

TREET CORPORATION 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	Upgrade		Reaffirmed	
RATING DATE	February 18, 2026		January 20, 2025	

Shareholding (5% or More)

Mr. Syed Shahid Ali - 31.41%
Mr. Syed Sheharyar Ali - 10.58%

Other Information

Incorporated in 1977
Public Listed Company
Chief Executive: Syed Sheharyar Ali
Chairman: Syed Shahid Ali
External auditor: Yousuf Adil Chartered Accountants

Applicable Rating Methodology

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

Rating Scale

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

Rating Rationale

Treet Corporation Limited's ('TCL', 'Treet', or 'the Company') rating reflects a notable improvement in the Company's financial profile, driven by recovery in profitability, improving debt servicing ratios and liquidity metrics, and ongoing balance sheet deleveraging. These are further underpinned by the Company's diversified business risk across blades and razors, hemodialysis concentrates, and batteries, its established nationwide presence, and its focus on exports.

Treet recorded growth in net sales during FY25. Profitability improved primarily due to strong performance of blades and razors segment and lower financial charges. The disposal of a 12.64% equity interest in Treet Battery Limited (TBL) which reduced TCL's stake to 86.18% (FY24: 95.68%), was a key move to generate liquidity for reduction in debt burden.

TCL plans to drive growth through strategic capacity expansion and product diversification across key segments. This includes the launch of new brands, Genesis and Estela catered to men and women respectively, to enhance market share in the personal care and grooming segment. The management also plans to invest USD 5 million over four years to expand corrugated packaging production to meet anticipated demand of packaging products. Additionally, the battery division (TBL) plans to introduce Lithium-ion batteries for power backup. This is to address competitive challenge amidst improved demand outlook in this battery segment. The management's

continued to focus on exports and effective execution of its expansion plans will remain important from ratings perspective while further improving profitability and gearing, and strengthening debt coverage profile.

Company Profile

Treet Corporation Limited, incorporated in Pakistan on 22 January 1977, is a public limited listed company. The principal activity of the Company is manufacturing and sale of razors and razor blades, batteries, corrugated boxes, paper and board, soap and hemodialysis concentrates. The registered office of the Company is situated at 72-B, Industrial Area Kot Lakhpat, Lahore. The manufacturing facilities of the Company are located at 72-B Kot Lakhpat, Industrial Area, Lahore and at Hali Road, Hyderabad. Furthermore, the Company has its sales warehouses located in Lahore, Quetta and Rawalpindi.

Treet operates in multiple segments, holding significant stakes in subsidiaries across various sectors, including a 55.86% shareholding in Renacon Pharma Limited (RPL), which specializes in the production of hemodialysis concentrates, 100% ownership in Treet Holding Limited, 97.11% holding in First Treet Modaraba, and 100% holding in Treet Trading L.L.C. The Company's stake in Treet Battery Limited (TBL) declined to 86.18% (FY24: 95.68%) in FY25, upon disposal of 111,579,385 ordinary shares of TBL (FY24: 12,432,153), representing a 12.64% equity interest. The disposal was executed after approvals from the Board of Directors and the shareholders. This transaction resulted in a capital gain of Rs. 701 million. During FY25, the shareholders of both the Company and TBL approved the conversion of a loan, along with the related accrued interest, previously extended by the Company to TBL pursuant to the loan agreement dated November 28, 2022, executed between the Company and TBL. The total amount converted into equity was Rs. 2,003 million, comprising a principal loan amount of Rs. 1,276 million and accrued interest of Rs. 727 million. In consideration for this conversion, 200,316,630 ordinary shares of TBL have been issued to the Company at a par value of Rs. 10 per share, increasing the equity interest by 3.14%.

The Company has incorporated a wholly owned foreign subsidiary in Dubai, namely Treet Trading L.L.C. In FY25, The Company made an investment in 375,000 fully paid ordinary shares of AED 1 each after the reporting period. The subsidiary is engaged in the business of general trading.

Business Risk

INDUSTRY

Business risk associated with razor and blades sector is medium, reflecting stable consumer demand with Treet as the market leader in the blades segment. Regular investments to upgrade the technology used to produce blades and the high volatility of imported steel prices also impact the prices of products. Moreover, the dynamics of the market have changed as Gillette Pakistan has announced to halt local production and shift to a third-party distributor model, creating further space in domestic arena for other players to explore. Furthermore, the segment is steadily maturing towards premium, multi-blade systems driven by urban and younger demographics, coupled with opportunities in the underserved women's grooming segment.

The battery industry carries high to medium risk, driven primarily by volatile imported lead costs, energy shortages, and limited pricing power due to intense competition. However, amidst some recovery in automobile sector, the demand of auto batteries is expected to increase. At the same time, product diversification and pricing factor will remain also remain important factors.

The hemodialysis concentrates sector faces relatively low business risk, supported by stable, necessitated by chronic kidney disease and regulatory compliance. In addition, this sector faces challenges from limited patient

affordability, and reliance on imported high-purity, pharmaceutical-grade chemicals. RPL maintains a leading position in this subsector.

Pakistan's corrugated packaging sector is expanding, fueled by rising e-commerce and a preference for eco-friendly materials, underpinning vital exports like textiles and food. This growth, however, is constrained by reliance on costly imported raw materials and exposure to volatile international price. Industry risk is viewed as medium to low. Through its wholly-owned subsidiary, Treet Manufacturing Modaraba (TMM), Treet operates a dedicated corrugated packaging division branded as Packsol, specializing in the production of high-quality corrugated sheets, cartons, and boxes for diverse industries in Pakistan, utilizing advanced manufacturing technology. Packages Limited's subsidiary Bulleh Shah Packaging (Pvt.) Limited is the largest player in this segment with TMM and Roshan Packages Limited following as the nearest competitors.

OPERATIONAL SEGMENTS

FY25 exhibited a mixed performance driven by strategic capacity expansion and varying volume demand. Blades and razors production increased marginally due to stable demand. Hemodialysis concentrates and Batteries witnessed considerable increase in production capacities. However, given relatively lesser increase in production volumes, the capacity utilization declined significantly. Meanwhile, production volume for Corrugated boxes and Soap declined by 4.7% and 21.6% respectively. The Company only undertakes toll manufacturing of soaps. Bikes production had ceased entirely in FY25. The following table depicts the operating performance of the Company's segments:

		FY24	FY25	Volume change
<i>Blades and razors - units in millions</i>	Capacity	2,230	2,230	
	Production	1,516	1,522	0.40%
	Utilization	68.00%	68.30%	
<i>Corrugated boxes - in metric tones</i>	Capacity	30,000	30,000	
	Production	18,028	17,176	-4.70%
	Utilization	60.10%	57.30%	
<i>Soap - in metric tones</i>	Capacity	N/A	N/A	
	Production	2,710	2,124	-21.60%
<i>Batteries - numbers</i>	Capacity	1,200,000	1,500,000	
	Production	646,256	683,198	5.70%
	Utilization	53.90%	45.50%	
<i>Hemodialysis concentrates - in thousand sessions</i>	Capacity	2,400	10,600	
	Production	2,358	2,718	15.30%
	Utilization	98.30%	25.60%	

In November 2025, The Board approved capacity expansion of the blades and razors segment with an aim of capacity exceeding 3,230 million units per annum, to be funded through bank borrowings of PKR 350m and an equity contribution of PKR 150m. The management also plans to launch new high end disposable razors and personal care products for both men and women. This is primarily driven by the Company's goal to strengthen its market position and explore the export market with its own brand name. Moreover, the Company plans to invest USD 5 mln over the next four years to expand its corrugated boxes production and expand its market position locally and internationally.

SALES & PROFITABILITY

On consolidated basis, net sales increased to PKR 26.69b (FY24: PKR 25.09b) in FY25, with mixed performance across all segments. Around 88% (FY24: 87%) of revenue is derived from local sales, while the rest is emanated from exports, mainly to China and Middle Eastern countries. The decrease in exports revenue by 4.1% was due to order fulfillment shifting to Treet Trading LLC, TCL's UAE subsidiary. The Company remains focused on further enhancing exports base for personal care products. The blades and razors segment, Treet's primary revenue stream, witnessed an 15% uptick in revenue and a considerable improvement in gross margins to 36% in FY25 (FY24: 30%), which was primarily attributable to favorable demand, and higher average prices. Hemodialysis concentrates revenue also increased by 18% FY25 amid robust demand; however, its gross margin declined sharply to 28% (FY24: 38%) owing to higher raw material prices along with lower capacity utilization. Meanwhile, the remaining segments struggled as soap sales declined by 21% due to lower toll manufacturing and corrugated boxes revenue dropped by 4.4%, reflective of lower industrial activity. Each individual business segment's performance is tabulated below:

	FY24 (PKR in m)	%wise	FY25 (PKR in m)	%wise
Blades, razors, shaving foam and chemicals	10,935.4	43.6%	12,577.4	47.1%
Soaps	1,333.9	5.3%	1,056.8	4.0%
Batteries	8,733.3	34.8%	8,843.3	33.1%
Corrugated boxes and other products	2,713.3	10.8%	2,594.8	9.7%
Hemodialysis concentrates	1,369.1	5.5%	1,615.1	6.1%
Net sales	25,085.7		26,687.6	

Gross profit increased on the back of both higher sales and overall gross margins (FY25: 26.93%, FY24: 23.31%). Operating costs increased in FY25 mainly due to higher salaries and wages, advertisement, WPPP related expenses. Finance costs decreased to PKR 1.72b (FY24: PKR 2.45b) due to lower policy rates and reduced borrowings. The Company reported net profit of PKR 558.3m in FY25 vis-à-vis net loss of PKR 60m in from FY24.

Net sales stabilized in 1QFY26 while uptick in gross margin (1QFY26: 27.03%, 1QFY25: 23.09%) and lower finance costs contributed to improved profitability in 1QFY26 compared to SPLY. The management projects around 10% growth in net sales with largely stable gross margins in FY26.

Financial Risk

CAPITAL STRUCTURE

By end-FY25, gearing and leverage improved to 1.17x (end-FY24: 1.75x, end-FY23: 3.57x) and 2.08x (end-FY24 3.04x, end-FY23: 5.26x) due to reduction in total borrowings and growth in equity. Capitalization ratios further strengthened by end-1QFY26.

The Company's financial risk is mitigated by healthy cash and bank balances providing partial buffer against immediate obligations. Capitalization metrics are expected to remain largely intact during the rating horizon, as profit retention is expected to counterbalance capital expenditure from borrowings.

DEBT COVERAGE & LIQUIDITY

Funds from operations (FFO) increased to PKR 1.55b (FY24: PKR 1.01b; FY23: Rs. 1.44b) in FY25. Resultantly, DSCR (debt servicing coverage ratio) improved to 1.54x (FY24: 1.21x, FY23: 1.51x), and FFO to long-term debt coverage also augmented to FY25: 50.3% (FY24: 30.4%, FY23: 50.2%).

DSCR and FFO to total debt coverage improved slightly in 1QFY26 compared to SPLY.

Despite increase in trade and other payables, reduction in short-term borrowings led to some improvement in current ratio (end-FY25: 0.99x; end-FY24: 0.89x). Cash conversion cycle remained largely stable at 79 days (FY24: 83 days; FY23: 75 days) while short-term debt coverage (end-FY25: 1.08x, end-FY24: 0.91x) also improved. Furthermore, there was marked improvement in the aging of counterparty and foreign receivables, with 94.7% (FY24: 78.6%) deemed recoverable within 90 days.

Both the current ratio (1.04x) and short-term debt coverage (1.21x) increased slightly by end-1QFY26. Meanwhile, loans and other receivables increased to PKR 4.41bn by end-1QFY26 (end-FY25: PKR 3.71bn; end-FY24: PKR 3.78bn) mainly due to higher advance tax receivable, putting pressure on liquidity profile.

FINANCIAL SUMMARY (consolidated)				
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	3MFY26I
Property, plant and equipment	9,980.6	10,769.1	11,422.5	11,455.8
Long-term investments	288.5	328.7	337.3	347.0
Stock-in-trade	4,538.9	4,322.4	4,382.1	4,845.0
Trade debts	1,799.1	1,793.3	1,915.4	2,296.5
Short-term investments	100.7	47.8	37.8	74.2
Loans and advances	2,667.0	4,683.9	4,535.0	5,379.5
Cash & bank balances	367.4	1,095.7	1,954.5	1,491.3
Total Assets	19,909.2	23,190.4	24,718.1	26,022.8
Trade and other payables	5,363.2	6,832.1	7,314.9	7,823.7
Long-term borrowings (incl. current portion)	2,870.9	3,453.8	3,080.9	3,052.8
Short-term borrowings	8,493.3	7,230.5	6,302.4	6,363.8
Total Borrowings	11,364.3	10,684.3	9,383.2	9,416.6
Total Liabilities	16,727.4	17,516.4	16,698.2	17,240.2
Paid up capital	1,787.2	3,710.3	3,710.3	3,710.3
Accumulated loss	(4,252.5)	(4,035.8)	(1,979.5)	(1,216.9)
General reserves	5,647.1	5,999.6	6,289.2	6,289.2
Sponsor loan	230.0	-	-	-
Equity (excl. Revaluation Surplus)	3,181.8	5,674.1	8,020.0	8,782.6
Income Statement (PKR Millions)	FY23A	FY24A	FY25A	1QFY26I
Net Sales	23,352.7	25,086.3	26,687.6	6,984.9
Gross Profit	5,126.1	5,847.0	7,188.1	1,888.0
Operating Profit	1,929.4	2,305.1	2,613.7	621.5
Finance Costs	1,976.6	2,452.4	1,722.3	280.5
Profit Before Tax	281.4	256.7	1,179.9	390.5
Profit After Tax	28.4	(60.0)	558.3	131.7
Ratio Analysis	FY23A	FY24A	FY25A	1QFY26I
Gross Margin	21.95%	23.31%	26.93%	27.03%
Operating Margin	8.26%	9.19%	9.79%	8.90%
Net Margin	0.12%	-0.24%	2.09%	1.89%
Funds from Operation (FFO) (PKR Millions)	1,440.6	1,008.3	1,550.7	278.6
FFO to Total Debt*	12.7%	9.4%	16.5%	11.8%
FFO to Long Term Debt*	50.2%	29.2%	50.3%	36.5%
Gearing (x)	3.57	1.88	1.17	1.07
Leverage (x)	5.26	3.09	2.08	1.96
Debt Servicing Coverage Ratio* (x)	1.51	1.19	1.54	1.35
Current Ratio (x)	0.72	0.89	0.99	1.04
(Stock in trade + trade debts) / STD (x)	0.80	0.91	1.08	1.21
Return on Average Assets*	0.1%	-0.3%	2.3%	2.1%
Return on Average Equity*	0.9%	-1.4%	8.2%	6.3%
Cash Conversion Cycle (days)	75	83	79	45

*Annualized, if required

A - Audited accounts

I - Interim accounts

FINANCIAL SUMMARY (unconsolidated)				
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	3MFY26I
Property, plant and equipment	7,403.6	2,232.9	2,556.8	2,634.6
Long-term Investments	11,377.2	11,180.6	12,160.6	11,771.0
Stock-in-trade	2,858.6	2,407.8	2,824.6	2,700.9
Trade debts	290.3	175.4	2,296.5	487.1
Short-term Investments	97.7	45.1	32.8	0.5
Loans, advances, deposits and other receivables	5,025.0	4,396.7	9,360.8	5,993.6
Cash & Bank Balances	189.3	385.1	808.9	1,386.1
Total Assets	27,257.2	20,823.7	30,041.0	24,973.7
Creditors	742.7	535.9	605.2	2,871.1
Deferred liabilities and other payables	3,078.6	3,188.2	4,019.4	2,302.2
Long-term Debt (incl. current portion)	2,287.3	2,342.6	2,070.0	2,037.3
Short-Term Borrowings	5,828.6	4,944.9	3,887.1	4,094.1
Total Debt	8,115.9	7,287.5	5,957.1	6,131.4
Total Liabilities	11,937.2	11,011.5	10,581.7	11,304.7
Paid up Capital	1,787.2	3,710.3	3,710.3	3,710.3
Unappropriated Profit	3,241.1	3,051.5	4,141.6	4,257.0
Reserves	5,136.1	5,435.3	5,435.3	5,701.7
Sponsor Loan	230.0	-	-	-
Equity (excl. Revaluation Surplus)	10,164.4	12,197.1	13,287.2	13,669.0
Income Statement (PKR Millions)	FY23A	FY24A	FY25A	3MFY26I
Net Sales	10,173.9	10,935.4	12,591.1	3,683.5
Gross Profit	3,260.3	3,245.8	4,597.1	1,372.7
Operating Profit	1,202.7	743.3	1,319.3	767.4
Finance Costs	1,489.1	1,881.5	1,222.4	185.4
Profit Before Tax	261.3	-23.1	1,436.1	582.0
Profit After Tax	133.5	-107.4	1,045.2	381.9
Ratio Analysis	FY23A	FY24A	FY25A	3MFY26I
Gross Margin	32.00%	29.70%	36.50%	37.30%
Operating Margin	11.80%	6.80%	10.50%	20.80%
Net Margin	1.30%	-1.00%	8.30%	10.40%
Funds from Operation (FFO) (PKR Millions)	434.5	-405.9	37.7	118.8
FFO to Total Debt*	5.4%	-5.6%	0.6%	7.8%
FFO to Long Term Debt*	19.0%	-17.3%	1.8%	23.3%
Gearing (x)	0.80	0.60	0.45	0.45
Leverage (x)	1.17	0.90	0.80	0.83
Debt Servicing Coverage Ratio* (x)	1.11	0.68	0.87	1.08
Current Ratio (x)	1.00	0.93	2.05	1.27
Cash Conversion Cycle (days)	111	102	129	75
(Stock in trade + trade debts) / STD (x)	0.59	0.58	1.41	0.87
Return on Average Assets*	0.5%	-0.4%	4.1%	5.6%
Return on Average Equity*	1.3%	-1.0%	8.2%	11.3%

*Annualized, if required

A - Audited accounts

I - Interim accounts

REGULATORY DISCLOSURES					Appendix I
Name of Rated Entity	Treet Corporation Limited				
Sector	Consumer Goods				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook/Watch	Rating Action
	RATING TYPE: ENTITY				
	18/02/2025	A	A2	Stable	Upgrade
	20/01/2025	A-	A2	Stable	Reaffirmed
	15/12/2023	A-	A2	Stable	Maintained
	15/12/2022	A-	A2	Rating Watch Developing	Reaffirmed
	31/12/2021	A-	A2	Rating Watch Developing	Reaffirmed
	6/10/2020	A-	A2	Rating Watch Developing	Downgrade
	24/09/2019	A	A2	Negative	Downgrade
21/05/2019	AA-	A1	Stable	Reaffirmed	
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	Name	Designation		Date	
	M. Abdul Rehman	Group Sr. Manager Treasury		18-Nov-2025	
	Muhammad Azeem	Assistant Manager Finance			