AT-TAHUR LIMITED

Analysts:
Husnain Ali
(husnain.ali@vis.com.pk)

Shehroz Khan
(shehroz.khan@vis.com.pk)

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	Positive		Stable	
RATING ACTION	Maintained		Reaffirmed	
RATING DATE	October 27, 2026		July 14, 2025	

Shareholding (5% or More)

Rasikh Elahi - 38.7%
Zahra Ali Elahi – 26.5%
General Public (Local) – 31.5%

Other Information

Incorporated in 2007
Public Listed Company
Chief Executive Officer: Rasikh Elahi
Chairman: Ijaz Nisar
External Auditor: Riaz Ahmad & Company

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

Listed on the Pakistan Stock Exchange since 2018, At-Tahur Limited ('PREMA' or 'the Company') has an established presence in Pakistan's dairy industry under the "Premá" brand, supported by an experienced management team, sound corporate governance, and a well-developed distribution network.

The industry dynamics are characterized by intense competition and inflationary pressures, though business risk is supported by relatively stable demand, strong brand name, product diversification, experienced sponsors, alongside sizable livestock. The Company's net sales recovered in FY26 mainly due to rebound in demand, while gross margin decreased slightly mainly due to higher forage procurement costs. However, net margin improved in FY26 on account of relatively lower increase in overall expenses along with increase in non-operating income. Gearing and leverage ratio, though still low, increased slightly due to higher borrowings.

The rating outlook has been revised, reflecting the Company's ability to maintain its financial profile through revenue growth in FY26 and maintenance of liquidity profile. Operational efficiency is expected to strengthen further, as feed pre-bought may improve procurement costs and herd productivity. Anticipated improvements in cash flows and debt service coverage remain key ratings considerations. Looking ahead, management anticipates increase in herd size through organic growth. Moreover, positive impact of the planned exports to the Gulf market, further product diversification, timely feed procurement, alongside partial conversion to solar and biomass energy, will be important for the assigned ratings.

Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

Company Profile

At-Tahur Limited ('PREMA' or 'the Company'), incorporated in 2007, commenced its farming operations in 2008. The Company introduced its brand 'Prema' in the market in 2009, launching premium quality pasteurized milk, and subsequently launched other products such as whole milk, low-fat milk, ranges of yogurt, Laban & flavored milk, butter, cheese, desi ghee in the dairy-products range, and eggs, honey and natural spring water in non-dairy range. The management plans to initiate exports of its existing products to Gulf countries and continue to expand its domestic distribution network.

Management and Governance

The Company's governance framework is overseen by a seven-member Board of Directors consisting of one executive director, three non-executive director, and three independent directors, including one female director. During FY26, the Board held five meetings, with directors demonstrating satisfactory attendance throughout the year. To strengthen governance and oversight, the Board functions through two dedicated committees: the Board Audit Committee and the Board Human Resource & Remuneration Committee.

The management team comprises experienced professionals, supported by a function-based organizational structure with clearly defined departmental responsibilities and reporting lines

The Company's FY26 financial statements were audited by M/s Riaz Ahmad & Co. Chartered Accountants, a QCR-rated audit firm and an 'A' category firm on the State Bank of Pakistan's panel of auditors. The auditors issued an unqualified opinion on the Company's financial statements for FY26.

Business Risk

INDUSTRY

Pakistan ranks among the world's top five milk producers, with gross output reaching 74.69 (FY25: 72.33) million tons in FY26, supported by a vast base of smallholder farmers and strong domestic demand. However, formal processing remains limited, with only 3–5% of the market captured by packaged milk, while the informal (loose) sector dominates, particularly in rural and peri-urban areas due to lower prices, entrenched distribution, and cultural preferences. This widespread informality restricts the penetration of packaged milk despite its advantages in quality, hygiene, and food safety.

The packaged segment, primarily UHT and pasteurized milk, remains largely urban-centric and faces affordability challenges. Key players such as FrieslandCampina Engro (Olper's) and Nestlé Pakistan (MilkPak) lead the market, benefiting from strong brand equity and scale. Other processors, including Fauji Foods (Nurpur), Haleeb Foods, and Dairyland (Dayfresh), are expanding into value-added categories like flavored milk, cultured dairy, cheese, and butter to diversify revenue streams. Retail prices of packaged milk have risen from around Rs. 280 to approximately Rs. 350 per liter since the 18% GST was imposed in FY25, and the government's decision not to cut the rate in the FY26 budget left the tax in place, with industry reporting a 20% drop in sales volumes since July 2024 as per PDA (Pakistan Dairy Association) estimates. By May 2026, the PDA put the decline in the formal sector at 27%. The 20% FED on juices and beverages, introduced in FY24 on top of 18% GST, has further impacted demand, with formal juice sales falling by nearly 45%. Rising feed, energy and logistics costs have squeezed margins, and formal milk procurement from farmers has fallen by 20%, leading to the closure of about 500 milk collection centers and pushing some farmers back toward informal channels. A proposal to cut GST to 10% was discussed between the government and the PDA, and in May 2026 the food security minister urged the Tax Policy Unit and FBR to reduce sales tax in the FY27 budget. However, the FY27 budget instead moves packaged milk and other dairy products into the Third Schedule, applying 18% tax at the manufacturing stage on the printed retail price, so no relief has materialized. Strict measures on loose milk have drawn some support from the Punjab Food Authority (PFA).

Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

Quality concerns remain prominent in the loose milk segment, with widespread adulteration and weak hygiene compliance posing health risks. While regulatory efforts to improve food safety and formalization are increasing, implementation remains gradual. Industry stakeholders continue to advocate for reductions in taxes and duties to improve affordability, stimulate demand, and encourage investment in processing and cold-chain infrastructure. The sector's risk profile is buoyed by rising urban demand for quality dairy products, while the expansion of high-margin value-added segments and digital distribution channels provides a strong buffer against policy pressures, cost inflation, and competition from the informal market.

PRODUCTION PROFILE

During FY24-FY26, At-Tahur's installed capacities remained unchanged across its existing product categories. The only addition was the natural spring water line in FY26. Production trends were therefore driven mainly by demand dynamics rather than capacity additions. Pasteurized milk production declined by 14.6% to 10.97 million liters in FY25 (FY24: 12.84 million liters) due to low market demand, before recovering by 8.4% to 11.89 million liters in FY26. Capacity utilization fell from 60.7% in FY24 to 51.9% in FY25 and improved to 56.2% in FY26.

Product	FY24	FY25	FY26
Pasteurized milk (litres)			
Total capacity	21,146,045	21,146,045	21,146,045
Actual production	12,841,116	10,967,905	11,888,047
Capacity utilization	*60.7%*	*51.9%*	*56.2%*
Yogurt (litres)			
Total capacity	3,660,000	3,660,000	3,660,000
Actual production	1,691,128	1,955,195	2,243,550
Capacity utilization	*46.2%*	*53.4%*	*61.3%*
Raita (litres)			
Total capacity	700,000	700,000	700,000
Actual production	50,151	29,076	28,235
Capacity utilization	*7.2%*	*4.2%*	*4.0%*
Flavoured yogurt (litres)			
Total capacity	220,000	220,000	220,000
Actual production	189,352	157,654	191,072
Capacity utilization	*86.1%*	*71.7%*	*86.9%*
Butter (Kg)			
Total capacity	541,944	541,944	541,944
Actual production	31,322	27,898	54,507
Capacity utilization	*5.8%*	*5.1%*	*10.1%*
Cream cheese (Kg)			
Total capacity	240,000	240,000	240,000
Actual production	127,244	122,647	153,257
Capacity utilization	*53.0%*	*51.1%*	*63.9%*
Natural spring water (litres)			
Total capacity			5,280,000
Actual production	-	-	136,771
Capacity utilization	-	-	*2.6%*

Yogurt production rose steadily, increasing by 15.6% from 1.69 million liters in FY24 to 1.96 million liters in FY25 and by a further 14.7% to 2.24 million liters in FY26. Capacity utilization improved from 46.2% to 53.4% and then to 61.3%. Flavoured yogurt remained among the Company's best-utilized products, with utilization above 70% throughout the period; production declined by 16.7% in FY25 but rebounded by 21.2% to 191,072 liters in FY26, taking capacity

Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

utilization to 86.9%. Cream cheese also recovered, with production rising by 25.0% to 153,257 kgs in FY26 (FY25: 122,647 kgs; FY24: 127,244 kgs), lifting capacity utilization to 63.9% from 51.1% in FY25.

Conversely, raita and butter continued to record low production volumes and underutilization. Raita production declined from 50,151 liters in FY24 to 29,076 liters in FY25 and 28,235 liters in FY26, with utilization at just 4.0%. Butter production fell by 10.9% in FY25 before almost doubling to 54,507 kgs in FY26, though utilization remained low at 10.1%. Overall, the Company's production performance recovered in FY26 after the weakness in FY25. The improvement was led by value-added products such as yogurt, flavored yogurt and cream cheese, which showed relatively resilient demand.

The Company added natural spring water to its portfolio in FY26, which began production with 136,771 liters produced against a capacity of 5.28 million liters (2.6% utilization) in the year. Sourced from the natural spring water directly from natural spring aquifers in the historic Mughalia Gardens near Wah region.

The Company is actively pursuing growth initiatives aimed at strengthening its operational scale and diversifying its revenue streams. The management anticipates the number of mature Dutch-Australian dairy livestock to increase on the back of organic growth, which is expected to enhance milk production and improve operational efficiency. In addition, the Company has broadened its product portfolio through the introduction of a premium bottled water line,

Furthermore, PREMA intends to expand its market reach of dairy products. Given the growing demand for premium dairy products in international markets and the established positioning of its brand, alongside introduction of natural spring water, pure honey and gelato in the product base present avenues for revenue expansion.

SALES & PROFITABILITY

Total revenue grew by 18.3% in FY26 to Rs. 12.60b (FY25: Rs. 10.65b), reflecting continued strong demand and volume growth. Out of this net revenue from dairy products sales to customers increased by 22% in FY26 from FY25. Gains arising from changes in fair value less costs to sell of dairy livestock increased by 12% in FY26 whereas gain arising on initial recognition of milk at fair value less costs to sell at the time of milking increased to Rs. 4.4b (FY25: Rs. 3.8b), reflecting 15% rise on account of higher number of mature livestock.

As at 30 June 2026, the Company held 3,456 (June 2025 3,253) mature assets able to produce milk and 2,898 (FY25: 2,773) immature assets that are being raised to produce milk in the future. During FY26, the Company produced approximately 28.827 million (FY25: 25.821 million) gross liters of milk from these biological assets, which supported aforesaid uptick in gains.

Nonetheless, the management's initiative of strategic procurement of forage is expected to reduce cost pressures in the future, while raising the cost of forage initially. This along with rise in oil and lubricants costs caused gross margin to decrease (FY26: 22.2%, FY25: 23.6%). Feed costs remain the key factor for margins, and management's ability to manage forage procurement will be important, going forward.

Operating expenses were well controlled, rising by only 4% YoY during FY26. Other income supported profitability, stemming from gains on disposal of financial and operating assets and a gain on disposal of payment obligation. Net profit margin improved to 6.5% (FY25: 5.0%) mainly due to relatively lower increase in overall expenses along with increase in non-operating income.

The Company anticipates sustained topline growth and improved bottom-line profitability from favorable feed costs, operating expense discipline, and lower borrowings.

Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

Financial Risk

CAPITAL STRUCTURE

Equity increased to Rs. 6.96b at end-FY26 (end-FY25: Rs. 6.11b), driven mainly by profit retention. Capital contributions comprise loans from directors, including Rs. 400m obtained from the CEO and his son in FY25, which are repayable at the Company's discretion.

The Company's capital market engagement highlights sound financial discipline through the issuance of PSX-listed quasi-Sukuk instruments (STS-3). The Company has made partial redemption of Rs. 178m against the Rs. 800m principal, as of reporting date.

Long-term debt increased to Rs. 0.87b (FY25: Rs. 0.51b), mobilized to finance product diversification measures, ongoing BMR, expand silos storage facilities for forage. The short-term debt increased to Rs. 1.35b (FY25: Rs. 0.96b), which was mobilized for working capital requirements and the strategic purchase of forage. The increase in debt mobilization caused gearing and leverage to increase slightly to 0.32x (FY25: 0.24x) and 0.51x (FY25: 0.45x) by end-FY26, respectively. Management expects the long-term borrowings to gradually normalize from FY27 onwards.

Overall, the capital structure remains adequate, supported by retained profits. However, maintaing a low leverged capital structure is an important rating factor.

DEBT COVERAGE & LIQUIDITY

Funds from operations (FFO) declined to Rs. 236m in FY26 (FY25: Rs. Rs. 280m). This alongside the increase in borrowings led to lower FFO-to-total debt of 0.11x (FY25: 0.19x) and FFO-to-long-term debt of 0.27x (FY25: 0.55x) in FY26. The Debt Service Coverage Ratio (DSCR) moderated to 0.94x in FY26 (FY25: 1.14x), falling below 1.0x.

Feed is a major component of milk production cost, and the higher inventory was maintained to secure uninterrupted supply, reduce exposure to seasonal price increases, and limit reliance on expensive spot purchases. Hence, once the feed component is rationalized, debt coverage ratios are projected to strengthened from 2QFY27 onwards.

The current ratio increased to 1.39x by end-FY26 (end-FY25: 1.24x), primarily driven by the higher stock-in-trade from the strategic procurement of feed. However, the cash conversion cycle (CCC) worsened to 25 days (FY25: -3 days), though remained low, primarily due to the large build-up of stocks.

Liquidity comfort is partly derived from Rs. 4.75b of biological assets in FY26 (FY25: Rs. 4.37b), which, while classified as non-current under IAS 41, are marketable in nature and could provide an additional buffer, if needed. Maintaining liquidity while improving debt service coverage ratios are key rating sensitivities.

Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

FINANCIAL SUMMARY			
BALANCE SHEET (Amounts in PKR millions)	**FY24**	**FY25**	**FY26**
Non-Current Assets (Net of Biological Assets)	1,858	1,871	2,123
Stock-in-Trade	382	814	1,580
Trade Debts	335	412	622
Biological assets	4,142	4,369	4,755
Cash & Bank Balances	237	165	392
Other Assets	653	1,194	1,021
Total Assets	**7,606**	**8,825**	**10,493**
Trade and Other Payables	1,039	866	1,005
Short Term Debt	379	956	1,347
Long Term Debt	657	509	874
Total Debt	1,036	1,465	2,221
Other Liabilities	356	389	310
Total Liabilities	**2,431**	**2,720**	**3,536**
Total Equity	**5,174**	**6,106**	**6,958**
INCOME STATEMENT (Amounts in PKR millions)	**FY24**	**FY25**	**FY26**
Net Sales from Customers	5,845	5,655	6,900
Total Revenue	10,562	10,651	12,600
Gross Profit	2,407	2,518	2,803
Selling and Distribution Expenses	-590	-627	-752
Administrative Expenses	-318	-358	-361
Finance Cost	283	245	247
Profit After Tax	353	528	821
RATIO ANALYSIS	**FY24**	**FY25**	**FY26**
Gross Margin	22.8%	23.6%	22.2%
Net Margin	3.3%	5.0%	6.5%
FFO	554	280	236
FFO to Total Debt	53.5%	19.1%	10.6%
FFO to Long Term Debt	84.4%	55.1%	27.1%
Current Ratio (x)	0.9	1.2	1.4
Debt Servicing Coverage Ratio (x)	1.4	1.1	0.9
Gearing (x)	0.20	0.24	0.32
Leverage (x)	0.47	0.45	0.51
ROAA	4.7%	6.4%	8.5%
ROAE	7.1%	9.4%	12.6%
CCC	(17)	(3)	25

Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

REGULATORY DISCLOSURES — Appendix I

Name of Rated Entity	At-Tahur Limited
Sector	Food
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				
27-Oct-2026	**A-**	**A2**	**Positive**	**Maintained**
14-Jul-2025	A-	A2	Stable	Reaffirmed
10-Jun-2024	A-	A2	Stable	Maintained
12-Jun-2023	A-	A2	Negative	Maintained
20-Apr-2022	A-	A2	Stable	Reaffirmed
01-Jun-2021	A-	A2	Stable	Initial
RATING TYPE: Sukuk (STS-3)				
20-Apr-2026		A1		Final
18-Feb-2026		A1 (plm)		Preliminary

Instrument Structure

Instrument Name:	Details
Nature of Instrument	Short-term Sukuk 3 (STS-3)
Tenure of Instrument	Less than 12 months
Size of the Issue	PKR 800m (PKR 100m green shoe option)
Principle Redemption Schedule	As per defined redemption schedule
Interest Redemption Schedule	365/366-day basis.
Issue Date	13-April-2026
Grace Period	n/a
Redemption Date	29-Mar-2027 (Rs. 178m out of 800m principal payment made as of reporting date)
Nature of Security (in case of secured instrument)	Ranking charge over current assets and biological assets amounting to PKR 900m with a 25% margin Quarterly scheduled payments of principal and profit
Rating	A1
Name of Trustee	Digital Custodian Company Limited

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.
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

Due Diligence Meetings Conducted

Name	Designation	Date
Awais Mahmood	Manager Accounts and Finance	June 4, 2026
Humza Chaudhary	CFO	October 09, 2026

Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

.com.pk VIS Credit Rating Company Limited