rating Scale

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

Rating Rationale

MicroTech Industries Private Limited (‘MTI’ or ‘the Company’) is one of the leading providers of electric meters to DISCOs backed by a strong order book that provides revenue visibility. The overall nature of the business remains highly cyclical, based on annual demand requirements of the DISCOs as well as what share of the demand the Company succeeds in procuring, as this is based on competitive tendering. MTI’s credit profile is protected by the terms of their contracts with the DISCOs under which supplies are primarily made against local letters of credits issued by banks on behalf of their customers, significantly mitigating receivable risk.

During FY24-FY26, market cyclicality resulted in continued revenue volatility while increase in input costs led to decrease in gross margins. Nevertheless, gearing has reached its lowest levels in past four years as the Company maintains a conservative approach to bank borrowings. Overall leverage, though still on higher side due to relatively high trade creditors, given the ratings, is also on an improving trend. The Company’s debt coverage and liquidity ratios remain strong.

To systematically address business concentration, MTI is executing a product diversification strategy at the group level by setting up dedicated manufacturing units focused on high-demand verticals, including transformers, cables, and conductors. To support operations of these companies, MTI has provided interest-free, on-demand advances, with management expecting these to be converted into equity in the respective companies going forward. No major fresh outflow is expected with regards to these advances/investments going forward. Looking ahead, ratings stability and financial profile strengthening will hinge on smooth, timely order execution, strict adherence to quality and regulatory standards, and continuous improvement in financial risk metrics as Pakistan’s power sector continues to evolve. VIS will also closely observe the impact of the group diversification strategy on the financial strength of MTI.

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Company Profile

MicroTech Industries (Pvt.) Ltd. ('MTI' or 'the Company') was incorporated as a single member company on January 15, 2003, and transitioned into a private limited company in 2005. It is a family-owned company, engaged in the design, development, and manufacturing of energy meters and providing comprehensive solutions in related fields. The main clients are DISCOs and K-Electric Limited. The Company has 140,000 square feet factory located at Attari Industrial Estate, 18-KM Ferozepur Road, Sufiabad, Lahore.

MTI is diversifying its footprint by launching specialized entities as suppliers of various products to DISCOs. These companies are expected to operationalize in FY27.

Management and Governance

Ownership is shared entirely between two brothers, CEO Mr.Shayan Siddiqi (98.55%) and Managing Director Mr. Faran Siddiqi (1.45%).

Business Risk

INDUSTRY

VIS assesses the overall business risk profile of the engineering industry, while being cyclical, as medium to low, supported by favorable oligopolistic market dynamics and specialized technological capabilities. In FY25 and FY26, global copper and aluminum prices soared, driven by skyrocketing global power costs, massive AI data center construction, and severe supply deficits; this international commodities rally has directly impacted heavy electrical manufacturing for domestic engineering manufacturers which rely heavily on these metals as essential raw materials. While FY25–FY26 reflects a temporary market recalibration, driven by evolving electricity consumption patterns and rapid rooftop solar adoption, the medium-to-long-term industry trajectory remains expansionary. National grid energy dynamics are accelerating pivotal, high-value structural reforms across Pakistan's power sector. The active privatization plans for flagship Batch-I DISCOs (FESCO, GEPCO, and IESCO) coupled with mandatory national rollouts of Advanced Metering Infrastructure (AMI) indicates robust, multi-year demand for smart metering solutions.

OPERATIONAL UPDATE

Energy meters are manufactured by the Company, follow stringent quality and compliance standards of the International Electrotechnical Commission (IEC). Operational performance recovered in FY26, primary driven by improved demand of single-phase (1-Phase) smart electricity meters.

SALES & PROFITABILITY

Net sales rose by 10% in FY25, on account of 2.3% increase in sales of goods along with services provided to IESCO related to AMI and solar net metering installations. In FY26, net sales contracted by 22% due to impact of NEPRA's net billing regulations, competitive DISCOs bulk bidding compressing unit prices and significant absence of revenue from services provided to IESCO. MTI's revenue generation remains geographically concentrated in Punjab.

In FY25, gross margin contracted to 14.9% (FY24: 19.9%) due to rising raw material prices; however, net margin improved to 3.5% (FY24: 3.1%), driven primarily by reduced distribution expenses following a decline in late delivery charges and lower finance costs.

In FY26, despite a further slight dip in gross margin to 14.1%, effective cost control across salaries and selling expenses lifted operating margin to 7.3% (FY25: 6.6%). This, alongside lower finance costs and a lower tax incidence, propelled net margin further to 4.3%.

Order book is strong with key contributors to this pipeline including 1-Phase AMR Meters expected from strong demand from PESCO and MEPCO, 3-Phase AMR & LTTOU AMR Meters projected to delivered for HESCO, LESCO, MEPCO, and PESCO, and 1-Phase NTDC Meters expected from active orders from FESCO, LESCO, and K-Electric.

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Execution of this order book is challenge owing to regional geopolitical uncertainties, ongoing pressure on global copper and aluminum prices, and the power sector's heavy reliance on macro-policy decisions. In the midst of Phase-I of DISCO privatization (FESCO, GEPCO, and IESCO), MTI's market position and integration offer stability. As these operators seek to curb transmission and distribution (T&D) losses post-privatization, MTI is well-placed to serve as a key grid-modernization partner. However, margin pressures make management of operational expenses primarily salaries and wages and financial charges critical.

Financial Risk

CAPITAL STRUCTURE

Short-term loans made up 80% (FY25: 77%) of total debt and increased to Rs. 303.5m at end-FY26 (end-FY25: Rs. 258.4m). These loans are mainly Trust Receipts used to retire LCs and loan received from related parties, which is repayable on demand.

Although at an elevated 2.61x at end-FY26, the debt leverage has demonstrated a steady improvement (end-FY25: 3.94x, end-FY24: 4.46x) backed by consistent growth in Tier-1 equity. Gearing had also improved to 0.42x at end-FY26 (end-FY25: 0.47x, end-FY24: 0.98x). However, the Company's dependency on market credit remains on the relatively higher side, enabling the Company to run a negative working capital cycle.

Gearing and leverage are anticipated to improve steadily, buoyed by minimal capex and restrain over advances to associated parties.

DEBT COVERAGE & LIQUIDITY

In FY25, long-term debt repayments bolstered debt coverage ratios, despite a 22% FFO contraction. Though further FFO decline compressed FFO to total coverage, DSCR remained robust at 4.29x (FY25: 5.99x; FY24: 2.21x) in FY26.

Liquidity profile is well-supported by an improving current ratio of 1.37x (end-FY25: 1.08x, end-FY24: 1.01x) at end-FY26 and healthy short-term debt coverage (end-FY26: 4.04x, end-FY25: 4.39x, end-FY24: 3.07x). Moreover, given that the client portfolio primarily comprises state-owned distribution companies, default risk is contained, though liquidity risk from payment delays remains.

Interest-free loans, repayable on Company demand, to associated parties and directors, decreased at end-FY26. These funds are being channeled into operationalizing new ventures related to the manufacturing and selling of transformers, cables, conductors, and APMS meters. While management expects that no further notable funding injections are required, maintaining liquidity buffer to manage any residual refinancing exposure remains a critical factor for the ratings.

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REGULATORY DISCLOSURES	Appendix I
Name of Rated Entity	Micro Tech Industries (Private) Limited
Sector	Engineering
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
Rating History	see table below

Rating Date	Medium to Long Term	Short Term	Rating Outlook/Watch	Rating Action
RATING TYPE: ENTITY				
9/18/26	A-	A2	Stable	Reaffirmed
8/21/25	A-	A2	Stable	Reaffirmed
7/12/24	A-	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.
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.
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Due Diligence Meetings Conducted	see table below

Name	Designation	Date
Sohail Sarwar	Chief Financial Officer	28-August-2026
Khurram Baig	Sr. Manager Finance	

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