



# At-Tahur Limited

June 4, 2021

The General Manager,  
Pakistan Stock Exchange Limited  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

**Subject: Credit Rating**

Dear Sir

It gives us immense pleasure in announcing that At Tahur Limited has been rated A-2/A- Short term/Long Term by VIS Credit Rating Company Limited. The long-term rating of "A-" signifies good credit quality. The short-term rating of "A-2" denotes good certainty of timely payments, further it also confirms that liquidity factors and company fundamentals are sound.

The press release in this respect is attached for your reference.

Best regards

  
Company Secretary



## Press Release

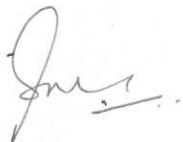
### VIS Assigns Initial Entity Ratings to At-Tahur Limited

**Karachi, June 01, 2021:** VIS Credit Rating Company Limited (VIS) has assigned initial entity ratings of 'A-/A-2' (A Minus/A-Two) to At-Tahur Limited (ATL). The long-term rating of 'A-' signifies good credit quality; protection factors are adequate. Risk factors may vary with possible changes in the economy. The short-term rating of 'A-2' denotes good certainty of timely payments. Liquidity factors and company fundamentals are considered sound. Outlook on the assigned ratings is 'Stable'.

ATL is mainly involved in a vertically integrated dairy operation for production and pasteurization of milk and manufacturing of dairy products under the brand name 'Prema'. Product portfolio of the company comprises pasteurized milk with shelf life of up to one week, plain and sweet yogurt, fruit yogurt, Laban, flavored milk, butter and cream cheese among 30 assorted SKUs. Business risk profile is characterized by increasing intensity of competition in the value-added dairy due to low barriers to entry, relatively low capital requirements, and challenging operating dynamics. While improving awareness of milk quality and popularity among high-income group have enhanced the demand for pasteurized milk in the recent years, the transition from loose milk continues to remain a major challenge mainly due to notable difference in price. Moreover, due to short shelf life of key product, the efficient marketing and management of cold supply chain remains a challenging task, making it difficult for the company to build a broader customer base.

The ratings factor in sustained growth in revenues due to increase in price and higher volumetric sales underpinned by growing herd size of milk producing animals. Improvement in gross margins during 9MFY21 was led by economics of scale and increased sales contribution of high-margin products such as Laban, butter, and cream cheese. In line with the higher revenues and increased margins, the company exhibited notable improvement in cash flows resulting in adequate debt coverage ratios during 9MFY21. While remaining manageable, the adjusted leverage indicators have increased steadily over the past three years and expected to increase further by the end of ongoing year mainly on account of mobilization the SBP's Temporary Economic Relief Facility for the balancing, modernization and replacement of milking and milk processing machines. Given the facility is for a tenor of 10 years and carries a markup rate of 5%, the debt service coverage is expected to remain adequate. However, continued growth in revenues and stability in profitability and cash flows in line with the projections will remain important from the ratings perspective, going forward.

For further information on this rating announcement, please contact Syed Fahim Haider at 042-35723411-13 (Ext: 8006) or Mr. Javed Callea at 021-35311861-70 (Ext. 201) or email at [info@vis.com.pk](mailto:info@vis.com.pk)



**Saeed Khan**  
Executive Director

VIS Entity Rating Criteria Corporates (May 2019)  
<https://www.vis.com.pk/kc-meth.aspx>

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