

AT-TAHUR LIMITED

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating	Initial Rating
	Short-term	Short-term
INSTRUMENT (STS-3)	A1	A1 (plim)
RATING ACTION	Final	Preliminary
RATING DATE	April 20, 2026	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 while better pricing, biological asset gains, higher other income, and a lower effective tax rate, resulted in a 49% YoY increase in net profit; this momentum continued into 1HFY26. However, FFO (funds from operations) declined in FY25 weakening coverage metrics, though a modest recovery in FFO-based coverage was observed in 1HFY26. The Company maintains a conservative capital structure as impact of short-term borrowings to meet working capital needs were partially offset by cash and short-term investments; liquidity remained adequate. 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.

Short-term Sukuk

PREMA issued a privately placed and listed Short-Term Sukuk 3 (STS-3) amounting to Rs 800 million (inclusive of PKR 100 million green shoe option) with a tenure of less than 12 months, to finance working capital needs. The issuance date and redemption date are April 13, 2026 and March 29, 2027. The instrument carries quarterly principal and interest redemptions. The profit rate is 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 subsequently on last business day prior to the beginning of each quarterly period. Security of the STS-3 includes ranking charge over Current Assets and Biological Assets amounting to PKR 900 million with a 25% margin and Sukuk redemption mechanism, stipulated as below:

Period start	Period end	Principal amount (Rs. m)	Redemption Amount (Rs. m)	Rental payment (Rs. m)
13-Apr-26	13-Jun-26	800	-	25.31
13-Jul-26	13-Sep-26	800	178	25.59
13-Oct-26	13-Dec-26	622	267	19.90
13-Jan-27	29-Mar-27	355	355	9.26

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
	Capacity Utilization	
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 1HFY26, where net revenue rose from SPLY, fueled by increased customer demand and valuation gains. Profit margins decreased slightly, though remained sound in 1HFY26. 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-1HFY26: 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 0.12x at end-1HFY26 (end-FY25: 0.13x, end-FY24: 0.15x). Leverage stood at 0.42x (end-FY25: 0.45x; end-FY24: 0.47x) at end-1HFY26, 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 1HFY26 on account of higher 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. The current rose to 1.43x in 1HFY26 on account of lower short-term borrowings. Moreover, liquidity comfort was supported by biological assets amounting to Rs. 4.54bn at end-1HFY26 (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 cash conversion cycle lengthened to 11 days from -5 days in FY24. The aging profile of receivables remained sound.

FINANCIAL SUMMARY				
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	6MFY26M
Property, plant and equipment	1,665	1,630	1,686	2,058
Right-of-use Assets	224	177	172	0
Stock-in-trade	412	382	814	599
Trade debts	239	335	412	457
Short-term Investments	0	0	502	196
Cash & Bank Balances	107	237	165	357
Other Assets	4,643	4,846	5,075	5,293
Total Assets	7,290	7,606	8,825	8,959
Creditors	726	724	508	845
Long-term Debt (incl. current portion)	768	657	509	836
Short-Term Borrowings	460	379	956	442
Total Debt	1,228	1,036	1,465	1,278
Other Liabilities	532	672	747	487
Total Liabilities	2,487	2,431	2,720	2,610
Paid up Capital	2,186	2,186	2,186	2,186
Revenue Reserve	2,574	2,945	3,472	3,515
Equity (excl. Revaluation Surplus)	4,803	5,174	6,106	6,170
Income Statement (PKR Millions)	FY23A	FY24A	FY25A	6MFY26M
Net Sales	10,191	10,562	10,651	5,982
Gross Profit	2,852	2,407	2,518	1,353
Operating Profit	1,450	832	886	453
Finance Costs	226	283	245	120
Profit Before Tax	1,224	550	641	333
Profit After Tax	1,248	353	528	242
Ratio Analysis	FY23A	FY24A	FY25A	6MFY26M
Gross Margin (%)	27.98%	22.79%	23.64%	22.62%
Operating Margin (%)	14.23%	7.88%	8.32%	7.58%
Net Margin (%)	12.24%	3.34%	4.96%	4.05%
Funds from Operation (FFO) (PKR Millions)	39	540	241	66
FFO to Total Debt* (%)	3.21%	52.08%	16.44%	10.33%
FFO to Long Term Debt* (%)	5.14%	82.17%	47.33%	15.79%
Gearing (x)	0.26	0.20	0.24	0.21
Leverage (x)	0.52	0.47	0.45	0.42
Debt Servicing Coverage Ratio* (x)	0.48	1.38	1.06	1.35
Current Ratio (x)	0.77	0.91	1.23	1.49
(Stock in trade + trade debts) / STD (x)	1.51	1.98	1.35	2.51
Return on Average Assets* (%)	19.61%	4.74%	6.43%	5.45%
Return on Average Equity* (%)	30.00%	7.08%	9.37%	7.89%
Cash Conversion Cycle (days)	8	-5	12	14

*Annualized, if required

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

REGULATORY DISCLOSURES					Appendix I
Name of Rated Entity	At-Tahur Limited				
Sector	Food				
Type of Relationship	Solicited				
Purpose of Rating	Instrument Ratings				
Rating History	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)				
	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		
	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.				
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Due Diligence Meetings Conducted	Name	Designation	Date		
	Awais Mahmood	Manager Accounts & Finance	14-April- 2026		