

TREET BATTERY LIMITED

Analyst:

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RATING DETAILS		
RATINGS CATEGORY	INITIAL RATING	
	Medium to Long-Term	Short-Term
ENTITY	A-	A2
RATING OUTLOOK/WATCH	Stable	
RATING ACTION	Initial	
RATING DATE	June 19, 2026	

Shareholding (5% or More)	Other Information
Treet Corporation Limited – 87.99%	Incorporated in 2019
General Public (local) – 10.87%	Public Listed Company
	Chief Executive: Syed Sheharyar Ali
	Chairman: Syed Shahid Ali
	External auditor: BDO Ebrahim & Co. 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 Battery Limited ('TBL' or 'the Company'), a subsidiary of Treet Corporation Limited, is a manufacturer of lead-acid batteries under the Daewoo brand, with an increasing focus on lithium-ion solutions through strategic partnerships. The Company operates a production facility in Faisalabad and is supported by an experienced management team and sound governance framework. TBL has captured a modest market share in the energy storage batteries market. In May 2026, the Company announced partnership with Contemporary Nebula Technology Energy Co., Ltd. (CNTE), a Chinese battery pioneer backed by the world's largest energy storage batteries manufacturer Contemporary Ampere Technology Co. Ltd. (CATL), to introduce lithium-ion batteries in Pakistan.

Assigned ratings reflect the Company's competitive strength through its premium priced maintenance-free battery segment, well-established OEM relationships and improving financial risk indicators despite exposure to volatile lead prices, and evolving demand dynamics. While the traditional lead-acid segment remains dominant, the industry is gradually transitioning toward lithium-ion batteries, supported by EV policy initiatives and ESS (energy storage system) batteries. Production capacity stood at 1.5m (FY24: 1.2m) in FY25, with sales largely driven by maintenance-free batteries.

Although revenues declined in 9MFY26 due to reduced demand for deep-cycle batteries, the Company continues to maintain superior gross margins relative to major peers. Earnings remain under pressure despite lower financial charges and modest non-core income. Financial risk has improved following conversion of sponsor loans into equity, strengthening capitalization and reducing leverage. Improvement in debt coverage profile remains important for the ratings. Liquidity pressure remains, with a low current ratio, reflecting asset liability mismatch. Going forward, sustained improvement in core profitability and liquidity, along with successful execution of lithium-ion initiatives, will be critical for the ratings.

Company Profile

Treet Battery Limited (TBL), a subsidiary of the Treet Corporation Limited, is headquartered at 72-B, Industrial Area, Kot Lakhpat, Lahore, Pakistan. TBL was incorporated as a public listed company in February 2019. The Company specializes in the manufacturing and sale of lead-acid and lithium batteries under the Daewoo brand, including maintenance-free automotive batteries and deep-cycle batteries for UPS and solar systems. The production facility is at M3 Industrial City, Sahianwala, Faisalabad. Notably, the Company is expanding into the lithium-ion market through strategic partnerships with Chinese firms. TBL is primarily sponsored and owned by Treet Corporation Limited (holding over 88% of shares). The senior management team is led by Syed Shahid Ali as Chairman and Syed Sheharyar Ali as Chief Executive Officer, Muhammad Rizwan Qaiser (CFO), and Taimoor Vakil Malik (Company Secretary).

The Board of Directors consists of eight members, including a mix of executive, non-executive, and independent directors, with a dedicated Audit Committee and Human Resource & Remuneration Committee overseeing strategic and ethical compliance. Reflecting its commitment to high-quality financial reporting, the Company is audited by BDO Ebrahim and Co. Chartered Accountants; the firm is listed on the State Bank of Pakistan's (SBP) Panel of Auditors in Category 'A'.

CHANGE IN ACCOUNTING POLICY

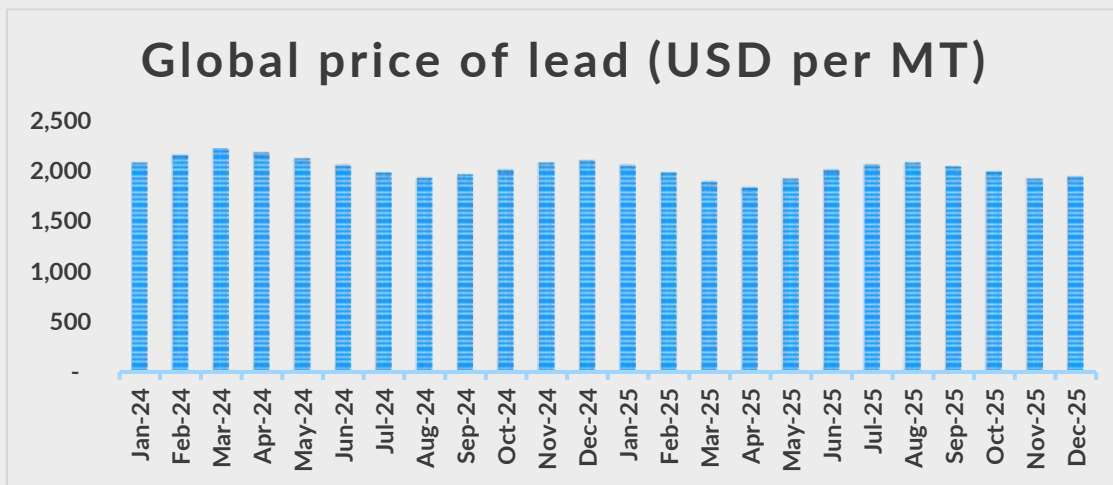
The Auditor's Report detailed a Key Audit Matter regarding the Company's decision to change its accounting for property, plant, and equipment. Specifically, the Company transitioned from a revaluation model to a cost model for land and buildings (a voluntary change in accounting policy applied retrospectively) and shifted its depreciation method for machinery from straight-line to units-of-production (a change in accounting estimate applied prospectively). The auditors noted these changes as critical due to the high level of management judgment involved and the material impact on the financial statements. To verify these changes, the auditors evaluated management's rationale, reviewed board minutes for approval, and tested the accuracy of the restated figures to ensure compliance with IAS 8 standards.

Business Risk

INDUSTRY

The global battery market reached USD 181b in 2025, and is projected to steadily grow to USD 200b on the back of higher electric vehicle demand and energy storage requirements. Amidst the surge in new energy vehicles (NEVs) and structural shifts in grid requirements, Pakistan's batteries market will expand in both lithium ion (Li-ion) and lead acid segments. Imported lead is the primary cost driver. Global average price of lead during 2025 decreased slightly to 1,976 USD per metric ton (MT) (2024: 2,071 USD per MT). Given the pressure on demand due to oversupply and ongoing geopolitical issues, global lead price is expected to increase during 2026.

The local market is dominated by Pakistan Accumulators (Pvt) Ltd (Osaka and Volta batteries), Exide Technologies (Exide), Atlas Battery (Atlas), Phoenix Battery and TBL. lead-acid batteries remain the backbone of the automotive and low-cost backup sectors (UPS) demand in Pakistan. Demand for Lithium-Ion (Li-ion) batteries for energy storage system (ESS) applications is expected to rise, supported by the Electric Vehicle (EV) Policy 2025–2030 and growing solar adoption through EPC contracts. While demand from traditional automotive retailers is growing, the backup power segment is fluctuating because a more stable grid supply has curtailed the immediate need for backup power. The sector is sensitive to global lead price volatility and currency fluctuations, leading to prolonged working capital cycles. In 2026, the Li-ion market is expected to expand while deep-cycle lead-acid batteries may retain a foothold in cost-sensitive segments. The falling cost of lithium technology and government incentives for local assembly are positioning Li-ion as the primary driver for Pakistan's energy transition.



Source: London Metal Exchange (LME)

Treet Battery Limited (TBL) uses the established brand name of Daewoo, under a royalty-based licensing agreement with the South Korean conglomerate, to manufacture and sell maintenance-free and deep-cycle batteries. TBL's Daewoo Battery offers superior quality which is reflected in extended warranty compared to most competitors.–In May 2026, the Company announced that it partnered with Contemporary Nebula Technology Energy Co., Ltd. (CNTE), a Chinese battery pioneer backed by the world's largest energy storage batteries manufacturer Contemporary Ampere Technology Co. Ltd. CATL, to introduce lithium-ion batteries in Pakistan. Business risk is viewed as medium.

OPERATING PERFORMANCE

TBL's plant is located M-3 Industrial City, Sahianwala, Faisalabad on a 40-acre piece of land. Production capacity stood at 1.5m (FY24: 1.2m) batteries in FY25.

SALES & PROFITABILITY

TBL's net sales recorded strong growth in FY24, driven by marketing efforts, increasing brand loyalty coupled with rising demand for maintenance-free batteries. In FY25, net revenue moderated mainly on account of lower average selling prices which offset the increase in sales volumes. During 1HFY26, net sales decreased by 11%, primarily due to reduced demand for deep-cycle batteries amid cyclically lower backup power requirements, in line with industry trends.

TBL sells Daewoo-branded batteries to OEMs and for backup power needs. Moreover, apart from the legacy OEMs (Honda Atlas Cars (Pakistan) Limited, Indus Motor Company Limited, Pakistan Suzuki Motors Company), the Company's OEM customers most of the later entrants in the automotive sector including MG JW Automobiles, Sazgar Engineering Works Limited, Hyundai Nishat Motor (Private) Limited, Lucky Motor Corporation, and Master Changan Motors Limited. Maintenance-free Daewoo Battery is the default factory-fitted battery for these OEMs. Corresponding with demand patterns, deep cycle batteries sales have consistently decreased while sales volumes of maintenance-free batteries have increased.

TBL continues to outperform industry peers, maintaining average gross margins of 21%, compared with Exide (16%) and Atlas (11%). These superior gross margins are supported by relatively premium price of its maintenance free batteries which enable superior lead-use efficiency relative to conventional high-volume lead acid batteries. Operating margins reduced to 6.99% (9MFY25: 8.9%) in 9MFY26, due to higher marketing activities, after improving to 10.71% (FY24: 9.71%) in FY25, on the back of stronger operational efficiency.

The bottom line remained constrained by elevated finance costs, which spiked in FY24, though eased in FY25 and 9MFY26. TBL recorded a net profit of Rs. 41m in FY25 and net loss of Rs. 45.5m in 9MFY26, though significant improvements over losses in FY24 (Rs. 376m) and 9MFY25 (Rs. 214m), respectively.

Recovery in topline and profitability through achievement of projected volumetric growth and cost-efficiencies in light of potential increase in interest rates, remains important for the ratings.

Financial Risk

CAPITAL STRUCTURE

Equity decreased to Rs. 130.2m at end-FY24 (end-FY23: Rs. 506.9m) due to accumulated losses. However, at end-FY25, equity strengthened to Rs. 2.17b following the allotment of 200.3m ordinary shares to Treet Corporation Limited through conversion of Rs. 1,276.4m of loan principal and Rs. 726.8m of accrued markup into equity. With materially eased balance sheet pressure, leverage improved to 3.38x (end-FY24: 77.0x) while gearing on total debt basis improved to 2.11x (end-FY24: 34.03x) and gearing (adjusted for sponsor loans) strengthened to 1.05x (end-FY24: 17.06x) at end-FY25. Tier-1 equity decreased slightly to Rs. 2.13b by end-9MFY26 on the back of a minor loss. Leverage remained intact at end-9MFY26. This decrease in equity led to a higher gearing ratio of 2.77x at end-9MFY26. Gearing adjusted for sponsor loans (end-9MFY26: 0.97x) improved slightly due to lower bank borrowings. Cash balances combined kept net adjusted gearing modest at 0.87x at end-9MFY26 and 0.89x at end-FY25 (end-FY24: 13.62x).

Other than ongoing BMR, the management does not expect significant capex in the medium-term. Continued strengthening of equity base and optimized debt management remain important from ratings point of view.

DEBT COVERAGE & LIQUIDITY

The consistent improvement in DSCR (debt servicing coverage ratio) (9MFY26: 10.21x, FY25: 1.13x, FY24: 0.93x) was mainly attributable to lower finance costs. Reflecting the modest FFO (funds from operations) and high short-term borrowings, FFO to total borrowings in 9MFY26 remained weak at 0.03x (FY25: 0.11x, FY24: 0.08x). Improvement in debt coverage metrics will remain important from ratings perspective.

The current ratio remained low at 0.41x (FY25: 0.43x; FY24: 0.37x) by end-9MFY26, mainly due to asset liability mismatch resulted from financing capex through short-term borrowings. A 20 days credit is allowed to distributors while supplier payments stretch up to 45 days. Cash conversion cycle (CCC) had normalized to 61 days (FY24: 65, FY23: 241) in FY25. In 9MFY26, the CCC increased to 76 days, which is expected to rationalize

as inventory is expected to be offloaded, particularly in 4QFY26. Aging profile of trade debts was sound as 84% (FY24: 86%) on total were below 30 days. Trade debts increased to Rs. 711m (end-FY25: Rs. 454m) at end-9MFY26, and are projected to increase as the Company's volumes and product line continued to expand with li-ion batteries.

FINANCIAL SUMMARY				
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	9MFY26M
Property, plant and equipment	6,592	6,396	6,326	6,343
Stock-in-trade	1,141	1,390	1,004	1,382
Trade debts	451	392	454	711
Cash & Bank Balances	25	448	366	135
Loans and Advances	168	1,530	1,374	616
Total Assets	8,377	10,156	9,524	9,295
Creditors	457	269	420	1,083
Long-term Debt (incl. current portion)	19	12	3	23
Short-term bank borrowings	2,518	2,209	2,139	2,051
Total Debt (excl. related party loans)	2,537	2,221	2,142	2,074
Short-term related party loans	2,518	2,209	2,289	3,820
Total Debt	5,055	4,430	4,581	5,895
Other Liabilities	2,358	5,327	2,500	190
Total Liabilities	7,870	10,026	7,350	7,153
Paid up Capital	622	622	2,625	2,625
Reserves	-115	-492	-452	-497
Equity (excl. Revaluation Surplus)	507	130	2,174	2,128
Income Statement (PKR Millions)	FY23A	FY24A	FY25A	9MFY26M
Net Sales	2,041	8,733	8,844	5,012
Gross Profit	485	1,730	1,765	1,077
Operating Profit	308	848	947	350
Finance Costs	301	1,265	921	379
Profit Before Tax	74	-267	161	25
Profit After Tax	60	-377	41	-46
Ratio Analysis	FY23A	FY24A	FY25A	9MFY26M
Gross Margin	23.70%	19.80%	20.00%	21.48%
Operating Margin	15.10%	9.70%	10.70%	6.99%
Net Margin	2.90%	-4.30%	0.50%	-0.91%
Funds from Operation (FFO) (PKR Millions)	108	634	600	54
FFO to Total Debt*	2%	14%	14%	3%
FFO to Long Term Debt*	571%	5383%	18921%	308%
Gearing adjusted for sponsor loans (x)	5.01	17.06	1.05	0.97
Adjusted Net Gearing (x)	4.96	13.62	0.89	0.87
Leverage (x)	15.53	77.01	3.38	3.36
Debt Servicing Coverage Ratio* (x)	0.71	0.93	1.13	0.64
Current Ratio (x)	0.22	0.37	0.43	0.41
(Stock in trade + trade debts) / STD (x)	0.33	0.42	0.35	0.36
Return on Average Assets*	0.70%	-4.10%	0.40%	-0.20%
Return on Average Equity*	11.80%	-118.30%	3.50%	-0.05%
Cash Conversion Cycle (days)	241	65	61	76

*Annualized, if required

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

REGULATORY DISCLOSURES					Appendix I						
Name of Rated Entity	Treet Battery Limited										
Sector	Energy Storage Batteries										
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										
	6/19/2026	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	<table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Muhammad Rizwan Qaiser</td> <td>CFO</td> <td>26-Feb-2026</td> </tr> </tbody> </table>		Name	Designation	Date	Muhammad Rizwan Qaiser	CFO	26-Feb-2026			
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