VIS
Credit Rating Company Limited

CORDOBA FINANCIAL SERVICES LIMITED

Analyst:
Shaheryar Khan Mangan
(shaheryar@vis.com.pk)

RATING DETAILS

RATINGS CATEGORY	Initial Rating	
	Long-term	Short-term
ENTITY	A	A2
RATING OUTLOOK/ WATCH	Stable	
RATING ACTION	Initial	
RATING DATE	April 30, 2026	

Shareholding (5% or More)	Other Information
Cordoba Logistics & Ventures Limited – 80.00%	Incorporated in 2022
Amyn Rafiq – 20.00%	Public Unlisted Company
	Chairman: Mr. Danish Elahi
	Chief Executive: Mr. Misbah Khalil Khan
	External Auditor: Parker Russell-A.J.S. Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Non-Bank Financial Companies
https://docs.vis.com.pk/Methodologies-2025/NBFC-Nov-2025.pdf

Rating Scale

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

Rating Rationale

The ratings reflect the Company's evolving financial profile and growing operational scale, supported by a strengthening equity base driven by continued sponsor support. Profitability has shown notable improvement on the back of portfolio expansion. Asset quality indicators are currently satisfactory, with low delinquencies and minimal loss experience to date, albeit based on a relatively limited performance track record. At the same time, the Company's risk profile continues to evolve, with concentration risks evident in both borrower base and sector exposure, particularly within the transport and logistics segment. Funding diversification has recently commenced through bank borrowings. Liquidity remains adequate. Going forward, the Company's ability to enhance profitability and maintain asset quality as the business matures while diversifying its funding base to establish a sustainable liquidity framework will remain key rating considerations.

Company Profile

Cordoba Financial Services Limited ("the Company") was incorporated on September 7, 2022, as a public unlisted company under the Companies Act, 2017. The Company's registered office is located at Plot No. H-3/A, Sector 5, Road 3000, EBM Causeway Road, Korangi Industrial Area, Karachi, Pakistan. It operates under a license to undertake leasing and investment finance services, in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The Company's core business focus is on providing conventional financing solutions, primarily targeting small and medium enterprises (SMEs) and micro, small and medium enterprises (MSMEs). Its product offering is centered around lease-based financing and advances, catering to the funding needs of commercial clients across various sectors.

Sponsor Profile

Cordoba Financial Services Limited is part of the Cordoba Group and is 81% owned by Cordoba Logistics & Ventures Limited (CLVL). CLVL is a publicly listed company on the Pakistan Stock Exchange, originally incorporated in 1986 as Mian Textile Industries Limited. The Group has since transitioned from textiles into a diversified platform with core focus on logistics, transport aggregation, and investment activities.

CLVL has also built a portfolio of strategic investments across multiple sectors, including Finox (Private) Limited (financial analytics), International Learning Center (Private) Limited (Berlitz Pakistan franchise for language and corporate training), Children Clothing Retail Limited, and Neem Exponential Technologies Limited. In addition, the Group has established Cordoba PE Management Limited, a wholly owned subsidiary focused on private equity and venture capital fund management, strengthening its investment and fund management capabilities. On a consolidated basis, the Group reported revenues of approximately PKR 680 million and a profit of PKR 174 million for the year ended June 30, 2025, reflecting a modest but developing scale of operations.

The remaining shareholding is held by Mr. Amyn Rafiq, a senior business professional associated with the Agro Processors & Atmospheric Gases (APAG) Group, a diversified FMCG and edible oil conglomerate known for brands such as Soya Supreme. As part of the sponsor circle, he contributes to strategic oversight and business development activities within the Company.

Management and Governance

The Company's governance framework is anchored by a lean Board comprising three members, including one independent director. The Board includes Mr. Danish Elahi (Chairman), Mr. Amyn Rafiq, and Ms. Natasha Jahangir. Four board committees, Audit, Risk, HR, and Investment have been constituted to support oversight and strengthen governance practices. Mr. Danish Elahi, a key sponsor, brings extensive experience across logistics, warehousing, and diversified business sectors.

Management is led by Mr. Misbah Khalil Khan (CEO), an investment and strategy professional with over 12 years of experience across M&A, logistics, and energy sectors, and a track record of driving growth and turnaround initiatives within the Group. The risk function is headed by Mr. Sajan H. Malik, a seasoned credit professional with over 30 years of experience across leading financial institutions, providing depth in credit underwriting and risk governance.

The sponsoring director, Mr. Danish Elahi, remains actively involved in supervision through participation in the credit committee, which adjudicates lease and loan exposures up to defined limits, and is considered a key person from a governance perspective.

The Company maintains a structured credit policy framework covering corporate, SME, and consumer segments. The Credit Risk Management function oversees approvals, sets risk parameters, and monitors portfolio quality through defined concentration limits and regular reviews. The credit process is supported by robust origination standards, ongoing monitoring, early warning systems, and a formal remedial management framework, complemented by a dedicated Credit Administration function ensuring documentation, compliance, and MIS reporting. Overall, governance and management structures are adequate for the current scale of operations, though continued strengthening will be important as the Company grows.

AUDITORS

The financial statements have been audited by Parker Russell-A.J.S. Chartered Accountants who are on the category "B" list of SBP list of auditors.

Business Risk

INDUSTRY UPDATE

The NBFC sector expanded significantly in FY25, with total assets increasing by 42% to PKR 5.64 trillion, and rising a further 21% to PKR 6.84 trillion by December 2025. Growth was broad-based, led by mutual funds (over two-thirds of sector assets), followed by non-bank microfinance companies and investment banks, while leasing and housing finance remained marginal. Despite a 50-bps policy rate cut to 10.5% in December 2025, investor preference for money market and income funds persisted, reflecting demand for liquid, lower-risk instruments amid volatile equity markets.

Modarabas expanded through Islamic structures, and non-bank microfinance institutions leveraged digital platforms to extend outreach. Lower borrowing costs from monetary easing supported credit flows, though fiscal consolidation and weak private investment capped expansion. SECP facilitated growth through digital onboarding, streamlined licensing, and enhanced sector oversight.

Leasing remained a small segment (0.1% of NBFC assets), with only three players operating as of December 2025. Policy rate cuts reduced funding costs and lease rentals, driving a gradual demand recovery after prolonged high rates. Fiscal measures weighed on disposable incomes and corporate investment appetite, though some budgetary adjustments (withdrawal of minimum rent provision, rationalized bank taxation) supported stability.

Looking ahead, NBFC growth will hinge on macroeconomic recovery. Mutual funds are expected to dominate, modarabas to deepen Islamic offerings, and microfinance players to expand digitally. Leasing prospects will depend on rate stability, SME demand, and investment in transport and manufacturing assets.

Financial Risk

ASSET MIX

The asset mix of Cordoba Financial Services Limited reflects the characteristics of a relatively young and expanding leasing company, with rapid balance sheet growth and evolving portfolio composition over a short operating history. Total assets have expanded rapidly from PKR 1.16bn in Jun-24 to PKR 2.30bn by Dec-25, highlighting the company's early-stage growth trajectory. Operating leases remain the dominant asset class, though their share has gradually declined from 58% to 51%, indicating increasing diversification. Finance leases have also reduced from 24% to 14% over the period, reinforcing the shift away from traditional lease-based exposure. A key shift is the buildup in the loan portfolio, captured under long-term and short-term finances. Long-term loans have increased significantly from 6% to 18% of total assets, while short-term loans have fluctuated but risen to 9% by Dec-25. Cumulatively, the lending book has become a meaningful contributor to the asset mix, reflecting strategic diversification into direct financing products beyond leasing.

ASSET QUALITY

The Company's lending portfolio is predominantly tilted towards the commercial segment, with a primary focus on small and medium enterprises (SMEs), alongside exposures to corporates and a limited number of high-net-worth individuals. The portfolio is characterized by significant borrower concentration, with the top 10 clients comprising approximately 85% of total exposures. Notably, two obligors, My Logistics and Daewoo (a related party), alone account for around 60% of the portfolio. However, these large exposures consist of multiple lease contracts, which introduces a degree of underlying transaction-level diversification and provides some comfort from a risk mitigation perspective. Excluding the top two clients, the remaining portfolio reflects improved granularity, with an average ticket size of approximately PKR 25 million across a base of 38–40 customers, indicating a reasonably diversified mid-tier segment.

From a sectoral standpoint, the portfolio is heavily concentrated in the transport and logistics sector, representing around 60% of total exposure followed by modest allocations to agriculture, power, and energy sectors. The tenor profile of the portfolio ranges between 12 to 48 months, indicating a short- to medium-term maturity structure, which allows for relatively faster portfolio turnover and repricing flexibility.

The Company's asset quality remains broadly stable, with total overdue principal amounting to approximately PKR 66 million as of Dec 31, 2025, representing around 3% of the total portfolio. The overdue profile is largely concentrated in early-stage, with most exposures falling within the sub-90 days past due category, mostly indicative of minor delays in repayments. A notable portion of these overdues pertains to Daewoo, reflecting that credit risk remains contained within the overall portfolio context. Loss experience has been limited, with only a single write-off recorded to date amounting to PKR 21 million, relating to Kamran Khalili, which post December has been settled out of court with partly recovered and remaining in pipeline. Overall, credit losses to date have remained low; while the track record is still developing, it nonetheless indicates sound recoveries and prudent underwriting practices.

PROFITABILITY

The Company's profitability profile reflects its early-stage nature, with a trajectory of growth and scale-up. Total income increased significantly to PKR 674 m in FY25 (FY24: PKR 405 million), primarily driven by strong expansion in operating lease income and financing activities. This growth momentum has continued into the current period, with 6MCY25 income reaching PKR 450 million, reflecting sustained business generation.

While operations have been growing, Company's profitability is still evolving, as reflected in a relatively elevated cost base. Direct costs form a significant portion of total expenses, in line with the nature of the leasing business, while administrative expenses have risen due to ongoing expansion and capacity building. Finance costs are driven by dependence on external borrowings to support portfolio growth, Provisioning, though contained, reflects a cautious approach toward potential credit risks. The Company reported a net profit of PKR 236 m in FY25 (FY24: PKR 99 m), demonstrating a strong improvement in bottom line as operations scale. For 6MCY25, profitability stands at PKR 130 m, further indicating a steady upward trend. Margins are expected to stabilize over time as the portfolio matures, operating efficiencies improve, and fixed costs are absorbed over a larger asset base. However, maintaining asset quality against evolving portfolio will remain important to preserve profitability going forward.

LIQUIDITY

The Company's liquidity profile reflects its growth stage, with initial funding largely supported by sponsor equity, which has strengthened to approximately PKR 1.5 bn at the end of Dec 2025 through gradual conversion of loans into permanent capital. Over the past year, the Company has started to diversify its funding base through bank borrowings, with future growth expected to be supported by additional banking lines and potential equity injections from new investors.

Liquidity buffers remain relatively modest, with cash and bank balances of around PKR 60 m, indicating reliance on timely collections and continued access to funding to meet obligations. Overall, liquidity is considered adequate at present, supported by a strengthening equity base and improving funding diversification. Nevertheless, the inherent asset-liability mismatch, given the medium to long-term nature of lease assets versus relatively shorter-term funding, and reliance on collection efficiency will remain important for ratings.

Financial Summary — Appendix I

Balance Sheet (PKR Millions)	FY24A	FY25A	1HFY26M
Fixed Assets (Own Use)	0.4	16.5	13.6
Fixed Assets (Operating Lease)	674.8	1,294.4	1,181.6
Net Investment in Finance Lease	280.3	263.5	317.3
Investments (Long-term & Short-term)	17.0	100.2	0.0
Long-term Finances & Loans	19.0	98.6	237.9
Short-term finances	60.5	100.3	213.9
Current maturity of Non-Current Assets	144.3	457.3	329.9
Cash and Bank Balances	39.6	44.0	60.7
Total Assets	1,155.9	2,279.4	2,299.9
Long-term finances (incl. of current maturity)	563.9	464.8	373.5
Short-term Borrowings	86.7	168.2	81.5
Total Debt	650.6	633.0	455.0
Long-term certificates of deposits (incl. of current maturity)	0.0	0.0	0.0
Short-term certificates of deposit	0.0	0.0	0.0
Total Liabilities	801.4	850.3	741.1
Paid-up Capital	250.0	985.5	985.5
Total Equity	354.4	1,429.0	1,558.8

Income Statement (PKR Millions)	FY24A	FY25A	1HFY26M
Core Income	399.1	657.1	446.4
Other Income	6.7	16.5	3.4
Operating Expenses	152.8	292.7	201.7
Total Provisioning/(Reversal)	28.1	28.7	13.3
Profit/(Loss) Before Tax	123.0	300.8	197.1
Profit/(Loss) After Tax	98.8	236.2	129.8

Ratio Analysis	FY24A	FY25A	1HFY26M
Gross Infection (%)	2.0%	1.0%	1.0%
Net Infection (%)	-0.7%	-0.7%	0.4%
Total Provisioning Coverage (%)	132.8%	171.2%	63.1%
Liquid Assets to Total Debt (%)	8.7%	22.8%	13.4%
Current ratio (x)	0.84	1.44	1.26
Efficiency (%)	42.4%	20.5%	21.2%
Return on Average Assets* (%)	25.0%	19.1%	18.4%
Return on Average Equity* (%)	55.7%	26.5%	17.4%
Gearing (x)	1.84	0.44	0.29
Leverage (x)	2.26	0.60	0.48

A – Annual Accounts
M – Management Account
Annualized, if required

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Cordoba Financial Services Limited
Sector	Non-Bank Financial Companies
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
Rating History	see table below
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.
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	see table below

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
30/04/2026	A	A2	Stable	Initial

Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Misbah Khalil Khan	Chief Executive Officer	April 21, 2026
Mr. Danish Elahi	Director	