



Credit Rating Company Limited

DEFAULT NOTE - VEDA TRANSIT SOLUTIONS (PRIVATE) LIMITED

On March 28, 2025, VIS Credit Rating Company Limited (VIS) downgraded the entity ratings of Veda Transit Solutions (Private) Limited (VTSL or “the Company”) to ‘D’ (Default). The downgrade reflects the Company’s non-payment of certain financial obligations, as disclosed by the new management during a recent due diligence meeting.

VIS assigned initial entity ratings of ‘BBB/A-2’ to the Company on August 24, 2022, reflecting a moderate financial risk profile supported by recurring revenue streams from government-sponsored transit contracts and financial support from sponsors. The ratings were reaffirmed in December 2023 based on available financial and operational information, which indicated that credit risk indicators had remained within acceptable parameters and no payment delays were reported.

The surveillance review of the ratings began in the fourth quarter of 2024. During this period, VIS made multiple attempts to contact the company’s management to obtain updated information and conduct due diligence; however, the management remained unresponsive. VIS learnt from other sources that the management control of the company has been transferred among existing shareholders whereby JW-SEZ (Pvt.) Limited, which previously held a 29% stake in Veda, has agreed to sell a number of shares to Raaziq International (Pvt.) Limited, allowing Raaziq to surpass the 50% ownership threshold and become the majority shareholder, while the transaction is pending formal approvals.

VIS proactively engaged with the current management, requesting the necessary information for the rating review and due diligence. While the new management provided some financial and operational data, during these discussions the management disclosed that certain debt obligations are not being serviced.

Taking note of the default on financial obligations, VIS placed the company’s entity ratings on ‘D’ (Default) on March 28, 2025, reflecting the Company’s non-payment of certain financial obligations.

COMPANY BACKGROUND

Veda Transit Solutions (Pvt.) Limited, incorporated in 2017, is a private limited company specializing in mass transit services, particularly government-subsidized public transportation projects. VTSL operates a fleet of buses under contract with the Punjab Mass Transit Authority (PMA), being responsible for the deployment, operation, and maintenance of public transit vehicles on behalf of the government. Revenues are largely driven by these long-term service contracts, which are subsidized by the provincial government to ensure affordable public transportation.

The shareholding structure of VTSL is diversified across prominent business groups and investors. Major shareholders include Raaziq International (Pvt.) Ltd. (31%), JW-SEZ (Pvt.) Ltd. (29%), MCBFSL Trustee PNO Pakistan Fund (16%), and Transit Associated (Pvt.) Ltd. (14%). As recently reported in due diligence, JW-SEZ (Pvt.) Ltd. has agreed to sell a significant portion of its stake to Raaziq International. This transaction will allow Raaziq International to exceed a 50% ownership interest in VTSL, effectively making it the majority shareholder. While formal regulatory approval of the share transfer is pending, Raaziq’s management team has already assumed control of the Company’s operations and strategic decision-making, and is currently functioning as the parent entity of VTSL. The purported ownership change followed a significant change in the Company’s senior management, including a complete restructuring of the finance and account’s function as informed in the due diligence.

RATIONALE FOR DEFAULT RATING

The rating downgrade to 'D' (Default) reflects confirmed instances of overdue financial obligations that have not been serviced by VTSL. The assigned rating of 'D' is aligned with the rating criteria applicable to entity/Issuer which has defaulted obligations.

The Company's management has conveyed that a financial restructuring process is currently underway to resolve and regularize the overdue liabilities. VIS may review the ratings subject to report of a development on debt restructuring process.

RATING TRANSITION

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
28-Mar-2025	D			Default
13-Dec-2023	BBB	A2	Stable	Reaffirmed
24-Aug-2022	BBB	A2	Stable	Initial

