

TRUKKR FINANCIAL SERVICES LIMITED

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A-	A2	A-	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Initial	
RATING DATE	November 12, 2025		August 12, 2024	

Shareholding (5% or More)

Velocity Financial Technologies Inc (Formerly Finlo Technologies, Inc.)
– 100%

Other Information

Incorporated in 2023

Public Unlisted Company

Chairperson: Mr. Sheryar Bawany

External Auditor: BDO Ebrahim and Co. Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Non-Bank Financial Companies

<https://docs.vis.com.pk/Methodologies%202024/NBFCs202003.pdf>

Rating Scale

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

Rating Rationale

The ratings reflect Trukkr Financial Services Limited (“TFSL” or “the Company”) emerging presence in Pakistan’s trucking finance market, supported by sound sponsors and experienced management team together with, technology-driven risk management framework. Incorporated in January 2023 as a subsidiary of Velocity Financial Technologies Inc., Delaware (formerly Finlo Technologies Inc.), TFSL leverages the Trukkr logistics platform—established in 2019—to underwrite credit using real-time operational and financial data of transporters. This integration of logistics intelligence with fintech-based credit assessment provides the Company with a differentiated competitive advantage and visibility into borrower performance.

TFSL’s portfolio remains concentrated in vehicle leasing and working capital finance, reflecting a prudent pivot toward secured, lower-risk lending. Rapid disbursement growth has driven topline expansion, though profitability remains modest amid elevated funding costs, provisioning, and limited operating history. Liquidity indicators have moderated due to reliance on short-term bank lines, heightening rollover risk. Management’s plan to reduce leverage through fresh equity injection is critical to maintaining balance-sheet resilience.

Given TFSL’s early-stage operations and exposure to Pakistan’s fragmented and high-risk trucking sector, ratings remain dependent on the Company’s ability to achieve projected scale, sustain asset quality, and strengthen capitalization and liquidity buffers as growth continues.

Company Profile

Trukkr Financial Services Limited ("TFSL" or "the Company") was incorporated in Pakistan on January 19, 2023, as a public limited unlisted company. The Company was granted license from the Securities and Exchange Commission of Pakistan (SECP) on March 03, 2023, to carry out Investment Finance Services and commenced operations from March 08, 2023. The registered office is situated at 241 A/2, G Block, Opposite Truck Stand Road, Subzazar, Lahore, Punjab.

The venture traces its origins to 2019 when Sheryar Bawany, Mishal Zahid Adamjee, Ali Haji, and Kasra Zunnaaiyyer launched Trukkr (Pvt.) Ltd. as a logistics platform connecting truckers with shippers through its Transport Management System (TMS). Initially focused on trip execution and freight bookings for industrial clients, the business later pivoted towards fintech solutions to address the financing gap in the trucking industry. With the NBFC license in place, TFSL now underwrites loans using logistics data to support trucking companies in meeting their working capital requirements and improving fleet utilization. As of 2025, the Company services a client base exceeding 40,000 drivers and more than 170 enterprise customers across Pakistan.

Sponsor Profile

Velocity Financial Technologies Inc. (formerly Finlo Technologies, Inc.) ("VFTI" or "the Holding Company") is a Delaware-registered entity with a mandate to digitize logistics in developing economies and provide tailored financing solutions to underserved sectors. VFTI operates wholly owned subsidiaries in Pakistan and holds 100% ownership of TFSL. Shareholding of the Holding Company is primarily vested with management comprising Mishal Zahid Adamjee (21.38%), Sheryar Bawany (21.38%), Ali Haji (21.38%), and Kasra Zunnaaiyyer (9%), with the remaining held by an Employee Share Option Plan and minority investors. Since inception, VFTI has raised multiple equity rounds including a pre-seed of USD 0.6mn and a seed round of USD 6.4mn from investors such as Accion Venture Lab, Hi2 Global, Sturgeon Capital, Al Zayani Venture Capital and Yango Group. More recently, in August 2025, Yango Ventures, the corporate venture arm of UAE-based Yango Group, made an equity investment in the Holding Company, marking its first entry into Pakistan. Cumulatively, VFTI has secured close to USD 10mn in equity and debt financing, with proceeds directed toward scaling credit products, strengthening proprietary underwriting models, and expanding digital logistics infrastructure.

Management and Governance

The sponsors are actively involved in the management of the Company. The management team encompass significant experience in the field of finance, logistics, private equity, fintech, and technology sectors in Pakistan as well as abroad. Given this background, the management quality of the Company is considered sound. Profile of notable management personnel is as follows:

- Chief Executive Officer and Director:** Mr. Sheryar Bawany is a distinguished finance and logistics professional with an extensive career marked by senior roles at Habib Bank Limited in corporate and investment banking. An alumnus of Columbia University, Sheryar holds both bachelor's and master's degrees in engineering and finance. His expertise is further enriched by his experience with renowned New York financial firms, including UBS Global Asset Management and Sterling Capital Management. Beyond his commercial achievements, Sheryar serves as a dedicated board trustee of the Ayesha & Latif Bawany Foundation.
- Chief Financial Officer:** Ahmad Zubian ACA, ACCA specializes in the Fintech industry. With over 10 years of total experience, Zubian's track record includes successfully developing and implementing robust systems, adeptly managing regulatory compliance, and securing licenses, contributing significantly to the success of various financial services providers. With keen analytical skills and meticulous attention to detail, he has provided strategic guidance to businesses, ensuring seamless alignment with industry standards. His passion lies in leveraging technology to drive innovation and foster growth within the financial services sector.
- Chief Operating Officer and Executive Director:** Mr. Ali Haji, a graduate of Columbia University with a bachelor's in economics, has over 20 years of experience in reputable financial institutions such as Lehman Brothers, Nomura apart from being co-founder of The Dubai Bazaar. He has also held directorship in two companies where he oversaw and ensured the expansion and played the role of an advisor. He graduated from Columbia University with a bachelor's in economics.

Business Risk

INDUSTRY UPDATE:

The trucking finance sector in Pakistan remains nascent, despite the trucking industry's central role in facilitating trade and goods movement nationwide. The sector is characterized by a highly fragmented structure, where small and mid-sized owner-operators dominate the market and operate with limited access to formal financial channels. This fragmentation, combined with aging fleets and inefficient asset utilization, has constrained the sector's credit profile and overall scalability.

Access to structured financing remains one of the core challenges. Conventional banks and leasing companies generally exhibit limited appetite for truck financing due to the absence of reliable borrower documentation, inadequate collateral coverage, and volatile cash flows tied to freight demand and fuel costs. Consequently, informal lending networks continue to serve a large share of the market, albeit at significantly higher costs and under unfavorable repayment terms. This dynamic contributes to persistently high leverage and liquidity pressures among smaller transporters.

Although regulatory and policy recognition of trucking as a formal “industry” is a positive step toward institutionalization, the impact remains gradual. Emerging non-bank financial companies (NBFCs) and fintech platforms, have begun addressing credit access gaps through digital credit assessment and supply chain-linked financing, offering a potential shift in risk evaluation frameworks. However, systemic risks remain elevated. These include exposure to payment delays from corporate clients, lack of insurance penetration, poor maintenance standards, and a high average fleet age, all of which amplify default and recovery risks for financiers.

Despite these vulnerabilities, the sector offers long-term growth potential. Pakistan’s rising trade and logistics activity, coupled with digitalization and infrastructure improvements, may gradually support credit expansion and fleet modernization. Over time, the formalization of financing practices and integration of technology-driven credit risk management could transform the trucking finance landscape from a high-risk, fragmented market into a more structured and investable segment within the broader logistics ecosystem.

PORTFOLIO COMPOSITION

TSFL’s current portfolio is concentrated in two core segments—Working Capital Finance and Vehicle Leasing reflecting a strategic pivot toward lower-risk, secured lending in the prevailing credit environment.

Disbursements by the NBFC have exhibited an upward trend, which is expected to persist as the Company continues to expand its operational footprint. The average ticket size ranges between PKR 2–3 million for working capital loans and PKR 3–7 million for vehicle leases. Working capital facilities are typically short-term, with maturities of 60–90 days, while vehicle financing carries a tenor of 2–3 years. The portfolio remains largely secured, providing a buffer against credit losses. However, with only around 2.5 years of operating history, the institution has a limited track record in demonstrating consistent profitability, asset quality management, and resilience across economic cycles. Consequently, ratings remain contingent upon the successful execution of projected business plans and maintenance of prudent risk controls.

PROFITABILITY

TSFL’s markup income rose substantially to PKR 212.8 million in CY24 (CY23: PKR 69.4 million), reflecting strong growth in its core segments Vehicle Financing and Working Capital Finance. The sharp topline expansion aligns with the Company’s transition from the early establishment phase to an accelerated growth stage. However, the rise in income was accompanied by a corresponding increase in finance costs, given the higher funding base required to support expanding disbursements. As TSFL operates without a fixed spread, pricing remains client-specific, which provides flexibility but also exposes the Company to margin volatility, particularly in a high-interest-rate environment.

Operating expenses also trended upward, primarily driven by personnel costs associated with business expansion. Despite robust revenue growth, profitability declined in CY24, largely due to higher provisioning charges as the Company adopted a more conservative credit stance amid a challenging macroeconomic backdrop.

In 1HCY25, TSFL reported markup income of PKR 111.2 million against finance costs of PKR 47.8 million and operating expenses of PKR 35.5 million, resulting in a net profit of PKR 8.8 million as of end-June 2025. While performance indicators point to business momentum, sustained profitability will depend on the NBFC’s ability to contain credit losses and maintain spreads as the portfolio scales.

Financial Risk

CAPITALIZATION

TSFL’s balance sheet expansion has been primarily underpinned by increased borrowings to fund the accelerated growth of its leasing and financing portfolio. Consequently, gearing and leverage ratios rose sharply to 2.82x (CY24: 0.79x; CY23: 0.10x) and 2.96x (CY24: 1.73x; CY23: 0.52x), respectively, by end-1HCY25. The Company has raised equity at the parent level, against which local banking lines have been leveraged to support operational scale-up. While this strategy has enabled rapid topline expansion and portfolio buildup, it has also elevated the Company’s financial risk profile and increased its sensitivity to changes in funding conditions.

Management has indicated plans to gradually moderate gearing to around 1x (adjusted for cash-backed facilities) to strengthen capitalization metrics, with a potential equity injection expected before year-end. Going forward, the Company’s ability to maintain capitalization at prudent levels, diversify its funding base, and sustain healthy debt-servicing capacity will remain key rating considerations as TSFL transitions from a high-growth phase toward operational maturity.

LIQUIDITY

Liquidity indicators depict some moderation, with the current ratio easing to 1.33x at end-June'25 (CY24: 1.57x; CY23: 3.31x). The decline primarily stems from increased reliance on short-term running finance facilities to support the expanding financing portfolio. While such funding provides agility and facilitates growth during the buildup phase, it also heightens exposure to refinancing and rollover risk. The Company's asset-liability strategy aims to align short-term borrowings with short-tenor working capital loans, while lease receivables are backed by relatively longer-tenor borrowings. Nonetheless, the reliance on short-term bank lines for core funding elevates liquidity risk, particularly in a tightening credit environment or in the event of delays. Diversification of funding sources and sustained improvement in liquidity management will remain a key consideration.

FINANCIAL SUMMARY		(Amount in PKR Millions)		
BALANCE SHEET		Dec'23	Dec'24	Jun'25
Net Investment in Finance Lease (incl. current portion)		377.0	484.2	
Net loan portfolio		284.6	245.7	939.7
Cash and bank balances		10.9	3.2	9.1
Other Assets		27.7	48.3	206.3
Total Assets		700.2	781.4	1,155.1
Liability to customers (incl. current portion)		177.8	245.8	
Running finance		45.8	227.2	821.4
Other liabilities		367.1	25.7	42.3
Total Liabilities		590.7	498.7	863.7
Paid-up Capital		100.0	272.9	282.0
Total Equity		109.5	282.7	291.4
INCOME STATEMENT		CY23	CY24	1HCY25
Net Markup Income		67.7	104.8	63.4
Expected Credit Losses and Expenses		2.7	8.9	16.9
Non-Markup Income		5.3	13.7	-
Operating Expenses		61.9	104.1	35.5
Profit/(loss) before tax		8.4	5.5	10.9
Profit/(loss) after tax		5.2	4.5	8.8
RATIO ANALYSIS		Dec'23	Dec'24	Jun'25
NPLs		1.3	16.5	14.0
Gross Infection (%)		0.5%	6.5%	7.5%
Current Ratio (x)		3.31	1.57	1.33
ROAA* (%)		NA	0.6%	1.8%
ROAE* (%)		NA	1.2%	6.1%
Gearing (excluding cash backed) (x)		0.10	0.79	0.46
Leverage (excluding cash backed) (x)		0.52	1.73	0.61

* Annualized

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	Trukkr Financial Services Limited					
Sector	Non-Bank Financial Companies					
Type of Relationship	Solicited					
Purpose of Rating	Entity Ratings					
Rating History		Rating Date	Medium to Long Term	Short Term	Outlook/ Rating Watch	Rating Action
		RATING TYPE: ENTITY				
		11/12/2025	A-	A2	Stable	Reaffirmed
		08/12/2024	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		Name		Designation		Date
		Mr. Ahmed Zubian		Chief Financial Officer		September 17, 2025
		Mr. Adnan Ahsan		Assistant Manager Finance		