

## AT-TAHUR LIMITED

**Analyst:**

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**RATING DETAILS**

RATINGS CATEGORY	CURRENT RATING
	SHORT-TERM
INSTRUMENT (STS-3)	A1 (Prelim)
RATING ACTION	Preliminary
RATING DATE	February 18, 2026

**Shareholding (5% or More)**

Rasikh Elahi - 38.7%

Zahra Ali Elahi - 26.5%

General Public (Local) - 30.5%

**Other Information**

Incorporated in 2007

Public Listed Company

Chief Executive Officer: Rasikh Elahi

Chairman: Ijaz Nasir

External Auditor: Riaz Ahmad & Company

**Applicable Rating Methodology**

VIS Entity Rating Criteria Methodology - Corporates Ratings

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

Instrument Rating

(<https://docs.vis.com.pk/Methodologies-2025/IRM-Apr-25.pdf>)

**Rating Scale**

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

**Rating Rationale**

At-Tahur Limited ('PREMA' or 'the Company') is a public listed company primarily engaged in the production, processing, and sale of milk and value-added dairy products. The Company's business risk profile is shaped by the low penetration of the formal dairy segment within Pakistan's largely informal dairy industry. This risk is partially mitigated by the non-cyclical demand characteristics of milk and allied products. PREMA's nationwide distribution footprint under the well-established PREMA brand, the presence of experienced sponsors and a well-maintained livestock base provide operational stability and alleviate business risk.

During FY25, net revenue remained broadly stable, with fair value gains from livestock and improved milk production offsetting the impact of higher sales tax on customer revenues. Profitability improved on the back of better pricing, biological asset gains, higher other income, and a lower effective tax rate, resulting in a 49% YoY increase in net profit; this momentum continued into 1QFY26. However, FFO declined in FY25 due to elevated finance costs and higher tax outflows, weakening coverage metrics, though a modest recovery was observed in 1QFY26. The Company maintains a conservative capital structure as impact of higher short-term borrowings to meet working capital needs were partially offset by cash and short-term investments. Liquidity remained adequate, albeit with marginal pressure from a prolonged cash conversion cycle due to slower inventory turnover. Management has projected further improvements in financial metrics in the ongoing year.

## Company Profile

PREMA, 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, etc. The management introduced new products, including desi ghee in the dairy-products range and ice tea (Peach), mango nectar in the non-dairy range, and eggs and honey. The management plans to initiate exports of existing products to Gulf countries, integrate eggs and honey in product portfolio and continue enhance its expanding distribution network.

## Proposed Short-term Sukuk

PREMA intends to issue a privately placed and listed Short-Term Sukuk (STS-3) amounting to Rs 900 million (inclusive of PKR 200 million green shoe option) with a tenure of less than 12 months, to finance working capital needs. The instrument shall have quarterly principal and interest redemptions. The profit rate will be benchmarked to the three-month Karachi Interbank Offered Rate (KIBOR) plus 1.3% basis points, fixed on the last working day prior to issuance and applicable for the full tenor. Security of the proposed STS 3 includes:

1. ranking charge over company current assets and biological assets with 25% Margin
2. Sukuk redemption mechanism, stipulated in this schedule:

Period start	Period end	Principal amount (Rs. m)	Redemption Amount (Rs. m)	Rental payment (Rs. m)
01-Apr-26	30-Jun-26	900	-	26.52
01-Jul-26	30-Sep-26	900	200	26.81
01-Oct-26	31-Dec-26	700	300	20.86
01-Jan-27	15-Mar-27	400	400	9.56

The Company shall at least 15 days prior to the due date of each quarterly installment, ensure deposit of the principal and applicable profit payment into the Sukuk redemption account, over which a lien shall be marked in favor of the Investments agent.

## Management and Governance

Following the election of the Board of Directors on October 27, 2025, the Board continues to consist of 7 members, led by Mr. Ijaz Nisar as Chairman and Mr. Rasikh Elahi as CEO. The composition maintains a strong independent presence with five independent directors, including Dr. Farzana Firoz, who fulfills the requirement for female representation, and one non-executive director, Mr. Mustafa Hamdani. While board meetings remain scheduled on a quarterly basis, the newly elected body oversees two specialized committees: the Audit Committee and the HR & Remuneration Committee, both chaired by Mr. Abid Sattar. To ensure the highest standards of financial integrity, the Company maintains its engagement with Riaz Ahmad & Co., a Category 'A' SBP-approved firm, ensuring that at least three directors have formally completed the Director's Training Program to stay aligned with evolving regulatory needs.

## Business Risk

### INDUSTRY

Pakistan, a top-five global milk producer with output over 70 million tonnes in FY25, is dominated by smallholder farmers. Only 3–5% of milk is formally processed, while 92–97% flows through the informal sector, raising safety concerns. Packaged milk, mainly urban UHT and pasteurized products, faces affordability pressures after an 18% GST hike. Structural cost pressures, feed, energy, logistics, and taxes, have reduced margins, closed ~500 collection centers, and shifted some farmers back to the informal market. Competition within the organized segment is concentrated among a few large players, led by FrieslandCampina Engro Pakistan Limited (Olpers) and Nestlé Pakistan Limited (MilkPak), while other players such as Fauji Foods, Haleeb, Dairyland, seek growth through value-added categories including flavored milk, cultured dairy, cheese, and butter, which offer relatively higher growth potential but remain low-penetration. Regulatory focus on improving food safety and formalization is increasing, though implementation remains gradual, with industry bodies

advocating GST rationalization to restore affordability and support demand recovery. Within the competitive dairy landscape, PREMA has carved out a distinct niche as the pioneer and market leader of the premium pasteurized segment. Unlike mass-market UHT competitors, the Company leverages a "farm-to-table" model using its own herd of Australian cows, positioning its brand specifically toward health-conscious, urban consumers in major cities like Lahore and Islamabad.

### PRODUCTION PROFILE

The livestock comprising mature and immature comprises heifers/calves, bulls and milking cows, not only used in milking season but also contributes as fair value gains. During FY25, a reduction in production volumes across product portfolio, excluding cream cheese and butter, amid due to inflationary pressure, resulted in lower capacity utilization. The total plant capacity for all product categories remained unchanged between FY24 and FY25. While Yogurt saw a significant increase in utilization, other categories particularly Pasteurized Milk and Flavoured Yogurt, experienced a decline in production volume and utilization.

Product Category	FY24	FY25
	<b>Capacity Utilization</b>	
Pasteurized Milk	61%	52%
Yogurt	46%	53%
Raita	7%	4%
Flavoured Yogurt	86%	72%
Butter	6%	5%
Cream Cheese	53%	51%

### SALES & PROFITABILITY

Net revenue remained broadly stable at Rs. 10.65bn in FY25 (FY24: Rs. 10.56bn), as fair value gains from dairy livestock and milk production offset moderation in customer revenue. Gross margin improved modestly to 23.64% (FY24: 22.79%), bolstered by favorable pricing revisions. This, combined with prudent operating expense management, higher other income from investment disposals, and a reduced tax incidence contributed to a 49% increase in net profit for FY25. The positive trajectory carried into 1QFY26, where net revenue rose 17% from SPLY, fueled by increased customer demand and valuation gains. The successful pass-through of elevated packaging costs strengthened gross profit, lifting the gross margin (1QFY26: 22.55%; 1QFY25: 22.32%) lifting the net margin to 1.57% (1QFY25: 1.06%) in 1QFY26. Looking ahead, profitability is expected improve steadily on the back firm pricing, consistent livestock valuation gains, and cost controls.

## Financial Risk

### CAPITAL STRUCTURE

Tier-1 equity increased to Rs. 6.2bn (end-FY25: Rs. 6.1bn; end-FY24: Rs. 5.2bn) on account of profit retention and sponsor loan (end-1QFY26: Rs. 469m; end-FY25: Rs. 448m; end-FY24: nil). While gearing saw a marginal uptick due to elevated short-term borrowings, cash balances and short-term investments mitigated financial risk, keeping net gearing ratio at 0.14x in 1QFY26 (end-FY25: 0.13x, end-FY24: 0.15x). Leverage stood at 0.44x (end-FY25: 0.45x; end-FY24: 0.47x) with the increase in borrowings offset by lower trade and other payables and higher equity base. Management projects the impact of incremental borrowings will be alleviated by higher equity base, leading to gradual improvement in leverage ratios, going forward.

### DEBT COVERAGE & LIQUIDITY

FFO (funds from operations) decreased by 55% in FY25, driven by higher finance costs and increased income tax payments, which resulted in weaker debt coverage metrics. FFO and debt coverage ratios modestly improved in 1QFY26 on account of an increase in FFO. The current ratio improved to 1.23x in FY25 (FY24: 0.91x), driven by a buildup of short-term investments and trade debts alongside reduced trade creditors, and remained stable in 1QFY26. Moreover, liquidity comfort was supported by biological assets amounting to Rs. 4.34bn at end-1QFY26 (end-FY25: Rs. 4.37bn; end-FY24: Rs. 4.14bn), which, although classified as non-current under IAS 41, are marketable in nature and could provide an additional buffer, if required. The aging profile of receivables remained sound, with trade debts not subject to default risk representing 66% (FY24: 67%) of total trade debts. However, in FY25, the cash conversion cycle lengthened to 11 days

from -5 days in FY24 and further extended to 20 days by 1QFY26, primarily due to slower inventory turnover. Modest improvement in debt coverage and liquidity is anticipated in the coming years.

FINANCIAL SUMMARY				
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	3MFY26M
Property, plant and equipment	1,665	1,630	1,686	1,788
Right-of-use Assets	224	177	172	167
Stock-in-trade	412	382	814	703
Trade debts	239	335	412	458
Short-term Investments	0	0	502	474
Cash & Bank Balances	107	237	165	298
Other Assets	4,643	4,846	5,075	5,059
<b>Total Assets</b>	<b>7,290</b>	<b>7,606</b>	<b>8,825</b>	<b>8,946</b>
Creditors	726	724	508	730
Long-term Debt (incl. current portion)	768	657	509	526
Short-Term Borrowings	460	379	956	1,093
<b>Total Debt</b>	<b>1,228</b>	<b>1,036</b>	<b>1,465</b>	<b>1,618</b>
Other Liabilities	532	672	747	402
<b>Total Liabilities</b>	<b>2,487</b>	<b>2,431</b>	<b>2,720</b>	<b>2,751</b>
Paid up Capital	2,186	2,186	2,186	2,186
Revenue Reserve	2,574	2,945	3,472	3,514
Other Equity (excl. Revaluation Surplus)	43	43	448	469
<b>Equity (excl. Revaluation Surplus)</b>	<b>4,803</b>	<b>5,174</b>	<b>6,106</b>	<b>6,169</b>
Income Statement (PKR Millions)	FY23A	FY24A	FY25A	3MFY26M
Net Sales	10,191	10,562	10,651	2,740
Gross Profit	2,852	2,407	2,518	618
Operating Profit	1,450	832	886	113
Finance Costs	226	283	245	51
Profit Before Tax	1,224	550	641	62
<b>Profit After Tax</b>	<b>1,248</b>	<b>353</b>	<b>528</b>	<b>43</b>
Ratio Analysis	FY23A	FY24A	FY25A	3MFY26M
Gross Margin	27.98%	22.79%	23.64%	22.54%
Operating Margin	14.23%	7.88%	8.32%	4.13%
Net Margin	12.24%	3.34%	4.96%	1.57%
Funds from Operation (FFO) (PKR Millions)	39.4	539.5	240.8	63.4
FFO to Total Debt*	3.21%	52.08%	16.44%	15.67%
FFO to Long Term Debt*	5.14%	82.17%	47.33%	48.24%
Gearing (x)	0.26	0.20	0.24	0.26
Net Gearing (x)	0.23	0.15	0.13	0.14
Leverage (x)	0.52	0.47	0.45	0.44
Debt Servicing Coverage Ratio* (x)	0.48	1.38	1.06	1.21
Current Ratio (x)	0.77	0.91	1.23	1.26
(Stock in trade + trade debts) / STD (x)	1.51	1.98	1.35	1.10
Return on Average Assets*	19.61%	4.74%	6.43%	1.93%
Return on Average Equity*	30.00%	7.08%	9.37%	2.79%
Cash Conversion Cycle (days)	8	-5	12	20

## REGULATORY DISCLOSURES

## Appendix I

Name of Rated Entity	At-Tahur Limited																																																	
Sector	Food																																																	
Type of Relationship	Solicited																																																	
Purpose of Rating	Instrument Ratings																																																	
Rating History	<table><tr><th>Rating Date</th><th>Medium to Long Term</th><th>Short Term</th><th>Rating Outlook/Watch</th><th>Rating Action</th></tr><tr><td colspan="5">RATING TYPE: ENTITY</td></tr><tr><td>14-Jul-2025</td><td>A-</td><td>A2</td><td>Stable</td><td>Reaffirmed</td></tr><tr><td>10-Jun-2024</td><td>A-</td><td>A2</td><td>Stable</td><td>Maintained</td></tr><tr><td>06-Dec-2023</td><td>A-</td><td>A2</td><td>Negative</td><td>Maintained</td></tr><tr><td>20-Apr-2022</td><td>A-</td><td>A2</td><td>Stable</td><td>Reaffirmed</td></tr><tr><td>01-Jun-2021</td><td>A-</td><td>A2</td><td>Stable</td><td>Initial</td></tr><tr><td colspan="5">RATING TYPE: Sukuk (STS-3)</td></tr><tr><td>18-Feb-2026</td><td></td><td>A1 (plm)</td><td></td><td>Preliminary</td></tr></table>					Rating Date	Medium to Long Term	Short Term	Rating Outlook/Watch	Rating Action	RATING TYPE: ENTITY					14-Jul-2025	A-	A2	Stable	Reaffirmed	10-Jun-2024	A-	A2	Stable	Maintained	06-Dec-2023	A-	A2	Negative	Maintained	20-Apr-2022	A-	A2	Stable	Reaffirmed	01-Jun-2021	A-	A2	Stable	Initial	RATING TYPE: Sukuk (STS-3)					18-Feb-2026		A1 (plm)		Preliminary
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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 900m (PKR 200m green shoe option)																																															
	Principle Redemption Schedule		As per defined redemption schedule																																															
	Interest Redemption Schedule		365/366-day basis.																																															
	Issue Date		01-April-2026																																															
	Grace Period		n/a																																															
	Redemption Date		15-Mar-2027																																															
	Nature of Security (in case of secured instrument)		Ranking charge over current assets 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.																																																	
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Due Diligence Meetings Conducted		Name	Designation		Date																																													
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