

JAVEDAN CORPORATION LIMITED

Analysts:

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RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A+	A1	A+	A1
RATING OUTLOOK/ WATCH	Stable		Stable	
SUKUK 1 RATING	AA-		AA-	
SUKUK 1 OUTLOOK/WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	January 01, 2026		October 09, 2024	

Shareholding (5% or More)	Other Information
Arif Habib Corp 39.52%	Incorporated in 1961
Abdul Ghani 11.98%	Public Limited Company (listed)
AKD Securities Limited 11.26%	Chief Executive: Mr. Abdus Samad Habib
	External Auditor: Mr. Yousuf Adil, Chartered Accountants; and Reanda Haroon Zakaria Aamir Salman Rizwan and Co, Chartered Accountants

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

Javedan Corporation Limited ('JVDC' or the 'Company') ratings reflect its established market position within a large-scale, master-planned urban development, supported by strong sponsor lineage under the Arif Habib Group. The Company continues to benefit from diversified real estate offerings, steady secondary market activity and progress across multiple phases of Naya Nazimabad. Cash flow visibility is underpinned by upcoming ongoing commercial plot monetization. Despite operating within Pakistan's cyclical and liquidity-constrained real estate sector, JVDC continues to demonstrate resilient operational performance. Revenue grew sharply in FY25, Future performance will depend on timely execution of planned phases, stability in demand, and successful monetization of inventory. The Company's capital structure strengthened as total debt declined and gearing improved. Liquidity is supported by satisfactory receivable recoveries, available working capital lines, and adequate CFFO-based coverage metrics. Key rating constraints include the sector's inherent volatility, reliance on steady sales and project-driven cash flows, and execution risks tied to upcoming large-scale phases. Nonetheless, draw comfort from sponsors' continued support.

Company Profile

Javedan Corporation Limited ('JVDC' or the 'Company') was incorporated in Pakistan on June 08, 1961, as a public limited company under the repealed Companies Act, 1913 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited (PSX). The registered office of the Company is located at Arif Habib Centre, 23, M.T. Khan Road, Karachi. The Company is engaged in real estate development of a large-scale residential and commercial project and associated community facilities Naya Nazimabad, a master-planned community in Karachi. The Company has positioned into an investment entity, focusing on urban development, supporting infrastructure and REIT-based partnerships.

Sponsor Profile

JVDC is part of the Arif Habib Group, an industrial and financial conglomerate in Pakistan. Arif Habib Corporation Limited (AHCL) major shareholder in JVDC has sizeable shareholding in many different companies operating in diverse sectors such as fertilizers, securities & commodities brokerage, corporate advisory, asset management, cement, steel, wind power and real estate development sectors. Financial strength of AHCL is signified by its net worth of Rs. 81.3bn as at Sept'25 (Jun'25: Rs. 66.3bn).

Management and Governance

CHAIRMAN/CEO PROFILE

Mr. Arif Habib is the Chairman of Arif Habib Group and CEO of Arif Habib Corporation Limited. He also leads several major companies across the industrial, financial, and energy sectors. A prominent figure in Pakistan's capital markets, he has served multiple terms as President of the Karachi Stock Exchange and was a founding Chairman of the Central Depository Company. He has contributed to key government forums on economic policy, investment, and reform. Actively involved in philanthropy, he supports various initiatives in education, health, and community development through leading welfare and charitable institutions.

Mr. Abdus Samad Habib is a business leader with extensive experience in capital markets, corporate finance, and real estate development. After beginning his career at Arif Habib Corporation Limited, he rose through key executive roles and later became Chairman and CEO of Arif Habib Limited, where he oversaw major IPOs and private placements. He led the transformation of Javedan Corporation Limited, developing Naya Nazimabad into a thriving community. He is also serving Safe Mix Concrete Limited as CEO steering its turnaround into a profitable enterprise. His work reflects a commitment to strategic growth and positive societal impact.

BOD's & COMMITTEE:

Javedan Corporation's Board comprises nine directors, including one female member, and maintains an appropriate balance of skills, experience, and independence. In line with the Companies Act, one-third of the Board consists of independent directors, Mr. Abdullah Ghaffar, Mr. Muhammad Siddiq Khokhar, and Mr. Shahid Iqbal Choudhri, strengthening oversight and objectivity. The Board is led by Non-Executive Chairman Mr. Arif Habib, while executive management is represented by the CEO and Executive Director, Mr. Abdus Samad Habib. The remaining Non-Executive Directors include Mr. Muhammad Kashif, Mr. Muhammad Ejaz, Mr. Abdul Qadir, and Ms. Darakshan Zohaib.

Board effectiveness is supported by regular engagement, with four meetings held during 2025 and overall satisfactory attendance. Governance responsibilities are further structured through two formally established committees with approved Terms of Reference. The Audit Committee, chaired by independent director Mr. Abdullah Ghaffar, met quarterly during the year, ensuring robust financial oversight and internal control review. The HR and Remuneration Committee, chaired by independent director Mr. Muhammad Siddiq Khokhar, convened once to oversee leadership evaluation, compensation frameworks, and key HR matters. Overall, the governance framework demonstrates alignment with statutory requirements, clear role delineation, and an active committee structure that supports effective Board oversight.

Business Risk

INDUSTRY

Pakistan's real estate sector, spanning residential, commercial and mixed-use development, property sale and management, and nascent REIT activity, remains a deeply capital-intensive, yet structurally important, pillar of the national economy. Recent economic conditions have led to a slowdown in growth. While the sector had contributed around 3–4 % to GDP under more favorable times, ongoing macroeconomic constraints, from elevated construction and financing costs, higher interest rates, and subdued demand, have dampened momentum. According to official data, the broader construction-related sector (which includes real estate, housing, and development) continues to operate under stress despite some pockets of resilience. One of the lead constraints remains financing and cash flow risk. Developers largely rely on advance payments, instalments, and pre-sales to fund construction. With interest rates still relatively high and inflationary pressures on building inputs (cement, steel, energy), many projects face delays, stretched timelines, cost overruns, and a risk of default or delayed handover. These risks are exacerbated by high levels of uncompleted inventory, tying up capital for long periods before projects become operational or generate returns.

On the supply side, the slowdown in related industries like the cement and steel is also evident. The cement industry, recorded modest growth in FY25 on the back of export growth. Domestic dispatches declined by about 3.1 % to 37.0 million tonnes. Capacity utilization remains weak, indicating muted demand from domestic real estate/construction. High energy, logistics and raw-material costs continue to weigh on construction input prices, further eroding margin for developers and increasing end-user prices. Nevertheless, some structural and medium-term dynamics remain supportive. Rapid urbanization, population growth, and a persistent housing shortage, especially in major metropolitan areas, continue to underpin long-term demand for both residential and commercial property. Meanwhile, a shift by certain developers toward affordable and mid-income housing (smaller units, vertical developments, city-periphery housing) is gradually reshaping the market, offering some genuine value proposition for middle-income buyers in the face of broader affordability constraints. In addition, emerging reforms and evolving market practices, such as improved project structuring, greater transparency around financing and pre-sales, and a nascent but growing interest in more formalized investment vehicles (e.g., REITs, professionally managed residential/commercial projects), have the potential to gradually stabilize investor sentiment, improve funding access, and restore confidence, provided macroeconomic conditions remain supportive.

OPERATIONAL UPDATE:

The Naya Nazimabad project continued to advance in phases during FY25, with steady progress across residential, commercial, and infrastructure segments. Secondary market activity remained strong, with 1,234 property transfers worth approximately PKR 22bn in FY25.

Phase I covers around 500 acres and mainly consists of residential plots and developed blocks. Most units have already been handed over, and the area is largely occupied. Ongoing property transfers during FY25 further indicate active secondary market demand and increasing township maturity. Key community facilities and infrastructure such as roads, utilities, and public spaces remain fully developed and operational.

Phase II covers 120 acres and is focused on apartment projects. Construction work across multiple towers continued as planned, with possession expected to start in late 2025. The Company is largely following a REIT-based development model, which helps in early value realization and reduces the direct funding burden on the Company. Larger initiatives include the Naya Nazimabad Apartment REIT (Peace Apartments), in which JVDC holds a 74% stake, while Signature Residency REIT (with 40% JVDC stake) is scheduled for completion by 2027. Other REITs, including Globe Residency REIT and Rahat Residency REIT, progressed without JVDC equity exposure.

Phase III spans approximately 745 acres and is planned as a mixed-use development, covering both residential plots and commercial areas. The development approach is currently under review and is likely to be executed through a combination of direct development and REIT structures. Launch and phasing decisions will depend on demand trends and funding requirements.

The Company has also shifted focus on development of commercial infrastructure continued during FY25 The Company has allocated 59 small commercial plots, offering phased development potential. During the period, 27 plots were sold, generating proceeds of approximately PKR 2.3bn, while the remaining inventory will be marketed in stages beginning 2026, aligned with market demand and liquidity planning. This structured approach to commercial plot sales is expected to support future cash flows.

PROFITABILITY:

In FY25, net sales increased to PKR 7.4bn, almost 72% higher than PKR 4.3bn in FY24. About 80% of the sales related to plot, while remaining related to development charges and Gymkhana revenues. Despite higher revenues, profitability margins weakened due to lower-margin deliveries.

Operating performance followed a similar trend, with the operating margins reducing to 30.9% in FY25 (FY24: 53.9%), largely due to higher administrative and depreciation expenses linked to completed community assets, including the Gymkhana and Jama Masjid. Finance costs declined to PKR 119mn (FY24: PKR 166mn) owing to lower average policy rate during FY25. Overall profitability modestly declined to PKR 1.6bn in FY25 (PKR 1.7bn in FY24).

Looking ahead, the Company is expected to maintain stable revenues, supported primarily by ongoing Phase II land and commercial plot sales. Contributions from key commercial developments are anticipated to remain significant, underpinning overall top-line stability. While gross profit is likely to moderate slightly, a decline in finance costs is expected to support net profitability. Overall, the Company's forward trajectory reflects steady operational performance and continued monetization of its development projects.

Financial Risk

CAPITAL STRUCTURE

JVDC's capital structure strengthened further in FY25, primarily supported by continued debt reduction. Total debt declined to PKR 7.7bn (FY24: PKR 9.0bn), reflecting repayments across both long-term and short-term facilities. Consequently, the gearing ratio improved to 0.46x (FY24: 0.54x), while leverage edged slightly higher to 0.95x (FY24: 0.90x). Equity remained largely stable at PKR 16.7bn (FY24: PKR 16.6bn), reflecting the distribution of profit for the year as the final dividend.

DEBT COVERAGE & LIQUIDITY:

As a real estate development entity, traditional cash flow coverage indicators do not fully capture JVDC's debt repayment capacity. Since in development led real estate projects cash cycles are uneven and Funds from Operations do not capture committed future cash inflows from booked sales the usefulness of FFO is constrained. A more relevant indicator for developers is Net Cash Flows from Operations (CFFO), which better captures actual cash generation relative to project execution. On this basis, the Company's DSCR stands at 1.77x, while CFFO-to-Total Debt is 0.59x. Liquidity remains supported by a healthy current ratio, which has stayed strong over time. The aging profile of trade receivables is satisfactory, with recovery rates stabilizing around 80%. The Company also has access to PKR 1.8bn in working capital facilities, of which PKR 700mn was utilized as of June 2025, providing an additional buffer for project-related funding needs.

Financial Summary		Appendix I	
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A
Property, plant and equipment	8,755	9,784	10,250
Intangible Assets	2	1	4
Long-term Investments	2,423	6,521	8,452
Development Properties	15,280	17,495	14,807
Trade debts	10,697	1,142	2,549
Short-term Investments	1,714	1,708	1,503
Cash & Bank Balances	82	228	46
Other Assets	3,930	3,435	3,738
Total Assets	42,883	40,314	41,347
Creditors	126	342	92
Long-term Debt (incl. current portion)	8,974	7,092	6,178
Short-Term Borrowings	4,081	1,893	1,488
Total Debt	13,055	8,985	7,666
Other Liabilities	3,781	5,648	8,208
Total Liabilities	16,961	14,975	15,965
Paid up Capital	3,809	3,809	3,809
Revenue Reserve	10,537	10,022	10,153
Other Equity (excl. Revaluation Surplus)	2,758	2,758	2,758
Equity (excl. Revaluation Surplus)	17,104	16,589	16,720
Income Statement (PKR Millions)	FY23A	FY24A	FY25A
Net Sales	16,827	4,350	7,361
Gross Profit	9,033	2,642	2,282
Operating Profit	7,303	2,343	2,273
Finance Costs	337	166	119
Profit Before Tax	6,967	2,177	2,154
Profit After Tax	6,742	1,704	1,565
Ratio Analysis	FY23A	FY24A	FY25A
Gross Margin (%)	53.68%	60.74%	31.00%
Operating Margin (%)	43.40%	53.86%	30.88%
Net Margin (%)	40.07%	39.16%	21.26%
Funds from Operation (FFO) (PKR Millions)	7,195.02	999.20	809.94
FFO to Total Debt* (x)	0.55	0.11	0.11
CFFO to Total Debt (x)	0.25	1.03	0.59
FFO to Long Term Debt* (x)	0.80	0.14	0.13
Gearing (x)	0.76	0.54%	0.46
Leverage (x)	0.99	0.90	0.95
Debt Servicing Coverage Ratio* (x)	2.71	0.30	0.49
Adjusted Debt Servicing Coverage Ratio** (x)	1.06	2.44	1.77
Current Ratio (x)	2.84	2.11	1.79
(Development Properties + trade debts) / STD (x)	6.37	9.85	11.66
Return on Average Assets* (%)	17.71%	4.10%	3.83%
Return on Average Equity* (%)	48.05%	10.11%	9.40%
Cash Conversion Cycle (days)	937	3,949	1,237

*Annualized, if required

**Adjusted for CFFO

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	Javedan Corporation Limited				
Sector	Construction				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	01/01/2026	A+	A1	Stable	Reaffirmed
	10/09/2024	A+	A1	Stable	Reaffirmed
	06/27/2023	A+	A1	Stable	Reaffirmed
	03/28/2022	A+	A1	Stable	Reaffirmed
	12/20/2020	A+	A1	Stable	Reaffirmed
	08/27/2019	A+	A1	Stable	Reaffirmed
	04/04/2018	A+	A1	Stable	Initial
	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: SUKUK				
	01/01/2026	AA-	-	Stable	Reaffirmed
	10/09/2024	AA-	-	Stable	Reaffirmed
	06/27/2023	AA-	-	Stable	Reaffirmed
	03/28/2022	AA-	-	Stable	Reaffirmed
	12/20/2020	AA-	-	Stable	Reaffirmed
	08/27/2019	AA-	-	Stable	Final
	04/04/2018	AA-	-	Stable	Preliminary
Instrument Structure	Transaction / Issue	Rated, Unsecured, and Privately Placed Sukuk (STS)			
	Issue Amount	PKR 3,000 million (inclusive of green shoe option of PKR 1,000 million).			
	Tenor	Eight (08) years inclusive of a grace period of two (02) years from the date of issue			
	Profit Rate	Six (06) months Karachi Inter-Bank Offered Rate ("KIBOR") + 175 bps p.a.			
	Sukuk Redemption	Instrument will be structured to be redeemed in Twelve (12) equal semi-annual installments.			
	Issue Price	At Par			
	Profit Payment	Profit will be paid semi-annually.			
	Legal Advisor	National Bank of Pakistan (NBP)			
Statement by the Rating Team	Security Structure	Lien over Collection Account, Debt Payment Account, and Disbursement Account. Irrevocable, unconditional, first demand Bank Guarantee and/or SBLC issued by a financial institution (having at least AA rating) in favor of the Investment Agent. During the Grace Period, SBLC amounting to Rs. 200 million will be submitted to secure shortfall in profit payments. Later, SBLC will be replaced by an SBLC amount equal to one upcoming semi-annual installment three months prior to the end of the Grace Period. The SBLC mechanism shall be in place for the entire tenor.			
	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. Muneer Gader	Chief Financial Officer (CFO)	29 th October 2025
		Mr. Dabeer Ullah Sheikh	Company Secretary	