VIS
Credit Rating Company Limited

ANA & BATLA INDUSTRIES (PRIVATE) LIMITED

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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
Rating Outlook/ Watch	Stable		Stable	
Rating Action	Reaffirmed		Upgrade	
Rating Date	September 24, 2026		August 29, 2025	

Shareholding (5% or More)	Other Information
Mahmood Shafi Batla – 40%	Incorporated in 2016
Dawood Shafi Batla – 40%	Private Limited Company
Syma Sultan – 20%	Chief Executive: Mr. Dawood Shafi Batla
	External Auditor: A A Baig and Co.

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
https://docs.vis.com.pk/Methodologies-2026/Corporate-Rating-2026.pdf

Rating Scale

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

Rating Rationale

The assigned ratings reflect Ana & Batla Industries (Private) Limited's the relatively conservative capital structure in a fairly competitive industry dominated by both local and global players. The price sensitive nature of the market constrains the overall gross margins of the industry making it a high-volume business in order to generate profitability. Sponsor support through interest free loans is a significant comfort for the ratings by reducing the debt servicing requirements of the company where increase in debt servicing requirements can have a considerable impact due to the low margin nature of the business.

The Company's brands are amongst the local brand leaders in its segment. The Company continues to strengthen its product offering through enhanced packaging, promotional activities, and improved shelf visibility, supporting growth momentum. They are also investing in BMR and replacement of old machinery as cashflows allow to ensure both efficiency and quality in production.

Company Profile

Ana & Batla Industries (Private) Limited was incorporated as a private limited company in 2016 and is engaged in the personal hygiene and healthcare segment. The company is mainly focused on the production and sale of baby diapers and is also engaged in the production and trade of sanitary napkins, wipes, body razors, toothbrushes, bandages, gauze, chemicals, and reagents.
The Company's registered office is situated in Karachi, while its manufacturing operations are conducted through two facilities located in the Landhi Industrial Area, Karachi. One facility is owned by the Company, whereas the other is held under a rental arrangement. ABI primarily serves the domestic market and has established a nationwide distribution presence through products positioned across different price segments.

Management and Governance

CEO Profile

Mr. Dawood Shafi Batla serves as the Chief Executive Officer of Ana & Batla Industries (Private) Limited. He holds a diploma in Plastic Technology from George Brown College, Canada, and a bachelor's degree in Commerce from the University of Karachi. Associated with the family business since 1981, he brings extensive experience in manufacturing and distributing personal hygiene products.

Board & Senior Management

Ana & Batla Industries (Private) Limited is a family-owned entity. The Board of Directors comprises two executive directors, Mahmood Shafi Batla and Dawood Shafi Batla, who are actively involved in the Company's management. Formalization of board committees and inclusion of an independent director would strengthen the Company's overall governance framework.

Industry Profile & Business Risk

Pakistan's diaper industry is experiencing heightened competitive pressure and gradual market fragmentation, with local manufacturers and established international brands competing across premium, mid-range and value segments. The exit of Pampers from the Pakistani market has created a competitive gap in the branded segment, allowing other established players to capture a greater share of consumer demand and providing local manufacturers with an opportunity to strengthen their market presence. Key international competitors include Canbebe, Huggies and Molfix, while local competitors include Rocket, Royal Ozone and Care Baby. Ana & batla primarily competes with local value-oriented brands, while also facing competition from international brands across overlapping segments. Competition remains centered on pricing, product quality, brand recognition, distribution reach and product availability, with affordability and distribution coverage particularly important in price-sensitive markets. Within the product category, demand is gradually shifting toward diaper pants, supported by convenience, ease of use and greater suitability for more mobile children, while conventional taped diapers continue to remain relevant among newborns and younger infants due to their relatively lower price point and adjustability. Manufacturers therefore generally maintain a mix of both taped diapers and pants, with the product mix influenced by consumer affordability, age profile and product positioning. Prevailing inflation and reduced consumer purchasing power are strengthening demand for value-for-money products and encouraging consumers to shift toward economical brands and smaller packs. This trend supports local and value-oriented manufacturers, while established brands continue to rely on product differentiation and consumer loyalty. Distribution remains an important competitive advantage, with traditional retail continuing to dominate in lower-income and rural markets, while supermarkets, pharmacies and e-commerce platforms are gaining relevance in urban centers. Online channels are also providing brands with greater consumer reach and access to bulk purchases and promotional offers.
Recent geopolitical tensions and disruptions in regional shipping routes have increased supply-chain risks for the industry. As Pakistan relies on imported raw materials such as fluff pulp, non-woven fabric, absorbent materials, polymers and packaging inputs, higher freight charges, war-risk insurance premiums and shipment delays have increased the landed cost of inputs. These pressures may continue to affect manufacturers' margins, working-capital requirements and inventory planning, particularly for players with limited pricing power.

On the supply side, Pakistan and China explored investment, technology-transfer and joint-venture opportunities in August 2026 for local diaper manufacturing. The discussions covered production plants, machinery, packaging, absorbent materials, non-woven fabrics, product quality and distribution. Although the discussions remain exploratory, successful implementation could support greater local value addition, improve supply-chain integration and reduce dependence on imported finished products and components over time.

Going forward, demand is expected to grow gradually, supported by recurring hygiene requirements, Pakistan's large population, increasing awareness of infant care, urbanization and wider access through modern retail and online channels. Nevertheless, intense competition, increasing market fragmentation, low per capita income, affordability constraints, imported raw-material exposure, exchange-rate volatility, higher freight costs and limited waste-management infrastructure will continue to constrain the industry. Accordingly, the industry business risk profile is assessed as moderate.

Operational Update

	FY25			FY26		
(In Millions)	**Installed capacity**	**Actual production**	**Capacity Utilization**	**Installed capacity**	**Actual production**	**Capacity Utilization**
Baby Diapers (pieces)	2,012	656	32.58%	2,012	823	40.9%
Baby pants (pieces)	120	15	12.39%	120	5	4.2%
Adult diaper (pieces)	60	17	29.12%	60	15	24.4%
Wipes (packet)	29	2	6.57%	29	2	7.4%
Napkins (pieces)	150	39	26.10%	150	24	15.9%

ABI's total installed capacity for baby diapers remained unchanged at approximately 2.01 billion pieces during FY25–FY26 providing sufficient headroom to accommodate growth. Sales were affected in FY25 as ABI recalled its baby diaper stock from the market to address a quality issue related to the adhesive tape fasteners. The issue was subsequently rectified in coordination with the supplier. Management plans to undertake PKR 100mn BMR of the existing diaper production machine and invest PKR 300mn in new diaper production machines on supplier credit in order to improve efficiency as well as quality.

The company is aggressively investing in marketing and promotion of baby diapers through updated packaging, bill boards, prominent shelf space and ensuring availability. Along with competitive pricing, these measures are translating into growing demand. While baby pants are a growing segment, locally and globally, the company has focused on diapers as it has a lower price point in view of price sensitivity of its target market.

The Company's key raw materials comprise super absorbent polymer (SAP), pulp and non-woven materials. SAP and pulp are directly imported from China, UAE, Taiwan, Sweden, Turkey respectively, exposing the Company to foreign exchange movements and international raw-material price volatility. Non-woven materials, which form part of the diaper structure, are sourced locally from Olefins (Pvt.) Limited, an associate company.

The Company has expanded its on-site solar power capacity to approximately 1.65 MW, which currently contributes around 50-55% of the Company's total electricity supply, while the remaining requirements continue to be met through K-Electric.

Profitability

The Company's sales performance remained largely volume-driven over FY25–FY26, with limited pricing power. Sales declined in FY25 due to quality-related issues, before recovering by 12.7% YoY in FY26 to PKR 14bn, primarily supported by higher volumes. Baby Diapers remained the dominant revenue contributor, accounting for 86% of total sales in FY26, compared with 78% in FY25. African countries and Turkey remained key export destinations. Operating in a high-volume, low-margin segment, the Company continued efforts to rationalize its cost structure and improve operating efficiency. A major workforce restructuring across the production floor and marketing function was undertaken in FY25 as part of the operational streamlining exercise.

Profitability improved in FY26, with gross margin increasing to 8.7% from 7.5% in FY25, supported by cost-control measures and a greater focus on relatively higher-margin products. Distribution and selling expenses increased during FY26, reflecting higher marketing efforts; however, operating margin nevertheless improved to 3.8% from 3.1%. Finance costs remained broadly stable at PKR 163mn, although these may increase going forward with greater reliance on short-term borrowings to support higher production and inventory requirements. Consequently, net margin improved to 1.1% in FY26 from 0.7% in FY25 and 0.6% in FY24, while net profit increased to PKR 153mn from PKR 86mn. Going forward, management plans to further strengthen the product portfolio through product improvements, enhanced packaging, and increased marketing, with greater emphasis on relatively higher-margin products. These initiatives are expected to support sales growth and contribute to further margin improvement.

Financial Risk

Capital Structure

Total equity has shown steady growth, reaching PKR 2.46bn at end-FY26 (FY25: PKR 2.27bn), supported by earnings retention and continued sponsor support. Paid-up capital amounted to PKR 517mn, while interest-free loans from sponsors increased to PKR 840mn (FY25: PKR 819mn), providing additional support for the Company's working capital requirements. Total borrowings increased to PKR 1.80bn in FY26 (FY25: PKR 879mn), primarily comprising short-term borrowings of PKR 1.69bn for working capital requirements.

Gearing increased in line with higher borrowings but remained moderate at 0.73x (FY25: 0.39x), while leverage stood at 1.65x (FY25: 1.57x). Going forward, the Company plans to undertake PKR 100mn BMR of its existing diaper production machinery, along with a PKR 300mn investment in new diaper production machines, to be financed through supplier credit and existing banking facilities.

Debt Coverage & Liquidity

With growing short-term borrowings for working capital financing, FFO coverage to total debt declined to 0.16x in FY26 from 0.21x in FY25, while the debt servicing coverage ratio remained adequate at 2.09x, supported by the nominal maturity of long-term debt. Long-term debt is expected to increase with the planned BMR, while financial charges are also expected to rise with increased reliance on working capital borrowings.

The operating cycle remained contained at around 11 days in FY24 and FY25 before increasing to 32 days in FY26, mainly due to higher inventory and receivable days. Despite the lengthening operating cycle and higher borrowings, liquidity remained adequate, with the current ratio improving to 1.33x in FY26 from 1.28x in FY25. Going forward, the Company's ability to sustain cash generation while managing the operating cycle and short-term borrowing requirements will remain important for maintaining adequate liquidity and debt coverage.

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Ana & Batla Industries (Private) Limited
Sector	Personal Hygiene
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

RATING TYPE: ENTITY				
Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
24 Sep 2026	BBB+	A2	Stable	Reaffirmed
29 Aug 2025	BBB+	A2	Stable	Upgrade
12 Sep 2024	BBB	A2	Stable	Reaffirmed
18 May 2023	BBB	A2	Stable	Downgrade
07 Feb 2022	BBB+	A2	Stable	Initial

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 Meeting Conducted

S.No.	Name	Designation	Date
1	Hafiz Hammad	Manager Finance	04th Sep 2026
2	Syed Ilyas Mujtaba	Manager Finance – Commercial	