

TECH SIRAT (PRIVATE) LIMITED

Analyst:

M. Amin Hamdani
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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	BBB+	A2	BBB+	A2
OUTLOOK/RATING WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	June 30, 2026		June 20, 2026	

Shareholding (5% or More)

Muller and Phipps Pakistan (Private) Limited - ~99.99%

Other Information

Incorporated in 2014

Private Limited Company

Chief Executive: Mr. Kamran Nishat

External Auditor: Crowe Hussain Chaudhury & Co.

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporate Ratings
<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

Rating Scale

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

Rating Rationale

The assigned rating reflects Tech Sirat (Private) Limited ('TSPL' or 'the Company')'s established position as one of the largest authorized distributors of Xiaomi's and Lenovo laptops in Pakistan. The Company's long-standing relationship with the principal, nationwide distribution network and association with the parent company i.e. Muller & Phipps Pakistan (Pvt.) Limited support its business and credit profile. While the operating environment remains competitive and margin sensitive, demand for smartphones is expected to remain broadly stable, supported by continued digital adoption.

The rating is underpinned by TSPL's adequate liquidity profile, manageable debt servicing capacity and continued access to committed short-term bank facilities to support working capital requirements. Although profitability moderated during CY25 amid lower distribution margins and a lengthening of the working capital cycle, coverage indicators remained commensurate with the assigned rating, supported by lower finance costs.

The rating also incorporates the Company's increasing reliance on short-term borrowings to finance working capital requirements, driven in part by higher advances and a gradual shift towards credit sales. While the current leverage and liquidity profile remains acceptable for the assigned rating, the increasingly competitive nature of the mobile phone distribution sector, continued pressure on margins, additional leveraging or sustained pressure on operating cash flows, resulting in weaker coverage metrics, will remain key rating sensitivities going forward.

Company Profile

Tech Sirat (Private) Limited ('TSPL' or 'the Company') was incorporated in 2014 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is primarily engaged in the purchase and distribution of smartphones and laptops. TSPL is a wholly owned subsidiary of Muller and Phipps Pakistan (Private) Limited.

TSPL also has a wholly owned subsidiary, Tech Sirat Technologies (Private) Limited, which provides IT solutions. The registered office of TSPL is located in Karachi.

Management and Governance

SPONSOR PROFILE

Muller and Phipps Pakistan (Private) (M&P) Limited has a long-established operating history in logistics and distribution sector. The company offers comprehensive logistics and distribution services across Pakistan, including cold chain warehousing, sales, marketing, IT and after-sales support. M&P serves businesses in different industries including pharmaceuticals, healthcare, financial services, telecommunications, logistics and consumer.

BOARD & MANAGEMENT

The Board of TSPL comprises three members, including Mr. Kamran Nishat (CEO), Mr. Munaf Lakda (Director) and Mr. Adam Simkins (Director). The Board includes representatives from the parent company, strengthening alignment with the Group's strategic direction. Following the demise of Mr. Zain ul Abedin, Mr. Adam Simkins joined the Board as a foreign director. The Company's leadership is anchored by Mr. Kamran Nishat, a fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) with nearly 40 years of diversified corporate experience, who simultaneously serves as the Managing Director and CEO of the parent company.

IT INFRASTRUCTURE

TSPL operates Oracle to support its financial operations and reporting requirements, while in-house software is used to manage operations.

AUDITOR

The CY25 annual financial statements were audited by Crowe Hussain Chaudhury & Co. Chartered Accountants, an 'A' category audit firm on the State Bank of Pakistan's approved panel of auditors. The auditors expressed an unqualified opinion.

Business Risk

INDUSTRY UPDATE

Pakistan's mobile phone logistics and distribution sector remained resilient in CY25, supported by stable demand for smartphones, continued 4G and gradual expansion in digital connectivity across urban and rural markets. The overall mobile market is predominantly supplied through local assembly under OEM arrangements, while imported Completely Built Units (CBUs) continue to serve select product categories, including premium models, fast-moving launches.

Within this structure, distributors play a key role in the procurement, handling and nationwide distribution of mobile devices across multiple supply streams, including CBUs and OEM-supplied locally assembled inventory. These products are distributed through a broad retail network as well as expanding wholesale and e-commerce channels, supporting nationwide availability across diverse market segments. Following changes in market dynamics after COVID-19, sales practices within the distribution channel have evolved from predominantly cash-based transactions towards a mix of cash and credit arrangements, resulting in increased working capital requirements across the sector.

The operating environment in CY25 remained stable but compliance and cost sensitive. PTA regulatory compliance requirements under the Device Identification Registration and Blocking System (DIRBS), import duties on CBUs and fluctuations in international freight costs continued to influence procurement planning, landed costs and inventory management.

Looking ahead to CY26, the sector outlook remains stable. Demand is expected to remain steady, supported by continued smartphone penetration, ongoing digitalization initiatives, expanding retail network and the growth of e-commerce distribution channels. The gradual introduction of 5G compatible devices is expected to influence product mix over time, gradually increasing demand for higher-specification

smartphones. Continued improvements in supply chain efficiency, alongside policy support for the broader mobile device ecosystem are expected to support distribution activity over the medium term.

OPERATIONS

TSPL has been an authorized distributor of Xiaomi in Pakistan and is currently among the five official distribution partners of Xiaomi in the country. Other authorized distributors include Smartlink Technologies, Air Link Communication, Select Technologies (Private) Limited (a wholly owned subsidiary of Air Link Communication), and Phonezo.

The Company is one of the largest authorized distributors of Xiaomi and Lenovo products in Pakistan. While TSPL's distribution network has nationwide coverage, specific geographic territories may be allocated among authorized distributors by the principal from time to time. Xiaomi primarily operates in the mid-range and upper-mid-range smartphone segments in Pakistan, competing with brands such as Samsung, Infinix and Tecno and some others.

In addition, Lenovo operates in the laptops and personal computing segment, where it competes with global brands such as HP, Dell and Acer across consumer, commercial and enterprise categories.

Historically, Xiaomi products distributed by TSPL were imported from countries designated by the principal. However, following the establishment of local assembly operations in Pakistan approximately two to three years ago products are now primarily sourced from local assemblers.

TSPL distributes smartphones through an extensive offline retail network, dealers, distributors, and supplying corporate clients. The Company's sales mix includes both cash and credit-based transactions.

The Company utilizes leased warehousing facilities operated by Muller and Phipps for storage and distribution purposes, while transportation is supported through its own fleet of vehicles. Under its distribution arrangement with Xiaomi, sales targets are determined by the principal and TSPL earns a fixed distribution margin ranging between 4-6%.

PROFITABILITY

During CY25, TSPL's revenue moderated to PKR 11.4 billion (CY24: PKR 12.5 billion). Revenue has continued to fluctuate within a relatively narrow range since CY23. Xiaomi remained the Company's primary revenue contributor.

Gross and operating margins moderated to 4.7% and 4.2% (CY24: 5.7% and 5.2%), respectively. Lower finance costs compared to CY24, supported by a lower interest rate environment and a lower tax charge marginally mitigated the impact on earnings. Consequently, net profit stands at PKR 109 million (CY24: PKR 182 million), translating into a net margin of 1.0% (CY24: 1.4%).

During 1QCY26, TSPL recorded revenue of PKR 2.4 billion. The laptop segment reported improved sales during the quarter. Gross and operating margins stood at 5.1% and 4.3%, respectively, while net margin was recorded at 0.9%. Going forward, management expects growth in laptop sales with stable smartphone sales.

Financial Risk

CAPITAL STRUCTURE

At end-CY25, TSPL's equity base strengthened marginally to PKR 1.0 billion (CY24: PKR 0.9 billion). During the year, the Company increased reliance on short-term borrowings to support working capital requirements, primarily driven by higher trade and other receivables.

Accordingly, short-term borrowings increased to PKR 2.3 billion (CY24: PKR 2.0 billion) at end-CY25. Long-term borrowings remained nominal and comprised entirely of lease liabilities, which stood at PKR 4 million at end-CY25 (CY24: PKR 1 million), primarily relating to depot arrangements. Given the Company's low fixed asset requirements and absence of planned CAPEX, long-term liabilities are expected to remain limited in the foreseeable future.

The Company has short-term credit facilities of PKR 3.5 billion, of which PKR 2.3 billion was utilized at end-CY25, indicating available borrowing capacity; though further leveraging may not be considered prudent. The increase in borrowings over the last year resulted in a slight uptick in capitalization indicators, with gearing and leverage increasing to 2.32x and 2.54x (CY24: 2.22x and 2.48x), respectively.

DEBT COVERAGE & LIQUIDITY

At end-CY25, liquidity indicators remained broadly stable, with the current ratio and short-term debt coverage recorded at 1.39x (CY24: 1.40x) and 0.92x (CY24: 0.90x), respectively. However, working capital requirements increased during the year, as reflected by the extension of the net operating cycle to 64 days (CY24: 49 days), primarily driven by the approach of market capture.

The increase was partly attributable to the shift in market practices, with the Company mitigating competition by extending credit terms to customers.

Funds from Operations (FFO) declined due to increase in operating expenses and competitive business environment; however, debt servicing capacity remained broadly stable at 1.32x (CY24: 1.37x), supported by lower finance costs and strategic financing utilization. Overall, the Company's liquidity profile remains adequate, supported by stable coverage metrics and available borrowing capacity to meet working capital requirements.

REGULATORY DISCLOSURES					Appendix I												
Name of Rated Entity	Tech Sirat (Private) Limited																
Sector	Distribution & Trading																
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																
	06/30/2026	BBB+	A2	Stable	Reaffirmed												
	06/20/2025	BBB+	A2	Stable	Reaffirmed												
	02/22/2024	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.																
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	<table border="0"> <thead> <tr> <th>Name</th> <th>Designation</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Mr. Malik Naeem Ahmed</td> <td>CFO</td> <td rowspan="4">June 17th, 2026</td> </tr> <tr> <td>Mr. Zain ul Abdeen</td> <td>Accounts Manager</td> </tr> <tr> <td>Mr. Mohammad Ashhad</td> <td>Accounts Manager</td> </tr> <tr> <td>Mr. Imran Tariq</td> <td>Finance Manager</td> </tr> </tbody> </table>		Name	Designation	Date	Mr. Malik Naeem Ahmed	CFO	June 17 th , 2026	Mr. Zain ul Abdeen	Accounts Manager	Mr. Mohammad Ashhad	Accounts Manager	Mr. Imran Tariq	Finance Manager			
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