

FOR ALL CONCERNED

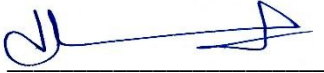
**PLACEMENT OF DRAFT PROSPECTUS OF “KHAADI PAKISTAN LIMITED” ON PSX WEBSITE FOR
SEEKING PUBLIC COMMENTS**

Pakistan Stock Exchange Limited (“PSX”) is pleased to inform all concerned that **Khaadi Pakistan Limited** (“the Company”) has applied for listing on the Main Board of PSX.

The total issue size of the Initial Public Offering comprises 250,000,000 Ordinary Shares having par value of PKR 0.125/- each using Book Building Method at a Floor Price of PKR 12.40/- per share. Arif Habib Limited is the Lead Manager to the Issue.

Pursuant to Clause 3A.(2) of the Public Offering Regulations, 2017, the Draft Prospectus of the Company is hereby placed on the PSX Website under the caption of “**Public Comments on Draft Prospectus of Khaadi Pakistan Limited**”. Details about the Issue can be reviewed through the attached Draft Prospectus of the Company.

All concerned are requested to provide their written comments on the Draft Prospectus, if any, to PSX by emailing at comments.draftprospectus@psx.com.pk latest by **COB Thursday, October 15, 2026**.



Syed Ahmad Abbas

Head of Business Development & Listing

Copy to:

1. The HOD, PMADD (SMD), SECP
2. Khaadi Pakistan Limited
3. Arif Habib Limited
4. PSX Website

ADVICE FOR INVESTORS

INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THIS PROSPECTUS, **ESPECIALLY THE RISK FACTORS GIVEN AT SECTION 5 AND SEEK PROFESSIONAL ADVICE**, BEFORE MAKING ANY INVESTMENT DECISION.

SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS' MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015.

INVESTMENT IN EQUITY SECURITIES INVOLVES A DEGREE OF RISK AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS OFFER UNLESS THEY CAN AFFORD TO TAKE THE RISK OF LOSING THEIR INVESTMENT. INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS OFFERING. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THE EXAMINATION OF THE ISSUER AND THE OFFER INCLUDING THE RISKS INVOLVED AS DISCLOSED AT SECTION 5 OF THE PROSPECTUS.

ADVICE FOR INSTITUTIONAL INVESTORS AND HIGH NET-WORTH INDIVIDUALS

A SINGLE INVESTOR CANNOT SUBMIT MORE THAN ONE BIDDING APPLICATION EXCEPT IN THE CASE OF UPWARD REVISION OF BID. IF AN INVESTOR SUBMITS MORE THAN ONE BIDDING APPLICATION THEN ALL SUCH APPLICATIONS SHALL BE SUBJECT TO REJECTION.

SUBMISSION OF CONSOLIDATED BID IS PROHIBITED UNDER THESE REGULATIONS. A BID APPLICATION WHICH IS BENEFICIALLY OWNED (FULLY OR PARTIALLY) BY PERSONS OTHER THAN THE ONE NAMED THEREIN SHALL BE DEEMED TO BE A CONSOLIDATED BID.

PLEASE NOTE THAT A SUPPLEMENT TO THE PROSPECTUS SHALL BE PUBLISHED WITHIN ONE WORKING DAY OF THE CLOSING OF THE BIDDING PERIOD WHICH SHALL CONTAIN INFORMATION RELATING TO THE STRIKE PRICE, THE OFFER PRICE, NAMES OF THE UNDERWRITERS OF THE RETAIL PORTION OF THE ISSUE IF ANY, UNDERWRITING COMMISSION, BIFURCATING AS TAKE UP COMMISSION OR ANY OTHER, CATEGORY WISE BREAKUP OF THE SUCCESSFUL BIDDERS ALONG WITH NUMBER OF SHARES ALLOCATED TO THEM, DATES OF PUBLIC SUBSCRIPTION AND SUCH OTHER INFORMATION AS SPECIFIED BY THE COMMISSION.

THIS PROSPECTUS CONTAINS FORWARD-LOOKING STATEMENTS. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS CONTAINED IN THIS PROSPECTUS, INCLUDING STATEMENTS REGARDING FUTURE RESULTS OF OPERATIONS AND FINANCIAL POSITION, BUSINESS STRATEGY AND PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS, TIMELINES RELATING TO IMPLEMENTATION PLAN ARE FORWARD-LOOKING STATEMENTS. THESE STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS.



Khaadi Pakistan Limited

PROSPECTUS FOR INITIAL PUBLIC OFFERING

Date and place of incorporation: July 15, 2015, Karachi, **Incorporation number:** 0094409, **Registered & Corporate Office:** 22/F Sky Tower B - East Wing, Dolmen City, Block 4, Marine Drive Clifton, Karachi, **Contact No:** 021-111-542-234, **Website:** <https://www.khaadipakistan.com> **Email:** investor.relations@khaadipakistan.com, **Contact Persons:** Kashif Shah (Director), **Phone:** +92 333 2102423 | **Email:** kashif.shah@weaves.com; Muhammad Talha (Energiser Strategy – Weaves Corporation), **Phone:** +92 331 3087825, **Email:** muhammad.talha@weaves.com

Issue Size: The Issue consists of **500 million** Ordinary Shares (i.e. 20% of the total post-IPO paid up capital of Khaadi Pakistan Limited) of face value of PKR 0.125/- each. **250 million** shares (10%) relate to the Pre-IPO placement, while **250 million** shares (10%) are being offered through the IPO.

Method of Offering: Pre-IPO and Book Building Method

Book Building Method and Floor Price: Seventy percent (70%) of the IPO Issue size i.e. **175 million** shares will be offered through Book Building Method at a Floor Price of PKR **12.40/-** per share (including premium of PKR **12.275/-** per share on the par value of PKR 0.125/- per share) with a maximum price band of up to **45.16%** (PKR. **18.00**). Justification of premium is given under "Valuation section", i.e. Section 4A). The Bidders shall place Bids for seventy percent (70%) of the Issue size and the Strike Price shall be the price at which seventy percent (70%) of the Issue is subscribed. The remaining thirty percent (30%) i.e. **75 million** shares shall be offered to the retail investors through General Public portion.

Pre-IPO Private Placement: In addition to this IPO Issue, the Company has also signed agreements to sell **250 million** Ordinary Shares (10% of the total Post-IPO Paid Up Capital) at a floor price of PKR **12.40**/share through Pre-IPO Private Placement (including premium of PKR **12.275/-** per share on the par value of PKR 0.125/- per share) with a maximum price band of up to **22.58%** (PKR. **15.20**). Pre-IPO price calculation: (IPO floor price + IPO strike price)/2. The transfer of Pre-IPO shares will be completed post the book building process. (Details are disclosed in Section 3A(i)).

Retail/General Public Portion: General Public portion of the Issue comprises of **75 million** ordinary shares (30% of the total issue) at the Strike Price. The retail portion of the public offer shall be fully underwritten.

Public Comments: Draft Prospectus was placed on PSX's website for seeking public comments starting from **11.07.2026** to **14.07.2026** and all public comments received were duly addressed by the Consultant to the Issue.

REGISTRATION OF ELIGIBLE INVESTORS: The registration of eligible investors will commence at 9:00 am on **11.07.2026** and will close at 3:00 pm on **14.07.2026**

BIDDING PERIOD DATES: From **11.07.2026** to **14.07.2026**, From: 9:00 am to 5:00 pm

DATE OF PUBLIC SUBSCRIPTION: From **11.07.2026** to **14.07.2026** (both days inclusive) starting and ending at midnight

Consultant to the Issue	Eligible Participants for Book Building	Underwriters to the Issue
	Securities Brokers, Mutual Funds, Scheduled Banks and Development Finance Institutions that are clearing members of the NCCPL, and trading only brokers ¹	

For retail portion/general public portion, investors can submit application(s) through electronic/online mode. Electronic/online applications can be submitted through PSX's E-IPO system (PES) and CDC's Centralized E-PO system (CES). PES and CES can be accessed via the web links <https://eipo.psx.com.pk>, and www.cdceipo.com. There is no transaction limit on making payment through e-banking channels. Link through Memo dated August 22, 2024, has instructed all its member banks to remove the limits on transfer of funds for transactions executed through e-IPO platforms. For details, please refer to Section 13.3 of the Prospectus.

Date of Publication of this Prospectus: **11.07.2026**

Prospectus and Bidding Form can be downloaded from the following websites: www.khaadipakistan.com, <http://www.psx.com.pk>, www.cdceipo.com and <http://www.arifhabiblttd.com>

For Further Queries you may Contact

Khaadi Pakistan Limited: Kashif Shah (Leader Strategy), **Phone:** +92 333 2102423 | **Email:** kashif.shah@weaves.com; Muhammad Talha (Energiser Strategy), **Phone:** +92 331 3087825, **Email:** muhammad.talha@weaves.com; **Arif Habib Limited:** Malik Harris Rehman (AVP – Investment Banking), **Phone:** +92-21-38280273 | **Email:** harris.rehman@arifhabiblttd.com; Muhammad Ali (Analyst – Investment Banking), **Phone:** +92-21-38280290 | **Email:** muhammad.ali@arifhabiblttd.com; Muhammad Ali Chandio (Analyst – Investment Banking), **Phone:** +92-21-38280638 | **Email:** ali.chandio@arifhabiblttd.com **Underwriter | Askari Bank Limited:** Faizan Shamsi, **Phone:** +92 **Email:** faizan.shamsi@askaribank.com.pk, **Askari Bank Limited:** Faizan Shamsi (SVP – Project Finance), **Phone:** +92 21 35361087 **Email:** faizan.shamsi@askaribank.com.pk, **Muhammad Munir Muhammad Ahmed Khanani Securities Limited:** Abdul Razzak (Chief Financial Officer), **Phone:** +92 21 36490034, **Email:** abdulrazzak@munirkhanani.com, **MRA Securities:** Muhammad Zubair (Head of Compliance), **Phone:** +92-21-2460707 Ext: 206, **Email:** Zubair@mra.com.pk **Ismail Iqbal Securities:** Ahfaz Mustafa, **Phone:** +92-21-34302121, **Email:** ahfaz.mustafa@ismailiqbal.com, **Arif Habib Limited:** Malik Harris Rehman (AVP – Investment Banking), **Phone:** +92-21-38280273 | **Email:** harris.rehman@arifhabiblttd.com, **Zahid Latif Khan Securities:** Muhammad Zubair (Deputy Manager), **Phone:** **0321-5111288** **Email:** muhammadzubair@zlksec.com

The Company is proposed to be listed at the Pakistan Stock Exchange Limited

¹ Provided that Trading Only Securities Broker shall also be eligible to act as Eligible Participant for Book Building. PCM shall create separate accounts for TO brokers. TO brokers shall be allowed to participate in the Book Building from proprietary account and may also on-board its clients.

UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

D433526

E-STAMP

حکومت سندھ

NBP-0002-2609040023884898

GoS-KHI-5A2EB8ADD49CF2EB

Non-Judicial

Rs 500/-

Description	: Bond -10(A)
Indemnifier/Mortgagor	: Arif Habib Limited [2548446]
Indemnified/Mortgagee	: SECP [0000]
Applicant	: Ali Chandio [42201-7944319-3]
Stamp Duty Paid by	: Arif Habib Limited [2548446]
Issue Date	: 04-Sep-2026, 12:41:22 PM
Paid Through Challan	: 202687C434AF5D30
Amount in Words	: Five Hundred Rupees Only

Please Write Below This Line

You can verify your e-Stamp paper by scanning the QR code or online at www.estamps.gos.pk using the "Verification Through Web" option.

Dated: October 02, 2026

UNDERTAKING

WE, SHAMOON SULTAN, THE CHIEF EXECUTIVE OFFICER AND TAHIR IQBAL, THE CHIEF FINANCIAL OFFICER OF KHAADI PAKISTAN LIMITED CERTIFY THAT:

1. THE PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, WHICH IS MATERIAL IN THE CONTEXT OF THE ISSUE AND NOTHING HAS BEEN CONCEALED IN THIS RESPECT;
2. THE INFORMATION CONTAINED IN THE PROSPECTUS IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF;
3. THE OPINIONS AND INTENTIONS EXPRESSED THEREIN ARE HONESTLY HELD;
4. THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKES THIS PROSPECTUS AS A WHOLE OR ANY PART THEREOF MISLEADING; AND
5. ALL REQUIREMENTS OF THE SECURITIES ACT, 2015; THE DISCLOSURES IN PUBLIC OFFERING REGULATIONS, 2017 FOR PREPARATION OF PROSPECTUS, RELATING TO APPROVAL AND DISCLOSURES HAVE BEEN FULFILLED
6. NO CHARGES, FEE, EXPENSES, PAYMENTS ETC. HAVE BEEN COMMITTED TO BE PAID TO ANY PERSON IN RELATION TO THIS PUBLIC OFFERING EXCEPT FOR THOSE AS DISCLOSED IN THE PROSPECTUS.

FOR AND BEHALF OF KHAADI PAKISTAN LIMITED

SHAMOON SULTAN
CHIEF EXECUTIVE OFFICER

ATTESTED
SYED SHAHID ALI
ATTORNEY HIGH COURT
NOTARY PUBLIC
KARACHI-PAKISTAN

TAHIR IQBAL
CHIEF FINANCIAL OFFICER

QR Code

Note: This Supplement shall be published within 1 working day of the close of Bidding Period in at least all those newspapers in which the Prospectus of Khaadi Pakistan Limited is published.

SUPPLEMENT TO THE PROSPECTUS

This Supplement is being published pursuant to The Public Offering Regulations, 2017 and in continuation of the Prospectus of Khaadi Pakistan Limited earlier published on (..)

Khaadi Pakistan Limited

- FLOOR PRICE: PKR 12.40/- PER SHARE
- STRIKE PRICE: PKR [.] /- PER SHARE
- ISSUE PRICE: PKR [.] /- PER SHARE
- PRICE BAND (MAXIMUM 45.16%): PKR 18.00/- PER SHARE

Underwriters to the retail portion of the issue if any

S. No	Name(s) of Underwriters	Number of Shares Underwritten	Amount Underwritten (at Floor)	Amount Underwritten (at Cap)	Underwriting Fee (%)
1	Askari Bank	24,999,000	309,987,600	449,982,000	0.70%
2	Munir Khanani Securities	22,223,000	275,565,200	400,014,000	0.70%
3	MRA Securities	11,111,000	137,776,400	199,998,000	0.70%
4.	Ismail Iqbal Securities	8,333,000	103,329,200	149,994,000	0.70%
5.	Arif Habib Limited	4,167,000	51,670,800	75,006,000	0.70%
6.	Zahid Latif Khan Securities	4,167,000	51,670,800	75,006,000	0.70%
	Total	75,000,000	930,000,000	1,350,000,000	

Category Wise Breakup of Successful Bidders

S. No	Category	No. of Bidders	No. of Shares Provisionally Allocated
1	Commercial Banks	•	•
2	Development Financial Institutions	•	•
3	Mutual Funds	•	•
4	Insurance Companies	•	•
5	Investment Banks	•	•
6	Employees' Provident / Pension Funds	•	•
7	Leasing Companies	•	•
8	Modarabas	•	•
9	Securities Brokers	•	•
10	Foreign Institutional Investors	•	•
11	Any other Institutional Investors	•	•
	Total Institutional Investors	•	•

Glossary of Technical Terms

ACIR	Assistant Commissioner Inland Revenue
ACT	Securities Act, 2015
ADCIR	Additional Commissioner Inland Revenue
AHL	Arif Habib Limited
AIT	Allama Iqbal Town, Lahore
ATIR	Appellate Tribunal Inland Revenue
BOH	Back-of-House
B&M	Brick and Mortar
Bn	Billion
BST	Baluchistan Sales Tax
BUR	Brand Usage Rights
BVPS	Book Value Per Share
c.	Circa (Latin for the word approximate)
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CDC / CDCPL	Central Depository Company of Pakistan Limited
CDS	Central Depository System
CEO	Chief Executive Officer
CES	Centralized e-PO System
CIR	Commissioner Inland Revenue
CIR-A	Commissioner Inland Revenue (Appeals)
Commission/SECP	The Securities and Exchange Commission of Pakistan
Companies Act	Companies Act, 2017
CPI	Consumer Price Index
CTI	Consultant to the Issue
CY	Calendar Year
DCF	Discounted Cash Flow
DDM	Dividend Discount Model
DHA	Defence Housing Authority
DTS	Designated Time Schedule
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ECOM	E-Commerce
EH/ES	Experience Hub/Store
EPS	Earnings Per Share
EY	Ernst & Young
F&B	Food and Beverage
FCFF	Free Cash Flow to the Firm

FY	Financial Year
GDP	Gross Domestic Product
GGM	Gordon Growth Model
GSM	Grams per Meter Square
GST	General Sales Tax
GT	Grant Thornton
HNWI	High Net Worth Individual
HSRG	HSRG (Private) Limited, a third-party manpower service provider
IBAN	International Bank Account Number
IFC	International Finance Corporation
IP	Intellectual Property
IPO	Initial Public Offering
ISB / RWP	Islamabad / Rawalpindi
KDA	Karachi Development Authority
KIBOR	Karachi Interbank Offered Rate. 1MK and 3MK denote one-month and three-month KIBOR respectively
KPK	Khyber Pakhtunkhwa
KST	Khyber Pakhtunkhwa Sales Tax
LC	Letter of Credit
Mn	Million
MNC	Multi-National Corporation
NCCPL	National Clearing Company of Pakistan Limited
NICOP	National Identity Card for Overseas Pakistani
NOC	No Objection Certificate
NRIP	Non-Resident Individual Pakistani
NTN	National Tax Number
P.A.	Per Annum
PACRA	The Pakistan Credit Rating Agency Limited
PAT	Profit After Tax
PBT	Profit Before Tax
PCM	Professional Clearing Member
PES	PSX's E-IPO System
PKR or Rs.	Pakistan Rupee(s)
POS	Point of Sale
Post-IPO	Post Initial Public Offering
PPE	Property, Plant and Equipment
Pre-IPO	Pre Initial Public Offering
PST	Punjab Sales Tax

PSX / Exchange	Pakistan Stock Exchange Limited
PWD	Pakistan Public Works Department Employees Housing Society, Islamabad
RDA	Roshan Digital Account
RM	Running Musharakah
ROA	Return on Assets
ROE	Return on Equity
RTW	Ready-to-Wear
SBP	State Bank of Pakistan
SEO	Search Engine Optimization
SMC-Pvt	Single Member Company – Private Limited
Sq. Ft.	Square Feet
SRB	Sindh Revenue Board
SST	Sindh Sales Tax
STA	Sales Tax Act, 1990
TERF	Temporary Economic Refinance Facility
TTM	Trailing Twelve Months
UAE	United Arab Emirates
UIN	Unique Identification Number
UK	United Kingdom
USA	United States of America
USD	United States Dollar
VIS	VIS Credit Rating Company Limited
WCL	Weaves Corporation Limited

DEFINITIONS

Application Money	In case of bidding for shares out of the Book Building portion, the total amount of money paid by a Bidder which is equivalent to the product of the Bid Price and the number of shares.
Bid	An indication to make an offer during the Bidding Period by a Bidder to subscribe to the Ordinary Shares of Khaadi Pakistan Limited at a price at or above the floor price, including upward revisions thereto. An Eligible Investor shall not make a bid with price variation of more than 10% of the prevailing indicative strike price subject to a maximum price band of 45.16% of the Floor Price. Please refer to Section 12.2 for details.
Bid Amount	The amount equals the product of the number of shares Bid for and the Bid price.
Bid Price	The price at which bid is made for a specified number of shares.
Bid Revision	The Eligible Investors can revise their bids upward subject to the provision of regulation 10(2)(iii) of the PO Regulations. The bids can be revised with a price variation of not more than 10% from the prevailing indicative Strike Price in compliance with Regulation 10(2)(iii) of the PO Regulations. As per regulation 10(2)(vi) of the PO Regulations, the bidder shall not make downward revision both in terms of Bid Price and Bid Volume; Provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the bid amount or bid money remains the same. As per regulation 10(2)(vii) of the PO Regulations, the bidder shall not withdraw their bids.
Bidder	An Eligible Investor who makes bids for shares in the Book Building process.
Book Building	A process undertaken to elicit demand for shares offered through which bids are collected from the Bidders and a book is built which depicts demand for the shares at different price levels.
Book Building Portion	The part of the total Issue allocated for subscription through the Book Building.
Book Building System	An online electronic system operated by the Designated Institution (i.e. PSX) for conducting Book Building.
Brick and Mortar Store	A Khaadi retail outlet operating in the Company's older store format, as distinguished from an Experience Store. Referred to in this Prospectus as a "B&M" store.

BUR Agreement

The Brand Usage Rights agreement between the Company and Weaves Corporation Limited governing the Company's rights in respect of the intellectual properties and the allocation of centralized group costs.

Commission

Securities & Exchange Commission of Pakistan ("SECP").

Company

Khaadi Pakistan Limited (the "**Company**" or the "**Issuer**").

Consolidated Bids

A bid which is fully or partially beneficially owned by persons other than the one named therein.

Consultant to the Issue

Any person licensed by the Commission to act as Consultant to the Issue.

Arif Habib Limited has been appointed as the Consultant to the Issue by the Issuer.

Designated Institution

Includes the securities exchange, central depository and clearing company to provide Book Building System;

Dutch Auction Method

The method through which Strike Price is determined by arranging all the Bid Prices in descending order along with the number of shares and the cumulative number of shares bid for at each Bid Price. The Strike Price is determined by lowering the price to the extent that the total number of shares Issued under the Book Building Portion are subscribed.

"E-PO Platform" means an electronic platform through which investors can submit applications for public subscription of securities electronically with payment through e-banking channels. **Retail investors shall be able to participate in the public subscription through only the E-IPO platforms provided by CDC and PSX.**

The following systems are available for E-IPO:

E-IPO platform

- **PSX's E-IPO System (PES):** To facilitate investors, the Pakistan Stock Exchange Limited ("PSX") has developed an E-IPO System ("PES") through which applications for subscription of securities offered to the General Public/retail portion can be made electronically. PES has been made available in this Issue and can be accessed through the web link (<https://eipo.psx.com.pk>). Payment of subscription money can be made through 1LINK's member banks available for PES. 1 Link through Memo dated August 22, 2024, has instructed all its member banks to remove the limits on transfer of funds for transactions executed through E - IPO platforms. There is no transaction limit on making payment through e – banking channels.

For making application through PES, investors must be registered with PES. The PES registration form is available 24/7, all throughout the year. Registration is free of cost and can be done by:

- the investor himself, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

Similarly, an E-IPO application can be filed by:

- the investor themselves, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

In case of queries regarding PES, investors may contact Farrukh Shahzad, Deputy General Manager - IT Division at phone number: 111-001-122 or (021)-35274401-10, or email: itss@psx.com.pk.

Investors who are registered with PES can submit their applications through the web link, <https://eipo.psx.com.pk>, 24 hours a day during the subscription period which will close at midnight on [.] 2026.

- **Centralized E-IPO System (CES):** To facilitate investors, the Central Depository Company of Pakistan ("CDC") has developed a Centralized e-PO System ("CES") through which applications for subscription of securities offered to the General Public/retail portion can be made electronically. CES can be accessed through the web link (www.cdceipo.com). Payment of subscription money can be made through 1LINK's member banks available for CES. There is no transaction limit on making payment through e – banking channels.

For making application through CES, investors must be registered with CES. Registration with CES is free of cost and can be done under a self-registration process by filling the CES registration form, which is available 24/7 all throughout the year.

In addition to the above, sub-account holder(s) can request their respective TREC Holders who are Participants in Central Depository System (CDS) to make electronic subscription on their behalf for subscription of securities of a specific Company by authorizing (adding the details of) their respective Participant(s) in CES. Consequently, authorized Participants can electronically subscribe on behalf of their sub-account holder(s) in securities offered through Initial Public Offerings (IPOs) and can also make payment against such electronic subscriptions through all the available channels mentioned on CES only after receiving the subscription amount from the sub-account holder(s). To enable this feature, the CDS Participant may request CDC to activate his ID on the CES portal. The securities will be credited directly in Investors' subaccount. In case the sub-account of the investor has been blocked or closed, after the subscription, then securities shall be parked into the CDC's IPO Facilitation Account and investor can contact CDC for credit of shares in its respective account

Investors who do not have CDS account may visit www.cdcpakistan.com for information and details.

For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or contact Farooq Ahmed Butt, Senior Manager – Operations, at Phone 021-34326030 and email: farooq_butt@cdcpak.com.

Investors who are registered with CES can submit their applications through the web link www.cdceipo.com 24 hours a day during the subscription period which will close at midnight on [.] 2026.

IPO Facilitation Account (IFA):

	Investors not having investor account or sub account can subscribe IPO application by opting for the IPO facilitation account. IPO Facilitation Account is an account to be maintained by CDC separately for each IPO wherein securities of such successful applicants who do not have CDS Accounts at the time of making subscription application, shall be parked for a certain period of time. Subsequent to parking, all the successful applicants shall be intimated via email to open an Investor Account with CDC or Sub-Account with any of the CDS Participants (i.e. licensed securities brokers or commercial banks). Upon opening of CDS Account, successful applicants shall approach CDC Investor Account Services and securities of such successful applicants shall be moved from the IFA to their respective CDS Accounts.
Eligible Investor	An Individual or Institutional Investor whose Bid Amount is not less than the minimum bid size of PKR 2,000,000 (Two Million Rupees only).
Eligible Participant for Book Building (Eligible Participant)	Eligible Participant shall include securities brokers (Trading and Clearing, Trading and Self-Clearing, and Trading Only), mutual funds, scheduled banks, and development finance institutions (DFIs) that are clearing member of NCCPL. Provided that Trading Only Securities Broker shall also be eligible to act as Eligible Participant for Book Building. PCM shall create separate accounts for TO brokers. TO brokers shall be allowed to participate in the Book Building from proprietary account and may also on-board its clients. Provided further that in case of Trading Only Securities Broker, Professional clearing member shall collect the margin money from the bidders and deposit the same with NCCPL.
Experience Hub/Store	The Company's flagship retail format, first introduced on December 4, 2021, comprising larger destination stores that consolidate the Company's product categories and customer services in a single location. First Experience Store was established on December 4, 2021, Referred to in this Prospectus as an "Experience Store".
Floor Price	In case of book building means the minimum price per share set by the Issuer in consultation with Consultant to the Issue.
GDP	Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.
General Public	All Individual and Institutional Investors including both Pakistani (residents & non-residents) and foreign investors.
Holding Company	Weaves Corporation Limited ("WCL"), the holding company of Khaadi Pakistan Limited and the group holding entity for the Khaadi, Chapter 2, Kanteen, Kreate Your Mark and SS Chai brands.

Initial Public Offer (IPO)	Initial Public Offering or IPO means first time offer of securities to the general public.
Institutional Investors	Any of the following entities: (i) A financial institution; (ii) A company as defined in the Companies Act, 2017; (iii) An insurance company established under the Insurance Ordinance, 2000; (iv) A securities broker; (v) A fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008; (vi) A fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005; (vii) A private fund established under Private Fund Regulations, 2015; (viii) Any employee's fund established for the benefit of employees; (ix) Any other fund established under any special enactment; (x) A foreign company or any other foreign legal person; and (xi) Any other entity as specified by the Commission.
Issue	The Issue comprises 500,000,000 Ordinary Shares representing 20% of total post-IPO paid-up capital having a Face Value of PKR 0.125/- each. 250,000,000 shares 10% of the post IPO paid up capital relate to the Pre-IPO placement, while 250,000,000 shares (10% of the post IPO paid up capital) are being offered through IPO.
Issue Price	The price at which Ordinary Shares of the Company are issued to the General Public/retail portion. The Strike Price will be the Issue Price.
Issuer	Khaadi Pakistan Limited (the "Company" or "Khaadi")
Key Employees	Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company.
Limit Bid	A bid placed by the bidder at a maximum price that he is willing to pay for shares under the Book Building method.
Limit Price	The maximum price (up to 45.16% of the Floor Price) a prospective Bidder is willing to pay for a share under Book Building.
Listing Regulations	Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited, titled 'Listing of Companies and Securities Regulation'. The aforementioned regulations can be found at the following link; https://www.psx.com.pk/psx/themes/psx/uploads/PSX-Regulations-February-09-2026.pdf
Margin Money	Eligible participants shall collect the margin money from the bidders and deposit the same with the NCCPL. Individual investors and institutional investors shall pay 100% of bid amount as margin money to the Eligible Participant

	Provided that Eligible Participant may accept a lower margin from the bidders based on its own risk assessment. Eligible Participants that are Banks, Development Finance Institutions, and Mutual Funds shall be allowed to participate in the book building with 0% margin money for proprietary trade. Provided that the Banks and Development Finance Institutions shall provide standing instruction to the NCCPL to directly debit the bank account in case of default. Mutual Funds shall provide Irrevocable Undertaking from the Trustee, as per the format prescribed by the NCCPL
Minimum Bid Size	The Bid amount equal to Two Million Rupees (PKR 2,000,000/-).
Ordinary Shares	Ordinary Shares of Khaadi Pakistan Limited having face value of PKR 0.125/- each.
PO Regulations	The Public Offering Regulations, 2017. secp.gov.pk/document/public-offering-regulations-2017-updated-august-6-2025/?wpdmdl=61673&refresh=68c2b70f425cc1757591311
Pret	Ready-to-wear stitched apparel sold as a finished garment, as distinguished from unstitched fabric.
Price Band	Floor Price with an upper limit of 45.16% above the Floor Price, i.e. PKR 12.40/- and PKR 18.00/- , allowing Bidder to make Bid at Floor Price or within the Price Band.
Prospectus	Prospectus means any document described or issued as a prospectus and includes any document, notice, circular, material, advertisement, and offer for sale document, publication or other invitation offering to the public (or any section of the public) or inviting offers from the public for the subscription or purchase of any securities of a Company or body corporate or entity.
Ready-to-Wear	Finished stitched apparel sold to customers as a completed garment. Referred to in this Prospectus as "RTW".
Registration Period	The period during which registration of bidders is carried out. The registration period shall commence three days before the start of the Bidding Period and shall remain open till 3:00 pm on the last day of the Bidding Period. The bidding shall remain open for at least two working days. The bidding shall commence from 09:00 a.m. and close at 05:00 p.m. during the Bidding Period.

	The bidders can revise the bids till 05:00 p.m. on the last day of the Bidding Period.
Related Employees	Related Employees mean such employees of the Issuer, and the Joint Consultants to the Issue who are involved in the Issue. Please refer to Section 3A (vi) for further details.
Running Musharakah	A Shariah-compliant revolving working capital financing facility under which the bank and the customer participate in the customer's operating activities and share the resulting profit. Referred to in this Prospectus as "RM".
Sponsor	A person who has contributed initial capital in the issuing company or has the right to appoint majority of the directors on the board of the issuing company directly or indirectly; A person who replaces the person referred to above; and A person or group of persons who has control of the issuing company whether directly or indirectly.
Step Bid	Step Bid means a series of limit bids at increasing prices. In case of a step bid the amount of each step will not be less than Rupees Two Million (PKR 2,000,000/-).
Strike Price	The price per ordinary share of the Issue determined / discovered on the basis of Book Building process in the manner provided in the Public Offering Regulations 2017, at which the shares are Issued to the successful bidders.
Supplement to the Prospectus	The Supplement to the Prospectus shall be published within One (1) working day of the close of the Bidding Period at least in all those newspapers in which the Prospectus was earlier published and disseminated through the Securities Exchange where shares are to be listed.
Unstitched	Unstitched fabric sold to customers stitched into garments, as distinguished from Ready-to-Wear apparel.

Interpretation:

ANY CAPITALIZED TERM CONTAINED IN THIS PROSPECTUS, WHICH IS IDENTICAL TO A CAPITALIZED TERM DEFINED HEREIN, SHALL, UNLESS THE CONTEXT EXPRESSLY INDICATES OR REQUIRES OTHERWISE AND TO THE EXTENT AS MAY BE APPLICABLE GIVEN THE CONTEXT, HAVE THE SAME MEANING AS THE CAPITALIZED / DEFINED TERM PROVIDED HEREIN.

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SECTION 1

APPROVALS AND LISTING ON THE STOCK EXCHANGE

PROSPECTUS | KHAADI PAKISTAN LIMITED



1. APPROVALS AND LISTING ON THE STOCK EXCHANGE

1.1 Approval of the Securities and Exchange Commission of Pakistan

The Prospectus of the Company has been approved by PSX vide letter No. [.] dated [.] 2026 in accordance with the requirements of the Listing of Companies and Securities Regulations.

Approval of the Securities & Exchange Commission of Pakistan (the "**Commission**" or the "**SECP**") under Section 87(2) of the Securities Act, 2015 read with Section 88(1) thereof, has been obtained by Khaadi Pakistan Limited ("**Khaadi**" or the "**Company**") for the issue, circulation and publication of this offering document (hereinafter referred to as the "**Prospectus**") vide their letter No. SMD/PMADD/IPO/[.] dated [.] 2026.

DISCLAIMER:

- (a) The Securities Exchange and Commission has not evaluated the quality of the issue and its approval should not be construed as any commitment of the same. The public/investors should conduct their own independent investigation and analysis regarding the quality of the issue before subscribing.
- (b) The publication of this document does not represent solicitation by the Securities Exchange and Commission.
- (c) The contents of this document do not constitute an invitation to invest in shares or subscribe for any securities or other financial instrument by the Securities Exchange and Commission, nor should it or any part of it form the basis of, or be relied upon in any connection with any contract or commitment whatsoever of the Exchange and Commission.
- (d) It is clarified that information in this Prospectus should not be construed as advice on any particular matter by the Securities Exchange and Commission and must not be treated as a substitute for specific advice.
- (e) The Securities Exchange and Commission disclaims any liability whatsoever for any loss however arising from or in reliance upon this document to any one, arising from any reason, including, but not limited to, inaccuracies, incompleteness and/or mistakes, for decisions and/or actions taken, based on this document.
- (f) Securities Exchange and Commission does not take any responsibility for the financial soundness of the Company and any of its schemes stated herein or for the correctness of any of the statements made or opinions expressed with regards to them by the Company in this Prospectus.
- (g) Advice from a suitably qualified professional should always be sought by investors in relation to any particular investment

1.2. Filing of Prospectus and other Documents with the Registrar of Companies

Khaadi Pakistan Limited has filed with the Registrar of Companies as required under Section 57 (1) of the Act, a copy of this Prospectus signed by all the Directors of the Company.

1.3. Listing on PSX

Application has been made to PSX for permission to deal in and for quotation of the shares of the Company.

In accordance with Section 69 of the Companies Act, 2017, any allotment made on the basis of this Prospectus shall be void if such permission has not been applied for within seven (7) days after the first issue of this Prospectus or, having been applied for, is not granted within twenty-one (21) days from the closing of the subscription lists (or within such extended period, not exceeding forty-two (42) days, as may within the said twenty-one (21) days be notified by PSX).

If permission to deal in and quote the shares is not granted within the above period, the Company shall forthwith refund, without surcharge, all money received from applicants in pursuance of this Prospectus. If any such money is not repaid within eight (8) days after the Company becomes liable to repay it, the Directors shall be jointly and severally liable to repay that money from the expiration of the eighth day together with a surcharge at the rate of two percent (2%) per month or part thereof and shall, in addition, be liable to a penalty of Level 3 on the standard scale as prescribed under the Act.

All money received from applicants shall be deposited and kept in a separate bank account in a scheduled bank until the Company is no longer liable to repay such amounts under sub-section (2) of Section 69. In the event of default in complying with this requirement, the Company and every officer who authorizes or permits the default shall be liable to a penalty of Level 2 on the standard scale in accordance with the provisions of the Act.



SECTION 2

SUMMARY OF THE PROSPECTUS

PROSPECTUS | KHAADI PAKISTAN LIMITED



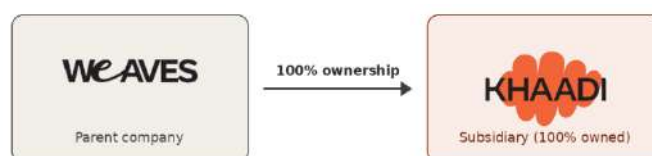
2. SUMMARY OF THE PROSPECTUS

2.1. PRIMARY BUSINESS OF KHAADI PAKISTAN LIMITED

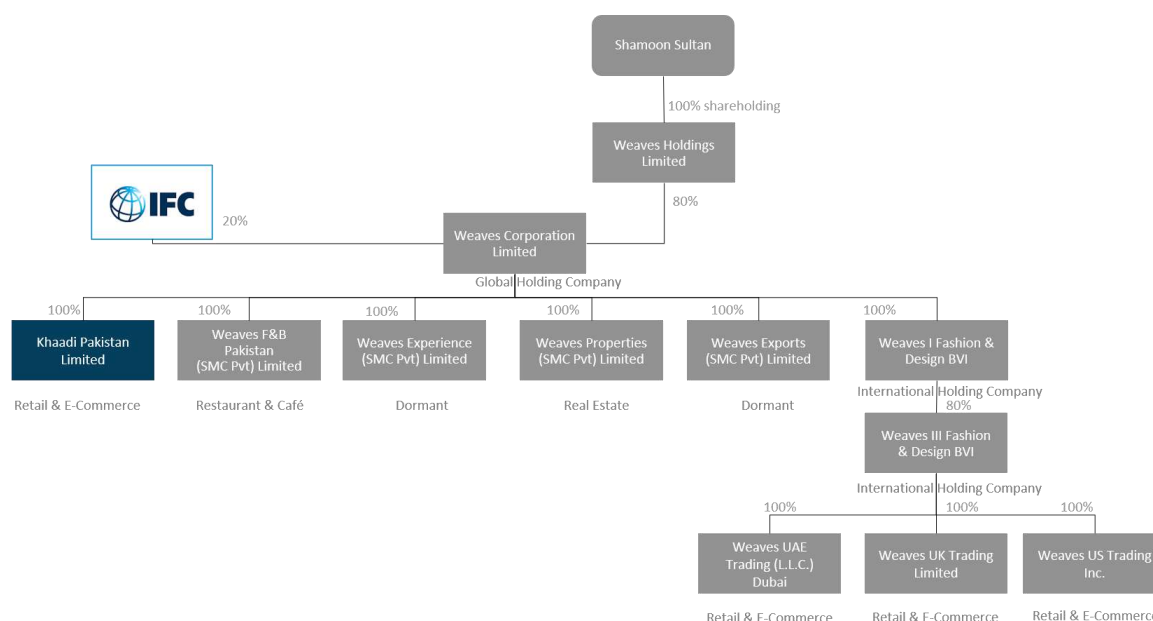
AT A GLANCE

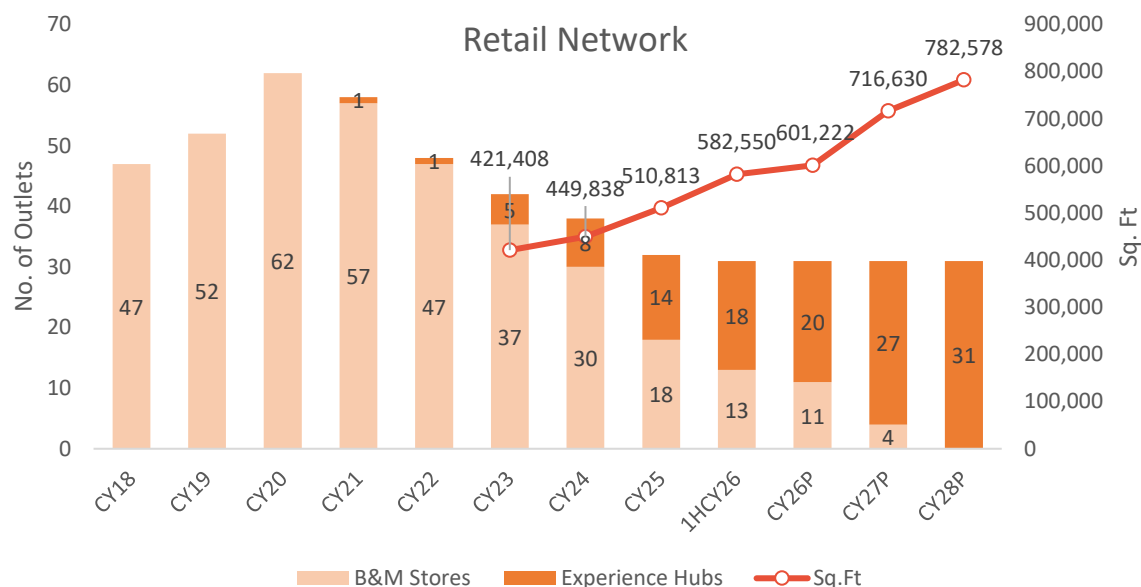
1998 Brand established	31 Stores in Pakistan	18 Experience Stores	13 B&M	3 Product categories	14 Cities
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Khaadi Pakistan Limited, hereinafter referred to as “Khaadi”, “the Company” or “the Issuer”, was incorporated in Pakistan on July 15, 2015 as a single-member company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company’s registered office is situated at Sky Tower B, Dolmen City, HC-3 Marine Drive, Clifton, Karachi. The Company is a wholly owned subsidiary of Weaves Corporation Limited (“WCL” or the “Holding Company”), the group holding entity for the Khaadi, Chapter 2, Kanteen, Kreate Your Mark and SS Chai brands.



The detailed group structure is as follows:





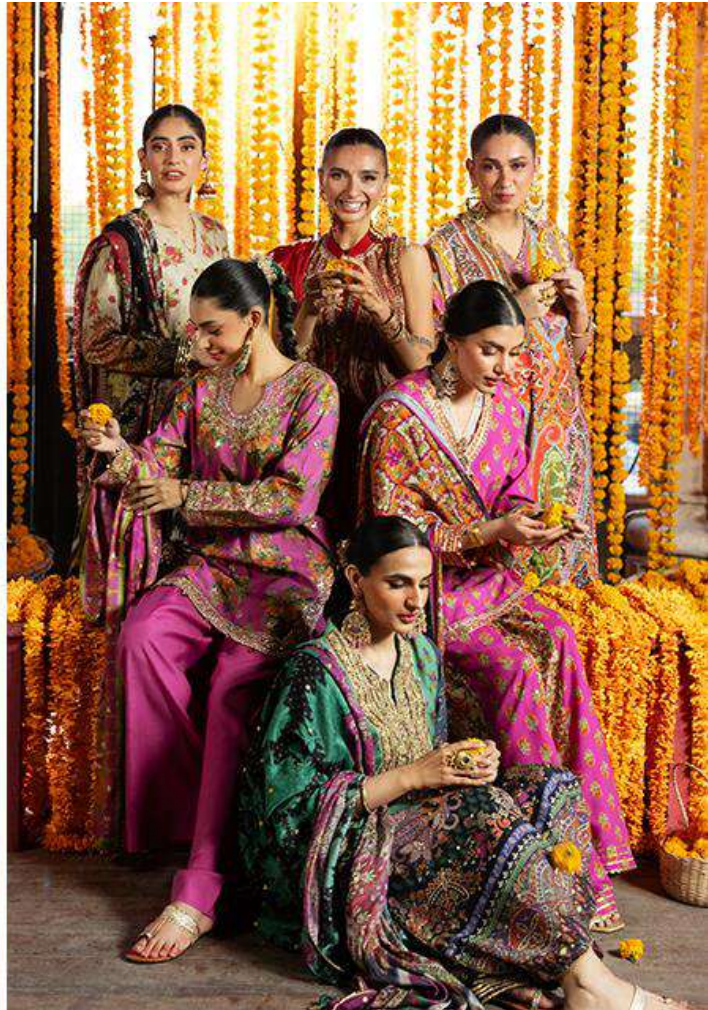
Note: Post 1H CY26, no of stores and Sq.Ft are projections.

The primary business of Khaadi is design, marketing, distribution and retail of textile products and related accessories under the Khaadi brand. The Issuer's operations are conducted in Pakistan a nationwide network of stores along with the Khaadi e-commerce platform. The Khaadi brand is also present in the United Arab Emirates, the United Kingdom and the United States; while supplies to those markets are provided through Khaadi Pakistan, the international operations are conducted through separate companies within the Weaves Group and do not form part of the Issuer.

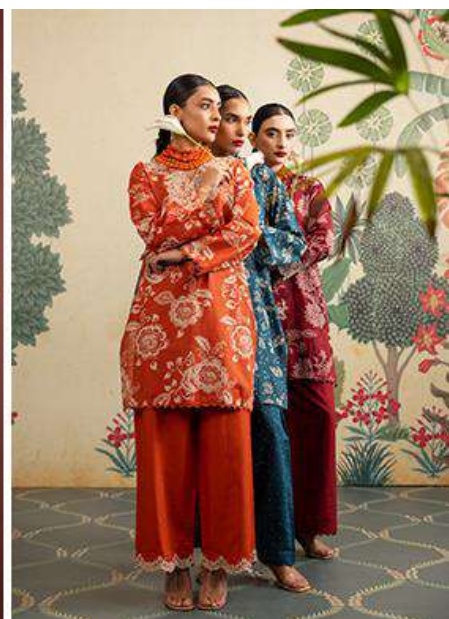
The brand was founded in 1998 by Shamoos Sultan as a single handloom store at Zamzama, Karachi, and is built around a design philosophy rooted in Pakistani craftsmanship and culture. Since inception the Company has grown substantially, with revenue rising from PKR 2.2 Bn in CY12 to PKR 19.4 Bn in CY19 and PKR 25.1 Bn in CY25 - a compound annual growth rate of c. 20.6% - a trajectory that continued despite a temporary setback during the COVID-19 pandemic, when non-essential retail was suspended. In 2021, the International Finance Corporation ("IFC"), a member of the World Bank Group, agreed to invest up to USD 25 million in the Holding Company for a minority stake, with capital deployed into the Company from October 2022 onwards.

The product portfolio has expanded well beyond its original unstitched fabric roots and is organized into three principal categories:

Ready-to-Wear offers the contemporary woman who is always on the go a range of casual and formal wear for festive events and occasions, designed to effortlessly transition from day to night. The category spans Daily Essentials, Signature & Khaas, Chapter 2, Casuals and Tailored.



Fabrics offers the self-confident woman a sophisticated solution to tailor-make her looks and express herself comfortably, across Essentials and Signature & Khaas.



Emerging Concepts is a curated portfolio of lifestyle categories extending the Khaadi brand beyond fashion, including jewellery, statement bags, fragrances and home décor, combining contemporary design, quality and accessibility to deliver a seamless lifestyle experience.



Together these categories position Khaadi as a diversified lifestyle brand.

The Company's expansion strategy has evolved from an approach centered B&M stores, which prioritized geographic reach, to depth Experience Store, which consolidates the network into fewer but, larger and more productive destinations. Khaadi pioneered Pakistan's first Experience Store at Dolmen Mall Clifton, Karachi in December 2021 and has since progressively rolled the format out across its network, including Lahore (Y-Block DHA and Emporium Mall), Karachi (Square One and LuckyOne Malls), Mirpur, Faisalabad and Multan, alongside a dedicated sustainable retail format, "The Green Hub", in Mardan. As at 1HCY26 the Company operates 31 stores in Pakistan, of which 18 have been converted to the Experience Store format, with 13 legacy stores scheduled for upgrade.



Faisalabad Experience Store



Gulberg, Lahore - Experience Store

Digitally, Khaadi has invested in an e-commerce platform built for a seamless customer journey, including detailed product information, sizing guidance and same-day delivery in select markets, designed to mirror the brand experience across physical and online channels alike.

Financially, the Company has maintained a conservative capital structure and disciplined cost management and was assigned a long-term entity rating of “A+” and a short-term rating of “A1” by VIS Credit Rating Company Limited² on August 08, 2025, both with a Stable outlook. Between CY24 and CY26 management prioritized profitability and margin improvement over topline growth; from CY26 onwards the strategy shifts back towards revenue expansion while sustaining operating margins. The Company’s planned IPO is the next phase in this growth trajectory.

2.2. SPONSORS OF KHAADI PAKISTAN LIMITED

Weaves Corporation Limited is the Sponsor and sole shareholder of Khaadi Pakistan Limited. The beneficial shareholders of Khaadi Pakistan Limited are Shamoon Sultan (80%) and International Finance Corporation- a member of the World Bank Group (20%).

2.3. SALIENT FEATURES OF THE ISSUE

The Issue comprises of 500 million ordinary shares of Khaadi of face value of PKR 0.125/- each, which constitutes 20% of the post-IPO paid-up capital of the Company. Of these, 250 million shares (10%) will be issued through a Pre-IPO placement, which has been placed with 15 investors at a price of PKR 12.40/share with a price band of 22.58% above the floor price i.e. PKR 15.20/-, while 250 million shares (10%) are being offered to the public as part of the IPO. Shares will be issued to the Pre-IPO investors at a price equal to the average of the floor price and the IPO strike price.

Of the 250 million ordinary shares for IPO, 70% (seventy percent) i.e. 175 million shares will be offered through the book building process at a Floor price of PKR 12.40/- per share with a price band of 45.16% above the floor price i.e. PKR 18.00/-.

The bidders shall be allowed to place bids for seventy percent (70%) of the offer size i.e. 175 million shares, and the strike price shall be the price at which 70% of the offer is subscribed. Successful bidders will be allotted 70% of the issue size i.e. 175 million shares, with the remaining 30% i.e. 75 million being offered to retail investors at the strike price determined through the book building process Khaadi plans to encourage its customers at select stores to participate in the retail portion of IPO offering. This will increase unique investor base of PSX and will contribute towards broadening of the capital markets of Pakistan. The retail portion is fully underwritten, with Askari Bank, Munir Khanani Securities, MRA Securities, Ismail Iqbal, Arif Habib Limited and Zahid Latif Khan Securities acting as the underwriters to the issue.

2.3.1. PRE-IPO PLACEMENT

Pre-IPO issue consists of 250 million ordinary shares each having a par value of PKR 0.125/-. They will be issued at a floor price of PKR 12.40 per share. The pre-IPO issue investment will be as follows:

S.No	Pre-IPO Investors	No. of Shares	Share Price – Floor*	Amount – Floor (PKR Mn)	Amount – Cap (PKR Mn)	%
1	Habib Bank Limited	124,750,000	12.40 - 15.20	1,546.90	1,896.20	49.9%
2	Kamran Khan	24,193,548	12.40 - 15.20	300.00	367.74	9.7%
3	IGI Investments (Packages Group)	20,161,291	12.40 - 15.20	250.00	306.45	8.1%
4	DEL Projects (DESCON Group)	16,129,033	12.40 - 15.20	200.00	245.16	6.5%
5	Arif Habib	14,354,800	12.40 - 15.20	178.00	218.19	5.7%

² <https://vis.com.pk/Home/PressRelease?mRatingId=01094901003>

6	Muhammad Shahid Ali	8,072,694	12.40 - 15.20	100.10	122.70	3.2%
7	Muhammad Sohail	8,064,517	12.40 - 15.20	100.00	122.58	3.2%
8	Muhammad Adnan	8,064,517	12.40 - 15.20	100.00	122.58	3.2%
9	Muhammad Nasir	8,064,500	12.40 - 15.20	100.00	122.58	3.2%
10	Shunaid Qureshi	8,064,500	12.40 - 15.20	100.00	122.58	3.2%
11	BRR GUARDIAN LIMITED	4,838,500	12.40 - 15.20	60.00	73.55	1.9%
12	First Dawood Investment Bank Ltd And Others Employees Provident Fund	3,225,900	12.40 - 15.20	40.00	49.03	1.3%
13	Ayaz Dawood	887,100	12.40 - 15.20	11.00	13.48	0.4%
14	BRR Investments	806,500	12.40 - 15.20	10.00	12.26	0.3%
15	BRR Financial Services	322,600	12.40 - 15.20	4.00	4.90	0.1%
Total		250,000,000		3,100.00	3,800.00	100.0%

* Pre-IPO price calculation: (IPO floor price + IPO strike price)/2

2.4. PRE AND POST ISSUE SHAREHOLDING OF THE SPONSORS

Name	Designation	Pre-IPO Shareholding		Post-IPO Shareholding	
		Shares Held	Ownership %	Shares Held	Ownership %
Sponsors:					
Weaves Corporation Limited	Sponsor	1,999,999,994	100%	1,999,999,994	80%
Directors:					
Muhammad Asif Peer	Chairperson	1	0%	1	0%
Shamoon Sultan	CEO	1	0%	1	0%
Saira Ruth Shamoon	Executive Director	1	0%	1	0%
Abdul Samad Dawood	Independent Director	1	0%	1	0%
Maheen Rahman	Independent Director	1	0%	1	0%
Muhammad Raza Pirbhai	Independent Director	1	0%	1	0%
Public Offering:					
Pre-IPO Investors		-	-	250,000,000	10%
IPO Investors		-	-	250,000,000	10%
Total		2,000,000,000	100%	2,500,000,000	100%

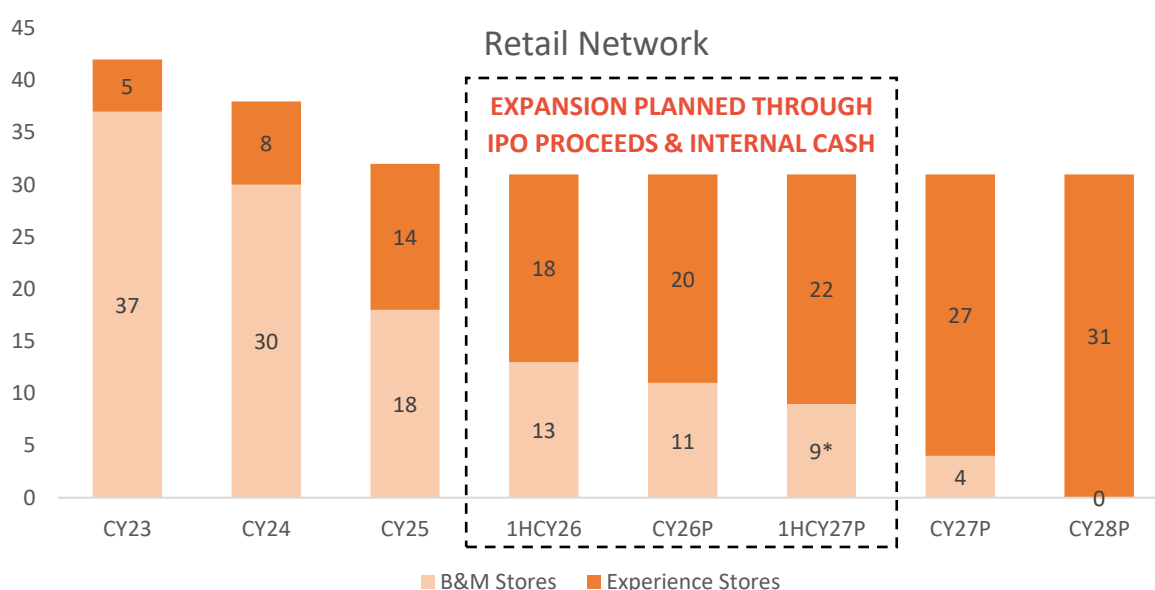
2.5. PRINCIPAL PURPOSE OF THE ISSUE

The Company intends to offer 250 million ordinary shares through this Initial Public Offering ("IPO") at a Floor Price of PKR 12.40/- per share, raising proceeds of PKR 3,100 million. The proceeds will be utilized to finance the Company's growth through opening of Experience Stores.

The Company intends to convert its entire network of 31 outlets into Experience Stores well before CY28. Of these, 8 stores are planned to be opened during CY26 and 1H CY27, funded through a combination of IPO proceeds and internal cash.

The conversion is to be effected in one of two ways at each location. Where additional adjacent space can be acquired at an existing Brick and Mortar outlet, that outlet will be expanded and refurbished into an Experience Store. Where such space is not available, the existing outlet will be closed and an Experience Store established at an alternative location within the same catchment.

The expansion plan through IPO proceeds comprises the establishment of 8 Experience Stores and is expected to be completed by 1H CY27. Of these, 4 were already operational as at 1H CY26, at which date 18 outlets were operating in the Experience Store format.



*Post 1H CY27 these outlets will also be replaced by experience stores.

To support the project pending completion of the Issue, the Company availed bridge financing of PKR 1,764 million from HBL, Faysal Bank, Askari Bank Limited, and Al- Baraka Bank which will be repaid from the IPO proceeds. This bridge financing was utilized to ensure uninterrupted growth.

Conversion of Khaadi's retail network into Experience Stores is a key component of the Company's growth strategy, aimed at strengthening its network of Experience Stores across Pakistan and enhancing the overall retail experience for its customers.

2.5.1. SOURCE OF FUNDING

The total estimated cost is PKR 3,387 Mn for the opening of 8 Experience Stores, which will be funded through a mix of IPO proceeds and internally generated cash. Out of the total cost, PKR 2,051 Mn has already been incurred before the end of 1HCY26, through bridge financing and internal cash. Bridge financing of PKR 1,764 Mn which will be repaid using the IPO proceeds.

Breakup of Fund Requirement	Amount (PKR Mn)	Contribution (%)
Internal Cash Generation – (Capex Already Incurred)	287	8%
IPO Proceeds*	3,100	92%
Total	3,387	100%

*IPO proceeds calculated on the floor price

2.5.2. PROJECT COST

The total cost of opening 8 new Experience Stores is estimated at PKR 3,387 Mn, comprising shop fit-outs, furniture & fittings and office and other equipment as detailed below:

Particulars	Cost (PKR Mn)	% of Total Cost
Project Summary		
Shop Fit out	2,247	66%
Furniture & Fittings	771	23%
Office & Other Equipment	370	11%
Total	3,387	100%

2.5.3. UTILIZATION OF IPO PROCEEDS

Khaadi intends to utilize the IPO proceeds to fund the expansion which includes capital expenditure on shop fit outs, lights & fixtures and office equipment and repay the bridge financing.

Particulars	Costs (PKR Mn)	% of Total IPO Proceeds
Bridge Financing*	1,764	57%
Expansion Cost	1,336	43%
Total	3,100	100%

**The loan was availed as bridge financing to fund capital expenditures incurred prior to the IPO and will be repaid from the IPO proceeds.*

2.6. JUSTIFICATION IN FAVOR OF THE FLOOR PRICE OF PKR 12.40/- PER SHARE

Justification given by the CTI to the issue in favour of floor price of PKR 12.40/- per share may be seen at section 4A of the prospectus, titled VALUATION SECTION.

2.7. QUALIFIED OPINION, IF ANY, GIVEN BY THE AUDITOR DURING THE LAST THREE FINANCIAL YEARS

No qualified opinion was given on the financial statements of Khaadi Pakistan Limited for any of the last three audited financial periods, by the Company's auditors, Yousuf Adil (CY25 and CY24) and PwC (6M CY23).

2.8. FINANCIAL INFORMATION – (PLEASE REFER TO SECTION 6.6 FOR FURTHER DETAILS AND RATIOS ANALYSIS)

PKR Mn	FY 2023	6MCY 2023 ³	CY 2024	CY 2025	6MCY 2026
	Audited	Audited	Audited	Audited	Unaudited
Share Capital	5	5	5	5	250 ⁴
Net Worth	6,125	7,493	6,836	7,520	7,479
Revenue	27,002	13,135	24,598	25,130	17,080
Gross Margin	30%	27%	34%	36%	37%
Operating Margin	8%	6%	12%	13%	15%
Profit After Tax	962	365	1,398 ⁵	1,668	1,606
Profit After Tax Margin	4%	3%	6%	7%	9%
Earnings per Share	1,914	726	2,776	3,318	-
Earnings per Share – Post Bonus ⁶	38.48	14.59	55.93	66.71	-
Earnings per Share – Post Split ⁷	0.48	0.18	0.70	0.83	0.80
Break-up Value per Share	12,171	14,874	13,600	14,960	-
Break-up Value per Share – Post Bonus	244.71	299.07	273.46	300.79	
Break-up Value per Share – Post Split	3.06	3.74	3.42	3.76	3.74
Total borrowings	3,418	5,384	8,078	7,284	7,612
Short-term Borrowings as a portion of total borrowings	73%	100%	69%	8%	15%
Total debt to equity	0.56	0.72	1.18	0.97	1.02
Cash Flow from Operations	(1,015)	(1,359)	1,490	5,734	1,893

Detailed financial analysis of the Company can be found in Section 6.

2.9. OUTSTANDING LEGAL PROCEEDING

2.9.1. Civil Litigations

Sr. No.	Year	Title	Brief Case Description	Stage of Case	Amount (PKR 'Mn)	Management Instance & Current Status
1	2026	Shafaq Amir vs Khaadi Pakistan (SMC-PVT) Ltd	Consumer Complaint filed by Shafaq Amir against Company under Consumer Protection Act KPK.	Final arguments on behalf of the Company have been concluded. Matter is pending for order as of July 22, 2026.	1	Management believes the Company has a strong legal position and is awaiting the decision of the Court.
2	2026	Wajahat Imran vs	Former Employee, Wajahat Imran filed	Matter is pending for submission of	1	Management is contesting the

³ The Company changed its financial year after June 2023, to December year end, thus it is not directly comparable and where required numbers have been annualized for the purpose of ratio calculation.

⁴ Khaadi issued 24,497,334 as bonus shares during 1H CY26, and the paid up capital increased to PKR 250 Million.

⁵ Financial Statements of CY24 have been restated following a change in accounting policy in CY25 with respect to accounting policy (from cost to fair value). Before restatement, PAT for CY24 was PKR 910 million.

⁶ This EPS is calculated by calculating the retrospective impact of bonus issue of 48.73 new shares for each share.

⁷ Khaadi carried out a 1:80 split reducing their par value from PKR 1 per share to PKR 0.125 per share.

Sr. No.	Year	Title	Brief Case Description	Stage of Case	Amount (PKR 'Mn)	Management Instance & Current Status
		Khaadi Pakistan (SMC-PVT) Ltd	proceedings seeking recovery of alleged employment-related dues following termination of employment.	Company's reply to the application filed under s.15(2) of Punjab Payment of Wages Act, 2014.		claim and believes it has reasonable legal grounds to defend the proceedings. For submission of reply on application in Consumer Court in Lahore.
Total					2	

2.9.2. Labour Litigations

S.No.	Year	Case Title	Brief Case Description	Stage of Case	Claim Amount (PKR Mn)	Management Instance & Current Status
1	2018	Abdul Waheed Versus M/s Khaadi Pakistan Ltd CD/12/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	10	Affidavit in Evidence has been filed
2	2018	Shah Nawaz Versus M/s Khaadi Pakistan Ltd CD/14/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	6	Affidavit in Evidence has been filed
3	2018	Muhammad Ameeruddin Versus M/s Khaadi Pakistan Ltd CD/15/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	4	Affidavit in Evidence has been filed
4	2018	Hameeruddin Versus M/s Khaadi Pakistan Ltd CD/16/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	0.5	Affidavit in Evidence has been filed

S.No.	Year	Case Title	Brief Case Description	Stage of Case	Claim Amount (PKR Mn)	Management Instance & Current Status
5	2018	Haseeb Versus M/s Khaadi Pakistan Ltd CD/17/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	3	Affidavit in Evidence has been filed
6	2018	Iqbaluddin Versus M/s Khaadi Pakistan Ltd CD/18/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Pending for arguments. Later stage evidence will be filed.	0.5	Affidavit in Evidence has been filed
7	2018	Muhammad Zikrul Versus M/s Khaadi Pakistan Ltd CD/19/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	7	Affidavit in Evidence has been filed
Total					31	

2.9.3. Income Tax

S.No	Case / Notice Description	Tax Year / Period	If Company LOSES (PKR Mn)	If Company WINS (PKR Mn)	Remarks / Current Status
1	TY2017 – Re-initiated proceedings u/s 122(9)/122(5A) (SCN dated 12-Jun-2019) on the amended assessment order dated 30-Jun-2018; CIR(A) had earlier annulled the demand.	TY 2017	6	No cash outflow-	Management expects the matter to be decided in the Company's favour. The CIR(A) has already annulled the amended assessment order passed under Section 122(5A) of the Ordinance for the tax year 2017, thereby setting aside the tax demand of Rs. 5,964,699. The department's appeal against this favourable order is pending before the ATIR; based on the merits already upheld by the CIR(A), no material cash outflow is anticipated.
3	(AdCIR)Range-B, Audit-I, Medium Taxpayers' Office (MTO), Karachi also passed Order under section 122(5A) of the Ordinance for the tax year 2018 dated April 22,	TY 2018	157	No cash outflow-	Management expects the outcome to be in the Company's favour. The CIR(A) has already annulled the impugned orders raising a consolidated tax demand of Rs. 1,020,279,330 for the tax

	2021, levied therein super tax liability under section 4B of the Ordinance amounting to Rs. 157,097,511				year 2018, having held the additions made by the Additional Commissioner Inland Revenue to be unsustainable in law. The department's appeal against this favourable decision is pending before the ATIR; given the strength of the case on merits, no material cash outflow is anticipated at this stage. However, the Company has already provided for the Super tax based on actual taxable income filed by the Company.
4	The AdCIR finalized the impugned order dated March 09 2022, under Section 122(5A) of the Ordinance for the tax year 2016 and drawn adverse inference by making illegal additions and created tax demand of Rs. 4,151,678/- . The Company being aggrieved of the aforesaid Order has instituted an appeal	TY 2016	4	No cash outflow-	Management believes the Company has a strong case on merits and expects the matter to be decided in its favour. The appeal against the AdCIR's order dated March 9, 2022, which created a tax demand of Rs. 4,151,678 for the tax year 2016 based on additions considered unsustainable, is pending adjudication before the CIR(A). Accordingly, no material cash outflow is anticipated.
5	The Constitutional Petition bearing CP No.774/2018 was instituted by the Company before the High Court against levy of Super Tax under Section 4B of the Ordinance amounting to Rs.44,944,699/- . The High Court has concluded the proceedings in favour of the department vide its order dated July 06, 2020. In the light of aforesaid decision of the Court, we anticipate that the department may initiate proceedings for recovery of above Super Tax liability for the tax year 2017 and onwards.	TY 2017	45	No cash outflow-	The Honourable Sindh High Court has concluded the proceedings in favour of the department, upholding the levy of Super Tax of Rs. 44,944,699 under Section 4B of the Ordinance for the tax year 2017. Management notes that the department may accordingly initiate recovery proceedings for this and subsequent tax years and is monitoring for the formal demand before determining the appropriate course of action, including the cash outflow required. However, the Company has already recorded a provision amounting to Rs. 50 million in the historical financial statements
6	Notice to recover Super Tax u/s 4C	TY 2023	99	No cash outflow-	Section 4C of the Ordinance does not apply to the Company at its own level, as the Company has opted to be taxed as part of a fiscal unit under Section 59AA of

					the Ordinance, with its taxable income, tax chargeable and tax credits assessed and claimed under its holding company, Weaves Holding (SMC-Private) Limited. On this basis, management assesses that the matter will be decided in the Company's favour.
7	161(1A) (Notice to pay tax not deducted / collected) read with section 182(15) and 205(3) of the ITO, 2001 TY-2024, After Two times extension submission reconciliation has been submitted to the department. Normal ITWH reconciliation made and submit to the department	TY 2024	-	-	Management expects this to be a routine withholding-tax monitoring proceeding conducted in the ordinary course of tax administration. The Company has submitted the requisite reconciliation to the department in response to the notice and based on the nature and quantum of the underlying transactions, any resulting cash outflow, if at all, is expected to be nominal.
8	Notice under Rule 44(4) of the Income Tax Rules 2002 TY-2025. After Two times extension submission reconciliation has been submitted to the department. Normal ITWH reconciliation made and submit to the department	TY 2025	-	-	Management expects this to be a routine withholding-tax monitoring proceeding, consistent with the treatment of similar notices in prior tax years. The Company has submitted the requisite reconciliation to the department in response to the notice, and any resulting cash outflow, if at all, is expected to be nominal.
	Total		311		

2.9.4. Sales Tax

S.No	Case / Notice Description	Tax Year / Period	If Company LOSES (PKR Mn)	If Company WINS (Rs.)	Remarks / Current Status
1	Order in Appeal No. 16 dated 13-02-2018. CIR(A) (Appeal) has accepted our appeal. We have filed refund application under section 66 for the refund to the tune for R. 35,751,080/-. The amount of refund claimed has been received by us, However the	Jul 2015 – Jun 2017	31	No cash outflow	Management expects the matter to be decided in the Company's favour. The CIR (Appeals) has already accepted the Company's appeal, and the corresponding refund of Rs. 35,751,080 has been received. The department's appeal before the Appellate Tribunal challenges a decision

S.No	Case / Notice Description	Tax Year / Period	If Company LOSES (PKR Mn)	If Company WINS (Rs.)	Remarks / Current Status
	department has filed an appeal before appellate Tribunal, which is pending for hearing				already made in the Company's favour on merits. On this basis, management assesses that the matter will be decided in the Company's favour.
2	Order in Appeal No. 15 dated 13-02-2018. CIR (Appeal) has accepted our appeal. We have filed refund application under section 66 for the refund to the tune for Rs. 43,199,403/-. The amount of refund claimed has been received by us, However the department has filed an appeal before appellate Tribunal, which is pending for hearing	Jul 2015 – Jun 2017	43	No cash outflow	The CIR (Appeals) has already accepted the Company's appeal, and the corresponding refund of Rs. 43,199,403 has been received. The department's appeal before the Appellate Tribunal challenges a decision already made in the Company's favour on merits. On this basis, management assesses that the matter will be decided in the Company's favour.
3	Show cause notice SRB-COM-III/WHT/HKS/2017-18/2458 dated 20-11-2017, challenged via C.P. No. D-445 of 2018 before Sindh High Court. We have challenged the show cause notice vide C.P. No. D445 of 2018 in the Honourable High Court, has passed an interim order and granted STAY against finalization of proceedings.		-	-	The Company has challenged the show cause notice before the Honourable High Court of Sindh through Constitutional Petition No. D-445 of 2018, and the Court has granted an interim stay against organized at of the proceedings pending adjudication of the petition on its merits. Based on the grounds raised in the petition, management assesses that the matter will be decided in the Company's favour.
4	SCN 145219 dated 17-06-2022 (SRB Karachi). – The Tax Officer partially accepted our submissions; however, he directed to pay Sales tax Withholding for Rs. 103,041,773/- as per Order in Original No. 2294 of 2022 Dated 25-10-2022. We have filled an appeal before Commissioner Appeals SRB against the Order which is pending for hearing	Jul 2019 – Dec 2021	103	No cash outflow	Management believes the matter will be decided in the Company's favour on appeal. Although the Tax Officer partially accepted the Company's submissions, an appeal against the residual demand of Rs. 103,041,773 raised vide Order in Original No. 2294 of 2022 has been filed before the Commissioner (Appeals) SRB and is currently pending adjudication. Management, together with its tax advisors, is confident of a favourable outcome on the merits of the case.

S.No	Case / Notice Description	Tax Year / Period	If Company LOSES (PKR Mn)	If Company WINS (Rs.)	Remarks / Current Status
5	Show Cause 2024-205 dated 09-12-2024 / Order in Original 06/06/2024-2025 dated 27-01-2025 – Sales Tax Refund Case Audit conducted by the department to delay the refund procedure and disallowed Input of Rs. 38,706,795, along with Default Surcharge of Rs. 172,082/- and Penalties of Rs. 2,814,518/-. We have filed an appeal for the impugned order and claim that this Should be adjusted with our Refund amount and release the remaining amount asap, However the matter is pending in CIR(A).	Jul 2021 – Jun 2022	42	No cash outflow-	Management believes the matter will be decided in the Company's favour. The disallowance arose during a Sales Tax refund audit; the Company has filed an appeal against the impugned order, contending that the disallowed amount should be adjusted against its outstanding refund entitlement and the balance refund released. The appeal is currently pending before the CIR (Appeals), and management, based on the merits of the case, expects a favourable resolution.
Total			219		

Summary of Legal Proceedings:

Legal Proceedings	Amount (PKR Mn)
Civil Litigations	2
Labour Litigations	31
Income Tax	311
Sales Tax	219
Total	563

2.10. RISK FACTORS

Kindly refer to section 5 of this prospectus for details regarding the risks faced by Khaadi Pakistan Limited.

2.11. SUMMARY OF RELATED PARTY TRANSACTIONS

The related party transactions undertaken by Khaadi Pakistan Limited is provided hereunder.

Relationship / Nature of Transaction	6M CY23	CY24	CY25	1H CY26
i) Holding Company — Weaves Corporation Limited				
Bonus Shares Issued	-	-	-	245
Issuance of shares at premium	1,003	-	-	-
Dividend Paid	-	-	-	1,647
Buy back of shares at premium	-	2,200	-	-
Purchase of IP brand rights	-	-	8,000	-
Management fees and reimbursement	788	1,405	948	1000
Payment made to holding company	4,694	-	-	-
Receipts from the holding company	3,542	-	-	-

Relationship / Nature of Transaction	6M CY23	CY24	CY25	1H CY26
ii) Associated Companies				
Outlet rent	682	1,409	1,724	935
Sales made	-	-	-	2,373
Payment made to	1,171	395	165	-
Warehousing	291	178	-	-
Receipts from	1,140	334	-	-
Purchase of finished goods	161	282	183	-
iii) Other Related Parties				
Purchase of finished goods	1,987	9,693	9,838	6,681
Embroidery charges	306	-	-	-
CMT charges	272	1,087	-	4
Purchase of uniforms	6	9	-	-
Payment against purchases	3,271	9,331	9,467	-
Financial charges against letter of credit	17	369	514	-
Reimbursement of shop design charges	53	130	39	87
Rental income	17	36	-	-
iv) Key management personnel				
Remuneration	-	-	-	270

All transactions have been carried out on an arm's length basis. The Company in the normal course of business, carries out transactions with various related parties duly approved by the Board of Directors of the Company.



SECTION 3

OVERVIEW, HISTORY AND PROSPECTS

PROSPECTUS | KHAADI PAKISTAN LIMITED



3. OVERVIEW, HISTORY AND PROSPECTS

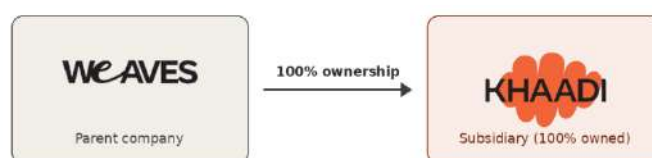
3.1. COMPANY HISTORY & OVERVIEW

Particulars	Details
Name	Khaadi Pakistan Limited (Formerly known as Weaves Pakistan (SMC Private) Limited)
Incorporation Number	0094409
Date of Incorporation and Place	July 15, 2015, Karachi Before incorporation of the Company, it was a Sole Proprietorship
Date of Commencement of Business	Not applicable – the Company was incorporated as a single-member private limited company
Date of Conversion to Public Limited Company	September 08, 2026

Change of Name History						
Effective Year	July 2015	September 2015	September, 2019	September, 2024	June, 2026	September, 2026
Name	K-Clothing (SMC-PVT) Limited	Khaadi (SMC-PVT) Limited	KHAADI Pakistan (SMC-PVT) Limited	Weaves Pakistan (SMC-PVT) Limited	Khaadi Pakistan (SMC-PVT) Limited	Khaadi Pakistan Limited

Khaadi Pakistan Limited ("Khaadi," the "Company," or the "Issuer") is one of Pakistan's leading retail companies. The Company was incorporated in Pakistan on July 15, 2015, as a single-member company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is located at 22/F Sky Tower B, Dolmen City, HC-3, Marine Drive, Clifton, Karachi.

The Company is a subsidiary of Weaves Corporation Limited ("WCL" or the "Holding Company"), the group's holding entity for the Khaadi, Chapter 2, Kanteen, Kreate Your Mark and SS Chai brands.

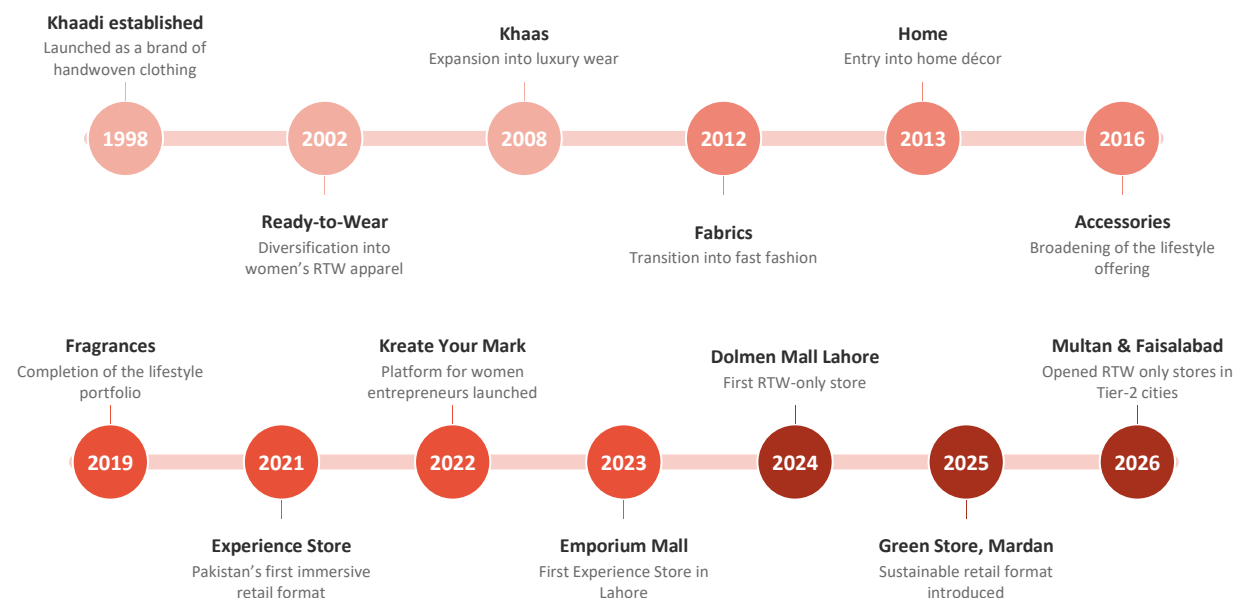


The Company designs and distributes high-quality items, including ready-to-wear, fabrics, handbags, shoes, accessories, fragrances, and home décor. The Company's retail network comprises directly operated stores across Pakistan, complemented by its e-commerce platform.

International operations in the United Arab Emirates, the United Kingdom and the United States are managed by a separate entity within Weaves Corporation Limited, which oversees distribution and coordination with local retail partners in these markets.

The brand identity and product design of the Company continue to be managed centrally.

Origins of the Khaadi brand



Khaadi's story began in 1998, with a small 400-square-foot store in Karachi's fashionable Zamzama neighbourhood. Founded by Shamoos Sultan, the brand was born from a deeply personal vision: a pioneering patriot with a nostalgic reverence for the traditional craft of hand-woven fabric ("khaddar," from which the brand takes its name). Drawing on his background in textiles, Shamoos recognised a significant, untapped opportunity in Pakistan's retail landscape and set out to nurture this idea into a full-fledged brand.

Khaadi launched originally as a menswear label, at a time when men's fashion in Pakistan was largely confined to basic, muted-toned kurtas. From its inception, the brand challenged this convention, offering a bold departure from the status quo.

Rooted in authenticity yet driven by an ambitious, forward-looking spirit, Khaadi evolved steadily over the years. By 2002, the brand had expanded into womenswear and in 2008, it entered the luxury segment with the launch of Khaadi Khaas. A defining moment came in 2012, when Khaadi transformed into a mega retail brand by introducing colourful lawn prints, shifting its focus from a niche audience to a broad and diverse customer base across Pakistan.

Continuing its tradition of innovation, Khaadi expanded further into handbags, shoes, accessories, fragrances, and home décor evolving into a complete lifestyle brand.

Over more than two decades, Shamoos Sultan's original 400-square-foot store has grown into a retail enterprise spanning 14 cities across Pakistan, with its largest store now spanning 35,000 square feet.

Growth of the business

The Company has pursued a consistent trajectory of growth, expanding its store network, product portfolio and customer base across Pakistan. This growth has been underpinned by continuous reinvestment in retail infrastructure, product innovation and brand development, enabling the Company to scale from a single storefront into a nationwide retail enterprise spanning 14 cities.

The Company's revenue grew from PKR 2.2 billion in CY12 to PKR 19.4 billion in CY19 and further to PKR 25.1 billion in CY25, representing a CAGR of 20.6% over the period.



The COVID-19 pandemic presented an unprecedented operating environment for retail businesses in Pakistan and globally. Nationwide lockdowns and restrictions on movement led to the temporary closure of the Company's physical retail network during March–May 2020. In response, the Company accelerated its digital transformation, significantly scaling up its e-commerce platform to sustain sales continuity and meet evolving consumer behaviour, as shoppers shifted toward online channels.



In 2022, the Company's growth trajectory and strong market position were further reinforced by a \$25 million investment from the International Finance Corporation (IFC, a member of the World Bank Group), acquired for a minority equity stake and aimed at accelerating the Company's growth plans. This marked IFC's first investment globally in fashion retail sector. Alongside the capital investment, IFC provided advisory support on corporate governance, environmental and social standards and gender diversification, and nominated a director to the Board. These measures have materially strengthened

the governance framework that the Company brings to this Offering.



From Go-Wide to Go-Deep: The Evolution of the Retail Network

The Company's retail approach has evolved from an early phase centred on brick-and-mortar ("B&M") expansion, prioritizing geographic reach through the rapid opening of stores across multiple locations to a more disciplined model centred on Experience Hubs, comprising fewer, larger and more productive store formats.

The Company's distribution network consists of directly operated stores, which allows it to remain closely connected to its consumers and respond rapidly to shifts in demand. This model also enables the Company to realise high margins by capturing both the distribution and retail components of the value chain. The Company's strategy is to improve store productivity while developing a loyal local clientele through curated product

assortment, merchandising and customer service. It also maintains a continuous store renovation programme to ensure that its retail spaces are consistently maintained to standards that accurately reflect the brand's image and allow for proper, effective presentation of the product range.



Khaadi's network is as follows:

Large Stores – Experience Store

The Company's flagship stores have moved decisively beyond the traditional single-floor retail format to the Experience Hub format. In December 2021, the Company introduced Pakistan's first Experience Hub at Dolmen Mall, Clifton, Karachi, a multi-floor destination designed to house the full Khaadi product universe under one roof, developed in collaboration with the global brand consultancy Landor & Fitch. The Khaadi Experience Hub at Y-Block, DHA, Lahore spans c. 24,000 square feet across four floors, while the Experience Hub at Emporium Mall, Lahore occupies c. 18,000 square feet. Further Experience Hub format stores operate at Square One Mall and LuckyOne Mall in Karachi, with additional multi-floor stores in Mirpur, Multan and Faisalabad.

By widening the product range a customer sees on any single visit and giving them a reason to stay longer, the format lifts average dwell time, basket size and cross-category purchase.

As of H1 CY26, the Company operates 31 stores across Pakistan, of which 18 have been converted to the Experience Hub format. The Company is undertaking a broader transformation of its retail footprint, progressively replacing its existing brick-and-mortar ("B&M") stores with larger-format stores and flagship Experience Hubs, which are designed to provide an enhanced and differentiated retail environment, enable the presentation of the Company's broader product portfolio, and strengthen the overall brand experience. The remaining 13 conventional format stores are scheduled for upgrade, with full conversion to the Experience Hub format targeted ahead of the end of CY28.

As part of this expansion, the Company is accelerating the rollout of Experience Hubs in high-quality shopping malls and other strategically located retail destinations across key markets, including Karachi, Lahore and Islamabad. The Company's location strategy focuses on securing prime, accessible sites with high customer footfall and sufficient catchment potential to support sales and effectively showcase its product portfolio. During H1 CY26, the Company launched four new Experience Hubs, and a further seven are planned for CY27, bringing the total Experience Hub count to 25 by the end of that year.

B&M Store

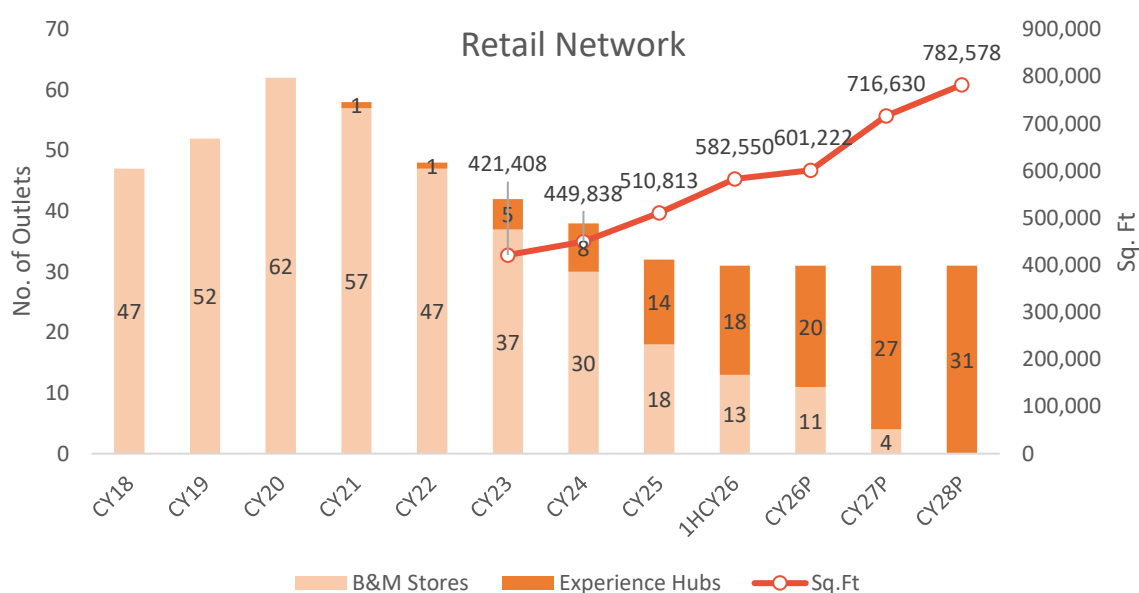
B&M stores will gradually be phased out by CY28 as Company is focused on customer experience through experience stores.

Green Hub

The Company took a significant step forward in sustainable retail with the launch of The Green Hub in Mardan, Pakistan's first Net Zero Energy retail space. The concept reimagines how fashion intersects with the environment, reflecting the Company's commitment to sustainability without compromising on design or accessibility.

Powered entirely by natural resources and cooled through passive, nature-inspired systems, the 6,000-square-foot store operates completely off-grid, significantly reducing operational costs, with savings passed directly to customers. Built using 95% locally sourced materials, the store celebrates regional craftsmanship while minimising plastic use and water consumption through natural cooling methods, reducing carbon emissions and establishing a new benchmark for sustainable retail in Pakistan.

Envisioned by Shamoos Sultan and shaped by evolving consumer values, The Green Hub represents a scalable, future-ready retail model designed to make quality fabrics more affordable and accessible. The Company intends to expand the Green Hub format to additional locations across the country, reinforcing its long-term commitment to sustainable and inclusive retail.



*CY26P till CY28P are mentioned as company's plans.

As of 1H CY26, the Company operates 31 stores in Pakistan, of which 18 have been converted into the Experience format. The remaining 13 B&M stores are scheduled for upgrade and the company aims to operate only Experience Stores from CY28 onwards. The Company is undertaking a transformation of its retail footprint by progressively replacing its existing brick-and-mortar ("B&M") stores with larger-format stores and flagship Experience Stores. The Experience Store format is designed to provide an enhanced and differentiated retail environment while enabling the Company to present its broader product portfolio and strengthen the overall Khaadi brand experience.

The Company has recently launched flagship Experience Stores in Faisalabad, Multan and Rawalpindi, which reflect its evolving retail format and branding strategy. Based on the initial customer response and performance of these locations, the Company intends to further replicate the same Experience Store format across different strategic locations in Pakistan.

As part of its retail expansion strategy, the Company is accelerating the rollout of Experience Stores in high-quality shopping malls and other strategically located retail destinations across key geographical markets, including Karachi, Lahore and Islamabad. The Company's location strategy focuses on securing prime, accessible

locations with high customer footfall and sufficient catchment potential to support sales and provide an appropriate platform for showcasing its product portfolio.

Going forward, the Company intends to continue expanding its Experience Store network while maintaining flexibility to develop stores with location-specific characteristics and operating models. For example, the Company's Mardan store operates on an off-grid basis using solar power, demonstrating the Company's ability to adapt its retail infrastructure to local conditions while incorporating sustainable operating solutions.

During half year 1H CY26, 4 new Experience Stores opened up while 7 Experience Stores are planned to be added in CY 2027 taking total Experience Store count to 25 in CY 2027.

Retail innovation and the customer experience

Innovation continues to define the Company's retail strategy. Working with internationally recognized brand and interior design specialists, the Company has introduced immersive retail environments that enhance the customer journey while reflecting global best practice. From pioneering the Experience format in Pakistan, to introducing a café within its fashion stores, to launching the country's first dedicated Khaadi Ready-to-Wear store, the Company has consistently raised the standard for customer experience in the domestic market.

From the moment customers enter, they are met with a seamless and unobstructed journey. Dedicated spaces are given to each product line, offering breadth of choice within a space that is easy to navigate and designed to invite discovery rather than transaction.

Sustainability has become an explicit part of the retail proposition. In August 2025 the Company opened The Green Hub in Mardan – Pakistan's first Net Zero Energy retail space. The entire store operates entirely off-grid, is powered by natural resources and cooled through passive, nature-inspired systems, and was built using 95% locally sourced materials – cold-rolled steel, local marble, lime, stone and terracotta, all carefully chosen for their strength, aesthetic value and proximity. Lower operating costs are passed directly to customers, and the format is designed to be scalable across the network.



Financial profile and credit rating

The Company's financial profile is underpinned by healthy operating cash flows, disciplined cost management and an efficient working capital cycle. A conservative approach to capital management is reflected in its capital structure, leverage profile and compliance with financing covenants.

On August 08, 2025, VIS Credit Rating Company Limited assigned the Company an initial long-term entity rating of "A+" and a short-term rating of "A1", with a Stable outlook. The rating reflects the Company's established market position, strong brand equity and diversified product portfolio, together with the institutional support arising from IFC's equity investment in the Holding Company.⁸

⁸[VIS Credit Rating Company Limited, Rating Report dated August 08, 2025. Available at: docs.vis.com.pk/RatingReports/OP_01094901003_00010949.pdf](https://docs.vis.com.pk/RatingReports/OP_01094901003_00010949.pdf)

Rated Entity	Rating Agency	Long Term	Short Term	Outlook
Khaadi Pakistan Limited ⁹	VIS Credit Rating Company Limited	A+	A1	Stable

Shamoon Sultan – The founder who redefined Pakistani retail



Shamoon Sultan is the Founder, Dreamer and Chairperson of WCL, parent of Khaadi Pakistan Limited a leading retail company in Pakistan. Since establishing Khaadi in 1998, Shamoon has overseen rapid growth of a diverse retail portfolio that includes fashion apparel and food & beverages.

Shamoon's innovative retail strategy and responsiveness to trends and consumer demand have transformed the Company into one of Pakistan's most recognised retail identities. Under Shamoon's leadership, the Company has significantly expanded its footprint across Pakistan, with Khaadi leading the charge as its flagship brand, growing into a retail network of over 30 stores nationwide. Year after year, through

Shamoon's business acumen, he continues to push the boundaries of retail, delivering pioneering experiences for consumers across Pakistan.

His reputation as one of Pakistan's most influential CEOs was solidified by a USD 25 million investment from the International Finance Corporation (IFC, a member of the World Bank Group) in the Company for a minority equity stake, aimed at accelerating its growth plans.

3.2. PATTERN OF SHAREHOLDING

Name	Pre-IPO Shareholding		Post-IPO Shareholding	
	Shares Held	Ownership %	Shares Held	Ownership %
Sponsors:				
Weaves Corporation Limited	1,999,999,994	100%	1,999,999,994	80%
Directors:				
Muhammad Asif Peer	1	0%	1	0%
Shamoon Sultan	1	0%	1	0%
Saira Ruth Shamoon	1	0%	1	0%
Abdul Samad Dawood	1	0%	1	0%
Maheen Rahman	1	0%	1	0%
Muhammad Raza	1	0%	1	0%
Public Offering				
Pre-IPO	-	-	250,000,000	10%
IPO	-	-	250,000,000	10%
Total	2,000,000,000	100%	2,500,000,000	100%

Details of major shareholders are as follows:

Weaves Corporation Limited:

⁹ <https://vis.com.pk/Home/PressRelease?mRatingId=01094901003>

Weaves Corporation Limited is one of Pakistan's leading fashion and lifestyle companies, with an integrated business model spanning product design, sourcing, manufacturing, retail, and distribution. The Company has established a strong presence through an extensive nationwide retail network, a robust e-commerce platform, and an expanding international footprint, serving millions of customers across multiple product categories.

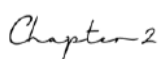
WEAVES

Weaves Corporation Limited was founded by Shamoos Sultan, a pioneering entrepreneur and the visionary behind Khaadi. Since establishing the business in 1998, he has transformed Khaadi from a single retail outlet into one of Pakistan's most recognized fashion and lifestyle brands. Under his leadership, the Company has evolved into a diversified fashion and lifestyle platform, expanding its operations across multiple business verticals while strengthening its vertically integrated operating model and growing both its domestic and international presence.

Weaves Corporation operates a diversified portfolio of brands, each serving a distinct customer segment:



Khaadi is the Company's flagship women fashion and lifestyle brand. Established in 1998 as a handwoven clothing brand, it has since expanded into ready-to-wear apparel, home, accessories, fragrances, and other lifestyle products.



Chapter 2, established in 2016, offers contemporary fashion inspired by indigenous craftsmanship, combining traditional handwoven and handcrafted textiles with modern, minimalist design.



Kanteen, Founded in 2019, Kanteen was born out of a desire to create an elevated street food experience.



Kreate Your Mark, established in 2022, is the Company's non-profit initiative that supports women entrepreneurs by providing dedicated retail spaces within its Experience Stores and Centers to help grow their businesses.



SS Chai, established in 2023, is the Company's tea café concept, offering premium tea in a welcoming environment designed to encourage social interaction and community engagement.

Through its diversified brand portfolio, strong customer franchise, integrated operating model, and continued focus on innovation, Weaves Corporation has established itself as one of Pakistan's leading fashion and lifestyle companies.

3.3. REVENUE DRIVERS

The Company's sales are predominantly generated in Pakistan, as its stores and ECOM network is based there. The Company generates its sales through the retail sale of fashion apparel and accessories, with most sales coming through its outlets and a smaller percentage through its e-commerce platform. Sales generation is supported by weekly product launches, increasing to twice a week during festive seasons. The table below presents the Company's sales breakdown over the past

REVENUE (PKR Mn)	CY23*		CY24		CY25		1H CY26	
	PKR Mn	%	PKR Mn	%	PKR Mn	%	PKR Mn	%
Retail	13,136	87%	25,369	89%	28,974	91%	18,192	82%
Export	-	0%	845	3%	0	0%	2,373	11%
E-Commerce	1,987	13%	2,387	8%	2,694	9%	1,687	8%
Total Gross Revenue	15,123	100%	28,601	100%	31,668	100%	22,252	100%
Discount	-		(85)		(2,005)		(2,466)	
Export Rebate	-		7		-		25	
Sales Tax	(1,988)		(3,925)		(4,533)		(2,731)	

Net Revenue	13,135		24,598		25,130		17,080	
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*Note: The Company changed its financial year end from 30th June to 31st December in 2023, hence CY23 financial data is for a six-month period from 1st July 2023 to 31st December 2023.

3.4. COST DRIVERS

Major Cost Components

MAJOR COST COMPONENTS	CY23*		CY24		CY25		1H CY26	
	PKR Mn	% of Sales	PKR Mn	% of Sales	PKR Mn	% of Sales	PKR Mn	% of Sales
Cost of Sales	9,570	72.86%	16,314	66.32%	16,025	63.77%	10,834	63.43%
Selling & Distribution	1,958	14.91%	3,835	15.59%	4,820	19.18%	2,621	15.35%
Administration Expenses	849	6.46%	1,509	6.13%	1,063	4.23%	1,030	6.03%
Finance Costs	746	5.68%	1,575	6.40%	1,414	5.63%	513	3.00%
Total	13,123	99.91%	23,233	94.45%	23,322	92.81%	14,998	87.81%

*Note: The Company changed its financial year end from 30th June to 31st December in 2023, hence CY23 financial data is for a six-month period from 1st July 2023 to 31st December 2023.

3.4.1. Cost of Sales

COST OF SALES	CY23*		CY24		CY25		1H CY26	
	PKR Mn	%	PKR Mn	%	PKR Mn	%	PKR Mn	%
Opening inventory of finished goods	6,300	65.83%	3,104	19.03%	4,140	25.83%	4,619	42.63%
Purchases during the year	5,156	53.88%	14,870	91.15%	16,239	101.34%	10,660	98.39%
Cost of Goods Manufactured	1,218	12.73%	2,480	15.20%	265	1.65%	-	-
Closing inventory of finished goods	(3,104)	-32.43%	(4,140)	-25.38%	(4,619)	-28.82%	(4,445)	-41.03%
TOTAL	9,570	100	16,314	100	16,025	100	10,834	100%

*Note: The Company changed its financial year end from 30th June to 31st December in 2023, hence CY23 financial data is for a six-month period from 1st July 2023 to 31st December 2023.

The Company's cost of sales represents the largest component of the cost base. Cost of sales was PKR 16,314.0 Mn in CY24, PKR 16,025.1 Mn in CY25. The movement in cost of sales reflects purchases of finished goods, third-party manufacturing & processing costs, and opening and closing finished goods inventory balances.

3.4.2. Packed goods Costs (RTW, Unstitched, & EC)

The Company is principally engaged in sale of Apparel products and accessories. Accordingly, the majority of product-related expenditure is reflected as "purchases during the year".

Purchases of packed goods, constitute the single largest cost driver of the Company, consistent with its fashion retail brand only operating model. Purchases during the year CY25 amounted to Rs. 16,238.97 million in CY25 (CY24: Rs. 14,869.53 million), while cost of goods manufactured, representing goods processed through third-party processing and embroidery service charges declined to Rs. 264.77 million in CY25 from Rs. 2,480.45 million in CY24.

3.4.3. Selling and Distribution Expense

SELLING AND DISTRIBUTION	CY23*		CY24		CY25		1HCY26	
<i>Rupees in Millions</i>	<i>Actual</i>	<i>%</i>	<i>Actual</i>	<i>%</i>	<i>Actual</i>	<i>%</i>	<i>Actual</i>	<i>%</i>
Outlets rent	682	35.00%	1,409	36.74%	1,724	35.77%	935	35.67%
Salaries and other benefits	449	22.93%	930	24.25%	1,117	23.17%	618	23.58%
Utilities	359	18.34%	712	18.57%	770	15.98%	409	15.60%
Repairs and maintenance	239	12.21%	362	9.44%	587	12.18%	294	11.22%
Depreciation	142	7.25%	335	8.74%	292	6.06%	302	11.52%
Miscellaneous Expenses	87	4.44%	87	2.27%	330	6.85%	63	2.40%
TOTAL	1,958	100%	3,835	100%	4,820	100%	2,621	100%

*Note: The Company changed its financial year end from 30th June to 31st December in 2023, hence CY23 financial data is for a six-month period from 1st July 2023 to 31st December 2023.

Selling & distribution expenses have increased during CY25. The increase is primarily attributable to higher outlet rent, which increased from PKR 1,409 Mn to PKR 1,724 Mn, salaries & other benefits which increased from PKR 930 Mn to PKR 1,117 Mn, and utilities, which increased from PKR 712 Mn to PKR 771 Mn.

3.4.4. Salaries and Other benefits

The only costs are those of the retail outlet achievers, which rose from PKR 929.9Mn in CY24 to PKR 1,117.3Mn in CY25. These costs are influenced by store count, staffing model, operating hours, performance incentives and team member benefits.

Description	CY23	CY24	CY25	1H CY26
Average No. of Contractual Employees	799	705	705	658
Salaries – Contractual Employees (PKR Mn)	449	930	1,117	618

3.4.5. Utilities and Repair & Maintenance Expense

Utilities expense has increased from PKR 711.6Mn in CY24 to PKR 769.8Mn in CY25, followed by repairs and maintenance, which increased by PKR 225Mn. These costs are affected by the number, size and location of stores, electricity tariffs, maintenance requirements.

3.4.6. Administrative Expenses

Administration Expense, on the other hand, charged have decreased by 30% in CY25. It comprises management fees / corporate charges of PKR 1 Bn, depreciation of PKR 50.6 million, and auditors' remuneration of Rs. 4.4 million in CY25.

ADMINISTRATIVE EXPENSES	CY23*		CY24		CY25		1H CY26	
<i>Rupees in Millions</i>	<i>Actual</i>	<i>%</i>	<i>Actual</i>	<i>%</i>	<i>Actual</i>	<i>%</i>	<i>Actual</i>	<i>%</i>
Management fees/corporate charges	788	92.8%	1,405	93.1%	1,008	94.8%	1000	99.7%
Depreciation	46	5.4%	90	6.0%	51	4.8%	-	-
Amortization	11	1.3%	10	0.7%	-	-	-	-
Auditors' remuneration	4	0.5%	4	0.3%	4	0.4%	3	0.3%
Miscellaneous Expenses	849	100%	1509	100%	1063	100%	1003	100%
TOTAL	788	92.8%	1,405	93.1%	1,008	94.8%	1000	99.7%

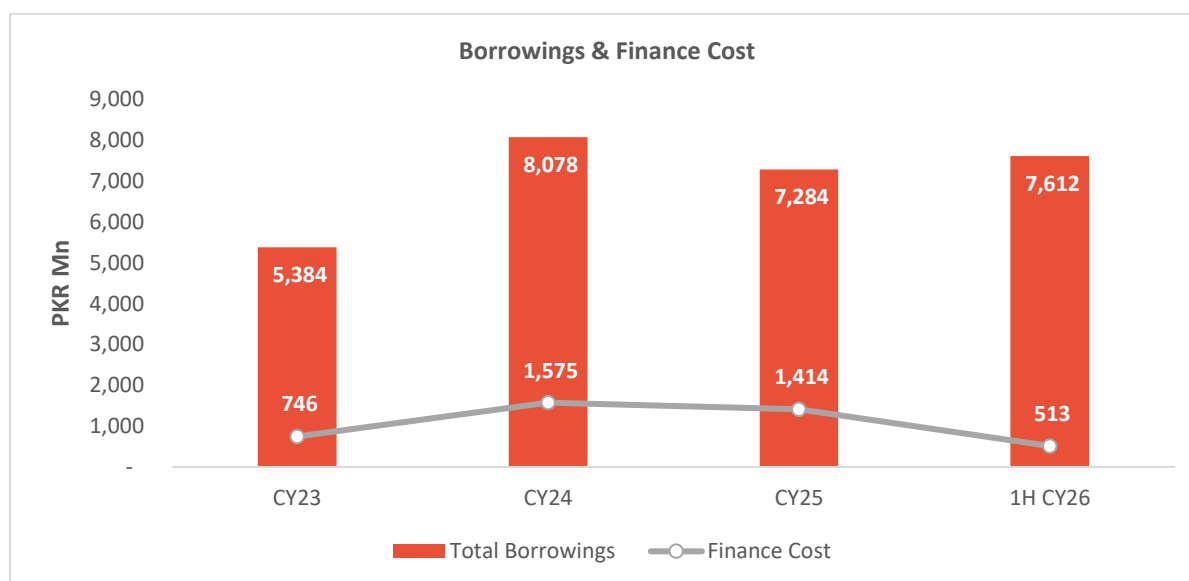
*Note: The Company changed its financial year end from 30th June to 31st December in 2023, hence CY23 financial data is for a six-month period from 1st July 2023 to 31st December 2023.

**Note: These figures have been restated in CY25.

3.4.7. Finance Cost

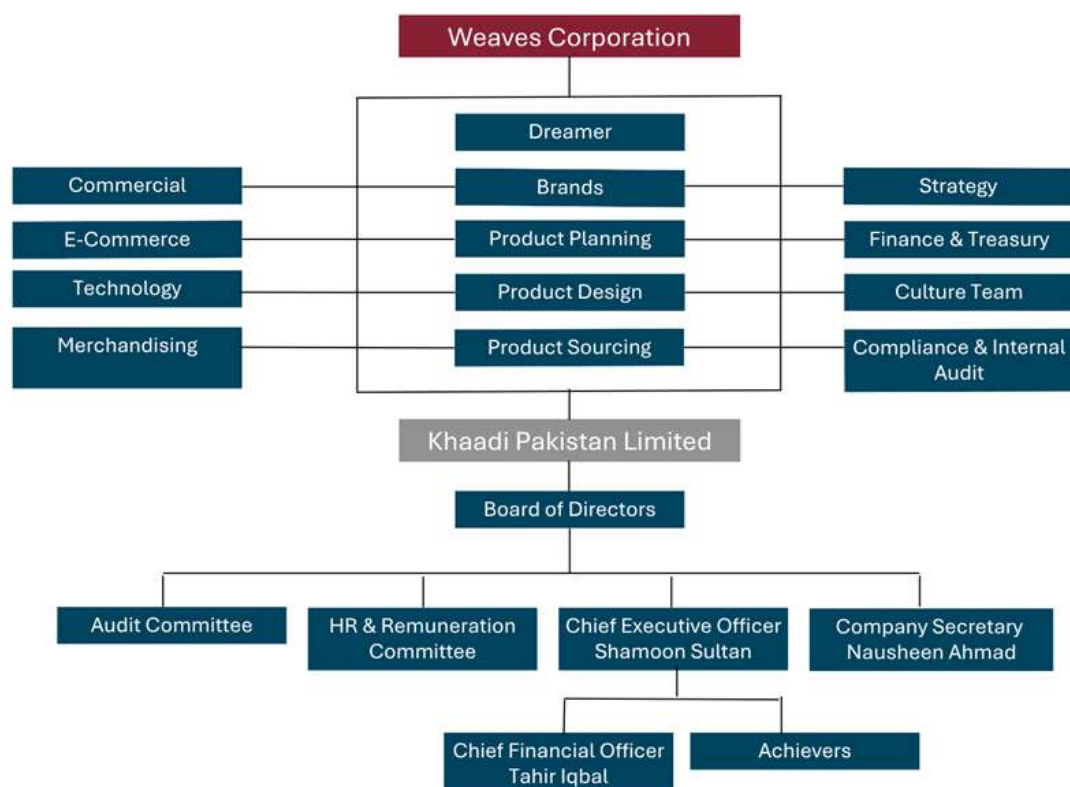
Finance costs have fallen by c. 10% as a result of lower short-term borrowings, leading to a decrease in short term finance cost of c.49% as compared to CY24, primarily due to a significant reduction in the utilization of short-term credit lines.

Finance Costs	CY23*		CY24		CY25		1H CY26	
Rupees in Millions	Actual	%	Actual	%	Actual	%	Actual	%
Mark up Expenses (Short Term Loan)	516	69%	889	56%	456	32%	17	3%
Mark up Expenses (Long Term Loan)	91	12%	135	9%	252	18%	388	76%
Supplier finance arrangements financial charges	17	2%	369	23%	514	36%	-	-
Credit Card Charges	102	14%	155	10%	141	10%	93	18%
Bank Charges	20	3%	27	2%	51	4%	15	3%
TOTAL	746	100%	1,575	100%	1,414	100%	513	100%



3.5. ORGANIZATIONAL STRUCTURE OF THE ISSUER

The Company operates through a centralized organizational structure which is housed in WCL, parent company of Khaadi Pakistan Limited. This arrangement is governed via a BUR Agreement. The reason for this arrangement is that Khaadi is a global brand and operates in four countries. In addition to that, WCL has ventured into the F&B business as well. As is a common practice amongst MNCs, certain expertise is kept centralized, and its costs are allocated to various revenue and cost centers globally. WCL follows the same model, and all of below expertise is centrally placed and provides services to various revenue centers globally:



Note: WCL provides support of all its departments to Khaadi. Achievers are placed in various Khaadi outlets across Pakistan



WCL has entered into a long-term agreement with the Company regarding reimbursement of various costs on an actual basis, which is governed by the BUR Agreement. Within the legal entity of Khaadi Pakistan, all of the retail staff, internally called Achievers, are employed and manage all Khaadi outlets within Pakistan.

3.6. MAJOR EVENTS IN THE HISTORY OF THE ISSUER

Year	Milestones
1998	Established first Khaadi store in Zamzama, Karachi, Pakistan, marking the beginning of the brand's journey
2002	Introduced Khaadi RTW, expanding the brand's product line to cater to customer needs
	Won the 1 st Lux Style Award for 'Men's Wear'
2005	Won the 4 th Lux Style Award for 'Best Men's Wear'
2006	Won the 5 th Lux Style Award for 'Best Retail Brand'
2007	Won the 6 th Lux Style Award for 'Best Retail Brand'
2008	Launched Khaadi Khaas, a high-end fashion line to cater to festive occasions
2011	Won the 10 th Lux Style Award for 'Best Retail Brand' and 'Achievement in Fashion Design – Pret'

2012	Launched Khaadi Fabrics, a range of quality unstitched fabrics for customers to design and stitch their own outfits
	Won the 11 th Lux Style Award for 'Best Retail Brand'
2013	Launched Khaadi Home, a line of home décor products reflecting the brand's signature aesthetic
	Won the 12 th Lux Style Award for 'Best High Street Brand'
2014	Launched Khaadi's online store, providing customers with convenient access to the brand's products
2016	Launched Chapter 2 brand, offering pure hand-woven and handcrafted textiles, embodying a minimalist approach
2017	Won the National Medal of Innovation at the Pakistan Innovation Foundation's National Innovation Awards
	Won the HUM Style Award for 'Brand Development'
2018	Won the HUM Style Award for 'Retail Label of the Year – Apparel'
2019	Won the 18 th Lux Style Award for 'Achievement in Fashion Design – Pret'
	Won the HUM Style Award for 'Retail Label of the Year – Apparel'
2020	Won the GDIB Award for 'Vision Progressive' and 'Product and Services Progressive'
2021	Established Khaadi's head office at Sky Tower, Dolmen City, Karachi, Pakistan, as a testament to the brand's growth and success
	Introduced The Khaadi Experience Store at Dolmen Mall Clifton, Karachi, Pakistan, providing customers with a unique and immersive experience
	Won the GDIB Award for 'Compensation Progressive', 'Marketing Progressive', 'Learning Progressive', and 'Vision Best Practice'
	Won the Pakistan International Screen Award for 'Brand of the Year'
	Won the ARY People's Choice Award for 'Favorite Brand (Pret)'
2022	Launched Kreate Your Mark, a non-profit platform through which women entrepreneurs receive 100% of the sales contribution from their product line and free access to dedicated spaces at the heart of the Experience Stores and Centre in Karachi and Lahore
	Won the Gold Award for 'Best Brand Experience' at the Transform Awards in collaboration with Landor & Fitch
2023	Launched the first Experience Store at Emporium Mall, Lahore, Pakistan, further expanding the brand's retail presence and providing customers with a one-of-a-kind experience

	Launched the first Experience Store at Y Block, DHA, Lahore, consolidating an expression of the brand's passion for design, art and culture
	Launched Experience Store at LuckyOne Mall, Karachi, Pakistan providing customers with an immersive experience
2024	Launched Khaadi's first RTW-only store at Dolmen Mall Lahore, showcasing the brand's dedication to curated fashion and lifestyle experiences
	Won the HUM Style Award for 'Retail Brand of the Year'
2025	Launched Kanteen at Tipu Sultan, Karachi, offering an elevated dining experience with street style food at the core, reimagining beloved classics with a modern approach to presentation
	Launched Khaadi's largest store in Mirpur signifying the brand's commitment to redefining retail experience
	Launched the Green Store in Mardan, further strengthening the brand's commitment to immersive and sustainable retail environments
	Launched a new store in Rawalpindi at Zeta Mall, expanding the brand's retail footprint and deepening customer engagement in the region
	Won the Gender Diversity Award for 'Family-Friendly Workplace'
2026	Launched the largest stores of Multan and Faisalabad, marking a significant milestone in scale and ambition and reinforcing the brand's commitment to delivering elevated retail experiences across key growth cities
	Won the Gender Diversity Award for "Employer of Choice"

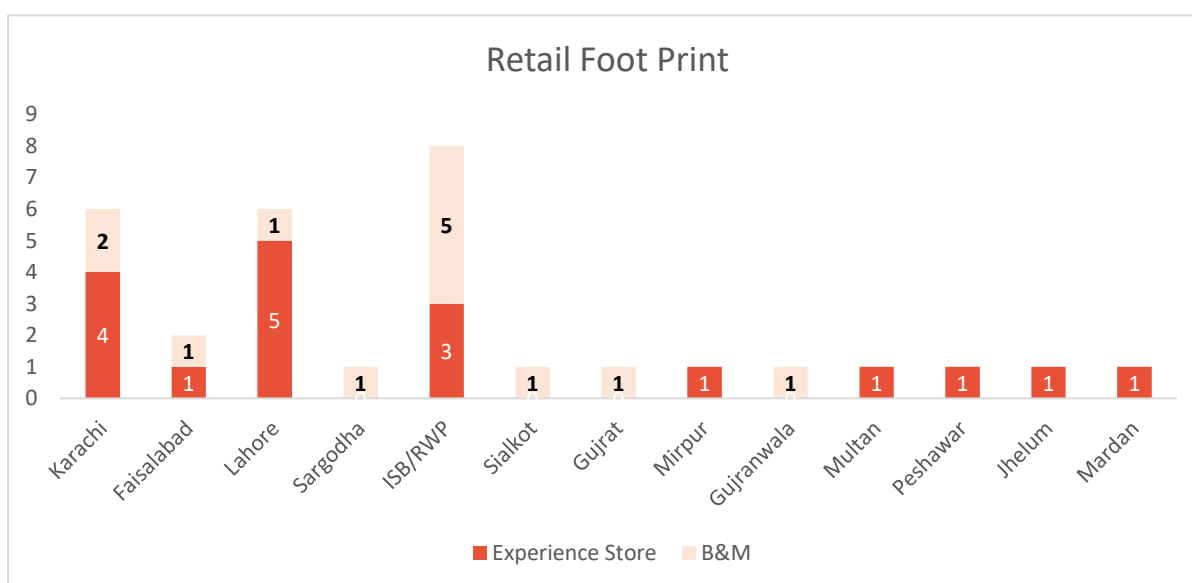
3.7. NATURE AND LOCATION OF THE COMPANY'S PROJECTS

CURRENT STORE OPENINGS AND ONGOING RETAIL EXPANSION

As of 1H CY26, the Company operates 31 retail outlets across 14 cities, which are Karachi, Lahore, Islamabad/Rawalpindi, Faisalabad, Multan, Mirpur, Peshawar, Jhelum, Sialkot, Gujrat, Gujranwala, Sargodha and Mardan. The Company has multiple stores in KLI and Faisalabad.

S.No	CITIES	STORES NAME	RETAIL CHANNELS
1	Karachi	KDA	Experience Store
2	Karachi	Dolmen Mall Tariq Road	B&M
3	Karachi	Lucky One Mall	Experience Store
4	Karachi	Dolmen Mall Clifton - Experience Store	Experience Store
5	Karachi	Square One Mall	Experience Store
6	Karachi	Dolmen Mall Hyderi	B&M
7	Lahore	Allama Iqbal Town	B&M
8	Lahore	Emporium Mall	Experience Store
9	Lahore	Y Block, Phase 3 DHA	Experience Store
10	Lahore	Packages Mall	Experience Store
11	Lahore	Dolmen Mall	Experience Store

S.No	CITIES	STORES NAME	RETAIL CHANNELS
12	Lahore	M.M. Alam Road, Gulberg	Experience Store
13	ISB/RWP	Safa Mall	B&M
14	ISB/RWP	Centaurus Mall	B&M
15	ISB/RWP	Satellite Town	Experience Store
16	ISB/RWP	World Trade Centre Giga Mall	B&M
17	ISB/RWP	PWD	B&M
18	ISB/RWP	Zeta Mall	Experience Store
19	ISB/RWP	F10 Emporium Mall	B&M
20	ISB/RWP	Madison Square	Experience Store
21	Faisalabad	Galleria	B&M
22	Faisalabad	Jaranwala Road	Experience Store
23	Mirpur	Dolphin Chowk	Experience Store
24	Peshawar	Peshawar	Experience Store
25	Multan	Gulgasht Colony	Experience Store
26	Jhelum	Dhoke Abdullah, Civil Line	Experience Store
27	Sialkot	Cantt	B&M
28	Gujrat	Court Road	B&M
29	Gujranwala	Satellite Town	B&M
30	Sargodha	University Road	B&M
31	Mardan	Nowshera Road	Green Hub Experience Store



Khaadi opened its first store on December 13, 1998. Since then, Khaadi has evolved from a single retail concept in Zamzama, Karachi to a fashion retail powerhouse. As part of its continuous evolution and change, the Company introduced Pakistan's first Experience Store on December 4, 2021. Experience Stores provide customers with a first-of-its-kind immersive shopping journey in Pakistan. Since then, 18 Khaadi Experience Stores have been established across Pakistan, and the remaining 13 B&M stores shall be converted within CY28.

Currently, the Company has a retail space of c.582,550 sq ft and has CAPEX plans for c.450,000 sq ft, including conversion of existing B&M stores into Experience Stores.

OPERATIONAL STATUS OF RETAIL OUTLETS AND PRODUCTION UNITS

The Company does not own a manufacturing or production facility. The Company's operational infrastructure primarily comprises its leased retail outlets, which have furniture and fixtures.

NATURE AND TYPE OF RETAIL OUTLETS AND EQUIPMENT

The Company's operations are conducted through its leased retail outlets located in shopping malls as well as stand-alone sites. The outlets vary in size and format depending upon the relevant market.

The retail outlets are supported by the infrastructure ordinarily required for apparel retail operations, including furniture & fixtures, lights, plants, POS and IT infrastructure, mannequins, etc. The nature and quantity of such equipment vary according to each location.

GEOGRAPHIC COVERAGE OF RETAIL AND DISTRIBUTION NETWORK

The Company's existing retail network provides coverage across all major cities of Pakistan. These cities are: Karachi, Lahore, Islamabad/Rawalpindi, Faisalabad, Multan, Mirpur, Peshawar, Jhelum, Sialkot, Gujrat, Gujranwala, Sargodha and Mardan. Khaadi has 31 outlets in Pakistan. In addition to B&M coverage, Khaadi products are distributed to 218 cities across Pakistan via its e-commerce platform.

Khaadi Outlets in Pakistan



Products are received in WCL's global central warehouse, which is based in SITE, Karachi. From there, products are shipped across Pakistan for both Khaadi stores and e-commerce customers. The distribution across Pakistan is done by third-party logistics business partners. The use of multiple logistics firms and last-mile logistics companies provides the Company with flexibility in selecting service providers according to the relevant destination, delivery requirements, service availability and commercial terms.

E-commerce Coverage in Pakistan

E-commerce covers 80% cities of Pakistan



3.8. INFRASTRUCTURE OVERVIEW

3.8.1. Retail Outlets

The Company operates 31 retail outlets across 14 cities in Pakistan, comprising Experience Stores. All outlets are held on lease and are located in shopping malls as well as on stand-alone sites, varying in size and format according to the relevant market. Each outlet is supported by the infrastructure ordinarily required for apparel retail operations, including furniture and fixtures, lighting, POS and IT infrastructure and mannequins, the nature and quantity of which vary by location. As part of its long-term retail strategy, the Company intends to progressively convert its existing B&M outlets into Experience Stores.

The Company's principal retail outlets are set out below by province. For each province, the Company's flagship and Experience Store locations are presented individually, followed by a summary of the remaining outlets in that province.

SINDH:

Dolmen Mall Clifton | Experience Store | Karachi



The Company's Dolmen Mall Clifton store is the highest-performing fashion retail store in Pakistan. As the Company's first Experience Store, opened on December 4, 2021, it significantly exceeded performance expectations, validating the Experience Store strategy and leading the Company to roll the format out nationwide.

LuckyOne Mall | Experience Store | Karachi



KDA | Experience Store | Karachi



Other outlets in Sindh

Retail Centre Description	Retail Centre Type	City
Dolmen Mall Hyderi	B&M	Karachi
Square One Mall	Experience Store	Karachi
Tariq Road	B&M	Karachi

PUNJAB

Dolmen Mall Lahore | Experience Store | Lahore



Packages Mall | Experience Store | Lahore





M.M. Alam Road, Gulberg | Experience Store | Lahore



Y Block, Phase 3 DHA | Experience Store | Lahore



Emporium Mall | Experience Store | Lahore



Zeta Mall | Experience Store | Islamabad



Madison Square Mall | Experience Store | Rawalpindi



Jaranwala Road | Experience Store | Faisalabad



Gulgasht Colony | Experience Store | Multan



Dhoke Abdullah, Civil Line | Experience Store | Jhelum



Other outlets in Punjab

Retail Centre Description	Retail Centre Type	City
Allama Iqbal Town	B&M	Lahore
Centaurus Mall	B&M	Islamabad
World Trade Centre	B&M	Islamabad
Emporium Mall	B&M	Islamabad
PWD	B&M	Islamabad
Safa Mall	B&M	Islamabad
Satellite Town	Experience Store	Rawalpindi
Galleria	B&M	Faisalabad
Cantt Sialkot	B&M	Sialkot
Satellite Town	B&M	Gujranwala
Gujrat Court Road	B&M	Gujrat
University Road	B&M	Sargodha

KHYBER PAKHTUNKHWA**Abdara Chowk** | Experience Store | Peshawar**Nowshera Road** | Green Hub | Mardan

The Green Hub is the Company's pilot sustainable retail format, designed to operate without reliance on grid electricity through the use of renewable energy and energy-efficient building systems. Developed specifically for Pakistan's climatic conditions, the store incorporates passive cooling techniques, natural ventilation, solar power generation and sustainable construction materials to reduce energy consumption. The Green Hub serves as a proof of concept for environmentally sustainable retail infrastructure and reflects the Company's commitment to innovation, operational resilience and reducing its environmental footprint.

AZAD JAMMU & KASHMIR

Dolphin Chowk | Experience Store | Mirpur



The Mirpur Experience Store is South Asia's largest single-brand fashion retail store.

3.8.2. Warehousing and Distribution Facilities

The Company operates a global central warehouse located in SITE, Karachi, which serves as the primary hub for the receipt, storage and distribution of inventory. Products received at the warehouse are inspected, stored and dispatched to retail stores across Pakistan as well as to international markets. The centralized warehousing model enables efficient inventory management, stock replenishment, and operational coordination across the Company's retail network.



3.8.3. WCL Head Office

The Company's Head Office, at the Sky Tower in Karachi, functions as the central management and operational hub for the Khaadi brand. Through its parent company, WCL, the Company operates under a centralized organizational structure, whereby key corporate functions and specialist expertise are managed centrally and

support operations across all jurisdictions in which the Group operates. This arrangement is governed through a BUR Agreement, under which costs are allocated to the relevant operating entities on an actual cost basis.

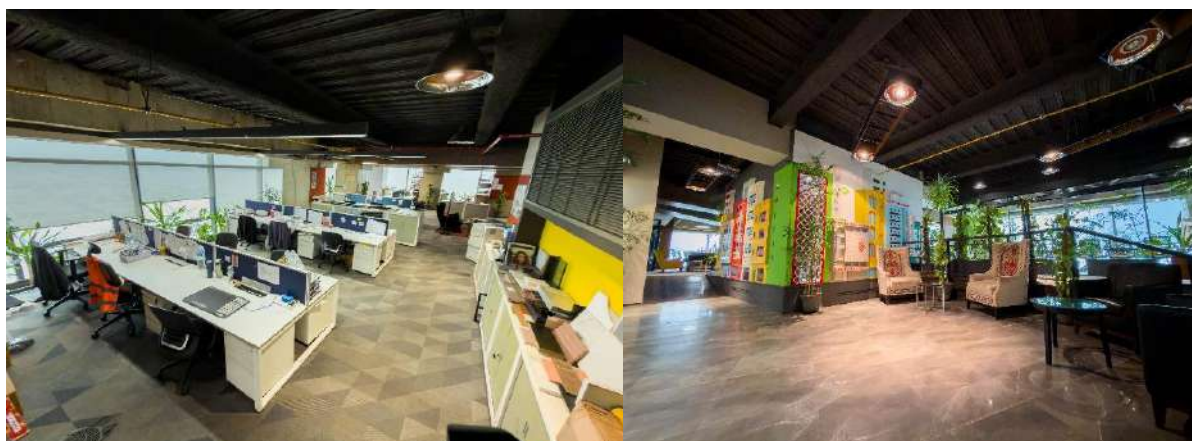


3.8.4. Design and Product Development Centres (WCL Head Office)

The Design and Product Development Centre serves as the strategic nucleus of the Company's innovation and product creation ecosystem, with collection design and development initiated approximately one year in advance to support seasonal planning, market responsiveness, and timely product launches. This forward-looking approach enables the Company to anticipate emerging fashion trends, evolving consumer preferences, and material innovations while ensuring adequate time for product development, sourcing, sampling, testing, and production planning. The Centre integrates design excellence with technical expertise through cross-functional teams specializing in trend forecasting, consumer and market research, concept development, textile

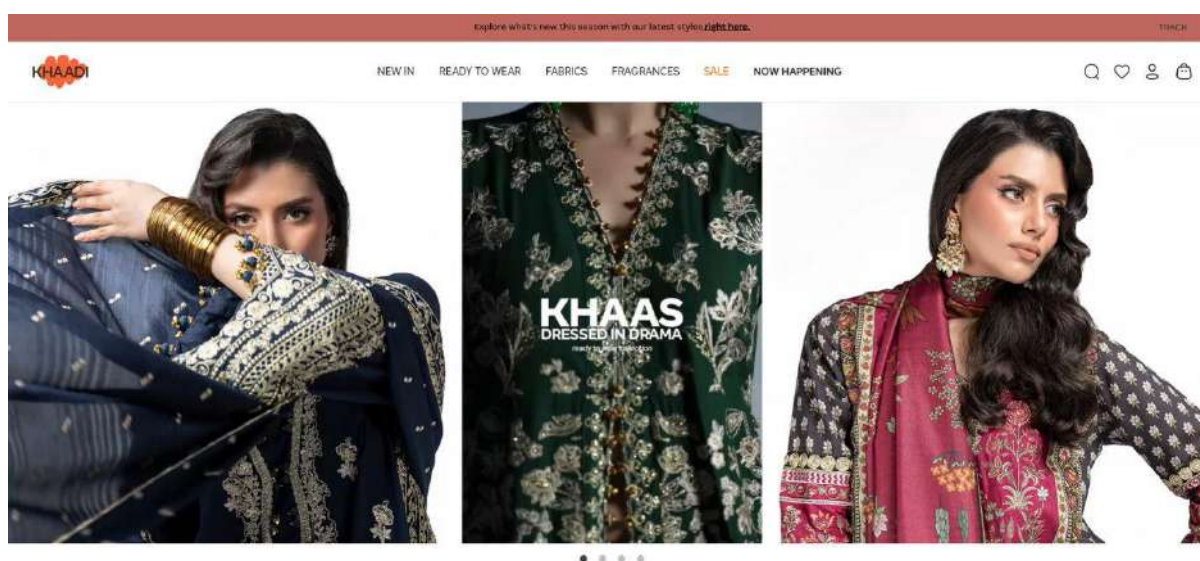
and apparel design, material sourcing, product engineering, technical design, pattern development, sampling, fit evaluation, and quality validation.

Leveraging advanced digital design technologies, comprehensive material & trim libraries, and dedicated sample development facilities, the Centre ensures the seamless transformation of design concepts into production-ready products. Through close collaboration with merchandising, sourcing, manufacturing, and quality assurance functions, the product development process is managed end-to-end; from initial ideation and prototype development to technical approvals, performance evaluation, and production readiness. This integrated approach enables the Company to maintain high standards of design innovation, product quality, operational efficiency, and speed-to-market while consistently delivering products that reflect evolving consumer preferences, global fashion trends, and the Company's commitment to sustainability and continuous improvement.



3.8.5. Logistics and E-commerce Fulfilment Infrastructure

The Company's e-commerce platform provides nationwide coverage across 218 cities in Pakistan. Distribution from the global central warehouse is undertaken through a network of third-party logistics providers enabling deliveries to retail stores and e-commerce customers across Pakistan. The use of multiple logistics partners provides operational flexibility based on destination, service availability and commercial requirements. For deliveries to international locations, a separate logistics team manages product shipments from the global central warehouse to Khaadi stores and e-commerce fulfilment facilities in UAE, UK and USA, while e-commerce last-mile deliveries in each of these countries are managed by the respective Weaves Group companies.



E-commerce Coverage in Pakistan

E-commerce covers 80% cities of Pakistan



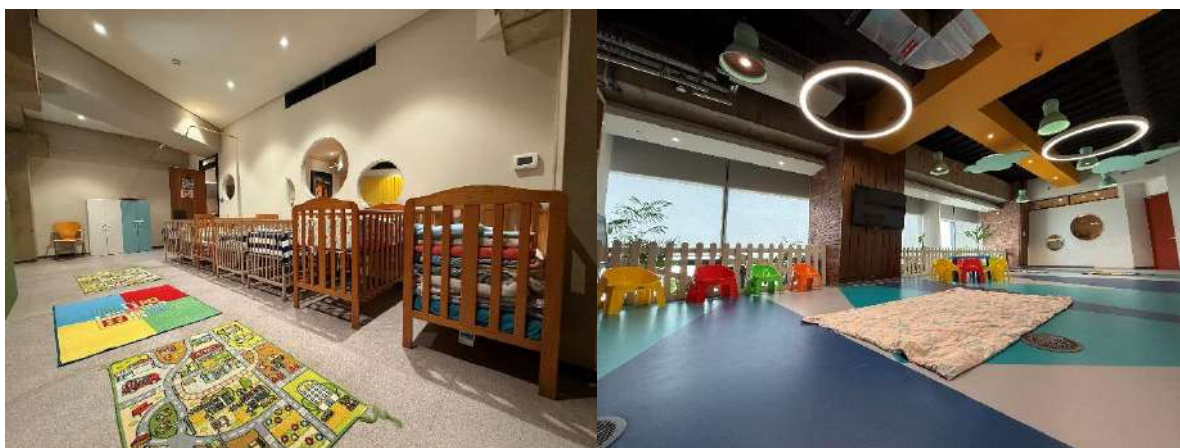
3.8.6. Textile Testing Laboratory

The Company operates a state of the art in-house Quality Assurance and Textile Testing Laboratory in Karachi to ensure that all fabrics and garments meet the required quality standards. The laboratory is equipped with testing equipment and is recognized for its industry-leading quality systems and comprehensive testing capabilities. It is equipped to conduct testing in accordance with internationally recognized ISO and AATCC standards. Its capabilities include evaluating key physical and performance properties such as fabric weight (GSM), dimensional stability (shrinkage), tearing strength, pilling resistance, and colour fastness. These tests are performed prior to and at various stages of production to ensure best-in-class product quality, consistency, and customer satisfaction. The Company's laboratory and testing facilities are better than most of the textile manufacturing companies of Pakistan.

3.8.7. Daycare

The Company operates an on-site daycare facility at its Head Office at Dolmen Mall Clifton as part of its DEI initiatives. Access to daycare team member support enables Khaadi women team members to have the freedom and flexibility to rejoin workstream. Day care set up provides a safe, secure and accessible childcare environment for working parents. This is done through on-site third-party daycare service providers. The facility is intended to enable team members to effectively balance their professional and family responsibilities while supporting workforce participation and team well-being.

The Company's commitment to creating a family-friendly workplace was recognized through the "Family-Friendly Workplace Award" at the Employer of Choice Gender Diversity Awards 2025, presented by the IFC, and The Pakistan Business Council to Weaves Group. The award recognizes organizations that demonstrate high standards in implementing workplace policies and infrastructure that support diversity, inclusion and team member well-being. The on-site daycare facility, together with other family-friendly initiatives, reflects the Company's commitment to providing a supportive working environment aligned with these standards. In CY26, IFC and PBC awarded Weaves Group as Best Employer Award.



3.9. PRODUCTS OF THE ISSUER

The Company designs and distributes high-quality items, including ready-to-wear, fabrics, handbags, shoes, accessories, fragrances, and home décor.

The Company develops new collections for each of its product categories on a seasonal basis, in line with the fashion industry's collection calendars. These collections encompass a broad range of new designs, classics and updated best sellers. The Company may discontinue or reinterpret designs that have reached the end of their lifecycle or no longer align with the brand's image. It also employs innovative designs and materials to offer distinctive merchandise and maintains stringent quality standards through close oversight of design, product development and distribution.



3.9.1. Ready-to-Wear

The Company presents four women's ready-to-wear collections annually, including the Chapter 2 collection. Ready-to-wear serves to unify and promote the brand image and forms the platform from which the accessory and footwear collections are designed. The women's clothing range incorporates a full spectrum of products, including essentials, tailored wear and evening wear, refreshed weekly.



3.9.2. Fabrics

The Company presents fabric collections through its unstitched category, offering customers the flexibility to have garments tailored to individual preferences. The fabric range incorporates a full spectrum of products, including lawn, khaddar, embroidered and printed fabrics, refreshed seasonally.



3.9.3. Emerging Concepts

A curated portfolio of lifestyle categories extending the Khaadi brand beyond fashion, including jewelry, statement bags, fragrances, and home décor. These offerings combine contemporary design, quality, and accessibility to deliver a seamless lifestyle experience.



i. Handbags

The Company's handbags offer vibrant, artisanal prints with contemporary silhouettes, comprising garment bags, duffel bags, purses, clutches and messenger bags. Small goods consist of women's wallets, card cases and cosmetic cases, incorporating many of the same materials, colours and constructions used in handbags.

ii. Shoes

The Company's Shoe collections include fashion oriented as well as traditional styles and range from the classic kohalpuri to dress shoes and sandals. New interpretations incorporating new materials, colors, shapes and constructions are introduced each year.

iii. Accessories

The Company's accessories includes a curated range of hair accessories and jewellery. The hair accessories range comprises clips, pins, scrunchies and headbands, while the jewellery range includes earrings, necklaces, bracelets and rings, crafted in a variety of materials and finishes. Collections are refreshed seasonally, incorporating many of the same colours, prints and design motifs used across the Company's broader product range, reinforcing a cohesive brand identity.

iv. Fragrances

The Company's fragrances offering includes a curated range of perfumes and personal care products, designed to complement its broader lifestyle portfolio. The range incorporates a variety of scent profiles, from light, everyday fragrances to more distinctive, statement scents, reflecting the Company's focus on individual expression.

v. Home Décor

The Company's home offering includes a curated range of home décor designed to extend the brand's aesthetic into customers' living spaces. The range comprises bedroom, dining room, living room, bathroom, and gifting categories. New collections are launched twice a year.

3.10. MARKETING ACTIVITIES



3.10.1. Marketing Strategy and Approach

Khaadi follows an integrated, brand-led marketing strategy focused on strengthening customer engagement, driving sustainable growth and enhancing long-term brand equity. Its marketing initiatives are designed to create a seamless omnichannel experience, integrating retail, digital commerce and customer relationship management into a unified customer ecosystem, while supporting customer acquisition, improving retention and increasing customer lifetime value.

Communication activities including advertising, fashion shows, public relations, special events and in-store screen displays are managed on a centralised basis, ensuring a high profile and consistent visibility at both the national and local levels and reinforcing Khaadi's position as Pakistan's leading retail brand.



3.10.2. Brand Positioning and Awareness

Khaadi is built on the belief that individuality should be reflected in what people wear, wherever they go and whatever they do. Since opening its first store, the brand has focused on enabling customers to dress in a way that is inspiring, vibrant and accessible, while celebrating individuality through every style, stitch and weave.

Rooted in Pakistan's tradition of hand-woven textiles, Khaadi offers an ever-evolving range of patterns and colours, consistently pushing the boundaries of the country's fashion culture while remaining respectful of its cultural heritage. By offering customers greater freedom of choice in their everyday wardrobe, Khaadi enables individual self-expression, reinforcing its position as a brand that reflects the diversity and individuality of its customers.

Khaadi is positioned as Pakistan's leading retail brand, combining accessible pricing with design-led craftsmanship to appeal to a broad and diverse customer base across the country. Central to this positioning is the brand's evolution from a single-category apparel label into a comprehensive lifestyle destination, spanning ready-to-wear, fabrics, accessories, fragrances, and home. This diversification reinforces Khaadi's identity as more than a clothing brand, positioning it as an integrated expression of Pakistani design, culture and everyday living.

The Company's transition toward the Experience Hub retail format further reinforces this positioning, transforming stores from transactional retail spaces into immersive, multi-category destinations where customers can engage with the full breadth of the brand. This strategy strengthens Khaadi's premium-yet-accessible positioning, differentiating it from both mass-market competitors and higher-priced luxury retailers.

Khaadi's brand equity is further reinforced by its continued focus on quality, innovation and cultural relevance, consistently introducing new designs and product categories while remaining true to its founding philosophy of celebrating local craftsmanship and hand-woven fabric.



3.10.3. Advertising and Promotional Activities

Khaadi's advertising and promotional activities are managed on a centralised basis, ensuring consistency in brand messaging and visual identity across all customer touchpoints. The brand's promotional calendar is aligned with its seasonal collection launches, supporting key retail periods throughout the year.

Khaadi's advertising mix spans both digital and on-ground activity, including social media campaigns, influencer collaborations, public relations and in-store visual merchandising, enabling the brand to reach a broad and diverse customer base across Pakistan. In addition, Khaadi invests in fashion shows and in-store promotional activities, including screen displays and event-led activations within its Experience Hub locations, reinforcing the brand's premium retail environment.

Digital and social media channels play a central role in Khaadi's promotional strategy, supporting real-time engagement with customers, driving traffic to both physical stores and the Company's e-commerce platform, and enabling data-driven insights that inform future campaigns.

Khaadi utilizes performance marketing to support customer acquisition, eCommerce revenue growth and digital engagement across its markets. Digital marketing investments are continuously optimized across platforms, audiences and campaign objectives based on performance and commercial priorities, enabling the business to efficiently capture demand and expand its customer base. Digital Marketing framework approved by Executive Management governs the linkage of digital marketing spends with organizational objectives.

The strategy combines scalable digital reach with a strong focus on measurable returns, supporting the continued development of Khaadi's eCommerce and digital channels across Pakistan.



3.10.4. Customer Segmentation and Targeting

Khaadi targets a broad and diverse customer base across Pakistan, spanning multiple age groups, income segments and geographies, united by a shared appreciation for design-led, accessible fashion. The brand's core customer base primarily comprises women aged 18 and above, typically from urban and semi-urban households, who value quality, individuality and contemporary design rooted in local craftsmanship.

Khaadi's product and pricing architecture is designed to serve multiple customer segments simultaneously, ranging from mass-market accessibility through its core ready-to-wear and fabric ranges to more premium positioning through its higher-tier offerings. This tiered approach allows the brand to capture a wide spectrum of consumer spending power while maintaining a consistent brand identity across all price points.

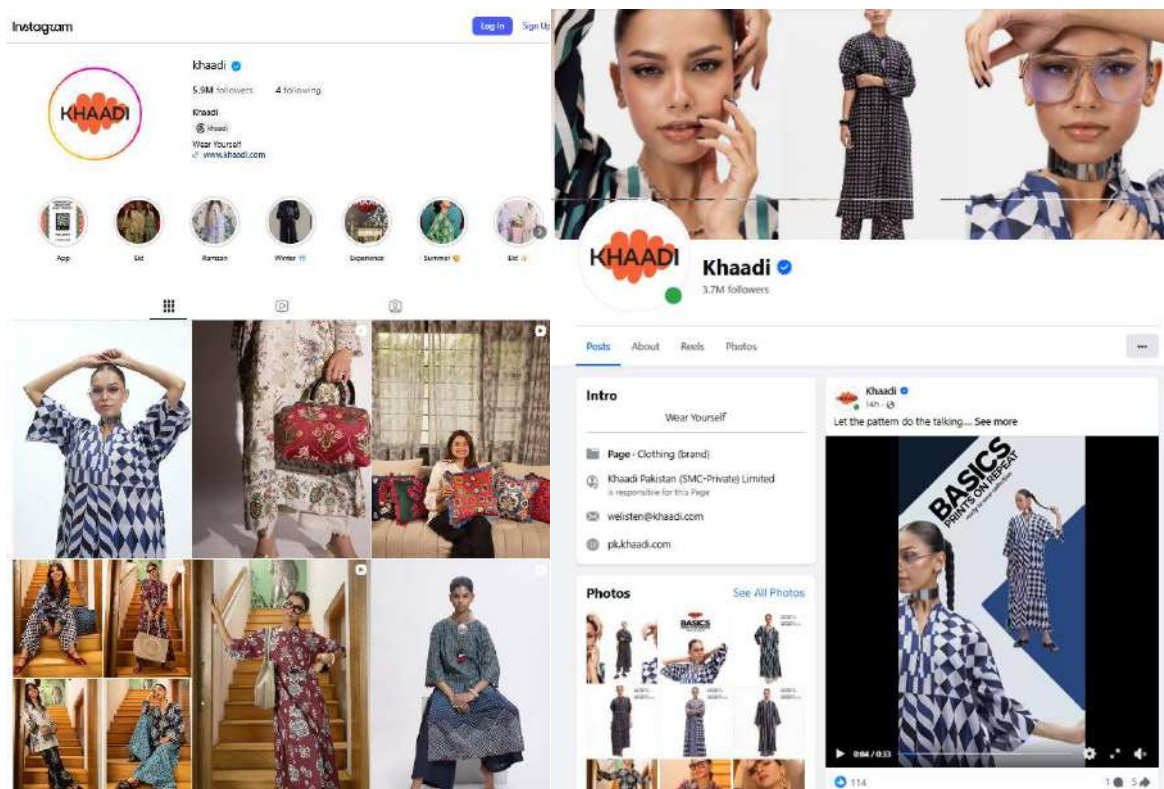


3.10.5. Digital Marketing Initiatives

Khaadi's digital marketing strategy is central to its broader omnichannel approach, supporting brand engagement, customer acquisition and sales across both its e-commerce platform and physical retail network. The Company leverages social media platforms, including Instagram, Facebook and TikTok, alongside performance marketing, search engine optimisation (SEO) and influencer collaborations, to build brand awareness and drive traffic to its digital and physical touchpoints.

Khaadi employs data-driven marketing techniques, using customer insights and analytics to personalise communications, optimise campaign targeting and improve conversion across its digital channels.

The Company continues to invest in strengthening its digital infrastructure and capabilities, recognising the growing importance of e-commerce and digital engagement in shaping consumer behaviour and driving long-term brand equity.



Future Marketing Plans and Campaigns

Looking ahead, Khaadi intends to continue strengthening its brand equity and customer engagement through an expanded, data-led marketing approach, aligned with its broader retail transformation strategy. As the Company accelerates the rollout of its Experience Store format, marketing efforts will increasingly focus on promoting these destinations as immersive, multi-category retail experiences, reinforcing Khaadi's positioning as a comprehensive lifestyle brand.

The Company plans to deepen its investment in digital marketing capabilities, including enhanced personalisation through Khaadi App, expanded social media and influencer partnerships, and continued investment in performance marketing and SEO to drive online customer acquisition and retention.

In line with its broader sustainability agenda, Khaadi intends to leverage its Green Hub initiative as a key brand differentiator, using future campaigns to highlight the Company's commitment to sustainable and responsible retail practices. These campaigns are expected to reinforce Khaadi's identity as a forward-looking, values-driven brand, resonating with an increasingly conscientious consumer base.



3.11. END USERS, DEMAND FOR THE PRODUCTS AND KEY COMPETITORS

Khaadi's primary end users are Pakistani consumers, with women forming the core customer base across ready-to-wear, fabrics, shoes, bags, accessories and fragrances. The brand also serves a broader household segment through its home décor and reaches international customers through its overseas operations in UAE, UK and US.



Experience Store – in-store retail environment



Complete lifestyle offering under one roof

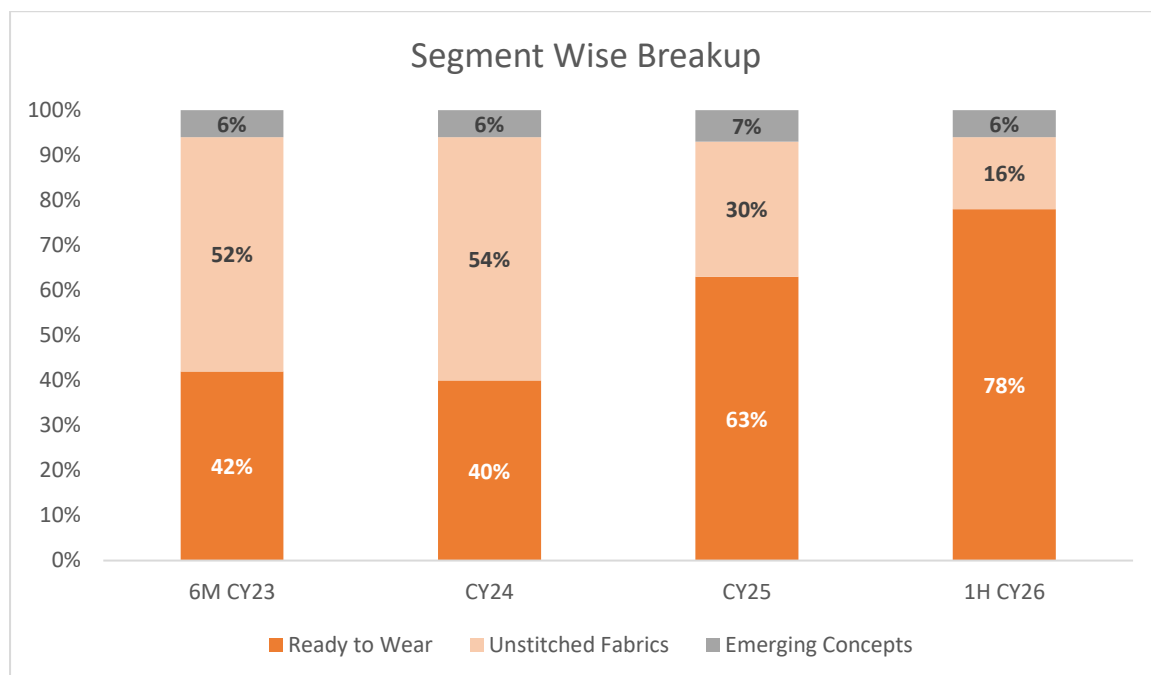


Peshawar – Flagship Experience Store

3.11.1. END USERS

i. Sales by Segment

The Company's original sales driver was apparel; however, it has further broadened its offerings, including Home in 2013, Accessories in 2016 and Fragrances in 2019, becoming a complete lifestyle brand. The total revenue split is as follows:



This reflects a favourable shift in Khaadi's product mix, as Ready-to-Wear represents a more profitable category than Fabrics, and far more complex to manage. Khaadi has Pakistan's largest team of product designers along with a robust sourcing team which has enabled this shift from unstitched fabric to RTW.

Key Markets

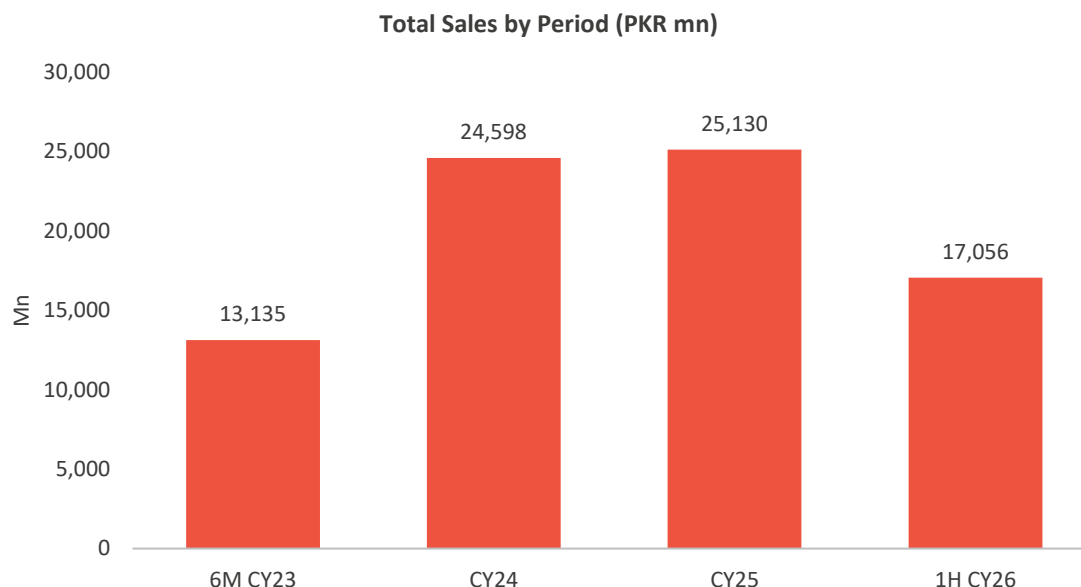
The Company's core and primary market is Pakistan, where it operates its directly operated store network (31 stores as of 1H CY26) across major cities including but not limited to, Karachi, Lahore, Islamabad, Rawalpindi, Faisalabad, Multan and Mirpur, alongside its domestic e-commerce platform.

Beyond Pakistan, the broader Khaadi brand managed internationally by separate entities within WCL with physical retail presence in UAE, UK and US.

Geographic Segmentation

Beginning in CY26, the Company started exports to associated companies in UAE, UK, and USA. Based on current operations, exports are expected to account for 13%–15% of total sales for CY26.

Market (PKR Mn)	6M CY23	CY24	CY25	1H CY26
Domestic Sales	13,135	23,746	25,130	14,683
Export Sales	—	852	—	2,397
Total	13,135	24,598	25,130	17,080



ii. Customer Loyalty and Customer Engagement

The Company drives customer loyalty and engagement through several key initiatives:

a) Weekly New Collection Launches

The Company launches the largest number of new collections in-store on a weekly basis. The breadth of choice available both in store and online, gives customers a consistent reason to return to and engage with the brand. During festive seasons, the Company brings new collection twice a week to provide its customers with even greater choice.

b) Immersive Retail Experience

The Company provides an immersive customer experience through its Experience Stores. It is the first brand in Pakistan to introduce a number of new concepts in fashion retail, including Experience Stores, Home Café within Experience Stores, and Ready-to-Wear only stores.



c) Digital Engagement

Digital engagement remains a key pillar of the Company's marketing strategy. The Company leverages social media platforms, e-commerce and performance marketing to strengthen engagement throughout the customer journey.

3.11.2. Demand Drivers:

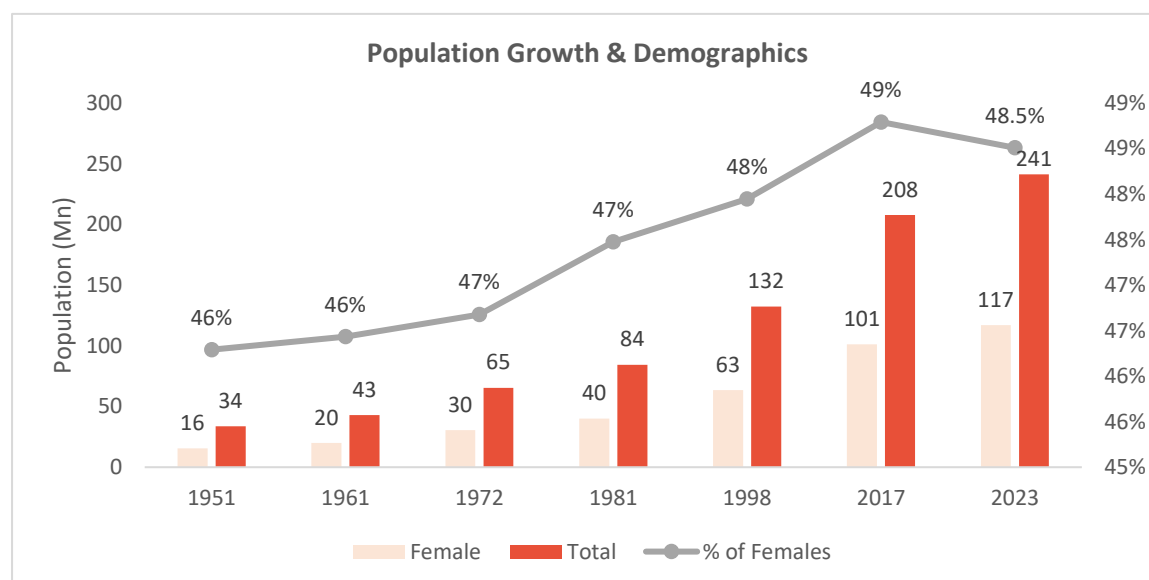
Demand for the Company's products is supported by a combination of demographic, structural and channel-level factors.

i. Population Base and Gender Demographics

Pakistan's population has grown from 34 million at the 1951 Census to 241 million at the 2023 Census, while the female population has risen from 16 million to 117 million over the same period representing a CAGR of 40%.

The female share of the population has increased steadily across successive censuses, from 46% in 1951 to 49% in 2023, reflecting improvements in female life expectancy and a narrowing gender gap in the population. The Company's addressable market has therefore expanded on two counts: the underlying population base has grown, and women now account for a larger proportion of it.

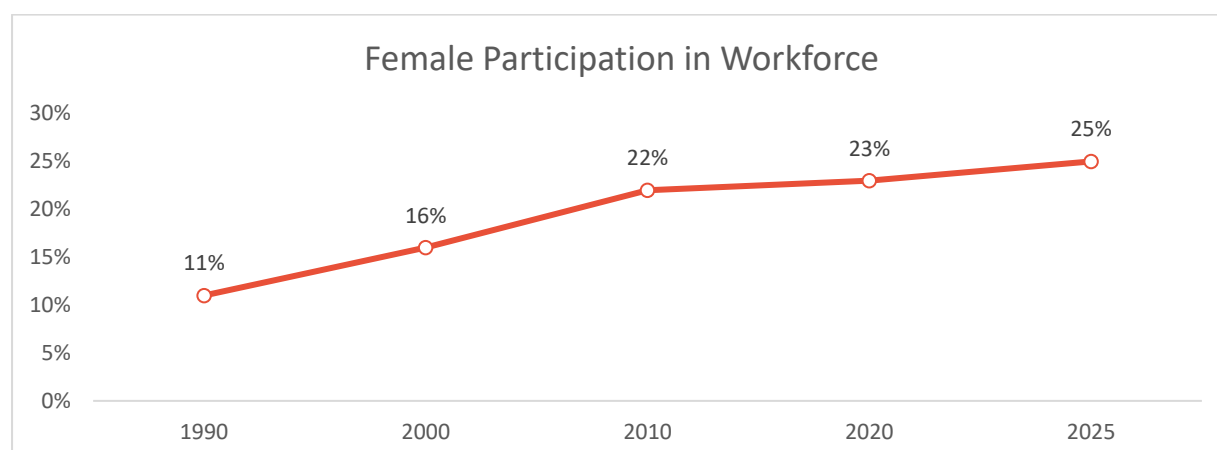
The Company's customer base primarily comprises women aged 18 and above. As a womenswear only fashion brand, the Company addresses a female population of c. 117 million through 31 outlets. Growth in the female population is the direct determinant of growth in the Company's addressable market which has compounded at a faster rate than the population as a whole across the census series.



<https://www.pbs.gov.pk/census/>

ii. Female Workforce Participation

Female participation in Pakistan's workforce stood at 24% in 2025 and, while low by regional standards, has more than doubled since 1990.¹⁰ Rising participation, particularly among urban and educated women, affects both the volume and the composition of apparel demand: working women purchase more frequently and place a higher value on convenience. This underpins the migration of consumer demand from unstitched fabric towards RTW.

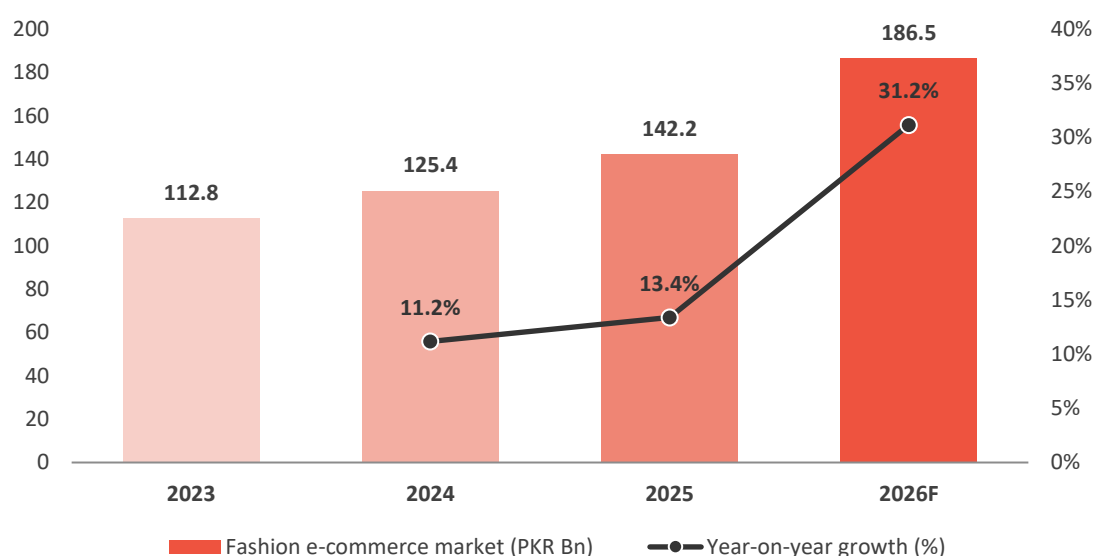


iii. Digital Access and E-Commerce Adoption

¹⁰ <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?locations=PK>

Digital connectivity in Pakistan has expanded significant. The Household Integrated Economic Survey 2024–25 records that over 96% of households have access to a mobile or smartphone and more than 70% use internet services, against 34% in 2019. At the individual level, internet usage has risen to 57% from 17% over the same period, and 92% of individuals use a mobile phone. The Pakistan Telecommunication Authority attributes this to improved service availability and greater affordability of handsets and internet services.¹¹

Of relevance to the Company, women and men use the internet equally overall, and in urban areas female usage of 71% exceeds male usage of 67%. The Company's target segment is therefore among the most digitally connected in the Country. This is reflected in the growth of the fashion e-commerce market, which increased from PKR 113 Bn in 2023 to PKR 142 Bn in 2025, a compounded annual growth rate of 12.3%, and is forecast to reach PKR 187 Bn in 2026. Rising urban female internet usage, combined with near-universal household smartphone access, supports the model under which the Company's e-commerce platform and retail network both provide access to its customers.¹²



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3.11.3. Fashion Retail Landscape

Competition in Pakistan's apparel retail market spans both the informal and the formal segments. In the organized apparel retail sector is primarily driven by brand strength, product offering, and retail presence. Outlet networks remain concentrated in the major metropolitan markets – Lahore (18.8%), Karachi (14.6%), Islamabad (10.1%) and Faisalabad (6.0%) - with the remaining 50.5% distributed across secondary and tertiary cities.¹⁴

Company	Retail Brand	Business Description	Outlets (Pakistan) ¹⁵	Category Focus	Gender / Segment
A — Female-Dominated, Ready-to-Wear / Pret Led					
Limelight (Pvt.) Limited	Limelight	Value-to-mid womenswear and accessories retailer with a wide national network and high store turnover.	84	Pret-led, with unstitched	Women (primary); kids

¹¹ <https://www.pta.gov.pk/category/hies-2024%E2%80%9325-highlights-pakistan-records-significant-gains-in-digital-connectivity-and-internet-use-1348181068-2026-01-05>

¹² Euromonitor from trade sources/national statistics

¹³ Euromonitor

¹⁴ PACRA Sector Study — Composites & Garments, January 2026

¹⁵ Outlet count has been sourced from each company's own website.

Company	Retail Brand	Business Description	Outlets (Pakistan) ¹⁵	Category Focus	Gender / Segment
Generation (Pvt.) Limited	Generation	Long-established contemporary ethnic womenswear house; among the closest comparables to the Company on category mix and positioning.	21	Pret-led	Women
HKB Group	Beechtree	High-street womenswear brand launched to address the pret gap; has since extended into unstitched and accessories.	24	Pret-led, some unstitched	Women (young)
Lulusar (Pvt.) Limited	Lulusar	Emerging contemporary womenswear brand; digitally-led with a small but expanding physical footprint.	19	Pret-led, with unstitched	Women
Outfitters	Ethnic by Outfitters	Eastern-fusion womenswear line launched to address the culturally mainstream women's segment; standalone outlets.	41	Ready-to-wear (pret)	Women
Image Pakistan Limited	Image	Listed manufacturer and retailer of premium value-added embroidered womenswear; pret-led with a growing export and e-commerce channel.	16	Pret-led, with unstitched	Women
Maria.B (Pvt.) Limited	Maria.B	Designer-founded fashion house with a national retail network spanning unstitched, pret, formal and kidswear.	38	Unstitched and pret	Women (primary); kids
B — Female-Dominated, Unstitched Led					
East Gate Industries (Pvt.) Limited	Bareezé (incl. Bareezé Man, Chinyere, Home Expressions)	Premium embroidered fabric and apparel house; the group's flagship. Chinyere and Home Expressions are displayed within Bareezé outlets and are therefore not counted separately.	c.350 (group, all brands)	Unstitched-led, with pret and home textiles	Women (primary); men, home
Sefam (Pvt.) Limited	Kayseria	Flagship in-house brand following the 2023 demerger; unstitched and ready-to-wear womenswear.	c.116 (company, all brands)	Unstitched and RTW	Women
HKB Group	Beechtree	High-street womenswear brand launched to address the pret gap; has since extended into unstitched and accessories.	24	Pret-led, some unstitched	Women (young)
Al-Karam Textile Mills (Pvt.) Limited	Alkaram Studio	Retail arm of a large vertically integrated textile manufacturer; broad national footprint across primary and secondary cities.	59	Unstitched-led, growing pret	Women (primary); men, kids, home
Nishat Mills Limited	Nishat Linen / NLS	Retail arm of a listed textile group. Nishat Linen and the NLS western line are generally co-located within the same outlets.	95	Unstitched and pret; home textiles	Women (primary); men, kids, home
Bonanza Garments Industries (Pvt.) Limited	Bonanza Satrangi	Family clothing retailer originating in knitwear; broad category coverage at value-to-mid price points.	80	Unstitched and RTW	Women (primary); men, kids
Cambridge Garment Industries (Pvt.) Limited	Zeem	Womenswear brand offering unstitched and pret at accessible price points through an owned retail network.	25	Unstitched and pret	Women
Al-Rahim Textile Group (Al Rahim Retail Limited)	Zellbury	Value-positioned family clothing brand backed by a textile manufacturing group; broad geographic spread with emphasis on entry price points.	53	Unstitched and RTW	Women (primary); men, kids

Company	Retail Brand	Business Description	Outlets (Pakistan) ¹⁵	Category Focus	Gender / Segment
Sapphire Textile Mills Limited	Sapphire Retail	Retail subsidiary of a listed textile group; premium-contemporary positioning with strong e-commerce. Eastern and western lines share outlets.	49	Unstitched and pret; fragrances	Women (primary); men, kids
Sana Safinaz (Pvt.) Limited	Sana Safinaz	Premium designer house; lawn and pret at price points above the Company, with a significant e-commerce channel.	37	Unstitched-led, with pret	Women
C — Mixed-Gender and Other Retailers					
J. Junaid Jamshed (Pvt.) Limited	J.	Multi-category eastern-wear retailer spanning apparel, fragrance, footwear and cosmetics; among the largest national footprints in organized apparel.	77	Unstitched and pret	Men (primary); women, kids
Gul Ahmed Textile Mills Limited	Ideas by Gul Ahmed	Retail arm of a listed, fully vertically integrated textile group. Multi-category format spanning apparel, home textiles and accessories under a single fascia.	84	Unstitched-led, with pret and home	Women (primary); men, kids, home
Sefam (Pvt.) Limited	Leisure Club (incl. Shahnameh)	Western-style casual and semi-formal wear for kids, youth and young adults. Shahnameh (men's eastern wear) is incubated within Leisure Club outlets.	c.116 (company, all brands)	Ready-to-wear	Kids, youth; men (Shahnameh)
LAMA	LAMA	High-street multi-fashion retailer founded in 2020, offering western apparel, footwear and accessories; flagship store in Gulberg, Lahore, with an international e-commerce presence.	7	Ready-to-wear (western); footwear and accessories	Women, men, kids
Outfitters Stores (Pvt.) Limited	Outfitters	Western fast-fashion chain for urban youth; historically menswear-weighted with a growing women's line.	58	Ready-to-wear	Men and women (youth)
Edenrobe (Pvt.) Limited	Edenrobe	Multi-category family apparel retailer with a large national footprint; strong presence in men's and kids' ready-to-wear alongside womenswear.	83	RTW-led, with unstitched	Men, women, kids
Breakout (Pvt.) Limited	Breakout	Western high-street fast-fashion chain for youth; competes with the Company's western and casual lines.	55	Ready-to-wear	Men, women, kids (youth)
Cross Stitch (Pvt.) Limited	Cross Stitch	Mid-market womenswear brand with a meaningful pret share alongside its unstitched business.	34	Unstitched and pret	Women
U&I Garments (Pvt.) Limited	Almirah	Contemporary eastern-wear retailer covering women, men and kids; pret-led format.	28	Pret-led	Women, men, kids

The Company's strategy is differentiated from that of the operators identified above in three respects. Firstly, it is focused on womenswear rather than competing across the full breadth of apparel categories, and its product mix is progressively weighted towards ready-to-wear. Secondly, it has elected to operate a smaller number of larger and better-located Experience Stores rather than extent of its retail footprint. Lastly, it is concentrated in the principal metropolitan markets, in which higher footfall and higher realised value per transaction support greater profitability.




























3.12. INTELLECTUAL PROPERTY RIGHTS

Sr. No.	Country	Number	Trademark	Current Status	Registration Date	Class	Awarding Body
1	Pakistan	601207		Registered	28/01/2021	14	Intellectual Property Organization of Pakistan
2	Pakistan	601213		Registered	28/01/2021	3	Intellectual Property Organization of Pakistan
3	Pakistan	601210		Registered	28/01/2021	21	Intellectual Property Organization of Pakistan

Sr. No.	Country	Number	Trademark	Current Status	Registration Date	Class	Awarding Body
4	Pakistan	601206		Registered	28/01/2021	25	Intellectual Property Organization of Pakistan
5	Pakistan	601202		Registered	28/01/2021	26	Intellectual Property Organization of Pakistan
6	Pakistan	601203		Registered	28/01/2021	35	Intellectual Property Organization of Pakistan
7	Pakistan	601205		Registered	28/01/2021	43	Intellectual Property Organization of Pakistan
8	Pakistan	601219		Registered	28/01/2021	3	Intellectual Property Organization of Pakistan
9	Pakistan	601221		Registered	28/01/2021	14	Intellectual Property Organization of Pakistan
10	Pakistan	601224		Registered	28/01/2021	21	Intellectual Property Organization of Pakistan
11	Pakistan	601227		Registered	28/01/2021	25	Intellectual Property Organization of Pakistan
12	Pakistan	601220		Registered	28/01/2021	26	Intellectual Property Organization of Pakistan
13	Pakistan	601216		Registered	28/01/2021	35	Intellectual Property

Sr. No.	Country	Number	Trademark	Current Status	Registration Date	Class	Awarding Body
							Organization of Pakistan
14	Pakistan	601217		Registered	28/01/2021	43	Intellectual Property Organization of Pakistan
15	Pakistan	461320	<i>Chapter 2</i>	Registered	13/06/2017	25	Intellectual Property Organization of Pakistan
16	Pakistan	461321		Registered	13/06/2017	24	Intellectual Property Organization of Pakistan
17	Pakistan	461324		Registered	13/06/2017	35	Intellectual Property Organization of Pakistan
18	Pakistan	424920	Khaadi Accessories	Registered	14/06/2016	14	Intellectual Property Organization of Pakistan
19	Pakistan	424924	Khaadi Accessories	Registered	14/06/2016	26	Intellectual Property Organization of Pakistan
20	Pakistan	424923	Khaadi Accessories	Registered	14/06/2016	25	Intellectual Property Organization of Pakistan
21	Pakistan	424922	Khaadi Accessories	Registered	14/06/2016	24	Intellectual Property Organization of Pakistan
22	Pakistan	424921	Khaadi Accessories	Registered	14/06/2016	18	Intellectual Property Organization of

Sr. No.	Country	Number	Trademark	Current Status	Registration Date	Class	Awarding Body
							Pakistan
23	Pakistan	424966	Khaadi Accessories	Registered	14/06/2016	3	Intellectual Property Organization of Pakistan
24	Pakistan	424926	Khaadi Accessories	Registered	14/06/2016	35	Intellectual Property Organization of Pakistan
25	Pakistan	424969	Khaadi Fabric	Registered	14/06/2016	35	Intellectual Property Organization of Pakistan
26	Pakistan	424958	Khaadi Fabric	Registered	14/06/2016	24	Intellectual Property Organization of Pakistan
27	Pakistan	424957	Khaadi Fabric	Registered	14/06/2016	25	Intellectual Property Organization of Pakistan
28	Pakistan	424978	Khaadi Home	Registered	14/06/2016	14	Intellectual Property Organization of Pakistan
29	Pakistan	424979	Khaadi Home	Registered	14/06/2016	11	Intellectual Property Organization of Pakistan
30	Pakistan	424965	Khaadi Home	Registered	14/06/2016	37	Intellectual Property Organization of Pakistan
31	Pakistan	424977	Khaadi Home	Registered	14/06/2016	23	Intellectual Property Organization of Pakistan

Sr. No.	Country	Number	Trademark	Current Status	Registration Date	Class	Awarding Body
32	Pakistan	424977	Khaadi Home	Registered	14/06/2016	3	Intellectual Property Organization of Pakistan
33	Pakistan	424964	Khaadi Home	Registered	14/06/2016	28	Intellectual Property Organization of Pakistan
34	Pakistan	424975	Khaadi Home	Registered	14/06/2016	26	Intellectual Property Organization of Pakistan
35	Pakistan	424962	Khaadi Khaas	Registered	14/06/2016	24	Intellectual Property Organization of Pakistan
36	Pakistan	424941	Khaadi Ready To Wear	Registered	14/06/2016	35	Intellectual Property Organization of Pakistan
37	Pakistan	424942	Khaadi Ready To Wear	Registered	14/06/2016	25	Intellectual Property Organization of Pakistan
38	Pakistan	424943	Khaadi Ready To Wear	Registered	14/06/2016	24	Intellectual Property Organization of Pakistan
39	Pakistan	425000	www.khaadionline.com	Registered	14/06/2016	27	Intellectual Property Organization of Pakistan
40	Pakistan	424998	www.khaadionline.com	Registered	14/06/2016	42	Intellectual Property Organization of Pakistan
41	Pakistan	425002	www.khaadionline.com	Registered	14/06/2016	24	Intellectual Property

Sr. No.	Country	Number	Trademark	Current Status	Registration Date	Class	Awarding Body
							Organization of Pakistan
42	Pakistan	425003	www.khaadionline.com	Registered	14/06/2016	20	Intellectual Property Organization of Pakistan
43	Pakistan	425001	www.khaadionline.com	Registered	14/06/2016	25	Intellectual Property Organization of Pakistan
44	Pakistan	425004	www.khaadionline.com	Registered	14/06/2016	18	Intellectual Property Organization of Pakistan

3.13. DETAILS OF MATERIAL PROPERTY

Particular	Location	Address	Ownership	Area
Investment Property 1	S.I.T.E., Karachi	Plot No. F/2, A-H, F2, A-1, Sindh Industrial Trading Estate (S.I.T.E.), Karachi	Owned by Khaadi Pakistan Limited	Land: 1.955 Acres (9,462.2 Sq. Yards); Covered Area: 177,175 Sq. Ft.
Investment Property 2	S.I.T.E., Karachi	Plot No. F/2-A, F-1, Sindh Industrial Trading Estate (S.I.T.E.), Karachi	Owned by Khaadi Pakistan Limited	Land: 0.46 Acres (Bunded Plot)
Investment Property 3	S.I.T.E., Karachi	Plot No. F/2, A-K, Sindh Industrial Trading Estate (S.I.T.E.), Karachi	Owned by Khaadi Pakistan Limited	Land: 1.05 Acres; Covered Area: 56,055 Sq. Ft.
Investment Property 4	S.I.T.E., Karachi	Plot No. A/8-H, Fakhruddin Valika Road, Sindh Industrial Trading Estate (S.I.T.E.), Karachi	Owned by Khaadi Pakistan Limited	Land: 1.42 Acres (6,872.8 Sq. Yards); Covered Area: 149,009 Sq. Ft.
Investment Property 5	KDA Scheme No. 1, Karachi	Shop No. 9-A & 9-B, Royal Shop, Plot SB-3, KDA Scheme No. 1, Tipu Sultan Road (off Karsaz Road), Karachi	Owned by Khaadi Pakistan Limited	846 Sq. Ft. (Commercial Shop)

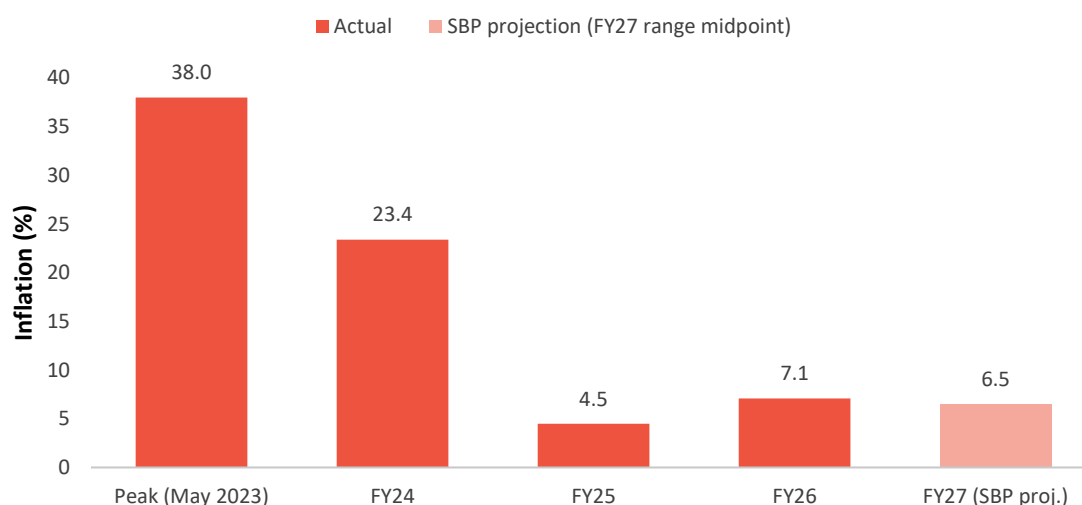
3.14. FUTURE PROSPECTS AND DEMAND OUTLOOK

The Company is ideally placed to continue its growth trajectory till foreseeable future. It believes that its unique strategy has taken firm roots and its strong customer loyalty will keep the growth momentum. Furthermore, a stabilising macroeconomic environment, a growing and increasing urban population, and a continuing shift in clothing lifestyle change from unstitched fabric to branded RTW is aligned with its strategy. In addition to this, Company's progressive CAPEX plans for Experience Stores rollout will further strengthen its position as the market leader each is set out below.

3.14.1. MACROECONOMIC ENVIRONMENT

Pakistan has come a long way from the inflationary shock of FY23. Headline inflation, which peaked at c.38% in May 2023¹⁶, fell to 23.4% in FY24 and to 4.5% in FY25¹⁷. The State Bank of Pakistan cut the policy rate by a cumulative 11.5% between June 2024 and December 2025, from 22% to 10.5%. Inflation averaged 7.05% in FY26¹⁸, close to the State Bank's 5% -7% target range.¹⁹

The uptick in the closing months of FY26 was externally driven. The US-Israel attack on Iran Middle East conflict that broke out on in late February 28, 2026 pushed global energy, freight and insurance costs sharply higher, lifting inflation in Pakistan to an average of 10.2% over March to June and taking the FY26 average to 7.05%. The State Bank raised the policy rate by 100 basis points to 11.5%²⁰ in April and has held it there since, and the pressure has already begun to unwind: inflation eased to 9.2% in July 2026²¹. The State Bank projects inflation of 5.5% - 7.5% in FY27²², returning towards the target range as global energy prices normalize.²³



What matters for the Company is that the shock was absorbed without any loss of stability built over the preceding three years. Real GDP grew 3.7% in FY26, ahead of the 3.2% recorded in FY25.

SBP projects real GDP growth of 3.5% - 4.5% in FY27²⁴, with inflation easing and macroeconomic stability intact. For an organized retailer, that combination is the operative one: a stable currency and moderating inflation restore the household budget available for discretionary purchases, while financing costs well below their peak reduce the financial charges.

3.14.2. GROWTH IN THE ADDRESSABLE POPULATION

Pakistan is the fifth most populous country in the world. The population is estimated at c. 260 million in 2026 and is projected to reach c. 276.9 million by 2030 and c. 300.6 million by 2035²⁵, an increase of c. 45.4 million

¹⁶ <https://tradingeconomics.com/pakistan/inflation-cpi>

¹⁷ <https://www.dawn.com/news/2026747>

¹⁸ <https://www.sbp.org.pk/assets/document/publications/MPR-Aug-2026.pdf>

¹⁹ <https://www.sbp.org.pk/assets/document/publications/MPR-Aug-2026.pdf>

²⁰ <https://www.reuters.com/world/asia-pacific/pakistans-cenbank-holds-key-policy-rate-115-2026-07-27/>

²¹ <https://www.pbs.gov.pk/wp-content/uploads/2020/07/Monthly-Review-July-2026.pdf>

²² <https://www.sbp.org.pk/assets/document/publications/MPR-Aug-2026.pdf>

²³ State Bank of Pakistan, Monetary Policy Report, August 2026, Executive Summary and Chapter 1

(<https://www.sbp.org.pk/assets/document/publications/MPR-Aug-2026.pdf>); Pakistan Bureau of Statistics, Monthly Price Indices

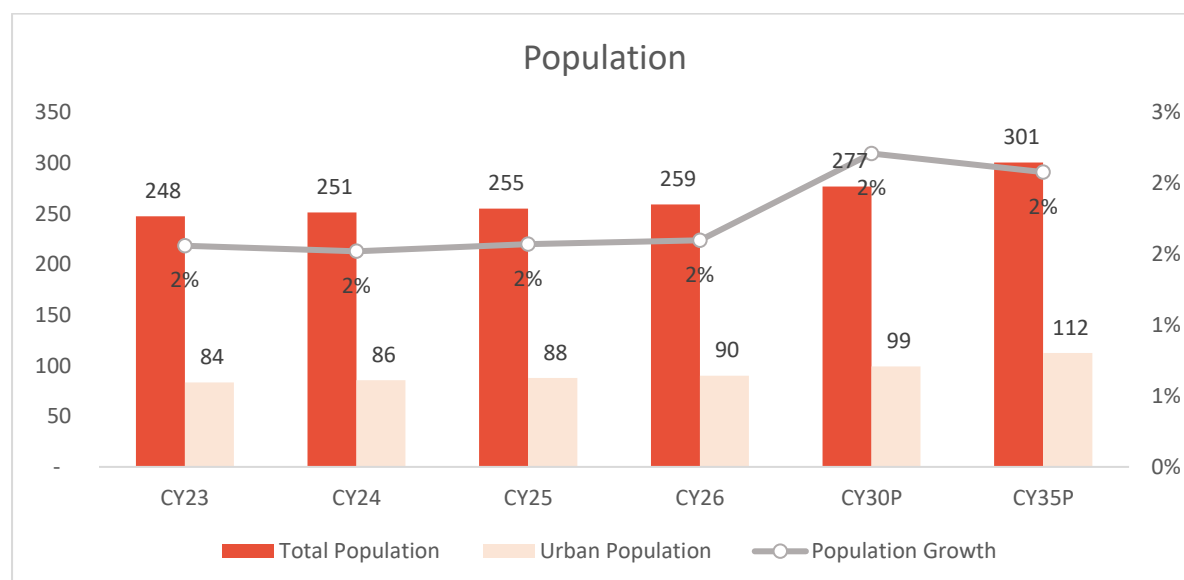
(<https://www.pbs.gov.pk/cpi>).

²⁴ <https://www.brecorder.com/news/40432108/sbp-projects-35-45pc-gdp-growth-in-fy2026-27>

²⁵ <https://www.worldometers.info/world-population/pakistan-population/>

people over the ten years to 2035²⁶(2025:255.2 Mn). Over the same period the median age is projected to rise from c. 20.8 years to c. 22.8 years, and the annual rate of population growth to remain in the range of c. 1.6% to c. 1.7%.

The relevance to the Company is direct. Apparel is a category of recurring household expenditure rather than a discretionary one-off purchase, and the number of consumers is therefore the primary determinant of category volume. An additional c. 45 million people by 2035 expands the base against which the Company trades.



Total population and urban population (million). 2030 and 2035 are projections²⁷

The urban population is projected to grow faster than the population as a whole, from c. 87.8 million in 2025 to c. 99.4 million by 2030 and c. 112.5 million by 2035, with the urban share rising from c. 34.4% to c. 37.4% over the same period.²⁸

Organised apparel retail depends on concentrated catchments. The Experience Store format requires substantially larger contiguous floor plates than a conventional outlet and a correspondingly larger catchment to support them, and the locations capable of accommodating it are concentrated in a limited number of large cities. Continued urban concentration accordingly expands both the catchment available to the Company's existing stores and the number of cities capable of supporting an additional hub.

City	Urban population, 2025 (million) ²⁹	Experience Stores under the expansion project
Karachi	21.42	2 – Blue Mall, KDA ³⁰
Lahore	15.16	2 – Lake City, AIT
Faisalabad	5.57	1 ³¹

²⁶ <https://www.worldometers.info/world-population/pakistan-population/>

²⁷ <https://www.worldometers.info/world-population/pakistan-population/>

²⁸ <https://www.worldometers.info/world-population/pakistan-population/>

²⁹ <https://www.worldometers.info/world-population/pakistan-population/>

³⁰ KDA store opened on May 10, 2026

³¹ Faisalabad store opened February 7, 2026

City	Urban population, 2025 (million) ²⁹	Experience Stores under the expansion project
Islamabad / Rawalpindi	4.86	3 – Centaurus, Satellite Town ³² , PWD
Gujranwala	3.12	1
Multan	2.96	1 ³³
Hyderabad	2.86	1
Sargodha	1.14	1
Gujrat	0.85	1
Total	-	13

3.14.3. Growing Mall Footfall Expanding the Addressable Customer Base

Pakistan's organised retail sector is increasingly anchored by shopping malls, which have evolved from simple retail spaces into destinations combining fashion, food and leisure under a single roof. For branded retailers, these venues concentrate an urban, spending-oriented customer base into a single high-traffic location, making mall footfall a direct and observable indicator of organised retail demand.

Dolmen Mall Clifton illustrates the scale of that opportunity. Karachi's premier shopping destination, with over 130 outlets across c.542,000 square feet of leasable area, has seen annual footfall grow from 6.12 million visitors in CY20 to 9.35 million in CY25, a compound annual growth rate of 8.9%, with average monthly traffic to c. 780,000 visitors. Demand proved resilient through the FY23 inflationary shock and the increase in general sales tax to 18%, with growth resuming at 5.8% in CY25³⁴. Lake City Mall in Lahore draws a further 450,000 visitors monthly.

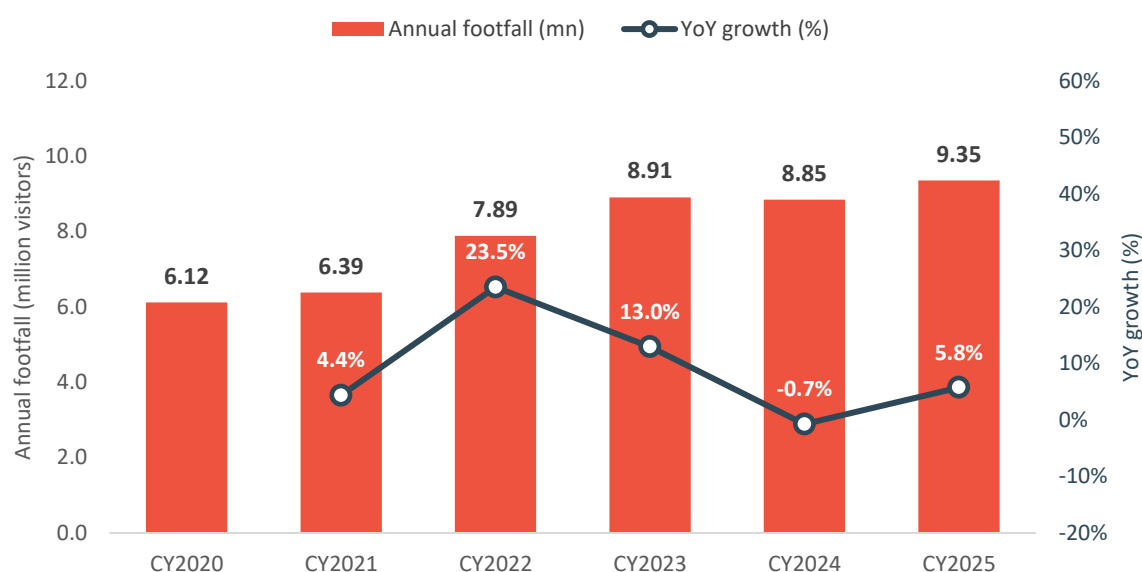
Footfall of this scale provides organised retail players with a substantial and recurring base of prospective customers, translating directly into greater revenue opportunity at the outlet level.

³² Rawalpindi, Satellite Town opened on May 23, 2026

³³ Multan store opened February 7, 2026

³⁴ <https://www.arifhabibdolmenreit.com/financial-reports/>

Dolmen City Mall - Annual Footfall & Growth by Calendar Year



3.14.4. Company Specific Factors

Expansion of Retail Network, E-commerce Platform and Exports

Currently, the Company has c.582,550 sq ft of retail space as of 1H CY26 and is in the process of additional CAPEX of c.450,000 sq ft of retail space, including conversion of existing B&M stores into Experience Stores. To support this expansion, the Company intends to increase its CAPEX budget to c.PKR 3.5 Bn per year from CY27 onwards through internal cash.

Beginning in CY26, all exports to associated company-operated international stores are being routed through the Company. Based on current operations, exports are expected to account for 13-15% of total sales.

The expansion of the Company's footprint, along with the opening of the export route, is expected to support the achievement of the projected numbers.

Product Innovation and Category Diversification

Khaadi has successfully evolved from a fabric-only business into a fashion and lifestyle powerhouse. In addition to RTW and unstitched fabrics, the Company offers accessories, fragrances, home textiles, and other lifestyle products, enabling it to serve multiple consumer segments and occasions.

Innovation is a core element of the Company's business strategy. The Company continually expands into new fashion categories, with its design and sourcing teams developing collections up to 18 months and 10 months respectively, in advance to anticipate evolving market trends and customer preferences.

The Company believes that RTW segment will grow faster than Fabrics segment and therefore is increasing its product offerings within RTW segment compared to Fabrics segment.

Export Opportunities

The Company exports on a B2B basis to its associated companies in UAE, UK, and USA. These associated companies sell that product through B&M stores and e-commerce platforms. The fact that Khaadi is a successful global brand operating in multiple developed countries creates extra goodwill for customers in Pakistan.

The Company also benefits from Pakistan's well-established textile manufacturing industry. Pakistani textile manufacturers expanded extensively in 2020 using the TERF facility offered by SBP. Pakistani textile manufacturers produce apparel for numerous internationally recognized fashion brands and retailers operating across Europe, North America and the Middle East. The same established manufacturers also produce for the Company, reflecting the Company's access to internationally accepted manufacturing capabilities and supply chains that consistently meet global quality, compliance, and sourcing standards.

The Company's internationally recognized brand identity differentiated design philosophy, and scalable product design & sourcing model position it favourably to further diversify sales through exporting into selected overseas markets while reducing dependence on any single geographic market.

Outlook:

The Company approaches the Issue with its principal growth drivers aligned. Macroeconomic conditions are stabilising, the addressable population continues to expand and urbanise, and consumer preference continues to shift towards branded ready-to-wear - the segment in which the Company is deliberately increasing its weighting.

Against that backdrop the Company is executing a defined and funded expansion: 13 new Experience Stores and c. 450,000 square feet of new retail space against a current footprint of c. 582,550 square feet as of 1H CY26, supported by capital expenditure of c. PKR 3.5 billion per annum from CY27 onwards using internal cash. The routing of exports through the Company from CY26 establishes a second revenue channel expected to contribute 13% to 15% of total sales, while the e-commerce platform reaches consumers in cities without a store and the broadening product portfolio raises transaction value per visit.

The Company accordingly expects revenue and profitability to grow over the projection period, delivered into a demand environment expected to strengthen rather than one it must work against.

3.15. VENDORS TO THE ISSUER

On paper, Texmark (Pvt) Limited is the largest vendor of Khaadi Pakistan. However, Texmark is only a stitching unit, and all procurement of greige cloth, printing, dyeing, and finishing is negotiated by the Company directly with the different textile mills and only Purchase Order is issued to them by Texmark. The remaining part is that of unstitched fabric and some fashion types' stitched product is executed by other textile producers. Out of these, following are the major textile suppliers:

1. Zaman textile mills (Pvt) Ltd
2. Union fabrics (Pvt.) Ltd
3. Naveena Industries Limited
4. Blessed Textiles Limited
5. Shafi Texcel Limited

The above suppliers are well established and reputable manufacturers in the textile industry, with significant export operations as well. The Company is a key customer for each of these suppliers, reflecting the longstanding commercial relationships maintained with these suppliers.

3.16. ALL GOVERNMENT AND OTHER APPROVALS WHICH ARE MATERIAL AND NECESSARY FOR CARRYING ON THE BUSINESS OF THE ISSUER

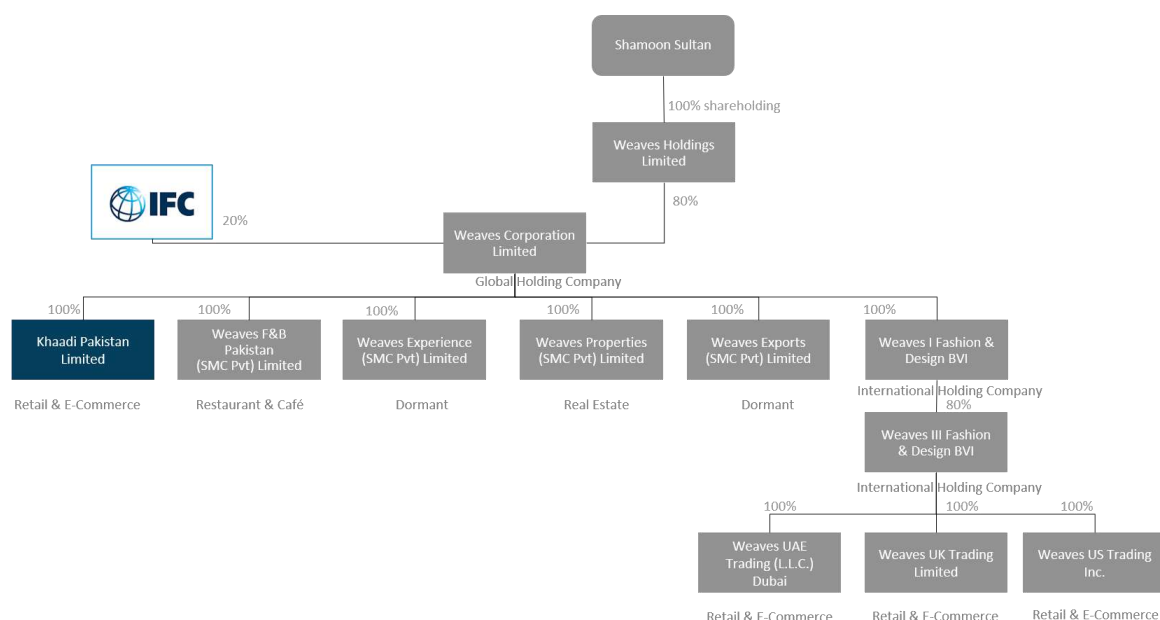
The Company is duly incorporated under the Companies Act, 2017 and holds a Certificate of Incorporation issued by the Securities and Exchange Commission of Pakistan (SECP). The Company has, since incorporation, obtained and maintained all corporate approvals, registrations, and authorizations required to be held under the Companies Act, 2017 and the rules, regulations, and directives framed thereunder, and remains compliant in all

material respects with the filing, disclosure, and other statutory requirements prescribed by SECP from time to time.

The Company operates within the fast fashion retail apparel segment, a sector that is not subject to any sector-specific regulatory licensing or approval regime administered by a dedicated regulatory authority. The Company's core business of retailing apparel products does not, by its nature, require any specialized government license, permit, or approval as a precondition to carrying on business. Accordingly, the Company's operations are governed by the general regulatory and statutory framework applicable to companies and commercial entities operating in Pakistan, including compliance with corporate, tax, labor, consumer protection, and other applicable laws in the ordinary course of business.

The Company has been duly enrolled and registered voluntarily with the relevant government departments and regulatory bodies applicable to its retail operations, and ensures that all prescribed governmental inspections, audits, and compliance procedures are carried out in the ordinary course of business.

3.17. GROUP STRUCTURE



3.18. ASSOCIATED COMPANIES

Name of Company	Country of Registration	Nature of Business	Operational Status	Listing Status	Nature of Relation	% Shareholding in Issuer	% Shareholding of Issuer
Weaves Corporation Limited	Pakistan	Global Holding Company	Operational	Unlisted	Parent Company	100%	Nil
Weaves Experience (SMC-Private) Limited	Pakistan	Dormant	Non-Operational	Unlisted	Common Directorship	Nil	Nil
Weaves Exports (SMC-Private) Limited	Pakistan	Dormant	Operational	Unlisted	Common Directorship	Nil	Nil
Weaves F&B Pakistan (SMC-Private) Limited	Pakistan	Food & Beverage	Operational	Unlisted	Common Directorship	Nil	Nil

Name of Company	Country of Registration	Nature of Business	Operational Status	Listing Status	Nature of Relation	% Shareholding in Issuer	% Shareholding of Issuer
Weaves Fashion and Design 1 Limited	British Virgin Islands	Holding Company	Operational	Unlisted	Common Directorship	Nil	Nil
Weaves Fashion and Design 3 Limited	British Virgin Islands	Holding Company	Operational	Unlisted	Common Directorship	Nil	Nil
Weaves Holdings Limited	Pakistan	Holding Company	Operational	Unlisted	Ultimate Parent Company	Nil	Nil
Weaves Properties (SMC-Private) Limited	Pakistan	Real Estate	Operational	Unlisted	Common Directorship	Nil	Nil
Weaves UAE Trading L.L.C	UAE	Retail & E-Commerce	Operational	Unlisted	Common Directorship	Nil	Nil
Weaves UK Trading Limited	UK	Retail & E-Commerce	Operational	Unlisted	Common Directorship	Nil	Nil
Weaves US Trading Inc.	USA	Retail & E-Commerce	Operational	Unlisted	Common Directorship	Nil	Nil

3.18.1. COMMON DIRECTORS

The following companies are associated with Khaadi through common directorship.

COMPANY	COMMON DIRECTOR
FrieslandCampina Engro Pakistan Ltd	Abdul Samad Dawood
Engro Holdings Limited	
Engro Corporation Ltd	
The Dawood Foundation	
Dawood Lawrecepur Ltd	
Karachi Education Initiative	
Karachi School of Business & Leadership	
Dawood Corporation (Pvt) Ltd	
Dawood Investments (Pvt) Ltd	
Pakistan Business Council	
Sach International (Private) Limited	
Engro Connect (Pvt) Limited	
Engro Enfrashare (Pvt) Limited	
Deodar (Pvt) Limited	
Weaves Properties (SMC-Private) Limited	Shamoon Sultan
Weaves Corporation Limited	
Weaves Export (SMC-Private) Limited	
Weaves F&B PAKISTAN (SMC-Private) Limited	
Weaves U.K Trading Limited	
Weaves U.A.E Trading LLC, Dubai	
Weaves Fashion Trading (LLC) Qatar	
Weaves I British Virgin Islands	
Weaves III British Virgin Islands	
Weaves Experience (SMC-Private) Limited	
Weaves Holding Limited	

Weaves Holding Limited	Saira Ruth Shamoon
The Bank of Khyber	Syed Kashif ul Hassan Shah
At-Tahur Limited	
Zayn Capital Pakistan Pvt Ltd	
E-Processing Systems (Pvt.) Limited	
Habib University Foundation	Muhammad Asif Peer
JOMO Technologies (Pvt.) Ltd.	
Jugnu Tech (Pvt.) Ltd.	
National Data Consultants (Pvt.) Limited	
Retailistan (Pvt.) Limited / Salesflo	
Systems Limited	
Systems Holding (Private) Ltd.	
Systems Ventures (Pvt.) Ltd.	
Infrazamin Pakistan	Maheen Rahman
SECP Policy Board	
IGI General Insurance	
Systems Limited	
Gray Mackenzie Restaurants Int'l Ltd	Muhammad Raza Pirbhai
Krisp Pak (Pvt) Ltd	
Krispco (Pvt) Ltd	
Korangi Road Properties (Pvt) Ltd	
Know Welfare Foundation	
Family Education Services Foundation	
Metropolitan Estate (Pvt) Ltd	

3.19. RELATED PARTY TRANSACTIONS

Relationship / Nature of Transaction (PKR Mn)	6M CY23	CY24	CY25	1H CY26
i) Holding Company — Weaves Corporation Limited				
Bonus Shares Issued	-	-	-	245
Issuance of shares at premium	1,003	-	-	-
Dividend Paid	-	-	-	1,647
Buy back of shares at premium	-	2,200	-	-
Purchase of IP brand rights	-	-	8,000	-
Management fees and reimbursement	788	1,405	948	1000
Payment made to holding company	4,694	-	-	-
Receipts from the holding company	3,542	-	-	-
ii) Associated Companies				
Outlet rent	682	1,409	1,724	935
Sales made	-	-	-	2,373
Payment made to	1,171	395	165	-
Warehousing	291	178	-	-
Receipts from	1,140	334	-	-
Purchase of finished goods	161	282	183	-
iii) Other Related Parties				
Purchase of finished goods	1,987	9,693	9,838	6,681
Embroidery charges	306	-	-	-
CMT charges	272	1,087	-	4
Purchase of uniforms	6	9	-	-

Payment against purchases	3,271	9,331	9,467	-
Financial charges against letter of credit	17	369	514	-
Reimbursement of shop design charges	53	130	39	87
Rental income	17	36	-	-
iv) Key management personnel				
Remuneration	-	-	-	270

3.20. PERFORMANCE FOR THE LAST THREE YEARS, OF ASSOCIATED LISTED COMPANIES OF THE ISSUER OVER WHICH THE ISSUER HAS CONTROL ALONG WITH FOLLOWING INFORMATION:

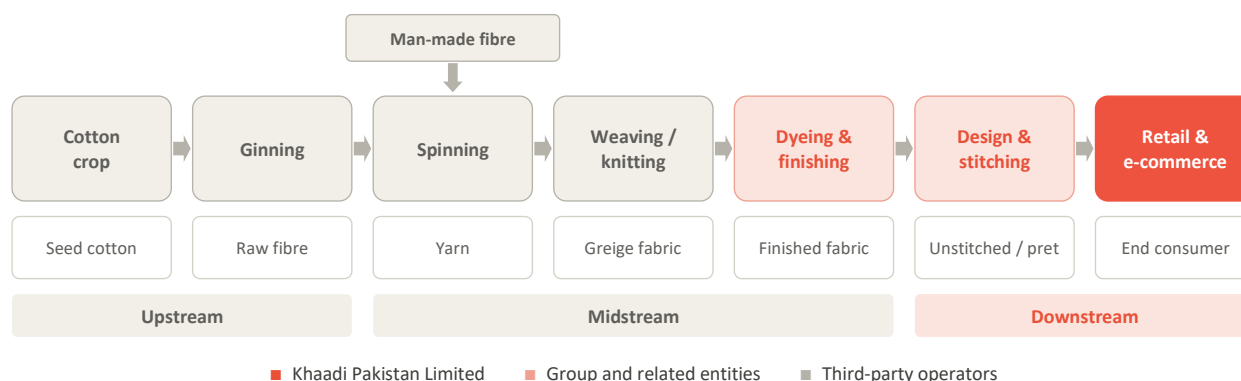
The issuer, Khaadi Pakistan Limited, does not have control over any associated listed company.

3.21. INDUSTRY OVERVIEW

3.21.1. Structure of the Apparel Industry

The textile and apparel industry is broadly divided into three stages. The upstream segment covers cotton cultivation, ginning and the production of man-made fibre. The midstream segment covers spinning, weaving, knitting, dyeing and finishing, converting fibre into finished fabric. The downstream segment covers design, stitching and the sale of finished garments and home textiles through export channels, branded retail and the wholesale trade

Branded apparel retail sits at the downstream end of this chain. Value in this segment is derived from brand equity, design, speed to market and retail execution rather than from installed spinning or weaving capacity. Khaadi Pakistan Limited operates at the retail end of the downstream segment, selling finished products to the end consumer through its retail network and e-commerce platform. The preceding stages of the value chain are undertaken by other entities within the Weaves Corporation Limited group and by third-party operators.³⁵



3.21.2. Global Overview:

Market Size

The global textile and apparel industry was valued at c. USD 1.5 trillion in CY24 and is estimated to have reached USD 1.8 trillion in CY25. Over CY26-33 the industry is projected to grow at a compound annual growth rate of c. 5.2%, reaching around USD 2.3 trillion by CY33. Growth is driven by higher apparel demand in emerging markets and in the United States and Europe, the expansion of fast fashion and online retail, and rising demand for man-made fibres on account of their cost efficiency and versatility.³⁶

³⁵ [PACRA Report - Textile Composite](#)

³⁶ [PACRA Report - Textile Composite](#)

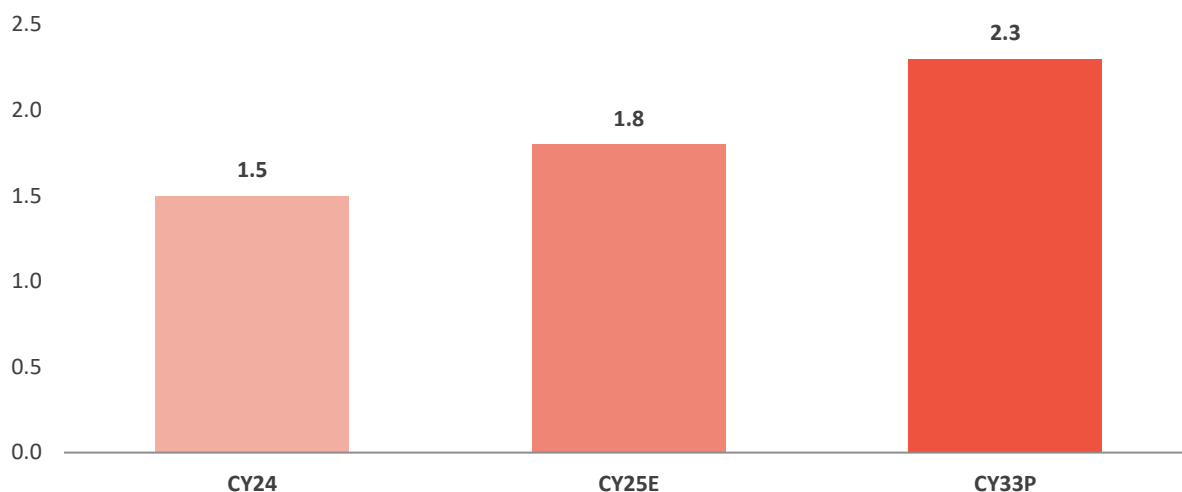


Figure 1: Global textile and apparel market size (USD trillion). CY33 is a projection³⁷

Global Fashion Retail Trends

The design-to-shelf cycle in global fashion retail has shortened materially over the past two decades. Where the industry previously operated on two or four collections a year, leading international retailers now introduce product continuously through the season. The model relies on shorter lead times, smaller initial production runs and rapid replenishment of best-selling lines.

Online penetration of apparel has risen across most markets, and physical and digital retail have converged into a single omni-channel proposition, with consumers browsing in one channel and purchasing in another.

The Global Shift Towards Experience-Led Store Formats

As transactional demand has migrated online, the role of the physical store in developed markets has been reoriented from point of sale towards discovery, fit, service and brand expression. The commercial consequence has been a consistent reduction in the number of outlets operated alongside an increase in average store size, as retailers concentrate investment in fewer, larger destination locations capable of presenting a full product range and supporting longer dwell times.

The pattern is established across the major international apparel groups. Inditex, the owner of Zara, has for several years pursued a stated strategy of closing smaller and less productive stores while investing in flagship locations in principal shopping districts. Nike has developed its House of Innovation format, a small number of very large stores combining the full product range with personalisation, member services and in-store experiences. Uniqlo has followed a comparable global flagship strategy, and Apple, IKEA and Sephora have each built formats in which the store functions primarily as a demonstration and service environment rather than as a warehouse of stock. Few flagship stores of global brands are shown below:

³⁷ [PACRA Report - Textile Composite](#)



Zudio - Mira Road, Mumbai





The Company's Experience Store format follows the same commercial logic – fewer and larger outlets, a fuller presentation of the product range, and a store environment designed to support longer dwell time and higher conversion.

Regional Structure and Trade

The Asia-Pacific region dominates global textile and apparel production, with China, India, Pakistan, Bangladesh and Vietnam serving as the principal manufacturing hubs. The European Union and the United States are the largest importers of finished apparel. China is the largest exporter of textile and apparel products, followed by Bangladesh, Vietnam and India. As of December 2025, China remained subject to an effective United States tariff burden of more than 30% and India faced effective duties of up to 50%, while Pakistan (19%), Bangladesh (20%) and Vietnam (20%) attracted comparatively lower reciprocal tariffs, supporting their position as competitive garment sourcing hubs.³⁸

3.21.3. LOCAL OVERVIEW

Position of the Sector in the Economy

Pakistan's textile sector is the country's largest export-oriented manufacturing sector and a significant component of domestic industrial activity. In FY25, nominal GDP stood at c. PKR 114.7 trillion (FY24: c. PKR 105.1 trillion)³⁹, with real GDP growth of c.2.7%⁴⁰, improving to c.3.7% in 1QFY26⁴¹.

The composites and garments sector recorded a market size, measured by share in GDP, of c. PKR 2,133 billion in FY25 (FY24: c. PKR 2,203 billion). Within this, cotton cloth and garments manufacturing accounted for c. PKR 1,782 billion, growing c.7.1% year-on-year, while cotton ginning contracted c.25.9% to c. PKR 351 billion. The downstream, value-added segment therefore continues to drive sectoral scale notwithstanding contraction upstream.⁴²

³⁸ [PACRA Report - Textile Composite](#)

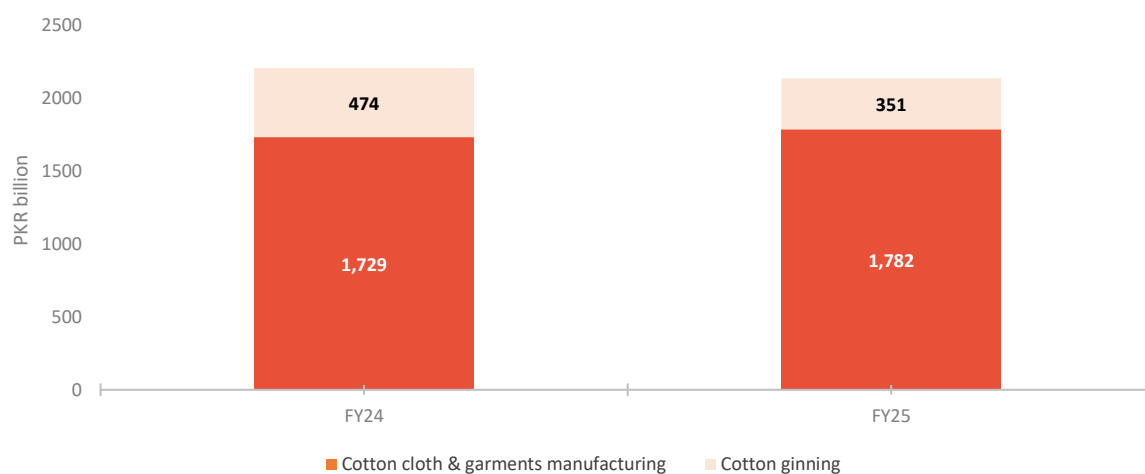
³⁹ https://www.finance.gov.pk/survey/chapter_25/Highlights.pdf

⁴⁰ https://www.finance.gov.pk/survey/chapter_25/Highlights.pdf

⁴¹ <https://www.dawn.com/news/1964244>

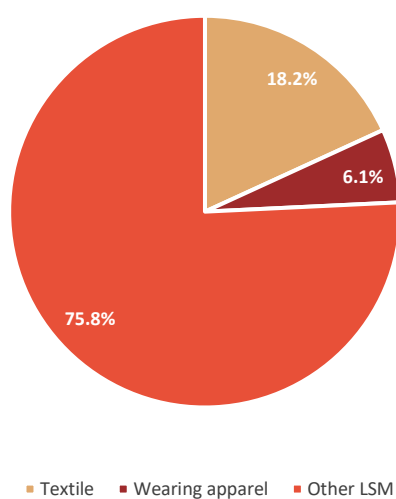
⁴² [PACRA Report - Textile Composite](#)

Sector Market Size by Segment (PKR bln)



Within the LSM index, the textile sector carried a weight of c.18.16% in FY25 and wearing apparel a further c.6.08%. Wearing apparel recorded growth of c.5.7% year-on-year during FY25. Although LSM as a whole contracted by c.1.5% in FY25, it posted growth of c.5.02% during 4MFY26.⁴³

LSM Index Composition (FY25)



APPAREL RETAIL IN PAKISTAN

Market Size

Pakistan's apparel market comprises the retail sale of men's, women's and children's clothing across all channels and price points, and includes both branded and unbranded product. The market recorded revenue of approx. PKR 1,618 billion in CY25 (CY21: c. PKR 916 billion), representing a compound annual growth rate of c.15% over the period CY21 to CY25.⁴⁴

⁴³ [PACRA Report - Textile Composite](#)

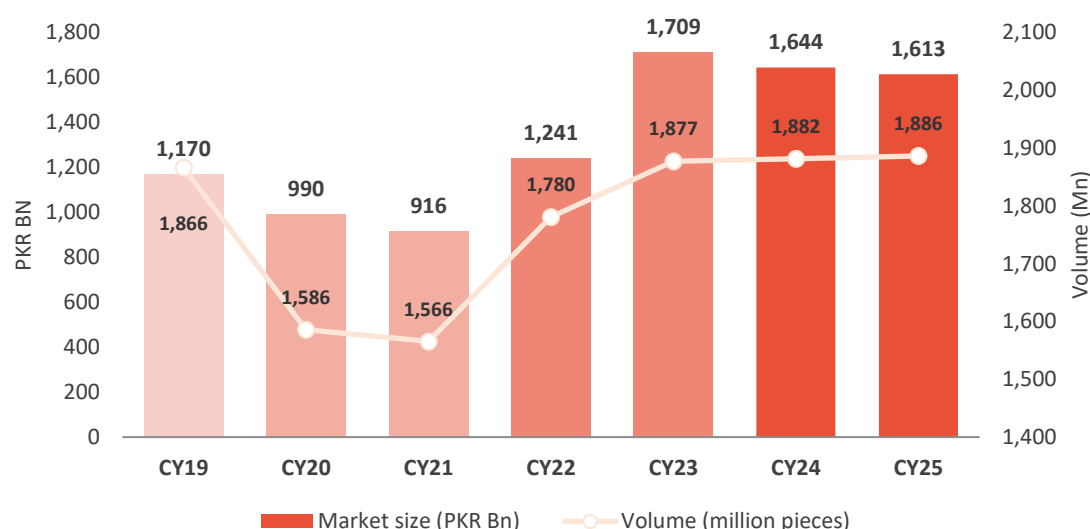
⁴⁴ [Statista - Apparel Market](#)

Over the last six years the rupee depreciated from an average of c. PKR 151.68 per United States dollar in 2019 to c. PKR 281.84 in 2025, a depreciation of c. 46%.⁴⁵

The trajectory of the market over the period under review reflects the macroeconomic conditions. The market contracted from c. PKR 1,170 billion in CY19 to c. PKR 916 billion in CY21 as pandemic-related restrictions suspended non-essential retail operations and weakened discretionary demand. Recovery followed in CY22 and CY23, with the market reaching c. PKR 1,725 billion in CY23 as deferred demand was released and retail prices adjusted to an inflationary environment after which the market has since consolidated in the range of c. PKR 1,618 billion to c. PKR 1,641 billion, reflecting the moderation of inflation and the stabilization of the exchange rate.⁴⁶

PKR Bn	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Average exchange rate (PKR/USD) ⁴⁷	151.68	161.51	162.91	206.82	282.84	278.22	281.84
Apparel market (USD Bn)	7.77	6.12	5.62	6.06	6.10	5.90	5.74
Apparel market (PKR Bn)	1,179	988	916	1,253	1,725	1,641	1,618
Women's apparel (PKR Bn)	498	418	388	529	730	696	688
Men's apparel (PKR Bn)	379	318	295	405	560	531	527
Children's apparel (PKR Bn)	302	252	233	318	436	412	403
Volume (million pieces)	1,866	1,586	1,566	1,780	1,877	1,882	1,886
Average price per piece (PKR)	631	623	585	703	919	871	857

**The data on the source was in USD which had been converted from PKR to USD using average currency rate during the year.*



Volume and Pricing

Growth in market value is a function of the number of garments sold and the price realized per garment. Both have contributed to the growth of the market over the period under review.

Volume increased to c. 1,886.1 million pieces in 2025 from c. 1,565.5 million pieces in 2021, a compound annual growth rate of c.4.8%, and exceeded the pre-pandemic level of c.1,866.1 million pieces recorded in 2019. Volume growth reflects a growing population, an increasing number of households and the continued concentration of population into urban centers in which organized retail operates.⁴⁸

Over the same period the average price per piece increased to c. PKR 857 from c. PKR 585, a compound annual growth rate of c.10.0%. Price growth reflects the pass-through of input cost inflation to the consumer, the depreciation of the rupee against the currencies in which imported fibre, dyes and accessories are denominated,

⁴⁵ <https://www.investing.com/currencies/usd-pkr-historical-data>

⁴⁶ Statista - Apparel Market

⁴⁷ <https://www.investing.com/currencies/usd-pkr-historical-data>

⁴⁸ Statista - Apparel Market

and a progressive shift in product mix towards higher-value categories, including the migration from unstitched fabric to ready-to-wear.⁴⁹

The combination of the two produces growth in market value of c.15.3% per annum over the period. Growth in the market is accordingly attributable to both volume and price rather than to price alone, indicating an expansion in underlying consumption rather than the nominal restatement of a static base.⁵⁰

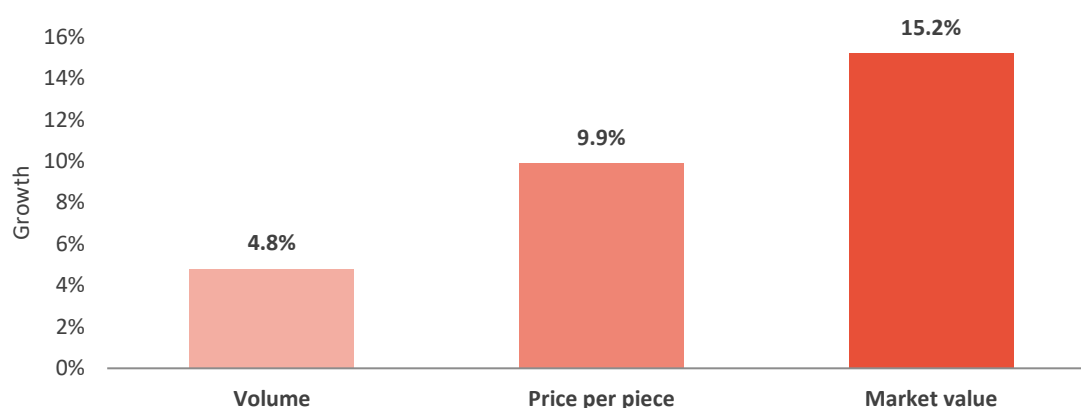
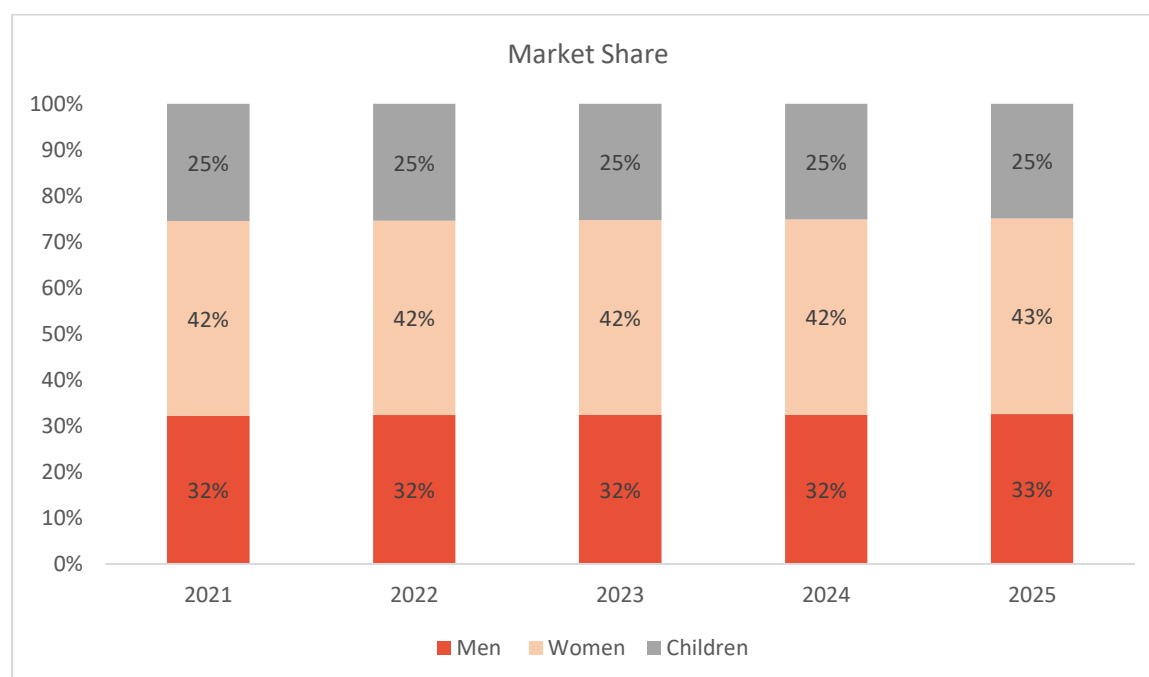


Figure 6: Apparel market growth by component, compound annual growth rate 2021–25 (%)

Market by Category

The apparel market is divided into women's, men's and children's apparel. Women's apparel represented an average of c.42% of market share for the period from 2021 to 2025, which is the largest of the three categories. Men's apparel accounted for c.32% of market value and children's apparel for c.25%.⁵¹



The predominance of womenswear reflects the structure of clothing consumption in Pakistan, in which women's clothing is purchased more frequently and across a wider range of occasions than menswear, spanning everyday

⁴⁹ [Statista - Apparel Market](#)

⁵⁰ [Statista - Apparel Market](#)

⁵¹ [Statista - Apparel Market](#)

wear, seasonal lawn collections, festive wear and formal occasion wear. The category also carries a higher average price per piece than children's apparel, at c. PKR 848 against c. PKR 524 in 2025.⁵²

Structure of the Market

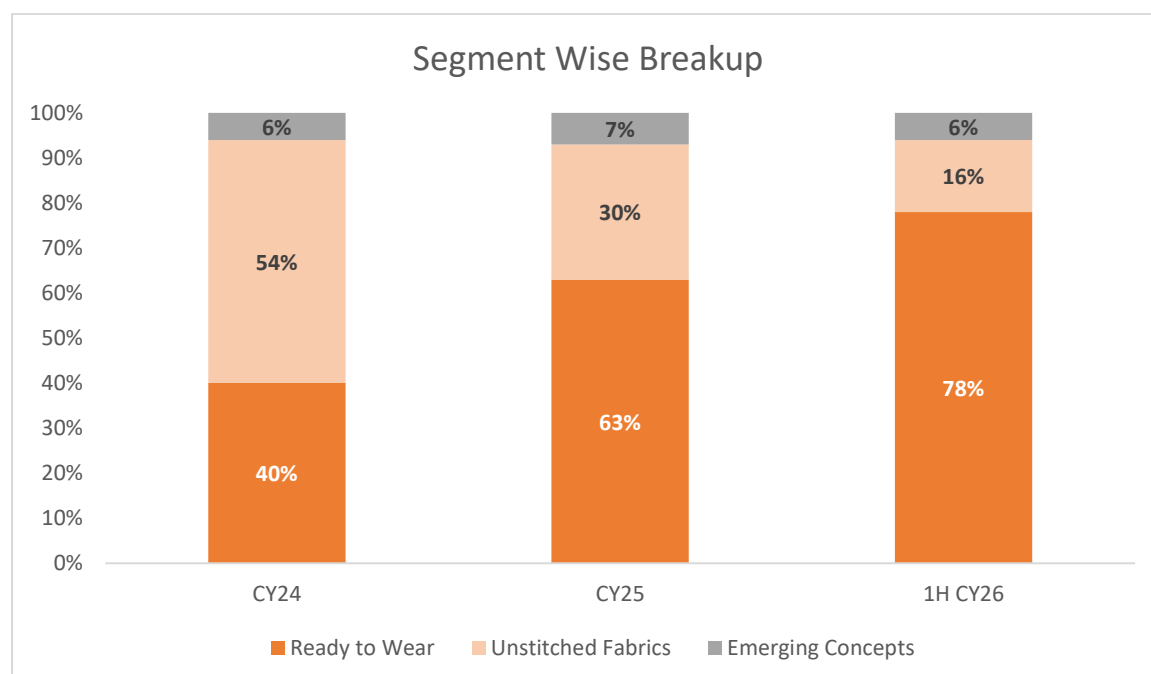
The market comprises four broad tiers. The first is organized branded retail, operating through owned outlets, franchised stores and e-commerce platforms. The second is the unbranded and semi-branded fabric trade, conducted through traditional wholesale cloth markets. The third is the independent tailoring segment, which converts unstitched fabric into finished garments outside any formal manufacturing framework. The fourth is the undocumented segment, comprising imported second-hand clothing, smuggled apparel and counterfeit product.

The organized segment is dominated by a small number of scaled operators, the majority of which originated as textile manufacturers and subsequently forward-integrated into branded retail. Approximately 50 organised composite units operate in the sector⁵³, a number of which run national retail chains. The domestic retail landscape nonetheless remains largely fragmented and dominated by the unorganized sector, which is the source of the growth opportunity for organized operators: market share is available through displacement of the informal segment rather than only through competition between established brands.

The Shift from Unstitched Fabric to Ready-to-Wear

Apparel in Pakistan is sold in two principal forms. Unstitched fabric is sold as two- or three-piece lawn or winter suits, which the consumer subsequently has tailored. Ready-to-wear, or pret, is sold as a finished garment in standard sizes. Historically the market has been dominated by unstitched fabric, with the stitching step performed by independent tailors operating outside the formal economy.

Demand has been shifting towards ready-to-wear, and the shift is evidenced across the reported results of independently rated organized retailers rather than at any single operator. Khaadi's segment wise sales also represents the similar trend.



Ready-to-wear also carries different economics. The stitching stage, which in the unstitched model accrues to an independent tailor, is retained within the retailer, raising realized value per unit of fabric. It requires in return

⁵² [Statista - Apparel Market](#)

⁵³ [PACRA Industry Report](#)

investment in sizing and fit development, shorter design cycles and more granular inventory management, since a finished garment must be produced across a size range rather than sold as a single fabric length. This is reflected in reported margins: rated retailers attribute gross margin improvement specifically to the rising weight of the ready-to-wear segment in their product mix. This shift will reflect in enhanced profitability of Khaadi and its peers.

The Shopping Mall Landscape

Organised apparel retail in Pakistan depends materially on the availability of quality mall space. Purpose-built retail floor space concentrates footfall provides the security, parking and climate control that destination formats require, and allows a retailer to present a full product range in a single location. The continued expansion of such space is accordingly a precondition for the growth of organized retail, and determines the number of locations in which a destination format can be operated.

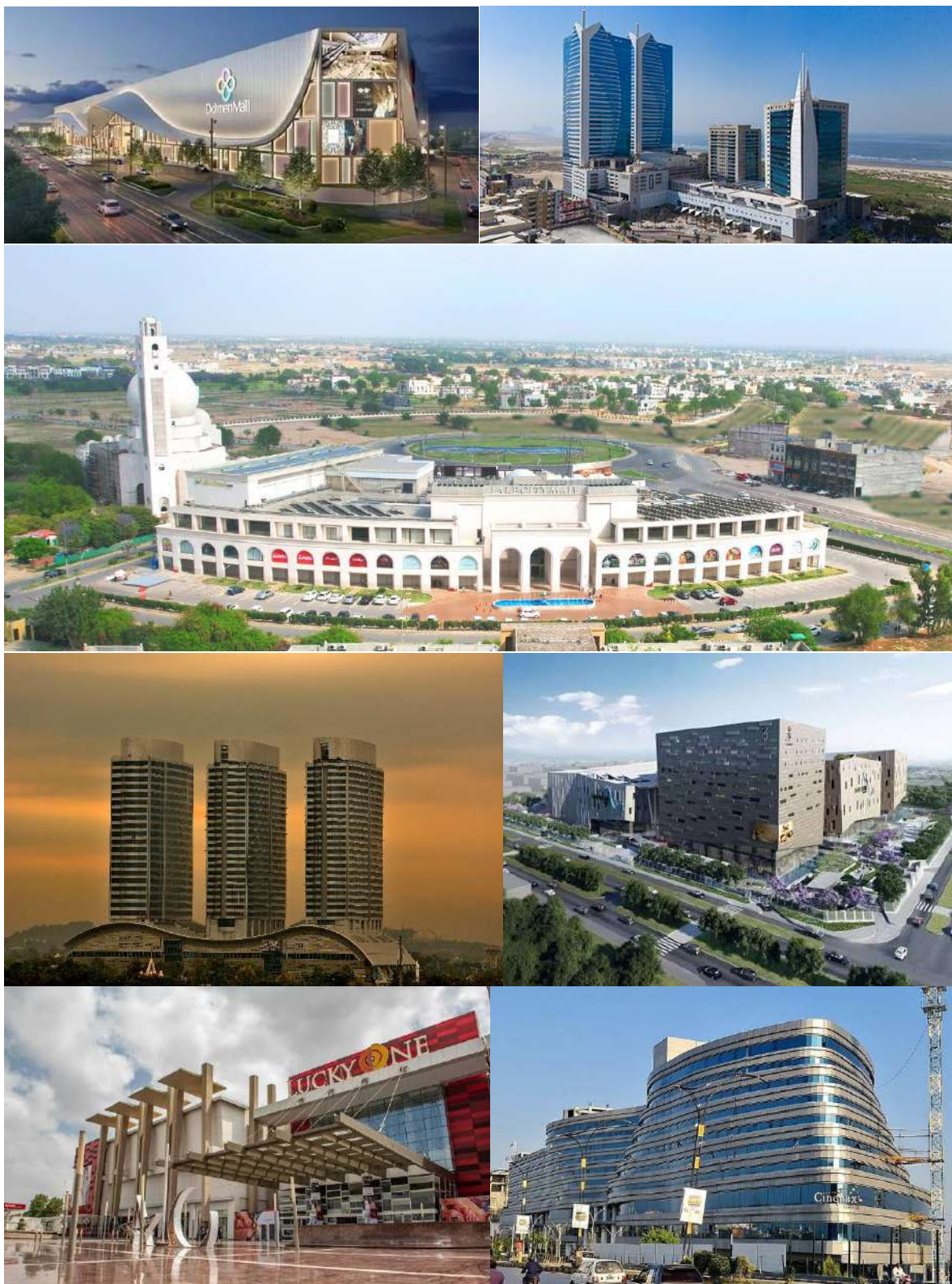
Pakistan's first organized retail development opened in 2001. The two decades since have seen large-format malls established in each of the principal metropolitan markets, developed by a small number of groups. Dolmen Group is the largest operator, having developed Dolmen Mall Tariq Road in 2001, Dolmen Mall Hyderi in 2008, Dolmen Mall Clifton in 2011 and Dolmen Mall Lahore in 2024, the last being the largest mall in Pakistan by gross leasable area⁵⁴. A significant proportion of the remaining prime space has been developed by textile groups, including Emporium Mall by the Nishat Group, Lucky One Mall by the Yunus Brothers Group and Packages Mall by the Packages Group.

The principal developments are set out below.

	Mall	City		Mall	City
1	Lucky One Mall	Karachi	12	Dolmen Mall Lahore	Lahore
2	Dolmen Mall Clifton	Karachi	13	Fortress Square	Lahore
3	Dolmen Mall Tariq Road	Karachi	14	Mall of Lahore	Lahore
4	Dolmen Mall Hyderi	Karachi	15	The Centaurus Mall	Islamabad
5	The North walk Mall	Karachi	16	Safa Gold Mall	Islamabad
6	Ocean Mall	Karachi	17	Mall of Islamabad	Islamabad
7	The Forum	Karachi	18	Imarat Builders Mall	Islamabad
8	The Forum	Karachi	19	Giga Mall / World Trade Center	Rawalpindi
9	Atrium Mall	Karachi	20	Lyallpur Galleria	Faisalabad
10	Emporium Mall	Lahore	21	The Boulevard Mall	Faisalabad
11	Packages Mall	Lahore	22	Deans Trade Centre	Peshawar

The Experience Store format requires substantially larger contiguous floor plates than a conventional outlet, and the locations capable of accommodating it are concentrated in a limited set of prime malls and high streets. The continued expansion of quality mall space is accordingly a precondition for the rollout of the format, thus, the enhancing malls landscape in Pakistan, will also enable Khaadi to expand their scale.

⁵⁴ <https://www.chapmantaylor.com/projects/dolmen-mall>

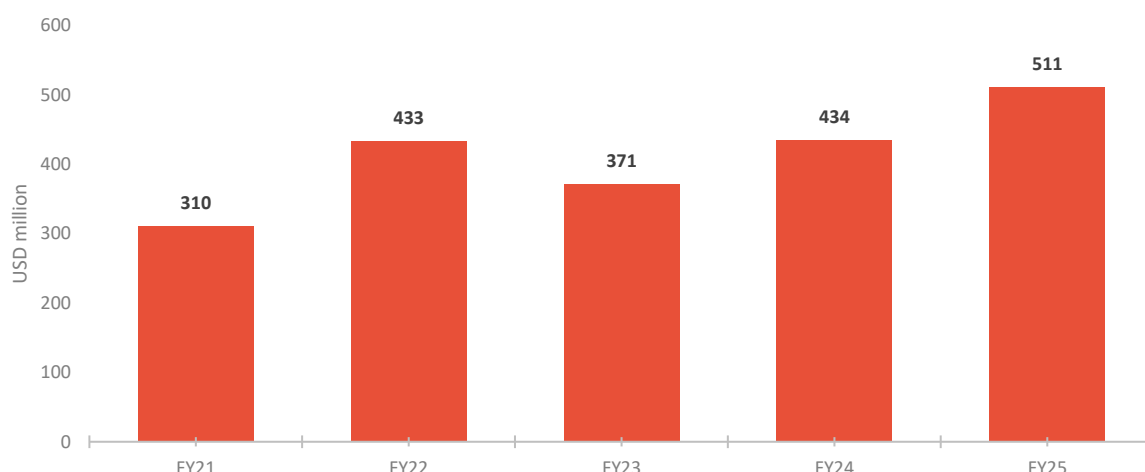


THE UNDOCUMENTED SEGMENT

A proportion of clothing sold in Pakistan is transacted outside the documented economy. This segment competes with organized retail at entry and mid price points while bearing a lower tax and compliance burden, and comprises three principal components.

- i. Worn / Used Clothing

Imports of Worn / Second-Hand Clothing (USD mIn)



55

- ii. Smuggled and under-invoiced imports: Finished apparel imported through formal channels is subject to customs duty, additional customs duty, regulatory duty and sales tax, whereas product entering outside those channels bears none of these. The resulting difference in the landed cost of comparable products is significant and enables such products to be sold at price points that documented retailers cannot match while meeting their tax and compliance obligations. This segment competes with organized retail principally at entry and mid-price points.
- iii. Counterfeit and replicated products: Seasonal print collections are replicated by unbranded producers and sold in unbranded form at a fraction of the original price. This shortens the effective commercial life of a collection and places a premium on brand strength, fabric and finish quality, and speed of seasonal turnover.

The domestic retail landscape remains largely fragmented and dominated by the unorganized sector, which presents scope for organized retailers to expand market share through deeper penetration. Growth for the Company is therefore not contingent on growth in the size of the apparel market alone but may also be achieved through the migration of existing expenditure from unbranded fabric and independent tailoring to documented retail - a migration driven by standardized sizing, consistent quality and service rather than by price, and one which the expansion of the Experience Store network is intended to accelerate.

3.26 SWOT ANALYSIS OF THE RETAIL INDUSTRY

STRENGTHS

- Established, design-led national brands with strong consumer recall
- Large and growing urban consumer base
- Growing organized retail footprint and owned e-commerce platforms
- Retail sales settled at point of sale, supporting a short receivable cycle

WEAKNESSES

- Pronounced seasonality and design-led inventory with limited residual value after season
- Retail networks concentrated in four metropolitan markets
- Dependence on domestic cotton crop and imported fibre for fabric supply
- Fixed retail cost base sensitive to footfall at individual locations

OPPORTUNITIES

- Migration of demand from unstitched fabric and informal tailoring to branded ready-to-wear

THREATS

- Competition from second-hand clothing imports and smuggled apparel

⁵⁵ [Report on External Trade, Import June 2024.pdf](#), https://www.pbs.gov.pk/wp-content/uploads/2020/07/Import_June-2026.xlsx

- | | |
|--|---|
| <ul style="list-style-type: none">• Documentation of retail through Tier-1 point-of-sale integration• Expansion of quality mall space enabling larger destination store formats• Network expansion into secondary and tertiary cities• Growth in fashion e-commerce and omni-channel retail | <ul style="list-style-type: none">• Replication of seasonal print collections by unbranded producers• Renewed inflation or currency depreciation compressing discretionary spending• 18% General Sales Tax applied to documented retail |
|--|---|

3A. SHARE CAPITAL AND RELATED MATTERS

3A (i) Share Capital

The current share capital of Khaadi Pakistan Limited is as follows:

Share Capital	No. of Shares	Face Value Per Share (PKR)	Premium (PKR)	Total at Par (PKR)
Authorized Share Capital				
Ordinary Shares	4,000,000,000	0.125	-	500,000,000
Issued, Subscribed & Paid-Up Capital				
Ordinary Shares of PKR 0.125/- each fully paid	2,000,000,000	0.125	-	250,000,000
Breakdown of Issued, Subscribed and Paid-up capital:	No. of Shares	Face Value Per Share (PKR)	Premium (PKR)	Total at Par (PKR)
<u>Sponsors:</u>			-	
Weaves Corporation Limited	1,999,999,994	0.125	0.85 ⁵⁶	249,999,999.25
<u>Directors and their Family:</u>				
Shamoon Sultan	1	0.125	-	0.125
Saira Ruth Shamoon	1	0.125	-	0.125
Muhammad Asif Peer	1	0.125	-	0.125
Abdul Samad Dawood	1	0.125	-	0.125
Maheen Rahman	1	0.125	-	0.125
Muhammad Raza Pirbhai	1	0.125	-	0.125
Sub Total	2,000,000,000			250,000,000
New Issue of Ordinary Shares	No. of Shares	Face Value Per Share (PKR)	Premium Per Share (PKR)	Total at Par (PKR)
Allocation to Pre-IPO Investors	250,000,000	0.125	12.275	31,250,000
Allocation to institutions / High Net worth individual investors through Book Building process at Strike Price	175,000,000	0.125	12.275	21,875,000
General Public Portion	75,000,000	0.125	12.275	9,375,000
Sub-total	500,000,000	-	-	62,500,000
Post IPO Paid Up Capital	No. of Shares	Face Value Per Share (PKR)	Total at Par (PKR)	
Total Paid Up Capital Post IPO	2,500,000,000	0.125	312,500,000	

The company has entered into agreements to sell 250 million shares i.e. 10% of the Post IPO Paid Up Capital of company to the following investors at the date mentioned as follows:

S.No	Pre-IPO Investors	No. of Shares	Price Range*	Amount – Floor (PKR Mn)	Amount – Cap (PKR Mn)	%
1	Habib Bank Limited	124,750,000	12.40 - 15.20	1,546.90	1,896.20	49.9%
2	Kamran Khan	24,193,548	12.40 - 15.20	300.00	367.74	9.7%
3	IGI Investments (Packages Group)	20,161,291	12.40 - 15.20	250.00	306.45	8.1%

⁵⁶ This represents average share premium for the 2 billion shares held by Weaves Corporation Limited.

S.No	Pre-IPO Investors	No. of Shares	Price Range*	Amount – Floor (PKR Mn)	Amount – Cap (PKR Mn)	%
4	DEL Projects (DESCON Group)	16,129,033	12.40 - 15.20	200.00	245.16	6.5%
5	Arif Habib	14,354,800	12.40 - 15.20	178.00	218.19	5.7%
6	Muhammad Shahid Ali	8,072,694	12.40 - 15.20	100.10	122.70	3.2%
7	Muhammad Sohail	8,064,517	12.40 - 15.20	100.00	122.58	3.2%
8	Muhammad Adnan	8,064,517	12.40 - 15.20	100.00	122.58	3.2%
9	Muhammad Nasir	8,064,500	12.40 - 15.20	100.00	122.58	3.2%
10	Shunaid Qureshi	8,064,500	12.40 - 15.20	100.00	122.58	3.2%
11	BRR GUARDIAN LIMITED	4,838,500	12.40 - 15.20	60.00	73.55	1.9%
12	First Dawood Investment Bank Ltd And Others Employees Provident Fund	3,225,900	12.40 - 15.20	40.00	49.03	1.3%
13	Ayaz Dawood	887,100	12.40 - 15.20	11.00	13.48	0.4%
14	BRR Investments	806,500	12.40 - 15.20	10.00	12.26	0.3%
15	BRR Financial Services	322,600	12.40 - 15.20	4.00	4.90	0.1%
Total		250,000,000		3,100.00	3,800.00	100.0%

* Pre-IPO price calculation: (IPO floor price + IPO strike price)/2

The Investor's subscription is conditional on SECP approval of the draft prospectus, receipt of the Issuer's reviewed six-month financial statements to June 30, 2026, completion of Book Building and determination of the Strike Price, and completion of all legal formalities relating to the rights offering under Section 83 of the Companies Act, 2017. The Pre-IPO investors have a lock-in period of 90 days from the date of listing.

3A (ii) Pattern of Shareholding

Khaadi's current pattern of shareholding is provided hereunder:

Name	Pre-IPO Shareholding		Post IPO Shareholding	
	Shares Held (Mn)	Ownership %	Shares Held (Mn)	Ownership %
Sponsors				
Weaves Corporation Limited	1,999,999,994	100%	1,999,999,994	80%
Total	1,999,999,994	100%	1,999,999,994	80%
Directors, Chief Executive Officers, and Members of Company				
Muhammad Asif Peer	1	0%	1	0%
Shamoon Sultan	1	0%	1	0%
Saira Ruth Shamoon	1	0%	1	0%
Abdul Samad Dawood	1	0%	1	0%
Maheen Rahman	1	0%	1	0%

Muhammad Raza Pirbhai	1	0%	1	0%
General Public				
General Public	-	-	500,000,000	20%
Total	2,000,000,000	100%	2,500,000,000	100%

3A (iii) Sponsors Shares to be kept in Blocked Form:

1. As per regulation 5(1) of the PO Regulations, the Sponsors of the Company shall retain their entire shareholding in the Company for a period of not less than twelve months from the last date for public subscription;
2. As per regulation 5(2) of the PO Regulations, the Sponsors of the Company shall retain not less than twenty-five percent of the Post Issue Paid Up Capital of the Company for not less than three years from the last date for the public subscription;
3. As per regulation 5(3) of the PO Regulations, the shares of the Sponsors mentioned at (iii) above shall be kept unencumbered in a blocked account with the CDC;
4. As per regulation 5(4) of the PO Regulations, subject to compliance with sub-regulation 1 and 2 of Regulation 5, and with the prior approval of the securities exchange, the Sponsors of the Company may sell their shareholding through block-sale to any other person who shall be deemed Sponsor for the purposes of the PO Regulations. Provided that a sale of at least 5% of the post issue paid up capital or PKR 50 million, whichever is lower, shall constitute a block sale during the lock-in period.

Breakdown of the shareholding of Khaadi Pakistan Limited's sponsors is provided hereunder:

Name	Pre-IPO Shareholding		Post-IPO Shareholding	
	Shares Held	Ownership %	Shares Held	Ownership %
Sponsors:				
Weaves Corporation Limited	1,999,999,994	100%	1,999,999,994	80%
Total	1,999,999,994	100%	1,999,999,994	80%

3A (iv) Present Issue

The offer comprises 500 Mn shares (20% of Post IPO paid-up capital of the Company) of face value of PKR 0.125/- each. 250 million shares (10%) relate to Pre-IPO placement, while 250 million shares (10%) are being offered through the IPO.

Of the IPO portion of 250,000,000 Ordinary Shares, seventy percent (70%) of the issue i.e. 175,000,000 ordinary shares will be offered through the Book Building process at a Floor Price of PKR 12.40/- per share with a price band of 45.16% above the floor price i.e. PKR 18.00/-.

The bidders shall be allowed to place bids for seventy percent (70%) of the Issue size and the Strike Price shall be the price at which seventy percent (70%) of the Issue is subscribed. The remaining thirty percent (30%) of the issue i.e. 75,000,000 ordinary shares will be offered to retail investors. The retail portion will be fully underwritten, with Askari Bank Limited, Munir Khanani Securities, MRA Securities, Ismail Iqbal Securities, Arif Habib Limited and Zahid Latif Khan securities acting as the underwriters to the issue.

Unsubscribed shares, if any, of the retail (General Subscription) portion will be taken up by the underwriters to the issue.

3A (v) Shares Issued in Preceding Years

Break-up of shares issued since the inception of the company, including bonus shares, right shares and non-cash shares, has been provided below:

S. No.	No. of shares issued	Mode of Share Issuance	Face Value Per Share (PKR)	Premium Per Share (PKR)	Total Par Value (PKR)	Total Premium	Date of issuance
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1	10	Cash	10	-	100	-	15-Jul-15
2	499,990	Cash	10	-	4,999,900	-	25-Jun-18
3	2,000	Cash	10	299,990	20,000	599,980,000	10-Mar-22
4	177	Cash	10	2,029,791	1,770	359,273,007	24-Jun-22
5	1,079	Cash	10	2,029,791	10,790	2,190,144,489	10-Dec-22
7	494	Cash	10	2,029,791	4,940	1,002,716,754	22-Dec-23
6	(1,084)	Cash	10	2,029,791	(10,840)	(2,199,989,160)	20-Dec-24
8	24,497,334	Bonus	10	-	244,973,340	(244,973,340)	24-June-2026
Total	25,000,000				250,000,000	1,707,151,750	

Stock Split

The shareholders of the Company, through a special resolution passed on June 26, 2026, approved a stock split, reducing the par value per share from PKR 10.00/- to PKR 0.125/-.

Capital Structure (Post Stock Split)

Particulars	Amount (PKR Mn)	Number of Shares	Face Value
Authorized Share Capital	500,000	4,000,000,000	0.125
Paid - up Capital	250,000	2,000,000,000	0.125

3A (vi) Employee Stock Option Scheme

Khaadi does not have an employee stock scheme.

3A (vi) Related Employees

Related Employees of the Company (Khaadi Pakistan Limited) are as follows:

S. No	Name	Designation
1	Shamoon Sultan	Chief Executive Officer
2	Tahir Iqbal	Chief Financial Officer
3	Nausheen Ahmed	Company Secretary

Related employees of the Joint Consultant to the Issue (Arif Habib Limited) are as follows:

S. No	Name	Designation
1	Shahid Ali Habib	Chief Executive Officer
2	Farhan Rizvi	Managing Director, Investment Banking
3	Malik Harris Rehman	Assistant Vice President, Investment Banking
4	Hamza Rehan	Assistant Vice President, Investment Banking
5	Raheel Ahmed	Senior Associate, Investment Banking
6	Saif ul Haq	Associate, Investment Banking
7	Muhammad Ismail	Associate, Investment Banking
8	Naveed Said	Senior Analyst, Investment Banking
9	Ali Raza	Senior Analyst, Investment Banking
10	Muhammad Ali Farooq	Analyst, Investment Banking
11	Tasweeb Fathe Khan	Analyst, Investment Banking
12	Muhammad Ali Chandio	Analyst, Investment Banking

13	Hammad Waris	Analyst, Investment Banking
14	Syed Muhammad Komail	Analyst, Investment Banking

3A (vii) UNDERTAKING OF THE SPONSORS OF THE ISSUER REGARDING IPO UTILIZATION

C832058

E-STAMP

حکومت سندھ

BOP-0870-906641

GoS-KHI-542C2AFAC8BBAAE9

Non-Judicial

Rs 500/-

Description: 1. Bond - 10(A)
 Indemnifier/Mortgagor: 1. Mudassar Adv [00000000]
 Indemnified/Mortgagee: 1. Mudassar Adv [00000000]
 Applicant: 1. Shahbaz [42101-5151200-3]
 Stamp Duty Paid by: 1. Mudassar Adv [00000000]
 Issue Date: 1. 06-Jul-2025, 12:48:49 PM
 Paid Through Channel: 1. 2026253029900467
 Amount in Words: 1. Five Hundred Rupees Only

REGISTERED MAHMOOD ALI RIZVI

Please Write Below This Line

You can verify your e-Stamp paper by scanning the QR code or online at www.e-stamps.gos.pk using the "Verification Through Web" option.

Dated: September 10, 2026
 Pakistan Stock Exchange
 Stock Exchange Building
 Stock Exchange Road
 Karachi - 74000, Pakistan

UNDERTAKING

I, Shamoon Sultan, son of Manzoor Ahmed Allahwala, being the Chief Executive Officer of Weaves Corporation holding CNIC No. 42201-6818915-9 resident of House No.6A/I, South Park Avenue, D.H.A., Phase II, Karachi, being the duly authorised signatory of Weaves Corporation Limited, the Sponsor, do hereby state on solemn affirmation as under:

- (1) That Weaves Corporation Limited is the ultimate sponsor and majority shareholder/owner of the shares of Khaadi Pakistan Limited (the "Issuer");
- (2) That the IPO Proceeds of Khaadi Pakistan Limited shall be utilized as per the purpose disclosed in the Prospectus.

Shamoon Sultan
 Chief Executive Officer
 Weaves Corporation Limited

WEAVES CORPORATION LIMITED

ATTESTED

BYECHANAHAD
 ADVOCATE
 City Court Karachi Pakistan

City Court Karachi Pakistan

QR Code



SECTION 4

PROCEED UTILISATION

PROSPECTUS | KHAADI PAKISTAN LIMITED



4. PRINCIPAL PURPOSE OF THE ISSUE AND FUNDING AGREEMENTS

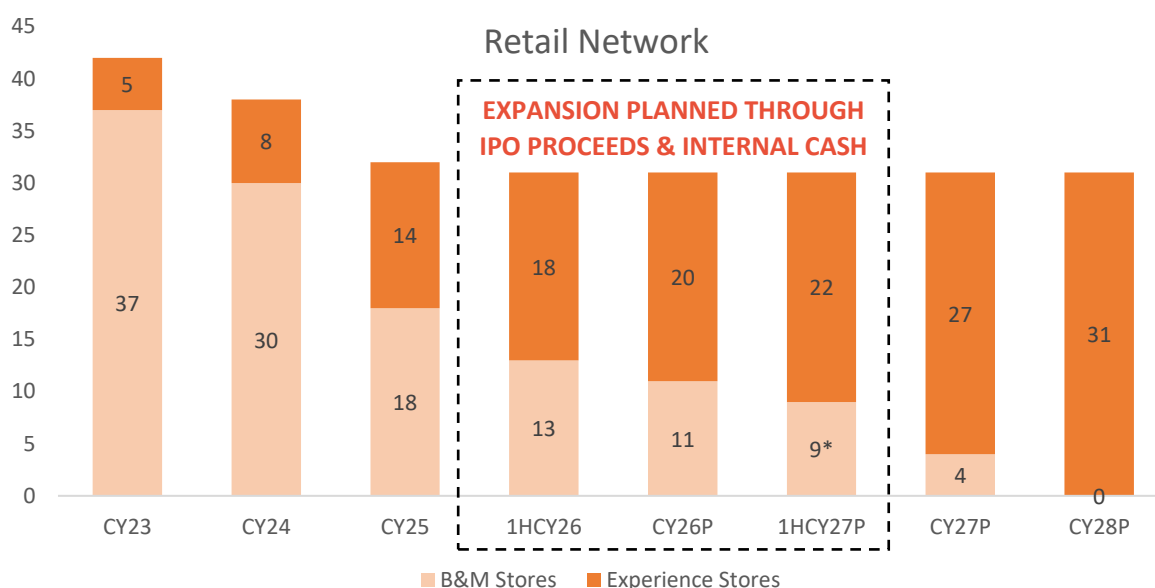
4.1. Principal Purpose of the Issue

The Company intends to offer 250 million ordinary shares through this Initial Public Offering ("IPO") at a Floor Price of PKR 12.40/- per share, raising proceeds of PKR 3,100 million. The proceeds will be utilized to finance the Company's growth through opening of Experience Stores.

The Company intends to convert its entire network into Experience Stores by the end of CY28. Out of total of 31 outlets 14 Experience Stores were operational as of CY25. Further, 8 stores are planned to be upgraded under the expansion plan out of which four stores have been upgraded using bridge finance and internal cash while remaining four shall be upgraded during CY26 and 1HCY27, funded through IPO proceeds. The bridge financing will be repaid using IPO proceeds.

The conversion is to be effected in one of two ways at each location. Where additional adjacent space can be acquired at an existing B&M outlet, that outlet will be expanded and refurbished into an Experience Store. Where such space is not available, the existing outlet will be closed and an Experience Store established at an alternative location within the same catchment.

The expansion plan through IPO proceeds comprises the establishment of 8 Experience Stores and is expected to be completed in 1H CY27. Of these, 4 were already operational as at 1H CY26, at which date 18 outlets were operating in the Experience Store format.



*Remaining 9 B&M stores will also be converted into Experience Stores in or before CY28.

To finance the capital expenditures incurred until the receipt of IPO proceeds, the Company availed bridge financing of PKR 1,764 million from HBL, Faysal Bank, Askari Bank, and Al Baraka Bank, which will be repaid from the IPO proceeds. This financing was obtained to ensure uninterrupted growth.

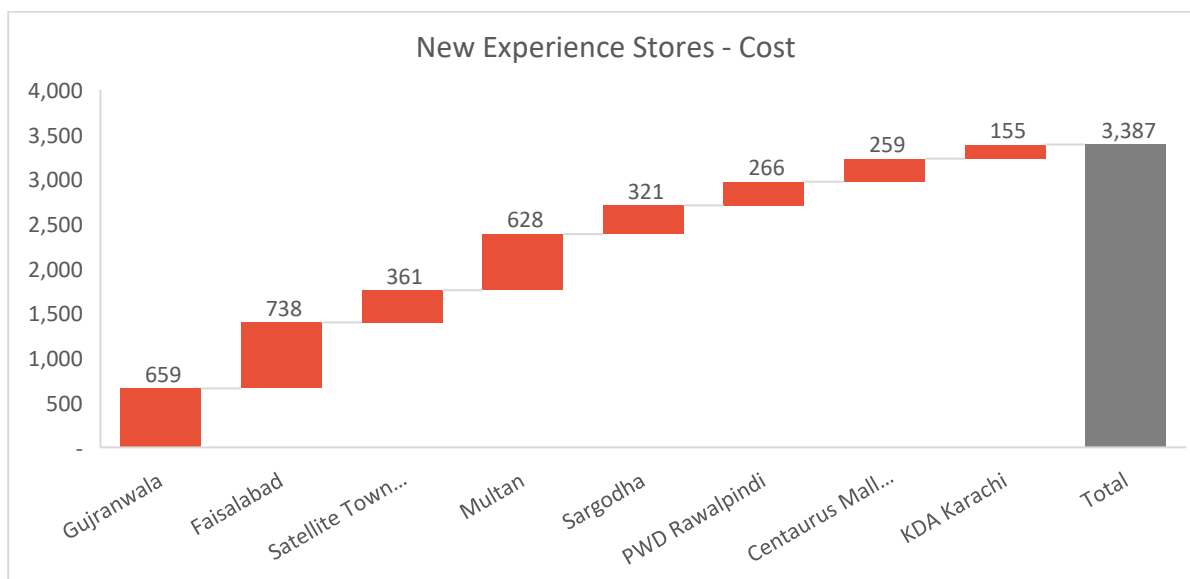
Conversion of Khaadi's retail network into Experience Stores is a key component of the Company's growth strategy, aimed at strengthening its network of Experience Stores across Pakistan and enhancing the overall customer experience.

4.2. Expansion Cost

The total cost of opening 8 new Experience Stores is estimated at PKR 3,387 Mn, comprising shop fit-outs, furniture & fittings and office and other equipment as detailed below:

Particulars	Cost (PKR Mn)	% of Total Cost
Cost Summary		
Shop Fit out	2,247	66%
Furniture & Fittings	771	23%
Office & Other Equipment	370	11%
Total	3,387	100%

Of the total PKR 3,387 million cost for opening 8 Experience Stores, the Company has already incurred PKR 2,051 million in capital expenditure, comprising PKR 1,764 million funded through bridge financing and PKR 287 million funded through internal cash. The bridge financing shall be retired from IPO proceeds. Amongst the 8 Experience Stores under the expansion plan, 4 are already operational as of 1H CY26, while further 2 Experience Stores will start trading in the current year, and 2 to be added in the next year. Remaining IPO proceeds of PKR 1,336 Mn shall be utilised towards this CAPEX.



	Location	Capex Already Incurred*	Capex to be Incurred	Total Capex
1	Gujranwala	89	570	659
2	Faisalabad	738	-	738
3	Satellite Town Rawalpindi	361	-	361
4	Multan	628	-	628
5	Sargodha	-	321	321
6	PWD Rawalpindi	-	266	266
7	Centaurus Mall Islamabad	80	179	259
8	KDA Karachi	155	-	155
	Total	2,051	1,336	3,387

*Incurred using internal cash (PKR 287 Mn) and bridge financing (PKR 1,764 Mn).

4.3. Source of Funds

The total estimated cost is PKR 3,387 Mn for the opening of 8 Experience Stores, which will be funded through a mix of IPO proceeds and internally generated cash. Out of the total cost, PKR 2,051 Mn has already been incurred through bridge financing and internal cash. Bridge financing shall be repaid using the IPO proceeds.

Breakup of Fund Requirement	Amount (PKR Mn)	Contribution (%)
Internal Cash Generation – (Capex Already Incurred)	287	8%
IPO Proceeds*	3,100	92%

Total	3,387	100%
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*IPO proceeds calculated on the floor price

4.4. Utilization of IPO Proceeds

Khaadi has partially utilized the IPO proceeds to fund its Experience Stores through drawdown of bridge financing. This includes capital expenditure on shop fit outs, lights & fixtures and office equipment.

Particulars	Costs (PKR Mn)	% of Total IPO Proceeds
Bridge Financing*	1,764	57%
Expansion Project	1,336	43%
	3,100	100%

*The loan was availed as bridge financing to fund capital expenditures incurred prior to the IPO and will be repaid from IPO proceeds.

After repaying the bridge financing loan, the Company will have a remainder of PKR 1,336 Mn from the IPO proceeds which will be utilized in CAPEX of 4 Experience Stores to be opened in 1H CY27.

Location	From IPO Proceeds	Total Capex to be Incurred
Gujranwala	570	570
Sargodha	321	321
PWD Rawalpindi	266	266
Centaurus Mall Islamabad	179	179
Total	1,336	1,336

4.5. Additional Disclosures Relating to the Purpose of the Issue

4.5.1. Capital Expenditures

The estimated total cost for CAPEX of 8 Experience Stores is PKR 3,387 million.

Shop Fit-Outs: This includes the civil works, interior construction, and structural elements required to set up a new Experience Store or refurbish an existing one - such as flooring, ceiling work, partitions, false walls, signage, branding elements, changing rooms, and display counters/shelving designed to reflect the Company's brand identity.

Office & Other Equipment: This covers the information technology and operational equipment required to run each outlet, including point-of-sale terminals/payment devices, computers and networking equipment, security and surveillance systems, and BOH equipment needed to support day-to-day store operations.

Furniture & Fittings: This covers the fixed and movable fittings that complete the store environment, including lighting and electrical installations, air conditioning and ventilation systems, mannequins and product display racks, plants and customer service counters, and the fixtures required to create the intended in-store ambiance and shopping experience.

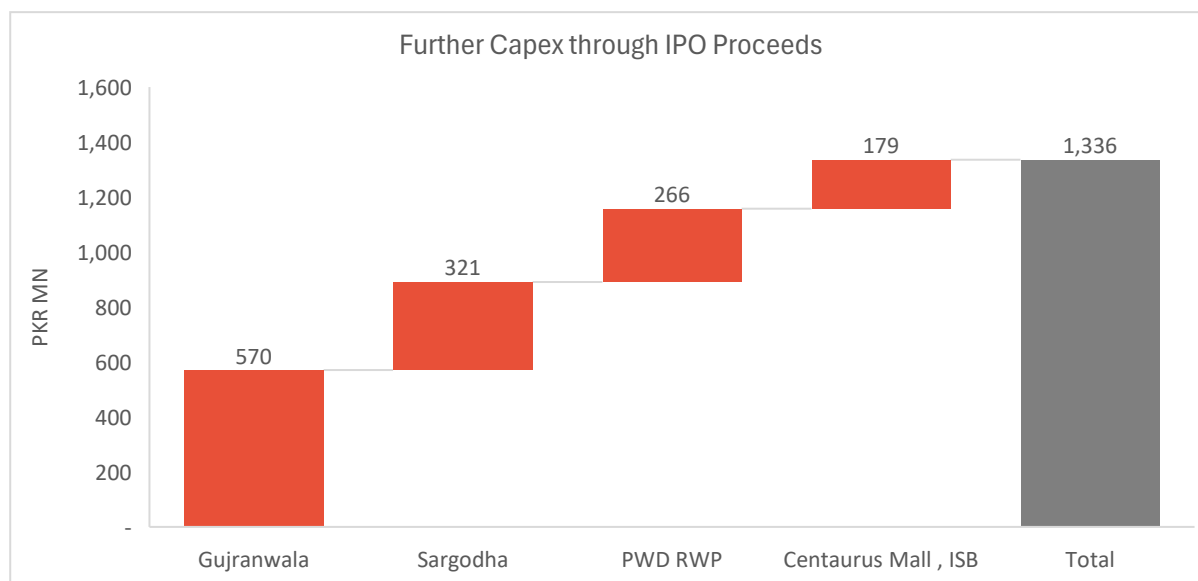
The breakdown of capital expenditure for each of the Experience Store is as follows.

	Location	Shop Fit outs PKR Mn	Office & Other Equipment PKR Mn	Furniture & Fittings PKR Mn	Total PKR Mn
New Experience Stores (includes Conversion)					
1	Gujranwala	411.00	69.40	178.59	658.99
2	Faisalabad	469.00	78.39	191.10	738.48

3	Satellite Town Rawalpindi	289.00	33.35	38.29	360.63
4	Multan	414.00	67.00	146.74	627.74
5	Sargodha	203.00	46.00	71.96	320.96
6	PWD Rawalpindi	156.00	40.01	69.79	265.80
7	Centaurus Mall Islamabad	185.00	26.33	48.04	259.37
8	KDA Karachi	120.00	9.40	26.03	155.43
	Total	2,247	370	771	3,387

4.5.1.1. Breakdown of Capital Expenditure

The remaining capital expenditure will be carried out using IPO proceeds as follows:



Location	Shop Fit outs	Office & Other Equipment	Furniture & Fittings	Total
From IPO Proceeds				
Gujranwala	367	57	146	570
Sargodha	203	46	72	321
PWD Rawalpindi	156	40	70	266
Centaurus Mall Islamabad	128	18	33	179
Total	854	161	321	1,336

4.5.2. Loan Repayment

From	Date Sanctioned	Applicable Rate	Maturity	Amount to be repaid from IPO Proceeds (PKR Mn)
Askari Bank Limited	23-10-25	3M KIBOR + 0.50%	May 31, 2027	163
Al-Baraka Bank	28-08-25	FE25 + 5.50%	July 31, 2026*	174
Faysal Bank Limited	27-01-25	3M KIBOR + 0.45%	May 31, 2027	489
HBL	19-06-26	3M KIBOR + 0.50%	Sept 30, 2026	938
Total				1,764

*Renewal in process.

4.6. Details Regarding Financial Close of the Expansion

The construction of the new experience stores is expected to be completed in 1H CY27.

4.7. Implementation Schedule

S.NO	Location	Store Type	Starting Date	Expected Ending Date
1.	Faisalabad	New Experience Store	Open as of 1H CY26	
2.	Satellite Town, Rawalpindi	New Experience Store	Open as of 1H CY26	
3.	Multan	New Experience Store	Open as of 1H CY26	
4.	KDA, Karachi	New Experience Store	Open as of 1H CY26	
5.	Centaurus, Islamabad	New Experience Store	5-Jan-26	17-Oct-26
6.	PWD, Rawalpindi	New Experience Store	16-Mar-26	27-Nov-26
7.	Gujranwala	New Experience Store	9-Mar-26	15-Jan-27
8.	Sargodha	New Experience Store	31-Aug-26	14-May-27

4.8. Utilization of excess IPO Funds, in the case the Strike Price is Determined above the Floor

In the event that the Strike Price is determined above the Floor Price, the excess funds raised by the Company may be utilized to support its working capital requirements, undertake additional capital expenditure including the establishment of new retail outlets and conversion of existing stores into Experience Stores.

The allocation of such incremental proceeds among the aforementioned purposes shall be determined by the Company based on its business requirements, implementation timelines and available internal cash resources. Utilization of the incremental proceeds for these purposes will provide the Company with greater financial and operational flexibility and may reduce its reliance on internal cash generation and external financing.

4 (AI) POST ISSUE MATTERS. (REPORTING AND EXIT OPPORTUNITY)

i. Post issuance reporting requirements as per regulation 16 of these regulations

The issuer, Khaadi Pakistan Limited, upon completion of the public offer shall:

- a. Report detailed break-up of the utilization of the proceeds of the issue in its post issue quarterly/half-yearly and annual accounts (till the fulfilments of the commitments mentioned in the prospectus).
- b. submit a: (a) Half Yearly progress report; and (b) annual progress report reviewed by the auditor, to the securities exchange till the fulfilment of the commitments mentioned in the prospectus stating the following:
 - Implementation status of the project/commitment made in the prospectus as per format given below:
 - Detailed Break-up utilization of the proceeds raised from the issue:
- c. Submit a final report reviewed by the auditor after the fulfilment of the commitments mentioned in the prospectus.

ii. Exit Opportunity Mechanism as per regulation 16(a) of these regulations

- a. The Issuer shall not, at any time change the principal purpose of the issue as disclosed in the Prospectus.
- b. In exceptional circumstances, the issuer may change the principal purpose of the issue subject to passing of special resolution and offering an exit opportunity to dissenting shareholders who have not agreed to the change in principal purpose of the issue as disclosed in the Prospectus.
- c. Offering an exit opportunity shall also be mandatory where the principal purpose of issue was undertaken and thereafter funds were diverted to other purposes, which resulted in non-completion of principal purpose of issue in a timely manner as disclosed in the prospectus.
- d. The mechanism for an exit offer opportunity shall be as under:
 - i. EOGM notice in respect of any change in the principal purpose of the issue as disclosed in the prospectus shall be given along with draft special resolution as required under the provisions of Companies Act, 2017.
 - ii. Subject to approval of special resolution as defined in the Companies Act, 2017, the shareholders who have dissented against the special resolution and conveyed their dissent to the company secretary under intimation to PSX, shall be provided an opportunity to exit by offering a price per share, by the sponsors of the issuer that shall be highest of the following:
 1. Intrinsic value based on the latest available audited accounts;
 2. Weighted average closing price for last six preceding months
 3. offer price at which the shares were subscribed through IPO.
 - iii. The exit offer shall be executed by the sponsors with in a period of thirty days from the date of passing of special resolution.

4A VALUATION SECTION

4A (I) JUSTIFICATIONS GIVEN BY THE CONSULTANT TO THE ISSUE, IF ANY OR THE ISSUER IN SUPPORT OF THE OFFER/FLOOR PRICE AND THE PRICE BAND. THE JUSTIFICATION MUST INCLUDE APPROPRIATE VALUATION MODELS, INCLUDING THE DISCOUNTED CASH FLOW (DCF) MODEL, DIVIDEND DISCOUNT MODEL (DDM), AND/OR GORDON GROWTH MODEL (GGM).

Disclaimer:

The offer price/floor price and price band are set by the Issuer and Consultant to the Issue using appropriate valuation models, and that the Commission and the Securities Exchange have neither assessed nor validated the pricing or the underlying valuation model. The Commission and the Securities Exchange do not assess, validate or endorse the price of a transaction, as pricing is purely a function of market forces; whereby minimum price is determined by the Consultant to the Issue/Issuer and final price is set by the investors.

Valuation – Free Cash Flow to the Firm (FCFF):

Cost of Equity

	CY26E	CY27E	CY28E	CY29E	CY30E
Risk Free Rate (%) ⁵⁷	12.30% ⁵⁸	11.50%	11.50%	11.50%	11.50%
Beta ⁵⁹	0.72	0.72	0.72	0.72	0.72
Equity Risk Premium (%) ⁶⁰	6.00%	6.00%	6.00%	6.00%	6.00%
Sustainable Growth (%) ⁶¹					5.50%
Cost of Equity (%)⁶²	16.63%	15.83%	15.83%	15.83%	15.83%

Running Weighted Average Cost of Capital ("Running WACC")

	CY26E	CY27E	CY28E	CY29E	CY30E
After Tax Cost of Debt ⁶³	9.96%	9.16%	9.12%	8.44%	8.16%
Cost of Equity	16.63%	15.83%	15.83%	15.83%	15.83%
Debt Weight	30.83%	25.25%	20.30%	16.09%	13.28%
Equity Weight	69.17%	74.75%	79.70%	83.91%	86.72%
Weighted Cost of Equity ⁶⁴	11.51%	11.84%	12.62%	13.29%	13.73%
Weighted Cost of Debt ⁶⁵	3.07%	2.31%	1.85%	1.36%	1.08%
Running WACC (%)	14.58%	14.15%	14.47%	14.64%	14.82%

⁵⁷ The 20-year average of the 10-year PIB yield from 31 August 2006 to 31 August 2026 has been used as the long-term risk-free rate.

⁵⁸ Ten-year Pakistan Investment Bond yield as of 9th September 2026

⁵⁹ Beta derived from Damodaran's unlevered apparel industry beta for emerging markets, re-levered using the Company's capital structure.

⁶⁰ The equity risk premium has been derived from the implied equity return over the past ten years, which has averaged c. 6.00% above the average long-term Government bond yield.

⁶¹ A sustainable growth rate of 5.5% has been applied, reflecting the Company's business model. The Company plans to incur capex of c. PKR 3.5 billion annually, enhancing its retail footprint and driving growth in the business.

⁶² Cost of Equity = Risk Free Rate + Beta(Equity Risk Premium)

⁶³ Cost of Debt (1 – T)

⁶⁴ Cost of Equity * weight of Equity

⁶⁵ Cost of Debt * weight of debt

Free Cash Flow to the Firm ("FCFF") Valuation

PKR Mn	CY26E ⁶⁶	CY27E	CY28E	CY29E	CY30E
EBIT ⁶⁷	2,198	5,247	6,861	8,684	10,982
Add: Depreciation and Amortization	312	847	1,098	1,348	1,599
Adj: Changes in Working Capital	791	1,330	387	589	682
Less: Capital Expenditure	(3,400)	(6,600)	(5,300)	(3,500)	(3,500)
Free Cash Flow to the Firm	(99)	824	3,046	7,121	9,763
Terminal Value					110,562
FCFF Including Terminal Value	(99)	824	3,046	7,121	120,325
Discounting Year	0.50	1.50	2.50	3.50	4.50
Discount Factor	0.93	0.80	0.69	0.60	0.52
Present Value of FCFF	(92)	675	2,173	4,414	64,618

Valuation Summary

PKR Mn	
Enterprise Value	71,787
Add: Cash ⁶⁸	6,219
Less: Debt ⁶⁹	(7,612)
Equity Value⁷⁰	70,394
Number of Shares (Mn)	2,500
Value per Share (PKR)	28.16
Floor Price (PKR)	12.40
Upside over Floor Price (%)	127.08%

Dividend Discount Model (DDM):

Khaadi Pakistan Limited is a growth-oriented company that is presently focused on cementing its market leadership position through conversion/ expansion of its Experience Store network. The Company intends to retain the majority of its earnings over the projection period in order to fund the capital expenditure and look at possible acquisitions/additions to its existing fashion lines. Therefore, dividend distributions are accordingly not expected to follow a stable or predictable pattern in the near term. The application of the DDM would, therefore, not reliably capture the Company's intrinsic value at this stage. A valuation based on Free Cash Flow

⁶⁶ These CY26E figures have been adjusted for 1H CY26 actuals, so the FCFF build reflects only 2H CY26 and avoids double counting.

⁶⁷ Other income and other expenses have been excluded from the calculation of EBIT.

⁶⁸ Cash figure as of 1H CY26.

⁶⁹ Total debt as of 1HCY26.

⁷⁰ Equity Value = Enterprise value + cash – debt

to the Firm is considered more appropriate, as it better reflects the Company's growth profile and reinvestment strategy.

Justification for the Premium: 45.16% Upside

Based on the valuation assessment, the FCFF model indicates a fair value of PKR 28.16 per share, reflecting a potential upside of 127% over the floor price of PKR 12.40 and 56% over the cap price of PKR 18.00. The cap price represents a premium of c. 45.16% over the floor price.

Accordingly, the proposed pricing band is considered appropriate in light of the Company's intrinsic value, as supported by the FCFF valuation.

i. Established Operational History

The Khaadi brand was established in 1998 and pre-dates the incorporation of the Company, which took place on 15 July 2015. Over that period the brand has developed from a single outlet retailing handwoven kurtas into one of Pakistan's most recognized and loved fashion brand of Pakistan. Net revenue increased from PKR 2.2 billion in CY12 to PKR 25.1 billion in CY25, a compound annual growth rate of c. 20.6% over the period.



The Company has gone through successive economic cycles, including the COVID-19 pandemic and the inflationary period of FY2023 and FY2024, and has always recorded a profit after tax in each of the periods covered by the financial information set out in section 6 of this Prospectus.

ii. Retail Footprint

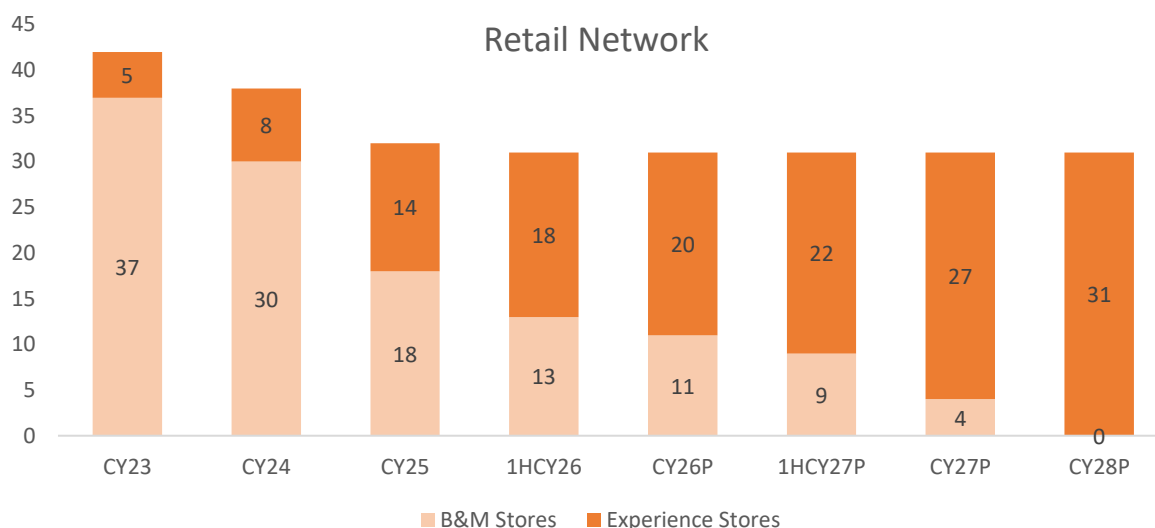
The Company operates 31 outlets across Pakistan's principal metropolitan markets and a number of secondary cities, supported by an e-commerce platform providing coverage across 218 cities which constitute c.80% of total cities of Pakistan. Khaadi brand also gets its goodwill from its international presence in UAE, UK, and USA, operated through separate associate companies within the Weaves Group. The scale, location quality and geographic reach of the network represent Khaadi's ability to provide an elevated retail experience to its customers which remains un-matched in Pakistan.



iii. Transition to the Experience Store Format

The Company introduced its immersive retail format in December 2021 and has since converted the majority of its network to the Experience Store format, with 18 outlets operating in that format as at 1H CY26. The format provides an immersive retail experience focused on customer journey resulting in unmatched customer loyalty materially greater selling area, a fuller presentation of the product range in a single location, and a retail environment designed to support longer dwell time and higher conversion.

The expansion funded by the Issue will take the number of Experience Stores to 22 by mid of CY27, with the balance of the network expected to be converted on or before end of CY28. The Company's strategy of operating fewer, larger and better-located outlets, rather than competing on breadth the extent of its retail footprint, is resulting in providing customers with greater choice and better experience. Details of the expansion are set out in section 4 of this Prospectus.

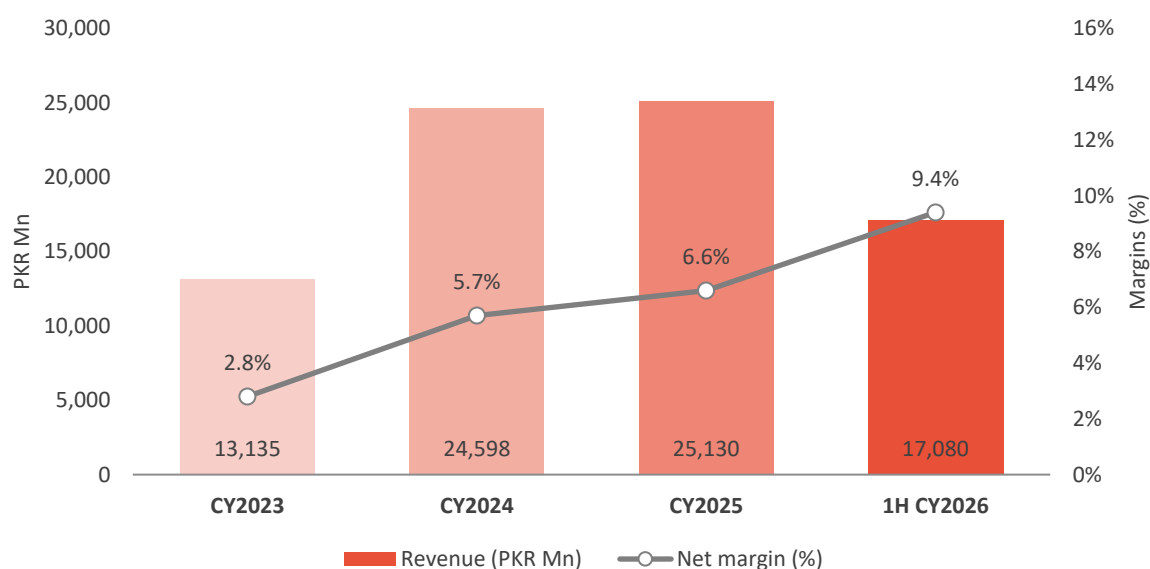


Composition of the retail network by format (number of outlets). CY27 and CY28 are expected positions

iv. Financial Performance

The Company recorded revenue of PKR 25,130 million in CY25 and PKR 17,080 million in 1H CY26, the latter equating to annualized growth of c. 36% over CY25. The Company's PAT of PKR 1,606 million in 1H CY26 when compared with the full-year CY25 result of PKR 1,668 million, shows that Company has already achieved 96.3% of the last full year's profit in 6 months.

The Company's focus on profitability has resulted in increasing Gross Margin from 27.1% in CY23 to 36.6% in 1H CY26 and Net Margin from 2.8% to 9.4% over the same period. This increase in profitability is a result of changes made in product mix progressively towards RTW and increased number of Experience Stores.



Return on equity improved from 19.5% in CY24 to 23.2% in CY25. The Company generated net cash from operations of PKR 5,734 million in CY25 and operates on a negative working capital cycle, its trading operations being financed by its supplier base rather than borrowing. Detailed financial information and ratio analysis are set out in section 6 of this Prospectus.

v. Breadth of Product Range

The Company's offering is organised into three principal product categories comprising RTW, unstitched fabric and lifestyle categories. The categories are summarised below and are described in full in section 3 of this Prospectus.

Ready-to-Wear

Ready-to-Wear offers the contemporary woman a range of finished apparel across five product lines. Daily Essentials comprises casual apparel offering versatile outfits for everyday wear. Signature & Khaas is an elegant and affordable luxury line for festive events and occasions. Chapter 2 comprises handcrafted textiles offering a contemporary interpretation of traditional craftsmanship. Casual comprises everyday essentials from versatile t-shirts to modern fusion wear. Tailored is a made-to-measure service directed at formalising the unorganised tailoring segment.



Daily Essentials



Signature & Khaas



Chapter 2



Casual



Tailored

Fabrics

Fabrics offers unstitched product across two lines. Essentials comprises unstitched casual apparel offering versatile outfit options, and Signature & Khaas is an elegant and affordable unstitched luxury line for festive events and occasions.



Essential



Signature & Khaas

Emerging Concepts

Emerging Concepts is a curated portfolio of lifestyle categories extending the brand beyond apparel, comprising jewellery, statement bags, fragrances and home décor.

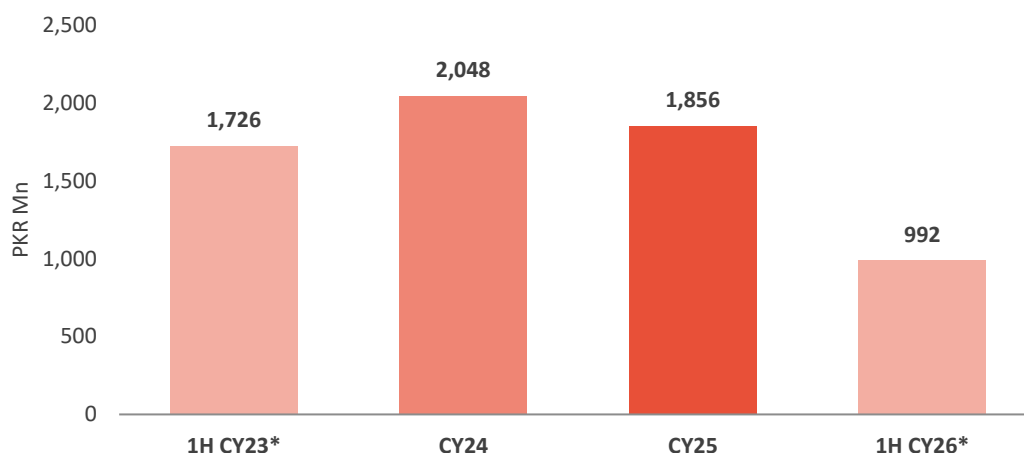


Within RTW, the lines are differentiated by occasion and price point rather than by season alone, which allows the Company to serve a range of customer requirements from within a single brand and a single retail footprint.

The Company is progressively shifting its portfolio weighting from unstitched fabric towards RTW, leading the sector in this conversion. Khaadi's RTW-only Experience Stores are another landmark development within fashion retail sector especially in Tier-2 cities thus breaking the taboos and progressive development of fashion retail sector by taking more market share from informal market. The breadth of the range supports transaction value per customer visit within the enlarged Experience Store footprint and reduces dependence on any single product line or season.

vi. E-Commerce Distribution

The e-commerce platform provides nationwide coverage across 218 cities, extending the Company's reach to consumers in locations in which it does not operate an outlet. Net e-commerce sales amounted to PKR 1,726 million in the six-month period of CY23, PKR 2,048 million in CY24, PKR 1,856 million in CY25 and PKR 992 million in the six months ended 1H CY26.



*Net e-commerce sales as reported (PKR Mn). *Six-month period*

Justification for Price Band:

In CTI's opinion the Company's established operating track record, its extensive retail footprint across Pakistan complemented by a growing e-commerce channel, consistently improving financial performance, diversified product portfolio, and its defined strategy to convert existing B&M outlets into Experience Stores collectively support the Floor Price of PKR 12.40 per Ordinary Share.

Our valuation assessment, prepared on a DCF basis, indicates a fair value of PKR 28.16 per Ordinary Share. This represents an upside of 127.08% over the Floor Price and 56% over the Cap Price, and in our view demonstrates that the proposed price band of 45.16% has been appropriately set.

At the Floor Price, the Issue is priced at a Price-to-Earnings ("P/E") multiple of 9.57x, based on earnings per share of PKR 1.30 for the twelve months ended June 30, 2026.

4A (II) DISCLOSURE OF POST ISSUE FREE FLOAT

Post IPO, the share capital of Khaadi Pakistan Limited will increase from 2,000 million Ordinary Shares to 2,500 million Ordinary Shares. The free float status of Khaadi post-IPO is provided hereunder:

Description	Number of Shares	% Shareholding	Total Free Float
Existing Shareholders:			
Sponsors	1,999,999,994	80%	
Directors	6	0%	
Public Offering			
Pre-IPO	250,000,000	10%	10%
IPO	250,000,000	10%	10%
Total	2,500,000,000	100%	20%

4A (III) PEER GROUP COMPARISON

There are no directly comparable peers listed on the Pakistan Stock Exchange. Khaadi is a pure-play retail business with no in-house manufacturing, whereas other listed apparel companies, such as Image Pakistan and

Stylers, also have manufacturing operations. Accordingly, the listed apparel companies are not considered directly comparable to Khaadi Pakistan for valuation purposes.

TTM (July 2025 – June 2026) (PKR Mn)	Khaadi
Pricing Comparison	
No. of Shares (Mn)	2,000.00
No. of Shares - Post IPO(Mn)	2,500.00
Share Price	12.40
EPS	1.30
EPS (Post-IPO)	1.04
Book Value per Share	3.74
BVPS (Post-IPO)	5.47
Price to Earning (P/E)	9.57
P/E (Post-IPO)	11.97
Price to Book (P/B)	3.32
P/B (Post IPO)	2.27
KSE-100 P/E⁷¹	7.6
KSE-100 P/B⁷²	1.5
Free Float - No. of Shares (Mn)	500
Free Float - %	20%

⁷¹ 24th September 2026

⁷² 24th September 2026



SECTION 5

RISK FACTORS

PROSPECTUS | KHAADI PAKISTAN LIMITED



5. RISK FACTORS

5.1. INTERNAL RISKS

1. Climate Change and Seasonal Demand Risk

The Company's business is influenced by seasonal demand patterns and the timely launch of season-based collections. Climate change and global warming have increasingly resulted in unpredictable weather patterns, including delayed short winters, prolonged summers and shifts in seasonal transitions. Such changes may affect consumer purchasing behavior, reduce demand for seasonal merchandise and impair the Company's ability to accurately forecast inventory requirements. Consequently, products designed for a particular season may adversely affect sales and profitability.

The Company continues to contribute towards reduction in greenhouse gases through various mechanisms such as solarization of standalone stores, experimenting with no grid-electricity stores, etc. The Company mitigates this risk through analytical inventory planning that enables the Company to respond more quickly to evolving consumer preferences and changing weather conditions. However, this risk may never be fully mitigated.

2. Risk of Limited Availability of Premium Mall Locations

Pakistan's organized retail sector is relatively underdeveloped, with a limited number of premium shopping malls concentrated in major cities. As a result, competition for high-footfall retail locations is intense, which may increase rental costs and constrain the Company's ability to secure or expand into strategically located stores.

The Company mitigates this risk through a diversified retail network comprising mall-based stores, high-street locations and large-format Experience Stores, reducing its dependence on premium mall locations while strengthening direct customer engagement.

3. Risk of Retail Store Expansion

Risk of Delayed Expansion:

The Company's planned expansions, including new store launches, are subject to inherent project-related risks. These risks may arise from delays in construction, procurement, or commissioning of new facilities. Factors such as changes in government regulations, delays in obtaining necessary approvals, or logistical challenges could impact timelines and associated capital expenditure. Any delays or cost overruns in expansion execution could affect the Company's ability to launch stores as planned, potentially leading to lower-than-expected growth in sales and profitability in the near term.

The Company has mitigated the above risk through the implementation of project management tools. In addition to this, the Company only works with top consultants and contractors globally and locally. All stores opened either on time or ahead of time in CY25 and CY26, and the Company is confident of this trend to continue.

4. Landlord Dependency Risk

Rental Escalation:

Given that the Company operates its retail network from rented premises, it is exposed to rental escalation risk. Rental agreements generally provide for periodic rent increases upon renewal or through contractual escalation clauses, particularly in premium retail locations and major shopping destinations. The Company may also be required to incur additional fit-out, relocation and operational costs if it elects not to renew contracts on commercially acceptable terms.

The Company mitigates this risk by entering into long-term leases with rent escalation mechanisms agreed upfront. This, alongside the Company's status as the premier fashion retail brand in Pakistan, results in preferential rental agreements.

Footfall Dependency:

Given that a significant number of Khaadi stores are located within shopping malls, the Company's performance is intrinsically linked to mall foot traffic and operations. This vulnerability was highlighted in 2026 when a fire incident caused a short-term closure of a key mall location; this did not have a material impact on the Company. Conversely, the remaining store network relies entirely on standalone destination appeal.

The Company mitigates this exposure by strategically investing in renowned, high-performing malls and developing standalone experience stores. By strengthening customer engagement and enhancing brand visibility, this format increases average transaction values and drives cross-selling opportunities across product categories; ultimately, this mitigates reliance on third-party mall stakeholders and elevates the Company's independent market presence.

5. Supply Chain and Procurement Risk

Supplier Concentration Risk:

The Company is exposed to supplier concentration risk, as c. 55% of its total supply is sourced from Texmark. Any disruption in Texmark's operations, including production delays, capacity constraints, labour disputes and quality issues, may materially affect the timely availability, quality and cost of the Company's products. The Company may not be able to identify and onboard alternative suppliers with comparable capacity, technical expertise or commercial terms within the required timeframe. This could result in inventory shortages, delayed collection launches, increased procurement costs and missed seasonal sales opportunities, which may adversely affect the Company.

Texmark is a stitching unit and the Company's Sourcing teams negotiate commercial terms with suppliers of Texmark therefore, economic value addition of Texmark is much less than 55%. Furthermore, the Company has a one-way exclusivity agreement with Texmark whereby Texmark is exclusive to the Company, while the Company is free to work with any stitching unit. The Company maintains a longstanding commercial relationship with Texmark and regularly monitors its production capacity, product quality, delivery performance and compliance with the Company's requirements. Texmark's dedicated production capacity, technical expertise and familiarity with the Company's product specifications provide operational continuity and support timely product availability. The Company also maintains relationships with other suppliers and continues to identify and develop alternative sourcing arrangements to reduce its dependence on any single supplier over time.

Cost Inflation:

The Company relies on a broad network of local suppliers for RTW/unstitched fabric, and local & international suppliers for accessories. It is therefore exposed to fluctuations in raw material and production costs. Prices of key inputs, including cotton, synthetic fibres, dyes, and trims, may increase due to supply-demand imbalances, inflationary pressures, adverse weather conditions, geopolitical developments, or disruptions in global supply chains. In addition, international shipping rates, fuel costs, customs duties, and transportation expenses may fluctuate significantly and increase the cost of sourcing products and materials. This may reduce profit margins.

The Company mitigates this risk through a strong, loyal customer base. In addition to that, a diversified supplier base and continuous monitoring of procurement costs result in margin protection.

Supply Disruption:

The Company is not engaged in any production, therefore, any disruption in the supply chain, including supplier production delays, raw material shortages, transportation bottlenecks, port congestion, geopolitical events or adverse weather conditions, may delay the delivery of inventory to the Company's stores and distribution centers. Such disruptions could result in stock shortages, delayed product launches, missed seasonal sales opportunities, and an inability to meet customer demand, particularly during peak selling periods such as Eid, Ramzan, and other festive seasons.

The Company procures from reputable and well-established suppliers, some of which supply to other global brands as well. Furthermore, proactive planning oversight helps in overcoming delays arising out of the aforementioned risks.

6. Third-Party Manufacturing Risk

Capacity Constraints:

Third-party manufacturers may be unable to meet the Company's production requirements during periods of peak demand, resulting in delays in product availability, inventory shortages, and missed sales opportunities.

The Company works with a portfolio of reputable suppliers who value their commitments. Post TERF initiative of SBP in 2020, there is sufficient textile production capacity within Pakistan in the foreseeable future.

Compliance Issues:

The Company is exposed to risks arising from non-compliance by its third-party manufacturers with applicable laws, regulations, contractual obligations, quality standards and ethical sourcing requirements. Failure by manufacturing partners to comply with labor, health and safety, environmental, or product quality standards could lead to production disruptions, regulatory investigations, product recalls, contractual disputes, or reputational damage.

The Company mitigates these risks by working with suppliers who are also supplying other global brands. In addition to that, the Company ensures quality assurance procedures, regularly assessing supplier performance and compliance.

7. Product Concentration Risk

A substantial portion of the Company's sales are generated from its RTW product category. Accordingly, any decline in consumer demand for RTW apparel resulting from changes in fashion trends, pricing pressures, increased competition, reduced discretionary spending or shifts in customer preferences could materially and adversely affect the Company's financial condition. The Company also faces competition from Pakistan's large informal apparel market, including independent tailors and unbranded retailers, which may offer consumers lower quality products.

The Company overcomes this risk by continuously expanding and diversifying its product portfolio across multiple fashion types and concepts within each fashion type catering to different consumer preferences and segments. In addition to RTW, the Company offers fabrics and emerging concepts, including accessories, fragrances, bags and home products.

8. Inventory Risk

The Company maintains a broad inventory of apparel and lifestyle products across multiple categories, making effective inventory management critical to its operations. Inaccurate demand forecasting, changing consumer preferences, seasonal fluctuations or delays in product movement may result in excess inventory, requiring markdowns and promotional sales that could adversely affect sales and profitability. As fashion trends evolve rapidly, certain products may become outdated before they are sold, increasing the risk of inventory write-downs and reduced recoverability.

The Company mitigates these risks through data-driven demand forecasting, continuous inventory monitoring and a one-time 'scarcity' stocking strategy that emphasizes frequent collection launches, shorter product life cycles and smaller MOQs, enabling the Company to respond quickly to evolving customer preferences.

9. Intangible Asset Risk

The Company has recorded the Khaadi brand's perpetual value at PKR 8,000 million, which is recorded in the Company's intangible assets. If this intangible asset fails to generate the expected future economic benefits, the Company may be required to recognize impairment losses, which could adversely affect its financial position and profitability.

Globally, all IP rights are housed at Weaves Corporation Limited ("WCL") for a number of countries including Pakistan. In order to enter into an arm's-length transaction with the Company, WCL engaged Grant Thornton ("GT") for Khaadi brand valuation in perpetuity. GT valued it at PKR 49,900 million. The Board of senior of WCL offered Khaadi brand rights to the Company for perpetuity for a substantially reduced amount of PKR 8,000

million, which is less than 6.25x its independently assessed value, and therefore there is limited near-term risk of impairment.

10. Related Party Transaction and Potential Conflict of Interest Risk

During FY2025, the Company acquired the intellectual property rights to the Khaadi brand from its Parent Company, Weaves Corporation Limited ("WCL"), for a consideration of PKR 8,000 million. As WCL is the Company's holding company and continues to hold interests across the wider Weaves group of companies, transactions of this nature carry an inherent potential for conflict of interest between the interests of WCL and the interests of minority shareholders, particularly with respect to the pricing, structuring and terms of such related-party arrangements, and any future dealings between the Company and WCL or other group entities.

The transaction was approved by the Board of Directors in accordance with the Company's related-party transaction policy and the requirements of the Companies Act, 2017. An independent valuation of the Khaadi brand was obtained from a third-party valuer (GT), which supports the arm's-length nature of the transaction price. The Company maintains Board oversight, a qualified Company Secretary function, and disclosure of related-party transactions in its financial statements to safeguard the interests of minority shareholders.

11. Transfer Pricing Risk

The Company's purchase of the Khaadi brand intellectual property rights from WCL, its Parent Company, for PKR 8,000 million constitutes a related-party transaction that may be subject to review by tax authorities under the transfer pricing provisions of the Income Tax Ordinance, 2001. Should the tax authorities take the view that the transaction was not conducted on an arm's-length basis, this could result in adjustments to the Company's taxable income, additional tax liabilities, penalties, or protracted litigation, which could adversely affect the Company's financial position.

The transaction price is supported by an independent valuation conducted by a reputable third-party valuer namely GT, which assessed the brand's value significantly higher than the transaction price, supporting the arm's-length nature of the arrangement. The Company maintains documentation to substantiate related-party transactions in accordance with applicable transfer pricing regulations.

12. Brand and Marketing Risk

Brand Perception:

The Company's success is closely linked to the strength, recognition, and reputation of the Khaadi brand. Maintaining a premium brand image is essential to attracting and retaining customers in the highly competitive apparel and lifestyle retail market. Any deterioration in brand perception resulting from changing consumer preferences, inconsistent product quality, customer dissatisfaction, or adverse publicity may reduce customer loyalty, impact sales, and adversely affect the Company's financial performance.

Through continuous investment in an extensive variety, quality assurance, product innovation, visual merchandising, and customer experience, the Company reinforces its position as a leading apparel brand.

Marketing Effectiveness:

The Company regularly undertakes marketing and promotional campaigns across digital platforms to showcase its products, drive customer engagement, and support sales growth. There can be no assurance that such initiatives will achieve their intended objectives or generate the expected return on investment.

Data-driven marketing strategies, customer analytics, e-commerce engagement and continuous evaluation of campaign performance to optimize marketing expenditure are used to counter this risk.

Reputational Risk:

The Company's reputation is a key intangible asset and is critical to maintaining customer trust and brand loyalty. Negative publicity, whether arising from product quality concerns, customer service issues, supply chain practices, cybersecurity incidents, social media commentary or actions of third-party suppliers and business partners, may adversely affect the Company's reputation and reduce consumer demand for its products.

The Company mitigates reputational risk by maintaining best corporate governance practices applicable in Pakistan, reinforced by a Big Four internal audit firm, a robust cybersecurity framework, and an ongoing commitment to ethical sourcing and corporate social responsibility.

13. Human Resource Risk

The Company's continued success depends on the experience, expertise and leadership of its key personnel. The loss of one or more members of the senior management team or other key personnel, or the inability to replace them with suitably qualified individuals in a timely manner, could disrupt business operations, delay strategic initiatives and adversely affect the Company's financial performance and competitive position. Further, high employee turnover may result in increased recruitment, onboarding and training costs, operational disruptions, and the loss of institutional knowledge.

The Company is highly dependent on the exceptional vision, leadership, and risk-taking ability of its Founder & Dreamer, Shamoon Sultan, who established the business in 1998 and has evolved it into a fashion retail powerhouse in Pakistan. He has built a professional team dedicated to his vision, and his continued involvement is critical to executing the Company's long-term strategy.

Design Innovation Risk:

The apparel industry is highly dynamic, with customer preferences and fashion trends evolving rapidly. The Company's continued market leadership position depends on its ability to anticipate consumer demand, develop innovative products, and launch collections that remain relevant in a competitive marketplace.

Engagement in continuous market research, consumer insights, and trend forecasting results in the introduction of the largest number of new collections, amongst all fashion brands of Pakistan, every week across its different fashion types, reducing this risk significantly. Khaadi has the largest of product designers in Pakistan.

14. Operational Risk

Team Member Misconduct:

The Company is exposed to risks arising from team member misconduct, including fraud, theft, misuse of Company assets, breaches of internal policies or unethical conduct. Such incidents may result in financial losses, operational disruption, legal liabilities and reputational damage.

Periodic Code of Conduct training mitigates such risk for the Company. The Company conducts regular training and mystery-shopping campaigns to ensure superior customer service.

Human Error:

The Company's operations involve manual and technology-enabled processes across procurement, merchandising, inventory management, retail operations, and finance. Human error, process failures or inadequate execution may result in inventory inaccuracies, financial losses, operational disruptions or reduced customer satisfaction.

The Company has mitigated this risk through standardized operating procedures, employee training, automation of key processes, continuous monitoring of operational performance, and regular internal audits conducted by a Big Four firm namely EY.

15. Logistics and Distribution Risk

The Company relies on third-party logistics providers for the transportation and distribution of products from its global central warehouse in Karachi to its retail stores and e-commerce customers throughout Pakistan, AJK, and GB. Any disruption arising from transportation delays, service interruptions, political strikes, fuel shortages, or operational failures of logistics providers may adversely affect inventory availability, customer deliveries and overall business operations.

The Company mitigates this risk by maintaining relationships with multiple logistics providers, monitoring service performance, and implementing contingency arrangements. It takes a maximum of one week to deliver product from the global central warehouse to each retail store, with at least a week's margin built into the in-store date.

16. IT and Cybersecurity Risk

Phishing and Ransomware Attacks:

The Company is exposed to phishing, ransomware, and other social engineering attacks that may compromise confidential information, disrupt operations or result in unauthorized access to its systems through the theft of employee credentials.

The Company mitigates this risk through regular employee awareness and cybersecurity training, phishing simulations, deployment of email and web security solutions, cyber risk assessments, and cyber insurance coverage.

Cybersecurity Incidents:

The Company is exposed to cybersecurity threats, including web application attacks, password attacks, man-in-the-middle attacks, malware, and insider threats, which may result in unauthorized access to systems, disruption of operations, data loss, or reputational damage.

The Company mitigates this risk through periodic cybersecurity risk assessments, technology security controls, continuous security monitoring, a Cyber Incident Response Plan, employee training, and cyber insurance coverage.

17. Payment Risk

Electronic Payments:

The Company relies on electronic payment and receipt methods. Any disruption to payment processing systems, cybersecurity incidents, or fraudulent transactions may adversely affect sales, customer confidence, and business operations.

The Company partners exclusively with tier-1 banks and secure, PCI-DSS compliant payment gateways that utilize advanced fraud detection and encryption protocols, with system redundancies across multiple digital wallets and processors.

Cash Handling:

Although electronic payments continue to increase, the Company also accepts cash transactions across its retail network. Cash handling exposes the Company to risks of theft, fraud, and human error which could adversely impact profitability.

To minimize cash exposure, the Company employs daily cash-reconciliation protocols and automated point-of-sale tracking. Physical cash is secured in on-site safety lockers, monitored by 24/7 CCTV surveillance, and safely deposited into corporate bank accounts via insured cash-in-transit services.

18. Governance and Compliance Risk

Regulatory Compliance:

The Company is subject to ongoing compliance requirements under the applicable laws, rules, and regulations of the SECP and the PSX. Any failure to comply with such regulatory requirements may result in penalties, restrictions, or the placement of the Company's shares in the Defaulter Segment of PSX, thereby negatively impacting investor confidence and shareholder value.

The Company maintains dedicated legal and compliance protocols, led by a qualified Company Secretary, to adhere to all SECP and PSX regulations, with regular internal compliance audits and external legal advisors engaged where necessary.

Internal Controls:

Effective internal controls are essential to safeguard Company assets, ensure reliable financial reporting and maintain regulatory compliance. Weaknesses in internal controls or governance processes may increase the risk of fraud, operational inefficiencies, financial misstatements, and compliance failures.

The Company regularly reviews and strengthens its internal control framework through a Big Four internal audit firm, risk management processes, and Board oversight.

19. Legal and Litigation Risk

Pending Proceedings:

The Company may from time to time be involved in legal, regulatory or administrative proceedings arising in the ordinary course of business. As at December 31, 2025, the Company is contesting four income tax matters aggregating to c. PKR 311 million, primarily relating to disallowed input tax adjustments, a show-cause notice for tax year 2018, a super tax assessment, and an additions-related demand for tax year 2016. This amount represents a significant proportion of the Company's FY2025 profit after tax. Existing or future litigation may result in financial liabilities, management distraction, legal costs, and reputational damage. Any material legal proceedings and their potential financial impact are disclosed under Section 8 (Legal Proceedings and Overdue Loans) in this Prospectus.

The management, based on legal advice, is confident that the decisions in the above-stated matters will be in favour of the Company, and accordingly no provision has been made in the financial statements

Contractual Disputes:

The Company enters into numerous contractual arrangements with suppliers, landlords, logistics providers, service providers, and other counterparties. Disputes relating to the interpretation or performance of these agreements may result in operational disruptions, financial losses, or legal proceedings.

The Company mitigates this risk through robust contractual documentation, legal review processes, and ongoing management of commercial relationships. Any material legal proceedings and their potential financial impact are disclosed under Section 8 (Legal Proceedings and Overdue Loans) in this Prospectus.

20. Accounting Estimates Risk

Judgements and Assumptions:

The preparation of the Company's financial statements requires management to make estimates, assumptions and judgements relating to matters such as inventory valuation, impairment assessments, provisions, taxation, and revenue recognition. Management uses assumptions about future best estimates which could require future adjustments to the Company's financial statements and adversely affect its reported financial position and results of operations.

The Company regularly reviews the reasonableness of its accounting estimates in accordance with IFRS and established internal governance procedures; where applicable, these assumptions are disclosed within this Prospectus.

21. Non-Recurring Items Risk

The Company's profitability in CY25 was significantly influenced by non-recurring and non-cash items, including a fair value gain on investment property of PKR 3,317.7 million (arising from a change in accounting policy from the cost model to the fair value model under IAS 40) and a write-off of property and equipment of PKR 3,207.4 million relating to the closure of six retail outlets and the reclassification of certain properties to investment property. While these two items substantially offset each other in the current year, similar non-recurring items may not recur, or may not offset one another, in future periods, and reported profit and earnings per share in any given year may not be indicative of the Company's underlying and sustainable operating performance.

The Company discloses the nature and quantum of such non-recurring items in the notes to its financial statements, enabling investors to assess underlying operating performance separately from one-off accounting adjustments. Even in CY25, the net impact of non-recurring and non-cash items was minimal ie c.PKR 110.3 million only.

22. Utility Interruptions Risk

The Company's head office, retail stores, and warehouse rely on an uninterrupted supply of electricity and other utilities to support daily operations. Prolonged power outages, voltage fluctuations, fuel shortages, or disruptions to utility services may interrupt point-of-sale systems, lighting, air conditioning, security systems, warehouse operations and IT infrastructure. Such interruptions could adversely affect customer experience, delay inventory processing, disrupt business operations and result in lost sales, particularly during peak trading periods.

To mitigate these risks, the Company has invested in sustainable energy sources and other renewable energy solutions, which provide a partial alternative to grid electricity and enhance energy security. For those locations which are in the malls, back-up power is provided by the malls. On standalone stores, the Company also maintains backup generators to ensure continuity of operations during temporary energy supply disruptions. The Company's geographically diversified retail network also helps reduce the impact of localized utility outages on its overall operations.

23. Liquidity Risk

Working Capital:

The Company requires adequate liquidity to fund its working capital requirements and capital expenditure program. Insufficient liquidity or reduced access to financing may adversely affect the Company's ability to execute its expansion strategy and respond to changing business conditions. As at December 31, 2025, the Company had outstanding non-funded exposure of PKR 1,870 million (December 31, 2024: PKR 1,450 million) and funded exposure of PKR 551 million (December 31, 2024: PKR 5,578 million).

The strong financial position of the Company results in procuring COGS predominantly on a deferred payment mechanism, resulting in zero funded working capital requirements. As of December 31, 2025, the Company had surplus cash of PKR 1,320 million out of which PKR 1,235 million in short term liquid investments while it had a structured Islamic finance working capital of PKR 551 million. This means that the Company has a negative working capital cycle and it is reflected in the Company's cash conversion cycle, which improved from a positive 29 days in CY24 to negative 9 days in CY25, meaning the Company was, on average, collecting receivables and turning over inventory faster than it was paying its suppliers. Due to seasonality in fashion retail, working capital is required in certain months, for which the Company has sufficient working capital lines from top banks of Pakistan.

Negative Operating Cashflow:

Cash flow risk refers to the risk that the Company may generate insufficient cash from its operations to fund its working capital requirements and service its financial obligations. During CY23, the Company recorded a net cash outflow from operating activities of PKR 1,359.12 million, principally on account of a build-up of working capital, including inventories and sales tax refunds due from the Government of Pakistan of PKR 2,043.11 million. The position has since been reversed: the Company generated positive net cash from operating activities of PKR 1,490.1 million in CY24, PKR 5,733.9 million in CY25 and PKR 1,892.7 million in 1HCY26. This recovery has been supported by a sustained improvement in the Company's working capital cycle, which moved from 29 days in CY24 to negative 9 days in CY25.

24. Leverage Risk

Debt Obligations:

As of December 31, 2025, the Company's bank borrowings alone resulted in a debt-to-equity ratio of 0.97x, an improvement from 1.18x at December 31, 2024, and a debt-to-EBITDA ratio of 2.04x (December 31, 2024: 2.39x). In CY26, based on actual results of 1H26, Debt to EBITDA is projected at less than 1.5x.

During CY25, the Company incurred total finance cost of PKR 1,414 million against operating profit of PKR 3,222 million, resulting in an interest coverage ratio of 2.38x, up from 1.87x in CY24. On an EBITDA basis, interest coverage improved from 2.14x to 2.52x. These coverage levels indicate a comfortable ability to service financial obligations from operating earnings. However, sustained increases in borrowing levels, adverse movements in

interest rates, or unexpected declines in operating performance could affect coverage ratios and cash flow flexibility.

The Company mitigates this risk through disciplined capital allocation, phased expansion planning, effective cash flow management and maintaining access to diversified sources of long-term financing. Additionally, favorable relations with financiers support in maintaining debt repayment and servicing.

Covenant Breach Risk:

The Company utilizes debt financing to support its CAPEX growth. Any significant drop in operating profitability or unexpected capital requirements could cause the Company to exceed its permitted leverage ratios, resulting in a breach of financial covenants under its banking arrangements. Such a breach could grant lenders the right to declare an event of default, accelerate repayment obligations, stop dividends, or enforce security over corporate assets, which would severely restrict the Company's liquidity, financial flexibility, and operational capabilities.

The Company's financing agreements with its banks include covenants relating to liquidity (current ratio), leverage, gearing (debt-to-equity), and debt servicing capacity (DSCR), among others, applicable to both its short-term and long-term facilities. The Company is in compliance with all its financial covenants. The Company also enjoys a good long-term credit rating of A+ and extremely high short-term credit rating of A1.

5.2. EXTERNAL RISKS:

5.2.1. Macroeconomic Risk

Inflation:

The Company's business is affected by inflationary pressures, which may increase the cost of goods sold, freight, utilities, team member costs, rentals, and other operating expenses. At the same time, higher inflation may reduce consumers' disposable income and purchasing power, leading to lower demand for discretionary apparel products.

The Company mitigates this risk through continuous product innovation, a diversified product portfolio, procurement efficiencies, and catering to different requirements and customer segments, supported by customer loyalty built over nearly three decades of operations.

Economic Slowdown:

Demand for the Company's products is influenced by overall economic conditions in the market in which it operates. Economic slowdowns, recessionary conditions, or declines in consumer confidence may reduce discretionary spending on apparel and lifestyle products, resulting in lower sales, slower store traffic, and pressure on profitability.

The Company mitigates this risk by maintaining a diversified product portfolio across multiple price points and categories, expanding its multi-channel retail presence, and continuously adapting its product offerings to evolving consumer demand.

5.2.2. Foreign Exchange Risk

Currency Fluctuations:

The Company is exposed to foreign exchange risk as devaluation will increase COGS purchased from textile manufacturers.

The Company mitigates this risk by expanding its international footprint across multiple export markets and leveraging its strong brand equity and loyal customer base.

International Operations:

The Company operates in three countries outside of Pakistan and is, therefore, exposed to exchange rate fluctuations arising from the translation of foreign sales into Rupees.

Historically, the Rupee has depreciated against the USD/GBP/AED over the last few decades; devaluation of the Rupee will accordingly result in higher profitability for the Company from export operations.

5.2.3. Competitive Risk

Organized Retail Competition:

The Company operates in a competitive fashion retail industry. Competitors may expand their retail presence, introduce new product offerings, adopt aggressive pricing strategies or increase marketing expenditure, which may affect the Company's ability to attract and retain customers.

The Company mitigates this risk through continuous product innovation, a diversified portfolio across apparel and lifestyle categories, an integrated multi-channel retail platform and differentiated customer experiences through its Experience Stores.

Pricing Pressure:

Intense competition within the fashion retail sector may limit the Company's ability to increase prices or may require promotional pricing to maintain sales volumes and market share.

The Company mitigates this risk through its strong brand equity, market-leading position, and reputation as a trendsetter in Pakistan's fashion retail industry, supported by a loyal customer base built over nearly three decades.

5.2.4. Grey Market Risk

Informal Retail Sector:

Pakistan's apparel market remains significantly fragmented, with a substantial proportion of sales, estimated at 70-75%, occurring through the unorganized retail sector. The availability of lower-quality, unbranded, or counterfeit products may intensify competition, limit the Company's ability to expand its customer base and place pressure on pricing and market share.

The Company mitigates this risk by strengthening its brand equity, offering consistent product quality, enhancing the customer experience through its Experience Stores and multi-channel platform, and continuously expanding its product portfolio.

Tailoring Alternatives:

A significant portion of apparel consumption in Pakistan continues to be fulfilled through custom tailoring. Consumer preference for tailored clothing over branded RTW products may limit the growth of the formal apparel retail market and affect demand for the Company's products.

The Company seeks to mitigate this risk by encouraging the transition from the informal tailoring market to the formal RTW market through contemporary designs, consistent product quality, convenience, and an enhanced shopping experience. The Company also offers a tailored range, enabling it to cater to customers who prefer customized apparel.

5.2.5. Consumer Preference Risk

Fashion Trends:

The apparel industry is subject to rapidly changing fashion trends and consumer preferences. Failure to accurately anticipate or respond to these changes may reduce demand for the Company's products, increase inventory markdowns and adversely affect financial performance.

The Company mitigates this risk through continuous market research, trend forecasting, and regular introduction of new collections.

Demographic Changes:

Changes in demographics, lifestyle preferences and purchasing behavior may affect demand for the Company's products. Failure to adapt to evolving consumer expectations may adversely impact sales and competitiveness.

The Company mitigates this risk by continuously monitoring demographic and consumer trends and expanding its product portfolio across multiple fashion categories and concepts, leveraging customer insights and its multi-channel retail platform.

5.2.6. Regulatory and Taxation Risk

Taxation Changes:

The Company is subject to various federal and provincial applicable laws. Changes in tax legislation, tax rates, or the interpretation of tax laws may increase operating costs and adversely affect profitability.

The Company mitigates this risk through ongoing tax planning and compliance with applicable tax regulations. However, this risk may never be fully mitigated.

Import Restrictions:

Changes in import and export regulations, customs procedures, licensing requirements, or other cross-border trade restrictions in the jurisdictions where the Company operates may delay or restrict the shipment of products to its international stores.

The Company mitigates this risk by maintaining relationships with a globally reputable logistics provider, monitoring service performance, and implementing contingency arrangements, with at least a week's margin built into the in-store date.

5.2.7. Interest Rate Risk

Floating-Rate Borrowings:

The Company is exposed to interest rate risk on its floating-rate borrowings. Increases in benchmark interest rates may increase financing costs and adversely affect profitability and cash flows.

The Company mitigates this risk through debt management, regular monitoring of borrowing costs, and maintaining an appropriate mix of financing arrangements, supported by favorable relations with financiers.

5.2.8. Geopolitical Risk

Regional Conflicts:

Regional conflicts, political instability or geopolitical tensions may disrupt logistics, international operations, and customer demand in affected markets, such as the recent Iran-Israel conflict in the Middle East.

The Company mitigates this risk through strong in-store date margins, supplier diversification, and ongoing monitoring of geopolitical developments.

Trade Disruptions:

International trade disruptions, including sanctions, export restrictions or transportation constraints, may delay the stocking of products and materials in international stores.

The Company mitigates this risk through advance procurement planning and maintaining relationships with multiple suppliers.

5.2.9. International Trade & Tariff Risk:

In addition to its domestic operations, the Company sells to customers in international markets. Export sales are exposed to conditions outside the Company's control, including changes in the trade policies of destination markets, the imposition or revision of import tariffs, duties and non-tariff barriers, changes in preferential trade arrangements available to Pakistani exporters, and disruption to international shipping and supply routes. Any adverse change in these conditions may increase the landed cost of the Company's products, reduce their price competitiveness against products originating from other jurisdictions, or restrict market access altogether.

The Company mitigates this risk by maintaining a presence across multiple export markets, so that adverse developments in any single jurisdiction do not materially affect overall performance, while the domestic retail network remains the Company's principal market. The Company monitors developments in trade policy across its destination markets and retains the flexibility to reallocate inventory between domestic and export channels in response to changing conditions.

5.2.10. Credit Risk

Counterparty Default:

The Company is exposed to credit risk arising from banks and other counterparties failing to meet their contractual obligations. Such defaults may result in financial losses or operational disruptions.

The Company mitigates this risk through counterparty assessments and established credit controls.

5.2.11. ESG and Climate Risk

Climate-Related Events:

Extreme weather events, flooding, heatwaves and other climate-related incidents, especially with the recent rise in global warming, may disrupt store operations, logistics, and supply chains.

The Company mitigates this risk through business continuity planning, geographically diversified operations, and sustainability initiatives including the solarization of standalone stores and piloting stores with minimal reliance on grid electricity.

Sustainability Requirements:

Increasing expectations from regulators, customers, investors, and international business partners regarding ESG practices may require the Company to implement additional sustainability initiatives, strengthen supply chain oversight and incur higher compliance and operating costs.

The Company mitigates this risk by implementing supplier due diligence and compliance assessments, monitoring adherence to its supplier standards, and continuously enhancing its sustainability initiatives.

5.2.12. Business Interruption Risk**Force Majeure Events:**

Natural disasters, pandemics, terrorism, civil unrest, or other force majeure events may disrupt the Company's operations, supply chain and retail network, resulting in loss of sales and increased operating costs.

The Company mitigates this risk through business continuity planning and insurance coverage.

5.2.13. Political and Regulatory Uncertainty Risk

Changes in government policies relating to taxation, trade, labor, investment, or foreign exchange, as well as broader regulatory and legal developments, may adversely affect the Company's operations and profitability.

This risk is managed through continuous monitoring of regulatory developments and proactive engagement with compliance requirements.

5.2.14. Capital Market Risk**Share Price Volatility:**

Following the listing of the Company's Ordinary Shares on the Pakistan Stock Exchange, the market price of the shares may fluctuate significantly due to factors beyond the Company's control, including changes in the Company's financial performance, investor sentiment, general economic conditions, and overall capital market conditions.

The Company seeks to mitigate this risk by maintaining high standards of corporate governance, transparent and timely financial reporting, regular investor engagement and consistent execution of its business strategy.

Market Liquidity:

There can be no assurance that an active and liquid trading market for the Company's Ordinary Shares will develop or, if developed, will be sustained following the IPO. Limited trading volumes or reduced market liquidity may make it difficult for investors to buy or sell shares at their preferred price or within their desired timeframe.

The Company's sponsor will own 80% post-IPO, with the remaining 20% held by minority shareholders. The Company seeks to mitigate this risk by maintaining compliance with the PSX's listing requirements and fostering investor confidence through transparent communication and sustained business performance.

5.2.15. Global Apparel Industry Risk**Country-of-Origin Perceptions:**

Changes in global sentiment regarding products manufactured in particular countries, including concerns relating to quality, sustainability or geopolitical developments, may affect consumer demand in international markets thereby impacting export sales.

Khaadi is proud to be a Pakistani brand representing South Asian value and traditions. In Khaadi's international stores, majority customers are with connection/roots with South Asia and therefore there is no risk of change in perception.

5.2.16. Pandemic Risk

Outbreaks of contagious diseases, epidemics or pandemics, such as COVID-19, resulting in government-imposed restrictions and temporary closure of retail outlets, last-mile service provider closures, and supply chain disruptions, could adversely affect the Company's operations, financial performance, and cash flows.

Pandemic and other force majeure risks cannot be fully mitigated. The Company's strong financial footing will help it navigate such a period, should it occur.

To the best of our knowledge and belief, all risk factors applicable to the Issuer i.e. Khaadi Pakistan Limited have been disclosed.

5.3. CERTIFICATE BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE ISSUER



Subject: Certificate by the Chief Executive Officer and Chief Financial Officer of the Issuer

We being the Chief Executive Officer and Chief Financial Officer of Khaadi Pakistan Limited (the "Issuer") accept absolute responsibility for the disclosures made in the Prospectus. We hereby certify that we have reviewed the Prospectus and that it contains all the necessary information with regard to the Issue and constitutes full, true and plain disclosures of all material facts relating to the ordinary shares being offered through this Prospectus and that nothing has been concealed.

The information contained in this Prospectus is true and correct to the best of our knowledge and the opinions and intends expressed herein are honestly held.

There are no other facts, the omission of which makes this Prospectus as a whole or any part thereof misleading.

For and on behalf of
Khaadi Pakistan Limited



SHAMOON SULTAN
Chief Executive Officer



TAHIR IQBAL
Chief Financial Officer

Khaadi Pakistan Limited (Formerly known as Weaves Pakistan (SMC-PVT) Limited)
22nd Floor, Sky Tower B - East Wing, Dolmen City, Marine Drive, HC No.3, Clifton, Karachi, Pakistan
(021) 111 542 234 | khaadi.com

5.4. UNDERTAKING BY THE COMPANY AND ITS SPONSORS

D936997

GOVERNMENT OF SINDH

E-STAMP

حکومت سندھ

NBP-1862-2609140024317619

GoS-KHI-7B535A40C185B112

Non-Judicial

Rs 500/-

Description	: Bond - 10(A)
Indemnifier/Mortgagor	: SYED MAHMOOD ALI RIZVI ADV [42401-2890758-3]
Indemnified/Mortgagee	: SYED MAHMOOD ALI RIZVI ADV [42401-2890758-3]
Applicant	: SYED MAHMOOD ALI RIZVI ADV [42401-2890758-3]
Stamp Duty Paid by	: SYED MAHMOOD ALI RIZVI ADV [42401-2890758-3]
Issue Date	: 14-Sep-2026, 04:35:01 PM
Paid Through Challan	: 202613950F4EC24E
Amount in Words	: Five Hundred Rupees Only

Please Write Below This Line

You can verify your e-Stamp paper by scanning the QR code or online at www.estamps.gos.pk using the 'Verification Through Web' option.

Date: September 18, 2026

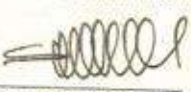
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange road
Karachi - 74000, Pakistan

UNDERTAKING BY THE COMPANY AND ITS SPONSORS

Khaadi Pakistan Limited and its Sponsors undertake that

- Neither the Company nor its directors, sponsors or substantial shareholders have been holding office of the directors, or have been sponsors or substantial shareholders in any Company:
 - Which had been declared defaulter by the securities exchange or futures exchanges; or
 - Whose TRE certificate has been cancelled or forfeited by the Exchange, PMEX or any other registered stock exchange of Pakistan that existed prior to integration of stock exchanges pursuant to Integration Order number 01/2016 dated January 11, 2016 issued by the Commission due to non-compliance of any applicable rules, regulations, notices, procedures, guidelines etc.
 - Which has been de-listed by the Exchange due to its non-compliance of any applicable provision of PSX Regulation.
- None of the Sponsors, Major Shareholders, Directors or Management of the Company as well as the Company itself or its Associated Company / Entity have been found guilty of being engaged in any fraudulent activity. The Company has made full disclosure regarding any / or all cases in relation to involvement of the person named above in any alleged fraudulent activity i.e. pending before any Court of Law / Regulatory Body / Investigation Agency in or outside of the country.

For and on behalf of Khaadi Pakistan Limited



SHAMOON SULTAN
Chief Executive officer



ATTESTED

S. RIZWAN ADVOCATE
B.A.L.E.B. NOTARY PUBLIC
KARACHI



For and on behalf of Sponsors of Khaadi Pakistan Limited



Shamoon Sultan
Chief Executive Officer
& Authorised Representative




Tahir Iqbal
Chief Financial Officer
& Authorised Representative

For and on behalf of Directors of
Khaadi Pakistan Limited



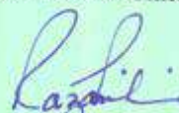
MUHAMMAD ASIF PEER
Chairman/Independent Director



SHAMOON SULTAN
Chief Executive Officer



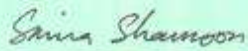
ADBUL SAMAD DAWOOD
Independent Director



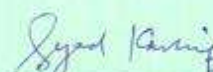
MUHAMMAD RAZA
Independent Director



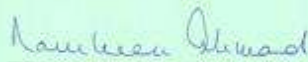
MAHEEN RAHMAN
Independent Director



SAIRA RUTH SHAMOON
Executive Director



SYED KASHIF UL HASSAN SHAH
Executive Director

NAUSHEEN AHMAD
Company Secretary



ATTESTED

S. RIZWAN ADVOCATE
D.A.L.L.S. NOTARY PUBLIC
KARACHI, PAKISTAN

5.5. STATEMENT BY THE ISSUER



Date: September 10, 2026

The Chief Executive
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

On behalf of Khaadi Pakistan Limited (the "Company"), We hereby confirm that all material information as required under the Companies Act, 2017, the Securities Act, 2015, the Public Offering Regulations, 2017 and the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited has been disclosed in the Prospectus and that whatever is stated in Prospectus and the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

For and behalf of Khaadi Pakistan Limited



Shamoon Sultan
Chief Executive Officer



Tahir Iqbal
Chief Financial Officer

Khaadi Pakistan Limited (Formerly known as Weaves Pakistan (SMC-PVT) Limited)
22nd Floor, Sky Tower B - East Wing, Dolmen City, Marine Drive, HC No.3, Clifton, Karachi, Pakistan
(021) 111 542 234 | khaadi.com

5.6. STATEMENT BY THE CONSULTANT TO THE ISSUE

Dated: 20/09/2026

The Chief Executive,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Being mandated as the Consultant to the Issue to this Initial Public Offering of Khaadi Pakistan Limited through the Book Building mechanism, we hereby confirm that all material information as required under the Companies Act, 2017, the Securities Act, 2015, the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited and the Public Offering Regulations, 2017 has been disclosed in the Prospectus and that whatever is stated in Prospectus and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

We have examined the business model and audited financial statements of the Issuer and based on the same, material Information including risks that would enable the investors to make an informed decision has been disclosed in the prospectus.

For and on behalf of Arif Habib Limited

Farhan Rizvi
Managing Director, Investment Banking
Arif Habib Limited

Head Office / Corporate Office: Arif Habib Centre, 23 M.T. Khan Road, Karachi (UAN: +92 21 111 245 111 i Fax: +92 21 3242 9658)
Karachi Gulshan-e-Iqbal Office: Shop No. 3, Ground Floor, Shazco Apartments, Sub-Plot # 58-7, Block 4, Gulshan-e-Iqbal, Karachi. (Tel: +92 21 38280254)
Karachi Stock Exchange Office: Office No. 64, 1st Floor, Pakistan Stock Exchange Building, and Office No. 310, 3rd Floor, Pakistan Stock Exchange New Building, Stock Exchange Road, Karachi
Karachi Sharfabad Office: Office No. 4, Ground Floor, Block No. 3, Zulekha Trade Centre, C.P & Berar Cooperative Housing Society Limited, Karachi. (Tel: +92 21 38280600)
Lahore Office: Office number G-5 & G-6, Ground Floor, North Tower and Office No. 106, 1st Floor, South Tower, LSE Plaza, 19, Khayaban-e-Arwan-e-Iqbal, Lahore. (Tel: +92 42 3631 3700 - 11, 3631 3741 - 44)
Islamabad Office: Office No. 506, 5th Floor, LSE Towers, Jinnah Avenue, Islamabad (Tel: +92 51 289 4505 - 05)
Peshawar Office: F16-F17, 1st Floor, The Mall Tower, Peshawar Cantt (Tel: +92 91 5253913)
Faisalabad Office: Office No. 04, 3rd Floor, Legacy Tower, Kohinoor City, Faisalabad. (Tel: +92 41 8531010-3)
Multan Office: Office No. 05, 3rd Floor, The United Mall, Plot No. 74, Abdali Road, Multan. (Tel: +92 61 4514412)
Bahawalpur Office: Office No. 6, 2nd Floor, Orion Tower, Model Road, Model Town A, Bahawalpur. (Tel: +92 62 1096666)
csonline@arifhabilttd.com | www.arifhabilttd.com | www.ahitrade.com
TSP# Member of the Pakistan Stock Exchange Ltd | Branch Reg No. BNA-050 / 01



SECTION 6

FINANCIAL INFORMATION

PROSPECTUS | KHAADI PAKISTAN LIMITED



6. FINANCIAL INFORMATION:

6.1. AUDITOR REPORT AS CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID-UP CAPITAL



23 - 21 / 0438
September 11, 2026

The Board of Directors (the Board)
Khaadi Pakistan Limited (Formerly Weaves Pakistan
(SMC - Private) Limited)
22nd Floor, Sky Tower B,
East Wing, Dolmen City, HC # 3,
Marine Drive, Clifton,
Karachi.

Dear members of the Board,

AUDITOR'S CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID UP CAPITAL UNDER CLAUSE 14 (i) OF SECTION 1 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017

We have been requested to provide with a certificate on the annexed 'Statement of Issued, Subscribed and Paid-up Capital' (the Statement) of Khaadi Pakistan Limited (the Company) (Formerly Weaves Pakistan (SMC - Private) Limited) as at December 31, 2025 as required under clause 14 (i) of Section 1 of the First Schedule to the Public Offering Regulations, 2017 (the Regulations) issued by the Securities & Exchange Commission of Pakistan.

Scope of Certificate

Our engagement was undertaken on the request of the management of the Company for the purpose of inclusion of information in the prospectus to be issued for Initial Public Offer as required under Clause 14 (i) of Section 1 of the First Schedule of the Public Offering Regulations, 2017 for onward submission to the regulatory authorities and other stakeholders.

Management's Responsibility

It is the management's responsibility to ensure compliance with Clause 14 (i) of Section 1 of the First Schedule of the Public Offering Regulation, 2017. Management's responsibility includes maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularity. This certificate does not relieve the management from its responsibilities. Further, the management is also responsible for submission of this certificate to the regulatory authorities.

Auditor's Responsibility

Our responsibility is to certify the issued, subscribed and paid-up capital of the Company based on audited financial statements as at December 31, 2025 as per Clause 14 (i) of section 1 of the First Schedule to the Regulations, in accordance with the "Guidelines for Issuance of Certificates for Special Purposes by Practicing Chartered Accountant Firms" issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the following procedures;

1. traced the issued, subscribed and paid-up capital of the Company from its audited financial statements as at December 31, 2025;
2. checked the "Form 3" to corroborate figures after issuance of bonus shares;
3. checked the "Form 26" to corroborate figures after issuance of bonus shares and share split of issued, subscribed and paid-up capital; and
4. checked the relevant Board and shareholders' approvals.

YA

Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (021) 3454 6494-7
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Yousuf Adil
Chartered Accountants

Certificate

Based on procedures mentioned above, we certify that the issued, subscribed and paid-up share capital of the company as at December 31, 2025, is as follows:

	December 31, 2025 (Rupees)
Issued, subscribed and paid-up share capital	
502,666 Ordinary Shares of Rs. 10 each	5,027,000

The shareholder of the Company as at December 31, 2025 is as follows;

Name of shareholder	No. of ordinary shares of Rs. 10 each	Amount in Rupees
Weaves Corporation Limited	502,666	5,027,000

Subsequent to the year end on June 24, 2026, the director of the Company approved the issuance of 24,497,334 bonus shares of Rs. 10 each through a board resolution, resulting in an increase in the Company's Issued, subscribed and paid-up share capital from Rs. 5,027,000 comprising 502,666 ordinary shares of Rs. 10 each to Rs. 250,000,000 comprising 25,000,000 ordinary shares of Rs. 10 each.

Thereafter, through a special resolution dated June 26, 2026, the nominal (face) value of each ordinary share was reduced from Rs. 10 per share to Rs. 0.125 per share. Consequently, the number of issued ordinary shares increased proportionately from 25,000,000 shares to 2,000,000,000 shares without any change in the aggregate issued, subscribed and paid-up share capital of the Company, which remained at Rs. 250,000,000.

Accordingly, as at June 30, 2026, the issued, subscribed and paid-up share capital of the Company comprised 2,000,000,000 ordinary shares of Rs. 0.125 each.

The details of the share capital structure as at June 30, 2026 is as follows:

	June 30, 2026 (Rupees)
Issued, subscribed and paid-up share capital	
2,000,000,000 Ordinary Shares of Rs. 0.125 each	250,000,000

Name of shareholder	No. of ordinary shares of Rs. 0.125 each	Amount in rupees
Weaves Corporation Limited	2,000,000,000	250,000,000

Restriction on use and distribution

This certificate is being issued on the specific request of the management of the company for the purpose of inclusion in prospectus to be issued for Initial Public Offering and for onward submission to regulatory authorities for listing purpose only. This report is solely for the purpose set forth in the scope mentioned above and is not to be issued or distributed for any other purpose. This certificate is restricted to the facts stated herein.

Yours truly,



Chartered Accountants
Karachi

ISO 27001 Certified Since 2017
Karachi | Islamabad | Lahore

6.2. AUDITOR CERTIFICATE ON BREAKUP VALUE PER SHARE AS OF DECEMBER 2025



Yousuf Adil
Chartered Accountants

Caviah Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (021) 3454 6494-7
www.yousufadil.com

23 - 21 / 0436
September 11, 2026

The Board of Directors (the Board)
Khaadi Pakistan Limited [Formerly Weaves Pakistan
(SMC - Private) Limited]
22nd Floor, Sky Tower B,
East Wing, Dolmen City, HC # 3,
Marine Drive, Clifton,
Karachi.

Dear members of the Board,

AUDITORS' CERTIFICATE ON BREAK-UP VALUE PER SHARE BASED ON AUDITED FINANCIAL STATEMENTS AS AT 31 DECEMBER, 2025 AS REQUIRED UNDER CLAUSE 14 (ii) OF SECTION 1 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017

We have been requested to provide with a certificate on the annexed 'Statement of Break-up value per share' (the Statement) of Khaadi Pakistan Limited (the Company) [Formerly Weaves Pakistan (SMC - Private) Limited] as at December 31, 2025 as required under clause 14 (ii) of Section 1 of the First Schedule to the Public Offering Regulations, 2017 (the Regulations) issued by the Securities & Exchange Commission of Pakistan.

The annexed Statement includes the recomputed break-up value per share after giving effect to the bonus issue and subdivision of ordinary shares completed subsequent to December 31, 2025. On June 24, 2026, the Board of Directors approved the issuance of 24,497,334 bonus shares of Rs. 10 each, increasing the Company's issued, subscribed and paid-up share capital from Rs. 5,026,660 comprising 502,666 ordinary shares of Rs. 10 each to Rs. 250,000,000 comprising 25,000,000 ordinary shares of Rs. 10 each. Subsequently, on June 26, 2026, pursuant to a special resolution, the nominal (face) value of each ordinary share was reduced from Rs. 10 per share to Rs. 0.125 per share by subdividing each ordinary share into 80 ordinary shares. Consequently, the number of issued ordinary shares increased from 25,000,000 to 2,000,000,000 without any change in the aggregate issued, subscribed and paid-up share capital of the Company, which remained Rs. 250,000,000.

Scope of Certificate

Our engagement was undertaken on the request of the management of the Company for the purpose of inclusion of information in the prospectus to be issued for Initial Public Offer as required under Clause 14 (ii) of Section 1 of the First Schedule of the Regulations for onward submission to the regulatory authorities and other stakeholders.

Management's Responsibility

It is the management's responsibility to compute the break-up value per share of the Company based on audited financial statement as at December 31, 2025, in accordance with the provisions contained in Technical Release (TR) - 22 issued by the Institute of Chartered Accountants of Pakistan (ICAP) and to prepare the aforementioned Statement. It is also the responsibility of the management to provide all the details and information to the external auditors for the purposes of this certificate.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the company, and prevent and detection of fraud and irregularity. This certificate does not relieve the management of its responsibilities.

Y A

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Kajinchi Information Systems



Yousuf Adil
Chartered Accountants

Auditor's Responsibility

Our responsibility is to provide the auditor's certificate on the break-up value per share of the Company computed as at December 31, 2025, as appearing in the annexed Statement, in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the ICAP. Our verification was limited to the procedures as mentioned below:

1. traced the following as appearing in the Statement from the audited financial statements of the Company for the year ended December 31, 2025:
 - a. Number of shares in issue as at that date
 - b. Issued, subscribed and paid-up capital
 - c. Share premium
 - d. Capital reserves
 - e. Revaluation reserve
 - f. Unappropriated profit
2. checked the Board resolution dated June 24, 2026, approving the issuance of bonus shares;
3. checked the special resolution dated June 26, 2026, approving the subdivision of ordinary shares and the attested copy of Form 7 evidencing implementation of the share split;
4. checked the mathematical accuracy of the computation of break-up value per share; and
5. reviewed the guidance contained in TR-22 issued by ICAP and ensured that the computation of break-up value per share is in accordance therewith.

Certificate

Based on the procedures mentioned above, we certify the break-up value per share of the Company as at December 31, 2025, computed in accordance with the TR-22 issued by the ICAP as appearing in the annexed Statement.

Restriction on use and distribution

This certificate is being issued by us upon the request of the Company's management as required under Clause 14 (ii) of Section 1 of the First Schedule to the Regulations for the purpose of inclusion in the prospectus and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the annexed Statement.

Yours truly,

Chartered Accountants

Karachi



Yousuf Adil
Chartered Accountants

Annexure

1. BREAK-UP VALUE AS AT DECEMBER 31, 2025 AS PER AUDITED FINANCIAL STATEMENTS

		December 31, 2025	
		Rupees	
		Break-up value including revaluation surplus on fixed assets	Break-up value excluding revaluation surplus on fixed assets
Issued, subscribed and paid-up share capital	A	5,027,000	5,027,000
Share premium	B	1,952,125,000	1,952,125,000
Capital reserves	C	2,420,226,000	2,420,226,000
Unappropriated profit	D	2,970,506,000	2,970,506,000
Revaluation reserve	E	171,930,000	-
Total Shareholder's Equity	F = A + B + C + D + E	7,519,814,000	7,347,884,000
Number of shares as at December 31, 2025 (Face value Rs. 10 per share)	G	502,666	502,666
Break-up value per ordinary share of Rs. 10/- each (Rupees)	H = F / G	14,959.86	14,617.83

2. BONUS SHARES AND SHARE SPLIT SUBSEQUENT TO DECEMBER 31, 2025

- The Company issued 24,497,334 bonus shares of Rs. 10 each pursuant to a Board resolution dated June 24, 2026, resulting in an increase in the paid-up share capital from Rs. 5,026,660 comprising 502,666 ordinary shares of Rs. 10 each to Rs. 250,000,000 comprising 25,000,000 ordinary shares of Rs. 10 each.
- Thereafter, pursuant to a special resolution dated June 26, 2026, the face value of each ordinary share was reduced from Rs. 10 to Rs. 0.125 by way of a share split in the ratio of 80 ordinary shares for every 1 ordinary share held. Consequently, the number of issued ordinary shares increased to 2,000,000,000, while the aggregate issued, subscribed and paid-up share capital remained unchanged at Rs. 250,000,000.

The break-up value after incorporating the bonus shares and share split are as follows:

		Break-up value including revaluation surplus on fixed assets	Break-up value excluding revaluation surplus on fixed assets
Total Shareholder's equity - (Rupees) as at December 31, 2025 as per audited financial statements	A	7,519,814,000	7,347,884,000
Number of shares as at 31 December 2025 as per audited financial statements	B	502,666	502,666
Bonus shares issue of 48.73 shares for each 1 ordinary shares held	C	24,497,334	24,497,334
Total Shares before splitting	D	25,000,000	25,000,000
Share split ratio 80 ordinary shares for each 1 ordinary shares held	E	80	80
Number of shares after shares split on June 26, 2026	F = D * E	2,000,000,000	2,000,000,000
Recomputed break-up value per ordinary shares of Rs. 0.125/- each - (Rupees per share) after share split	G = A / F	3.76	3.67

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6.3. AUDITOR CERTIFICATE ON BREAKUP VALUE PER SHARE AS OF JUNE 2026



Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (021) 3454 5494-7
www.yousufadil.com

23 - 21 / 0437
September 11, 2026

The Board of Directors (the Board)
Khaadi Pakistan Limited [Formerly Weaves Pakistan
(SMC - Private) Limited]
22nd Floor, Sky Tower B,
East Wing, Dolmen City, HC # 3,
Marine Drive, Clifton,
Karachi.

Dear members of the Board,

AUDITORS' CERTIFICATE ON BREAK-UP VALUE PER SHARE BASED ON AUDITED FINANCIAL STATEMENTS AS AT JUNE 30, 2026 AS REQUIRED UNDER CLAUSE 14(ii) OF SECTION 1 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017

We have been requested to provide you with a certificate on the annexed 'Statement of Break-up Value per Share' (the 'Statement') of Khaadi Pakistan Limited (the 'Company') [Formerly Weaves Pakistan (SMC - Private) Limited] as at June 30, 2026 as required under Clause 14 (ii) of Section 1 of the First Schedule to the Public Offering Regulations, 2017 issued by the Securities and Exchange Commission of Pakistan.

Scope of Certificate

Our engagement was undertaken on the request of the management of the Company for the purpose of inclusion of information in the prospectus to be issued for Initial Public Offer as required under Clause 14 (ii) of Section 1 of the First Schedule of the Regulations for onward submission to the regulatory authorities and other stakeholders.

Management's Responsibility

It is the management's responsibility to compute the break-up value per share of the Company as at June 30, 2026, in accordance with the provisions contained in Technical Release (TR) - 22 issued by the Institute of Chartered Accountants of Pakistan (ICAP) and to prepare the aforementioned Statement. It is also the responsibility of the management to provide all the details and information to the external auditors for the purposes of this certificate.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the company, and prevent and detection of fraud and irregularity. This certificate does not relieve the management of its responsibilities.

Auditor's Responsibility

Our responsibility is to provide this certificate on the break-up value per share of the Company computed as at June 30, 2026, as set out in the annexed Statement, in accordance with the Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms issued by ICAP.

Our verification was limited to the following procedures:

1. traced the following amounts appearing in the Statement to the reviewed unaudited condensed interim financial statements of the Company as at June 30, 2026:
 - a. Number of shares in issue as at that date
 - b. Issued, subscribed and paid-up share capital
 - c. Share premium
 - d. Capital reserves
 - e. Revaluation reserve
 - f. Unappropriated profit

Y.A.

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Chartered Accountants

2. checked the mathematical accuracy of the computation of break-up value per share as at June 30, 2026; and
3. reviewed the guidance contained in TR-22 issued by ICAP and ensured that the computation of break-up value per share is in accordance therewith.

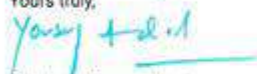
Certificate

Based on the procedures mentioned above, we certify the break-up value per share of the Company as at June 30, 2026, computed in accordance with the TR-22 issued by the ICAP as appearing in the annexed Statement.

Restriction on use and distribution

This certificate is being issued by us upon the request of the Company's management as required under Clause 14(ii) of Section 1 of the First Schedule to the Regulations for the purpose of inclusion in the prospectus and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the annexed Statement.

Yours truly,



Chartered Accountants

Karachi

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Karachi | Islamabad | Lahore



Yousuf Adil
Chartered Accountants

Annexure

BREAK-UP VALUE AS AT JUNE 30, 2026 AS PER REVIEWED UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

		June 30, 2026 (Rupees)	
		Break-up value including revaluation surplus on fixed assets	Break-up value excluding revaluation surplus on fixed assets
Issued, subscribed and paid-up share capital	A	250,000,000	250,000,000
Share premium	B	1,707,152,000	1,707,152,000
Capital reserves	C	2,420,226,000	2,420,226,000
Unappropriated profit	D	2,930,118,000	2,930,118,000
Revaluation reserve	E	171,930,000	-
Total Shareholder's Equity	F = A + B + C + D + E	7,479,426,000	7,307,496,000
Number of shares as at June 30, 2026 (Face value Rs. 0.125 per share)	G	2,000,000,000	2,000,000,000
Break-up value per ordinary share of Rs. 0.125/- each (Rupees)	H = F / G	3.74	3.65

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6.4. AUDITOR REPORT UNDER CLAUSE I OF SECTION II OF FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017



Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (021) 3454 6494-7
www.yousufadil.com

23 - 21 / 0439
September 11, 2026

The Board of Directors (the Board)
Khaadi Pakistan Limited [Formerly Weaves Pakistan
(SMC - Private) Limited]
22nd Floor, Sky Tower B,
East Wing, Dolmen City, HC # 3,
Marine Drive, Clifton,
Karachi.

Dear members of the Board,

AUDITOR'S CERTIFICATE ON INFORMATION REQUIRED UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017

We have been requested to provide with a certificate on annexed 'Statement of Financial Information' (the statements) of Khaadi Pakistan Limited (the Company) [Formerly Weaves Pakistan (SMC - Private) Limited] for the years ended December 31, 2025 and December 31, 2024 as per Clause 1 of Section 2 of the First Schedule to the Public Offering Regulation, 2017 (the Regulations) issued by the Securities & Exchange Commission of Pakistan.

Scope of Certificate

Our engagement was undertaken on the request of the management of the Company for the purpose of inclusion of information in prospectus to be issued for Initial Public Offer as required under Clause 1 of Section 2 of the First Schedule of the Public Offering Regulations, 2017 for onward submission to the regulatory authorities and other stakeholders.

Management's Responsibility

It is the responsibility of the Company's management to prepare the Statements setting out the information required under the clause 1 of section 2 of the First Schedule to the Regulations and ensure its accuracy and completeness. It is also the responsibility of the management to provide all the details and information to the external auditors for the purposes of this certificate.

Auditors' Responsibility

Our responsibility is to provide auditor's certificate on the accuracy of the information as appearing in the annexed Statements, in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

- traced the assets and liabilities of the Company as at years ended December 31, 2025 and December 31, 2024 and the profits or losses and other comprehensive income of the Company for those years as appearing in the Statements (Annexure 'A' and 'B' respectively) from the audited financial statements of the Company for the respective years; and
- traced the details of dividend (date, rate, class of shares) paid by the Company during the years ended December 31, 2025 and December 31, 2024 from the audited financial statements of the Company for the respective years.

Certificate

Based on the procedures mentioned above, we state that:

1. We have audited the financial statements for the year ended December 31, 2025 and December 31, 2024;
2. In terms of the requirement as per Clause 1 of Section 2 of the First Schedule to the Regulations, and based on the audited financial statements, we certify that annexed assets and liabilities of the Company as at years ended December 31, 2025 and December 31, 2024 and the profits or losses and other comprehensive income of the Company for the years then ended are accurate;

Y A

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YOUSUF ADIL
PACE ALIGNED ...

Yousuf Adil
Chartered Accountants

3. The Company paid an interim cash dividend for the year ended December 31, 2025, as detailed in Annexure 'C' to this report. No dividend was paid for the year ended December 31, 2024; and
4. The Company did not have any subsidiaries for the years ended December 31, 2025 and December 31, 2024.

Restriction on use and distribution

This certificate is being issued as per Clause 1 of Section 2 of the First Schedule to the Regulations and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the attachments and should not be construed as our opinion on the compliance with other requirements of the Regulations.

Yours truly,



Chartered Accountants
Karachi

Encls:

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Annexure A

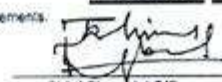
WEAVES PAKISTAN (SMC-PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

		December 31, 2025	December 31, 2024 (Restated)
		Rupees '000	
ASSETS			
Non-current assets			
Property and equipment	5	7,590,837	8,620,453
Investment property	6	4,483,299	926,000
Intangible assets	7	8,000,000	2,760
Long-term deposits	8	-	1,828
Deferred tax asset	9	1,072,237	1,665,250
		21,146,373	11,216,291
Current assets			
Inventories	10	4,669,273	4,179,607
Trade receivables	11	170,259	1,217,623
Prepayments and advances	12	485,751	50,259
Short-term investments	13	1,235,000	-
Other receivables	14	987,809	886,204
Refunds due from the government - sales tax	15	1,931,700	1,437,907
Cash and bank balances	16	84,686	49,862
		9,564,478	7,821,462
Total assets		30,710,851	19,037,753
EQUITY AND LIABILITIES			
Equity			
Share capital	17	5,027	5,027
Reserves			
Share premium	18	1,952,125	1,952,125
Capital reserves	18	2,420,226	2,420,226
Unappropriated profit	18	2,970,506	2,459,095
Revaluation reserve	18	171,930	-
		7,514,887	6,831,446
LIABILITIES			
Non-current liabilities			
Long-term borrowings	19	6,249,500	2,500,000
Due to related party	20	8,000,000	-
		14,249,500	2,500,000
Current liabilities			
Current portion of long-term borrowings	19	483,333	-
Trade and other payables	21	6,843,778	3,688,167
Short-term borrowings	22	551,073	5,578,445
Accrued mark-up	23	127,179	217,136
Taxation - provision less payments		936,174	217,622
		8,941,537	8,701,370
Total liabilities		23,191,037	12,201,370
Contingencies and commitments			
	24		
Total equity and liabilities		30,710,851	19,037,753

The annexed notes 1 to 43 form an integral part of these financial statements.

YA


 Chief Executive / Director


 Chief Financial Officer

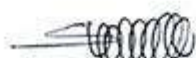
Annexure B

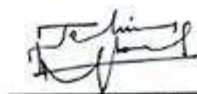
WEAVES PAKISTAN (SMC-PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

		December 31, 2025	December 31, 2024 (Restated)
		Rupees '000	
Note			
Revenue from contracts with customers	25	26,129,607	24,598,197
Cost of sales	26	(16,025,122)	(16,313,973)
Gross profit		9,104,485	8,284,224
Selling and distribution expenses	27	(4,819,808)	(3,835,242)
Administrative expenses	28	(1,062,644)	(1,508,653)
Operating profit		3,222,033	2,940,289
Other expenses	29	(3,215,660)	(59,127)
Other income	30	3,361,327	757,413
Finance costs	31	(1,414,310)	(1,574,581)
Profit before revenue taxes and income taxes		1,953,390	2,063,994
Revenue taxes	32	-	(328,110)
Profit before income tax		1,953,390	1,735,884
Taxation	32	(285,616)	(337,614)
Profit after tax		1,667,774	1,398,270
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Gain on revaluation of property and equipment transferred to Investment Property - Net of tax		171,930	-
Total comprehensive income		1,839,804	1,398,270
		(Rupees)	
Earnings per share - basic and diluted - Restated	33	3,318	2,776

The annexed notes from 1 to 43 form an integral part of these financial statements.

Y A


 Chief Executive / Director


 Chief Financial Officer

Annexure C

DETAILS OF DIVIDEND PAYOUT

	December 31, 2025 (Audited)	December 31, 2024 (Audited)
Class of shares	Ordinary shares	Ordinary shares
Date of dividend payout	December 31, 2025	Nil
Rate of dividend payout (Rupee)	2,300	Nil
Amount of dividend paid (Rupees)	1,156,373,000	Nil

6.5. SHARIAH COMPLIANCE CERTIFICATE



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
Specialized Companies Division
Islamic Finance Department

Certificate No. SECP/IFD/SCC/WCL/43 July 27, 2026

**SHARIAH COMPLIANCE CERTIFICATE
FOR A SHARIAH COMPLIANT COMPANY**

The Securities and Exchange Commission of Pakistan, having considered the application for grant of certificate for a Shariah compliant company under regulation 4 of the Shariah Governance Regulations, 2023 (the "Regulations") read with Section 451 of the Companies Act, 2017 (XIX of 2017), submitted by **M/s Khaadi Pakistan (SMC-Private) Limited (Formerly M/s Weaves Pakistan (SMC-Private) Limited)** and on being satisfied that the company meets the requirements of these Regulations including the Shariah screening criteria, hereby grants Shariah compliance certificate, in exercise of the powers conferred by regulation 4(3) of the Regulations, subject to the conditions stated herein below or as may be prescribed or imposed hereafter:-

Standard Conditions:

- (i) **M/s Khaadi Pakistan (SMC-Private) Limited** shall comply with the Companies Act, 2017, the Regulations, and any directives, circulars, codes, notifications and guidelines issued or are issued from time to time by the Commission and its Shariah supervisory board or the Shariah Advisor;
- (ii) **M/s Khaadi Pakistan (SMC-Private) Limited** shall submit annual Shariah review report, or such other reports as specified in the applicable laws; and
- (iii) This certificate shall remain valid unless voluntarily surrendered by the company or suspended or cancelled by the Commission as provided in sub-regulation (2) of regulation 4 of the Regulations.


(Imtiaz Haider)
 Commissioner



Disclaimer: A Shariah compliance certificate granted under the Regulations, is subject to regulation 5 and shall not be considered as a substitute to any other regulatory approval or Halal certification, which may require separate approval or license from the respective regulatory authority.

AL - MA'ARIJ
CONSULTANCY

Date: September 28, 2026

Ref No.: AMC/0926-45

Shariah Advisor's Opinion for Khaadi Pakistan Limited *for the period ended on June 30, 2026*

In the capacity of Shariah Advisor of Khaadi Pakistan Limited, we hereby confirm that Khaadi Pakistan Limited has already obtained Shariah Compliance Certificate from SECP under the Shariah Governance Regulations, 2023 on the basis of financial statements for the period ended 31 Mar, 2026.

Further, as per our assessment of the latest financial statements of the company for the period ended 30 June 2026, we confirm that Khaadi Pakistan Limited status remains unchanged.

AL Ma'arij Consultancy

almaerijc.com

+92 322 2174543

Office No. 55-D, 5th Floor, Fareed Chaudhry, Abdullah Haroon Road, Saddar, Pakistan



Yousuf Adil
Chartered Accountants

Carish Court, A-35, Block 7 & 8
KCHSU, Shahr-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (021) 3454 6494-7
www.yousufadil.com

INDEPENDENT AUDITOR'S REPORT

To the member of Weaves Pakistan (SMC-Private) Limited

Report on the Audit of the Financial Statements Opinion

We have audited the annexed financial statements of **Weaves Pakistan (SMC-Private) Limited** (the Company), which comprise the statement of financial position as at **December 31, 2025**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2025 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Director's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Y A

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KARACHI - Registered Office



Yousuf Adil
Chartered Accountants

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Arif Nazeer**.


Chartered Accountants
Place: Karachi
Date: May 22, 2026
UDIN: AR2025100999qVGUeIOB

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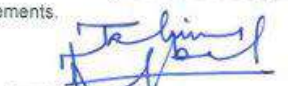
WEAVES PAKISTAN (SMC-PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

		December 31, 2025	December 31, 2024 (Restated)
		Rupees '000	
ASSETS			
Non-current assets			
Property and equipment	5	7,690,837	8,820,453
Investment property	6	4,483,299	928,000
Intangible assets	7	8,000,000	2,760
Long-term deposits	8	-	1,828
Deferred tax asset	9	1,072,237	1,665,250
		21,146,373	11,216,291
Current assets			
Inventories	10	4,669,273	4,179,607
Trade receivables	11	170,259	1,217,623
Prepayments and advances	12	485,751	50,259
Short-term investments	13	1,235,000	-
Other receivables	14	987,809	886,204
Refunds due from the government - sales tax	15	1,931,700	1,437,907
Cash and bank balances	16	84,686	49,862
		9,564,478	7,821,462
Total assets		30,710,851	19,037,753
EQUITY AND LIABILITIES			
Equity			
Share capital	17	5,027	5,027
Reserves			
Share premium	18	1,952,125	1,952,125
Capital reserves	18	2,420,226	2,420,226
Unappropriated profit	18	2,970,506	2,459,005
Revaluation reserve	18	171,930	-
		7,519,814	6,836,383
LIABILITIES			
Non-current liabilities			
Long-term borrowings	19	6,249,500	2,500,000
Due to related party	20	8,000,000	-
		14,249,500	2,500,000
Current liabilities			
Current portion of long-term borrowings	19	483,333	-
Trade and other payables	21	6,843,778	3,688,167
Short-term borrowings	22	551,073	5,578,445
Accrued mark-up	23	127,179	217,136
Taxation - provision less payments		936,174	217,622
		8,941,537	9,701,370
Total liabilities		23,191,037	12,201,370
Contingencies and commitments			
	24		
Total equity and liabilities		30,710,851	19,037,753

The annexed notes 1 to 43 form an integral part of these financial statements.

YA


Chief Executive / Director


Chief Financial Officer

WEAVES PAKISTAN (SMC-PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

		December 31, 2025	December 31, 2024 (Restated)
	Note	----- Rupees '000 -----	
Revenue from contracts with customers	25	25,129,607	24,598,197
Cost of sales	26	(16,025,122)	(16,313,973)
Gross profit		9,104,485	8,284,224
Selling and distribution expenses	27	(4,819,808)	(3,835,242)
Administrative expenses	28	(1,062,644)	(1,508,693)
Operating profit		3,222,033	2,940,289
Other expenses	29	(3,215,660)	(59,127)
Other income	30	3,361,327	757,413
Finance costs	31	(1,414,310)	(1,574,581)
Profit before revenue taxes and income taxes		1,953,390	2,063,994
Revenue taxes	32	-	(328,110)
Profit before income tax		1,953,390	1,735,884
Taxation	32	(285,516)	(337,614)
Profit after tax		1,667,874	1,398,270
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Gain on revaluation of property and equipment transferred to Investment Property - Net of tax		171,930	-
Total comprehensive income		1,839,804	1,398,270
		----- (Rupees) -----	
Earnings per share - basic and diluted - Restated	33	3,318	2,776

The annexed notes from 1 to 43 form an integral part of these financial statements.

Y.P.


 Chief Executive / Director


 Chief Financial Officer

WEAVES PAKISTAN (SMC-PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	RESERVES					Total
	CAPITAL		REVENUE			
	Share capital	Share premium	Equity of Weaves Undertaking note - 18.1	Revaluation reserve	Unappropriated profit	
Rupees '000						
Balance at December 31, 2023	5,038	4,152,114	2,420,226	-	915,604	7,492,982
Effect of retrospective application of change in accounting policy - net of tax	-	-	-	-	145,131	145,131
Balance at December 31, 2023 - Restated	5,038	4,152,114	2,420,226	-	1,060,735	7,638,113
Profit for the year ended December 31, 2024 - Restated	-	-	-	-	1,398,270	1,398,270
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,398,270	1,398,270
Transaction with owner - Buy back of ordinary shares	(11)	(2,199,989)	-	-	-	(2,200,000)
Balance at December 31, 2024 - Restated	5,027	1,952,125	2,420,226	-	2,459,005	6,836,383
Profit for the year ended December 31, 2025	-	-	-	-	1,667,874	1,667,874
Dividend payout at a rate of Rs. 2300/- per share	-	-	-	-	(1,156,373)	(1,156,373)
Other comprehensive income	-	-	-	171,930	-	171,930
Total comprehensive income	-	-	-	171,930	511,501	683,431
Balance at December 31, 2025	5,027	1,952,125	2,420,226	171,930	2,970,506	7,519,814

The annexed notes from 1 to 43 form an integral part of these financial statements.

Y/A


 Chief Executive / Director


 Chief Financial Officer

WEAVES PAKISTAN (SMC-PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

		December 31, 2025	December 31, 2024 (Restated)
	Note	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	6,278,068	3,317,516
Finance costs paid		(1,504,267)	(1,626,718)
Income tax paid		958,356	(209,104)
Net decrease in long-term deposits		1,828	8,447
Net cash generated from operating activities		5,733,985	1,490,141
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(2,520,111)	(3,496,168)
Interest received		6,862	3,066
Net cash used in investing activities		(2,513,249)	(3,493,102)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds / (receivable) from issuance of ordinary shares		-	(2,200,000)
Short-term borrowings obtained / (repaid)		-	(2,000,000)
Long term loan obtained		4,232,833	2,500,000
Dividend paid		(1,156,373)	-
Net cash generated from / (used in) financing activities		3,076,460	(1,700,000)
Net increase / (decrease) in cash and cash equivalents		6,297,196	(3,702,961)
Cash and cash equivalents at beginning of the year		(5,528,583)	(1,825,622)
Cash and cash equivalents at end of the year	35	768,613	(5,528,583)

The annexed notes 1 to 43 form an integral part of these financial statements.

YA


 Chief Executive / Director


 Chief Financial Officer

WEAVES PAKISTAN (SMC-PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. LEGAL STATUS AND NATURE OF OPERATIONS

- 1.1 Weaves Pakistan (SMC-Private) Limited (the Company), was incorporated in Pakistan on July 15, 2015 as a single member company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Previously, the "Khaadi" products were sold by sole proprietorship managed by the single member.

The Company, after due regulatory process, changed its name from Khaadi Pakistan (SMC-Private) Limited to Weaves Pakistan (SMC-Private) Limited as on September 5, 2024.

- 1.2 The Company is principally engaged in a business of designing, marketing, distributing and selling textile products and other accessories under the brand name "Khaadi".

As at December 31, 2025, the Company has 35 (December 31, 2024: 38) retail stores in various cities across Pakistan. During the year, 3 new outlets were opened whereas 6 outlets were closed.

- 1.3 The registered office of the Company is at 22nd Floor, Sky Tower B, East Wing, Dolmen City, HC # 3 Marine Drive, Clifton, Karachi. The details of geographical locations of Company's business units are given in note 41.

- 1.4 The Company is a subsidiary of Weaves Corporation Limited (the Parent Company) which is a wholly owned subsidiary of Weaves Holding Limited (the Ultimate Parent Company).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.3 Critical accounting estimates, judgements and assumptions

The preparation of these financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Estimates and judgements which are significant to these financial statements are as follows:

a) Taxation (notes 4.6, 9 and 32)

The Company takes into account the current income tax laws and decisions taken by the taxation authorities in determining current and deferred tax balances. Deferred tax is recognised based on temporary differences using enacted or substantively enacted tax rates. Judgement is involved in assessing the recoverability of deferred tax assets and in cases where the Company's views differ from the tax authorities, such amounts are recognised as contingencies where appropriate.

b) Operating fixed assets and intangible assets (notes 5.1, 5.2 and 7)

The Company reviews appropriateness of the method of depreciation / amortisation and useful lives used in the calculation of depreciation / amortisation of operating fixed assets and intangible assets respectively on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment at each reporting date.

c) Stock-in-trade (notes 4.7 and 10)

The Company reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values at each reporting date. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

d) Contingencies (note 24)

The assessment of the contingencies and provision inherently involves the exercise of significant judgement as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

e) Fair value measurement (notes 5 and 6)

The Company determines fair values of certain assets and liabilities using appropriate valuation techniques and available market data at each reporting date. Where observable inputs are not available, significant judgement is applied in selecting valuation models and key assumptions such as discount rates and expected cash flows. Changes in these assumptions may materially impact the fair values recognised.

f) Borrowing costs capitalisation (note 5)

The Company capitalises borrowing costs directly attributable to qualifying assets as part of their cost. Judgement is applied in identifying qualifying assets, determining the period of capitalisation and allocating borrowing costs. Changes in these estimates may affect the amount of borrowing costs capitalised in the financial statements.

2.4 Adoption of New And Revised Accounting Standards**2.4.1 New amendments that are effective for the year ended December 31, 2025**

The following amendments are effective for the year ended December 31, 2025. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of exchangeability.

2.4.2 Standard and amendments to IFRS that are not yet effective

The following standards and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity	January 01, 2026
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2027

	Effective from accounting period beginning on or after
IFRS 16 - Presentation and Disclosures in Financial Statements	January 01, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards

3. CHANGE IN ACCOUNTING POLICY

During the year, the company changed its accounting policy relating to the subsequent measurement of investment properties from the cost model to the fair value model, with changes in fair value recognised in profit or loss. The company believes that subsequent measurement using the fair value model provides more relevant information about the financial performance of these assets, assists users to better understand the risks associated with these assets and is consistent with industry practice in relation to these types of assets. This change in accounting policy was applied retrospectively.

This change represents a change in accounting policy and has been applied in accordance with International Accounting Standard – 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The comparative financial information has been restated to the extent practicable.

The impact of the retrospective application on the statement of financial position at the beginning of the preceding period was assessed by management and determined to be immaterial. Accordingly, a third statement of financial position as at the beginning of the preceding period has not been presented.

Effect of the retrospective application of change in accounting policy is as follows:

Effect on statement of financial position	As previously reported	As restated	Restatement
---	------------------------	-------------	-------------

As at December 31, 2024

Investment property	37,576	926,000	888,424
Deferred tax asset	1,920,569	1,172,956	(747,613)
Unappropriated profit	1,625,900	1,966,711	(140,811)

As at December 31, 2023

Investment property	45,590	250,000	204,410
Deferred tax asset	2,018,956	1,959,679	(59,279)
Unappropriated profit	915,604	1,060,735	(145,131)

Effect on statement of profit or loss and other comprehensive income	As previously reported	As restated	Restatement
--	------------------------	-------------	-------------

For the year ended December 31, 2024

Other income	81,413	757,413	676,000
Administrative Expense	1,517,316	1,508,693	(8,614)
Taxation - Deferred tax	96,389	294,429	(198,040)
Net profit for the year	910,266	1,398,270	487,974

Effect on statement of cash flow	As previously reported	As restated	Restatement
----------------------------------	------------------------	-------------	-------------

For the year ended December 31, 2024

Depreciation on investment property	443,110	435,096	(8,014)
Gain on fair valuation of investment property	-	676,000	676,000

4. MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these financial statements are set out below:

4.1 Property and equipment

4.1.1 Operating fixed assets

Initial recognition

These are initially recognized at cost and are subsequently carried at cost less accumulated depreciation and impairment, if any, except capital work-in-progress, which are stated at cost less accumulated impairment, if any.

Depreciation

Depreciation is charged to the statement of profit or loss and other comprehensive income using the straight line method whereby the cost of an operating asset less its estimated residual value, if significant, is written off over its estimated useful life. Depreciation on additions is charged from the month following the month in which the asset is available for use and on disposals up to the month of disposal refer note 5.1.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying value of property and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Maintenance and normal repairs are charged to statement of profit or loss and other comprehensive income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal

Gains and losses on disposal or retirement of fixed assets are included in the statement of profit or loss and other comprehensive income.

4.1.2 Capital work-in-progress

Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible assets in the course of their construction and installation. These are stated at cost less impairment if any. Transfers are made to relevant operating assets category as and when assets are available for use.

4.2 Investment property

Investment property comprises property held for capital appreciation including property under construction for such purposes.

During the year, the company changed its accounting policy for investment property from the cost model to the fair value model in accordance with IAS 40 Investment Property. This change has been applied retrospectively in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Changes in fair value are recognized in profit or loss in the period in which they arise.

The fair value of investment property is determined at each reporting date based on valuations carried out by independent professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. The valuations are performed in accordance with International Valuation Standards.

Where owner-occupied property is transferred to investment property, the property is remeasured to fair value at the date of transfer and any resulting gain or loss is accounted for in accordance with IAS 16. Where investment property is transferred to owner-occupied property, the fair value at the date of transfer becomes its deemed cost for subsequent accounting.

Upon disposal of investment property previously classified as property, plant and equipment, any related revaluation surplus is transferred from revaluation reserve to retained earnings.

Fair value is generally determined using the market comparable approach, reflecting recent transaction prices for similar properties in comparable locations and conditions. Other valuation techniques may also be used where considered appropriate.

In determining fair value, the highest and best use of the property is considered to be its current use.

4.3 Intangible assets

An intangible asset is recognised when it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost.

Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any, except for intangible assets with indefinite useful lives, which are carried at cost less accumulated impairment losses, if any.

Costs that are directly attributable to the acquisition or development of identifiable intangible assets and that are expected to generate probable future economic benefits exceeding one year are capitalised as intangible assets. These costs include purchase cost of software, implementation costs and directly attributable overheads.

During the year, the Company recognised a trademark as an intangible asset. The trademark has been assessed as having an indefinite useful life as there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Company.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives, which is five years. The amortisation method and useful lives are reviewed at each reporting date and adjusted prospectively, if appropriate.

Intangible assets with indefinite useful lives are not amortised and are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The carrying amounts of intangible assets are reviewed at each reporting date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in accordance with IAS 36 Impairment of Assets. For intangible assets with indefinite useful lives, the recoverable amount is estimated at least annually irrespective of whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

4.4 Long-term loans and deposits

Long-term loans and deposits have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements.

4.5 Levy

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- (a) those outflows of resources that are within the scope of other standards,
- (b) fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes revenue taxes, if any, final taxes and super taxes which are based on other than taxable profits. The corresponding advance tax paid has been netted off and the net position is shown in the statement of the financial position.

i. Revenue taxes

Revenue taxes includes amount representing excess of:

- minimum tax paid under section 113 over income tax determined on income streams taxable at general rate of taxation and;
- minimum tax withheld / collected / paid or computed over tax liability computed on (related income tax streams taxable at general rate of tax), is not adjustable against tax liability of subsequent tax years.

Amount over income tax determined on income streams taxable at general rate of taxation shall be treated as revenue taxes.

The company determines, based on expected future taxable profits, that excess paid under section 113 by the entity over and above its tax liability (on income stream(s) taxable at general rate of taxation) is expected to be realized in subsequent tax years, then, such excess shall be recorded as deferred tax asset adjustable against tax liability for subsequent tax years. This shall be recognized as 'deferred tax asset' for the reason that it represents unused tax credit as it can be adjusted only against tax liability (of subsequent tax years) arising on taxable income subject to general rate of taxation. Such an asset shall be subject to requirements contained in IAS 12 'Income Tax'.

ii. Final Taxes

Final taxes includes tax charged / withheld / paid on certain income streams under various provisions of Income Tax Ordinance, 2001 (Ordinance). Final tax is charged / computed under the Ordinance, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the Ordinance.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

4.6 Taxation

Current tax

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income Tax Ordinance, 2001.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the enacted tax rate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets and liabilities are measured at enacted tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Group taxation

The Parent Company has opted for group taxation under section 59AA of the Income Tax Ordinance, 2001 along with its subsidiaries. These Companies are taxed as one fiscal unit under the scheme.

The current and deferred taxes have been estimated on separate income of companies according to the applicable law and are recognized by the Company within the Group. Any adjustments arising solely due to group taxation in respect of result of subsidiaries is recognized in Weaves Pakistan (SMC-Private) Limited.

4.7 Inventories

All inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method except for those in transit where it represents invoice value and other charges incurred thereon. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale. Provision is made for excess, slow moving and obsolete stock.

4.8 Trade receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when these are recognized at fair value. These are subsequently measured at amortized cost using the effective interest method, less loss allowance. Refer note 4.11 for a description of the Company's impairment policies.

4.9 Other receivables

Other receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when these are recognized at fair value. These are subsequently measured at amortized cost using the effective interest method, less loss allowance. Refer note 4.11 for a description of the Company's impairment policies.

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks on current, savings and deposit accounts, and running finances under mark-up arrangements availed by the Company which form an integral part of the Company's cash management.

4.11 Financial instruments - Initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost or cost as the case may be.

Classification of financial assets

The Company classifies its financial assets in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECLs is recorded. The following were either determined to have low credit risk or there was no increase in credit risk since initial recognition as at the reporting date:

- bank balances;
- other receivables; and
- long-term deposits.

Loss allowance for trade receivables is always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

i) Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred directly to the statement of changes in equity.

ii) Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

4.12 Foreign currency transactions and translations

Transactions in foreign currencies are converted into Pak Rupees using the exchange rates prevailing on the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the date of statement of financial position. Exchange differences are taken to statement of profit or loss and other comprehensive income.

4.13 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis, or to realise the asset and to settle the liability simultaneously.

4.14 Dividend

Dividend distribution to shareholder is accounted for in the period in which the dividend is declared / approved.

4.15 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.16 Trade and other payables

Trade and other payables are initially measured at cost which is the fair value of the consideration to be paid for goods and services, whether or not billed to the Company.

4.17 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimates.

4.18 Revenue recognition

Revenue is recognized at a point in time when control of the product is transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

4.19 Borrowings and their costs

Borrowings are recognized initially at fair value, net of transaction cost incurred.

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case such costs are capitalized as part of the cost of that asset.

4.20 Earnings per share**i) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, (excluding any costs of servicing equity other than ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Note	December 31, 2025	December 31, 2024
		Rupees '000	
5. PROPERTY AND EQUIPMENT			
Operating fixed assets	5.1	6,802,626	6,735,172
Capital work-in-progress	5.2	788,211	1,885,281
		7,590,837	8,620,453

5.1 Operating fixed assets

Operating fixed assets	Buildings and leasehold land - note 5.1.1	Leasehold improvements - note 5.1.2	Shop fitouts - note	Office and other equipment	Furniture and fittings	Motor Vehicles	Total
	Rupees '000						
Net carrying value basis year ended December 31, 2025							
Opening balance	55,690	457,239	5,667,453	393,141	149,978	11,671	6,735,172
Additions (at cost)	-	-	60,901	1,388	6,795	-	69,084
Revaluation gain - note 5.1.1	242,155	-	-	-	-	-	242,155
Transfers from capital-work-in-progress - note 5.2	-	-	2,968,488	234,660	400,638	-	3,603,786
Write off (at NBV) - note 5.1.3	-	(457,239)	(2,491,697)	(200,084)	(46,719)	(11,671)	(3,207,410)
Depreciation - note 5.1.5	-	-	(300,968)	(22,824)	(18,526)	-	(342,316)
Transfer to investment property - note 5.1.1	(297,845)	-	-	-	-	-	(297,845)
Closing net book value (NBV)	-	-	5,904,179	406,281	492,166	-	6,802,626
Gross carrying value basis as at December 31, 2025							
Cost	-	-	6,654,720	446,709	513,561	-	7,614,990
Accumulated depreciation	-	-	(750,541)	(40,428)	(21,395)	-	(812,364)
Net book value (NBV)	-	-	5,904,179	406,281	492,166	-	6,802,626
Net carrying value basis year ended December 31, 2024							
Opening balance	55,669	488,728	4,359,858	356,125	46,572	13,498	5,332,648
Additions (at cost)	-	-	216,194	81,070	108,760	-	406,024
Transfers from capital-work-in-progress - note 5.2	-	-	1,612,217	-	-	-	1,612,217
Disposals (at NBV)	-	-	(189,429)	(3,337)	-	-	(192,766)
Depreciation	(10,179)	(31,489)	(333,385)	(42,717)	(5,354)	(1,827)	(424,951)
Closing net book value (NBV)	55,690	457,239	5,667,453	393,141	149,978	11,671	6,735,172
Gross carrying value basis as at December 31, 2024							
Cost	217,787	624,147	8,623,800	677,777	197,739	17,100	10,358,350
Accumulated depreciation	(162,097)	(166,908)	(2,956,347)	(284,636)	(47,761)	(5,429)	(3,623,178)
Net book value (NBV)	55,690	457,239	5,667,453	393,141	149,978	11,671	6,735,172
Useful lives (years)	10 - 99	10 - 20	7 - 15	5-15	7 - 20	4	

- 5.1.1 This includes leasehold land measuring 36.18 acres located at plot no. F/2, SITE Survey No. 34 & 35, Sindh Industrial Trading Estate Limited Manghopir Road Trans Lyari Quarters, Karachi.

During the year, buildings on leasehold land were transferred to investment property, because these were no longer used by the company and it was decided that the buildings would be used for capital appreciation. Immediately before the transfer, the company remeasured the buildings on leasehold land to fair value and recognised a revaluation gain of Rs. 241 million in other comprehensive income and accordingly revaluation reserve has been created in accordance with the requirement of applicable reporting standards.

Subsequent to the transfer, the property is accounted for in accordance with the Company's policy for investment property.

- 5.1.2 This pertains to head office which is leased by Weaves Properties (SMC - Private) Limited.

- 5.1.3 This represents fixed assets write off including 06 shops closed during the year in Abbottabad, Bahawalpur, Gujranwala, Mardan, Mirpur and Sialkot at book value.

- 5.1.4 The Company has allowed its associated company Weaves F&B Pakistan (SMC - Private) Limited to operate a cafe in its Dolmen Mall Clifton Karachi store without any consideration.

- 5.1.5 Depreciation for the year has been allocated as follows:

	Note	December 31, 2025	December 31, 2024
		-----Rupees '000-----	
Selling and distribution expenses	27	291,698	335,170
Administrative expenses	28	50,618	89,781
		<u>342,316</u>	<u>424,951</u>

5.2 Capital work-in-progress

	Leasehold improvements	Office and other equipment	Shop fitouts note 5.2.1	Computer software	Total
	-----Rupees '000-----				
Opening January 01, 2025	-	-	1,885,281	-	1,885,281
Additions	-	-	2,506,716	-	2,506,716
Transfers to operating assets	-	-	(3,603,786)	-	(3,603,786)
Closing December 31, 2025	-	-	<u>788,211</u>	-	<u>788,211</u>
Opening January 01, 2024	-	-	260,967	-	260,967
Additions	-	-	3,236,531	-	3,236,531
Transfers to operating assets	-	-	(1,612,217)	-	(1,612,217)
Closing December 31, 2024	-	-	<u>1,885,281</u>	-	<u>1,885,281</u>

- 5.2.1 During the year, the Company has capitalised borrowing costs amounting to Rs. 162.08 million (December 31, 2024: Rs. 335 million) on its capital work-in-progress. Borrowing costs were capitalised at the current year's weighted average rate of its specific borrowings of 13.82% (December 31, 2024: 20.93%) per annum.

	Note	December 31, 2025	December 31, 2024 Restated
		-----Rupees '000-----	
6. INVESTMENT PROPERTY			
Opening balance at 1 January,	6.1	926,000	250,000
Transfer from property and equipment	6.2	297,845	676,000
Increase in fair value	6.1	3,259,454	-
		<u>4,483,299</u>	<u>926,000</u>

- 6.1 During the year, the company changed its accounting policy for investment property from the cost model to the fair value model in accordance with IAS 40 Investment Property. Accordingly, investment property is now carried at fair value, with changes in fair value recognized in profit or loss.

The fair value of the company investment property as at 1 January 2025 and 31 December 2025 has been determined based on valuations carried out at the respective reporting dates by independent professional valuers, Tristar International Consultant Private Limited and ANT Custodian Services Private Limited, who are not connected with the Company and have appropriately recognized professional qualifications and relevant experience in the location and category of the properties being valued. The valuations have been performed in accordance with the International Valuation Standards.

- 6.2 During the year, the Company transferred the buildings on leasehold land from property and equipment to investment property following a change in use, evidenced by the properties being held for capital appreciation.

- 6.3 This also includes land which is located at plot no. A8/H, SITE, Karachi and is in the name of Mr. Shamoos Sultan (Chief Executive Officer and Director). The transfer of this property is still in process.

		December 31, 2025	December 31, 2024
	Note	-----Rupees '000-----	
7. INTANGIBLE ASSETS			
Computer softwares and ERP System	7.1	-	2,760
Intellectual Property Rights - Brand	7.2	8,000,000	-
		<u>8,000,000</u>	<u>2,760</u>
7.1 Net carrying value basis			
Opening net book value		2,760	12,906
Amortisation charge	7.1.1	(2,760)	(10,146)
Closing net book value		<u>-</u>	<u>2,760</u>
Gross carrying value basis			
Cost		147,347	147,347
Accumulated amortisation		<u>(147,347)</u>	<u>(144,587)</u>
Net book value		<u>-</u>	<u>2,760</u>
Useful life in years		<u>5</u>	<u>5</u>
7.1.1 Amortisation for the year has been allocated as follows:			
Selling and distribution expenses		2,760	609
Administrative expenses		-	9,537
		<u>2,760</u>	<u>10,146</u>

- 7.2 During the year, the Company purchased intellectual property rights from Weaves Corporation Limited, a parent company, at a mutually agreed price of Rs. 8,000 million.

		December 31, 2025	December 31, 2024
		-----Rupees '000-----	
8. LONG-TERM DEPOSITS			
Utility connections		-	1,828
		<u>-</u>	<u>1,828</u>

9. DEFERRED TAX ASSET

	Accelerated tax depreciation and amortisation	Minimum tax - note 9.1	Business losses carried forward - note 9.1	Revaluation gain	Others - note 9.2	Total
	Rupees '000					
As at January 01, 2025	(125,905)	492,294	1,278,552	-	20,309	1,665,250
(Change) / credit to statement of profit or loss	(1,410,422)	(492,294)	1,154,889	-	225,040	(522,787)
(Change) / credit to other comprehensive income	-	-	-	(70,225)	-	(70,225)
As at December 31, 2025	(1,536,327)	-	2,433,441	(70,225)	245,349	1,072,237
As at January 01, 2024 (Restated)	(163,930)	1,182,773	798,936	-	133,900	1,959,679
(Change) / credit to statement of profit or loss	38,025	(700,479)	461,616	-	(113,591)	(294,429)
As at December 31, 2024 (Restated)	(125,905)	492,294	1,278,552	-	20,309	1,665,250

9.1 The management carries periodic assessment for the recoverability of its business losses and unabsorbed depreciation based on future taxable profit. As at December 31, 2025, a deferred tax asset of Rs. 1,097.8 million and Rs. 1,342.4 million has been recognised in these financial statements on account of unabsorbed tax depreciation and business losses respectively in accordance with the policy stated in note 4.6.

9.2 This pertains to deferred tax asset / income booked against right-of-use assets and related lease liabilities of Weaves Properties (SMC-Private) Limited as any adjustments arising solely due to group taxation in respect of result of subsidiaries is recognised in Weaves Pakistan (SMC-Private) Limited as all others group companies are in losses.

	Note	December 31, 2025	December 31, 2024
		-----Rupees '000-----	
10. INVENTORIES			
Finished goods	10.1	4,618,809	4,140,184
Raw materials - held with third parties		-	14,416
Non-trading inventory	10.1	50,464	25,007
		<u>4,669,273</u>	<u>4,179,607</u>

10.1 The Company has written off finished goods amounting to Rs. 157.52 million (December 2024: Rs. 128.6 million).

	Note	December 31, 2025	December 31, 2024
		----- Rupees '000 -----	
11. TRADE RECEIVABLES			
Considered good - unsecured			
Related parties			
- foreign	11.1	-	1,132,967
Others			
- rebate receivable against export		-	7,578
- local	11.2	170,259	77,078
		<u>170,259</u>	<u>1,217,623</u>
		<u>170,259</u>	<u>1,217,623</u>

		December 31, 2025	December 31, 2024
		----- Rupees '000 -----	
11.1	The age analysis of the related parties receivables is as follows:		
	Not past due	-	754,342
	Older than 365 days		
	-Weaves UK Trading Limited (United Kingdom)	-	184,109
	-Weaves UAE Trading L.L.C (United Arab Emirates)	-	145,106
	-Weaves Fashion and Design 3 Limited (British Virgin Islands)	-	49,410
		<u>-</u>	<u>1,132,967</u>
11.2	This represents receivable from banks for sales made via card transactions near year-end. These are usually settled within one week and accordingly does not warrant expected credit loss provision.		
		December 31, 2025	December 31, 2024
	Note	----- Rupees '000 -----	
12.	PREPAYMENTS AND ADVANCES		
	Advance against letters of credit	-	50,259
	Advance to suppliers	472,441	-
	Prepaid insurance	4,456	-
	Others	8,854	-
		<u>485,751</u>	<u>50,259</u>
13.	SHORT-TERM INVESTMENTS		
	At fair value through profit or loss:		
	Investment in mutual fund	13.1	1,135,000
			-
	At amortised cost:		
	Investment in term deposit receipt	13.2	100,000
			-
		<u>1,235,000</u>	<u>-</u>
13.1	The investment in the mutual fund has been made in the MCB Alhamra Cash Management Optimizer Fund and represents 10,770,868 units held in the fund.		
13.2	This represents investment in term deposit receipt which are held with Company's banker for safe custody. The yield on TDR is 8.5% per annum. This TDR has maturity of February 2, 2026.		
		December 31, 2025	December 31, 2024
	Note	----- Rupees '000 -----	
14.	OTHER RECEIVABLES		
	Receivable from related parties	14.1	880,668
	Others		884,000
		<u>107,141</u>	<u>2,204</u>
		<u>987,809</u>	<u>886,204</u>

	Note	December 31, 2025	December 31, 2024
		----- Rupees '000 -----	
14.1 Receivable from related parties			
Weaves Corporation Limited	14.1.1	880,669	884,000
Age analysis of other receivable from related parties:			
Not past due		880,669	884,000

The maximum aggregate amount outstanding at any month during the year was Rs. 1,899 billion (December 31, 2024: Rs. 5,167 billion).

- 14.1.1 This represents amount transferred to Weaves Corporation Limited on current account basis for working capital purpose and are repayable on demand.

15. REFUNDS DUE FROM THE GOVERNMENT - SALES TAX

- 15.1 An order under section 11(2) of the Sales Tax Act, 1990 (the Act) was issued by Deputy Commissioner Inland Revenue claiming an amount of Rs. 49.25 million and Rs. 35.75 million in respect of inadmissible input tax claimed, inappropriate rate of tax charged on supplies and out of sector supplies made at reduced rate by the Company during the tax periods from July 2015 to June 2017. The Company paid the amount as mentioned in the order and filed appeals on December 20, 2017 before the Commissioner Inland Revenue (Appeals) against the orders. The appeals were decided in favor of the Company on January 15, 2018 and the Company filed the application for refund on May 21, 2018 under section 68 of the Act.

The Company has received the refund amount claimed in the prior year, however, the department has filed an appeal before the Appellate Tribunal which is pending for hearing.

- 15.2 An order dated February 28, 2022, under section 33(24) of the Sales Tax Act, 1990 (STA, 1990) for the tax years 2019, 2021 and 2022 has been passed by the Assistant Commissioner Inland Revenue (ACIR) determining a demand of Rs. 55 million penalty for non-operational POS machines. The Company filed an appeal to Commissioner Inland Revenue (Appeals) (CIR-A) against the order and CIR-A remanded back the case to ACIR on May 20, 2022 for de-novo consideration.

- 15.3 An order under section 47(1B) and 43(3) of the Sindh Sales Tax on Service Act, 2011 was issued by Deputy Commissioner Inland Revenue claiming an amount of Rs. 103.04 and Rs. 5.15 million respectively in respect of not withholding the sales tax during the tax period from July 2019 to December 2021. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) (CIR-A) which is currently pending for hearing.

- 15.4 The management, based on legal advice, is confident that the decisions in above stated matters will be in favor of the Company therefore no provision have been recorded in these financial statements.

	Note	December 31, 2025	December 31, 2024
		----- Rupees '000 -----	
16. CASH AND BANK BALANCES			
Cash at bank			
Conventional			
- On current accounts		27,257	3,208
- In saving accounts	16.1	13,200	2,554
		40,457	5,762
Islamic			
- On current accounts		201	1,144
- In saving accounts	16.2	9,392	44
		9,593	1,188
Cash in hand		34,486	42,641
Head office and shop imprest		150	271
		84,686	49,862

- 16.1 At December 31, 2025 the mark-up rate on savings accounts is 7.12% (December 31, 2024: 11.44%) per annum.
- 16.2 These accounts are maintained under profit and loss sharing arrangements with the Islamic banks at rate ranging from 7.0% to 11.5% (December 31, 2024: 7.02% to 9.03%) per annum.

17. SHARE CAPITAL

Authorised share capital

December 31, 2025	December 31, 2024		December 31, 2025	December 31, 2024
Number of shares			Rupees '000	
1,000,000	1,000,000	Ordinary shares of Rs. 10 each	10,000	10,000

Issued, subscribed and paid-up share capital

December 31, 2025	December 31, 2024		December 31, 2025	December 31, 2024
Number of shares			Rupees '000	
502,666	503,750	Ordinary shares of Rs. 10 each paid in cash	5,027	5,038
-	(1,084)	Ordinary shares of Rs. 10 each issued / (buyback) at a premium of Rs. 2,029,791 per share, paid in cash	-	(11)
502,666	502,666		5,027	5,027

- 17.1 100% shares of the Company is being held by Weaves Corporation Limited.

		December 31, 2025	December 31, 2024 Restated
	Note	----- Rupees '000 -----	
18. RESERVES			
Capital reserves			
Equity of Weaves undertaking	18.1	2,420,226	2,420,226
Share premium		1,952,125	1,952,125
		4,372,351	4,372,351
Revenue reserve			
Unappropriated profit		2,970,506	2,459,005
Revaluation reserve	18.2	171,930	-
		7,514,787	6,831,356

- 18.1 This represents equity of Weaves undertaking on the date of transfer of business to the Company on May 01, 2016.
- 18.2 The revaluation reserve relates to the revaluation of property, plant and equipment immediately before its reclassification as investment property in accordance with the requirement of relevant applicable reporting standards.

	Note	December 31, 2025	December 31, 2024
19. LONG-TERM BORROWINGS		Rupees '000	
Term Finance Facility	19.1	3,532,833	2,500,000
Diminishing Musharka	19.2	2,200,000	-
Running Musharka	19.3	1,000,000	-
		6,732,833	2,500,000
Less: Current maturity of long-term borrowing		483,333	-
		6,249,500	2,500,000

- 19.1 The Company entered into long-term loan agreements with Habib Bank Limited, Askari Bank Limited, National Bank of Pakistan Limited and PAIR Investment Company Limited, under the Long-Term Financing Facility of the State Bank of Pakistan. The loans are repayable in quarterly installments over a period of seven years concluding upto September 30, 2032, which include a grace period of two years and are secured by way of hypothecation charge over specific current assets, present shop fitouts and future furniture and fixtures of the Company. These carry mark-up rate ranging from 3 month KIBOR plus 0.6% to 1.0% (2024: 3 months KIBOR plus 1%).
- 19.1.1 The loan amounting to Rs. 1 billion obtained from Habib Bank Limited on June 28, 2024. As per the terms of the agreement, the loan carries mark-up at the rate of 3-month KIBOR plus 1% per annum. The facility is repayable in equal quarterly installments over a period of 7 years, including a grace period of 2 years. The loan is secured by a 1st pari passu hypothecation charge over all present and future shop fit-outs, furniture, fixtures, and ancillary equipment of the Company, maintained with a margin of 15%. In addition, the bank holds a lien over all collection and operating accounts, as well as the debt payment accounts of the Company. The facility is further supported by the personal guarantee of the Director.
- 19.1.2 The loan amounting to Rs. 1.5 billion obtained from Askari Bank Limited on June 28, 2024. As per the terms of the agreement, the loan carries mark-up at the rate of 3-month KIBOR plus 1% per annum. The facility is repayable in equal quarterly installments over a period of 5 years, including a grace period of 2 years. The loan is secured by a hypothecation charge over all present and future fixed assets of the Company (excluding land and building), including but not limited to shop fit-outs, furniture, fixtures, and ancillary equipment, maintained with a margin of 15%. In addition, the bank holds a lien over all collection and operating accounts, as well as the debt payment accounts of the Company.
- 19.1.3 The loan amounting to Rs. 300 million obtained from PAIR Investment Company Limited. As per the terms of the agreement, the loan carries mark-up at the rate of 3-month KIBOR plus 1% per annum. The facility is repayable in equal quarterly installments over a period of 7 years, including a grace period of 2 years. The loan is secured by a 1st pari passu hypothecation charge over all present and future furniture and fittings of the Company, maintained with a margin of 15%. The facility is further supported by a corporate guarantee from Weaves Corporation Limited.
- 19.1.4 The loan amounting to Rs. 500 million obtained from Habib Bank Limited on October 30, 2025. As per the terms of the agreement, the loan carries mark-up at the rate of 3-month KIBOR plus 1% per annum. The facility is repayable in equal quarterly installments over a period of 7 years, including a grace period of 2 years. The loan is secured through a 1st pari passu hypothecation charge over all present and future furniture, fixtures, and ancillary equipment of the Company, maintained with a margin of 15%. Additionally, the bank holds a lien over all collection and operating accounts, as well as the debt payment accounts of the Company. The facility is further supported by the personal guarantee of the Director, backed by a personal net worth statement, along with a corporate guarantee from Weaves Corporation Limited.
- 19.1.5 A term finance facility of Rs. 400 million obtained from National Bank of Pakistan through conversion of an existing running finance facility, primarily for capex requirements. The loan carries mark-up at 3-month KIBOR plus 0.60% per annum and is repayable in twelve equal quarterly installments over three years, with no grace period. The facility is secured by a first joint pari passu hypothecation charge over current assets of the Company up to Rs. 500 million (inclusive of 20% margin) and is further supported by the personal guarantee of Mr. Shamoon Sultan. The outstanding balance as at year end amounted to Rs. 232,833,330.
- 19.2 Represents Diminishing Musharaka facilities obtained from commercial banks to finance expansion of retail network. These carry mark-up rate ranging from 3 month KIBOR plus 0.5% to 1.0%. These facilities are repayable in equal quarterly installments latest by September 30, 2032 respectively.
- 19.2.1 This represents a diminishing musharakah (sale and lease back) facility obtained from Faysal Bank Limited amounting to Rs. 300 million obtained for capex refinancing. The facility carries a rental rate of 3-month KIBOR plus 1.00% per annum and is repayable over a period of 7 years, including a grace period of 2 years, with monthly rental payments. The facility is secured by a joint pari passu charge over the Company's fixed assets amounting to Rs. 353 million (inclusive of 15% margin), initially under ranking charge to be upgraded to first pari passu status within 180 days.
- 19.2.2 This represents a Diminishing Musharakah (SLPB) facility obtained from The Bank of Khyber amounting to Rs. 400 million for the expansion of shops/outlets and infrastructure. The facility carries a rental rate of 3-month KIBOR plus 1.00% per annum and is repayable over a period of 7 years, including a grace period of 2 years, with quarterly rental payments. The facility is secured by an initially ranking hypothecation charge over all present and future fixed assets of the Company (excluding land, building, vehicles, and intangible assets) to the extent of Rs. 470.589 million (inclusive of a 15% margin), to be upgraded to pari passu status within 120 days from the date of registration of charge with the SECP. The facility is further secured by a lien on the collection and DPA account, the personal guarantee of Director, and relevant Takaful/Insurance policies over the assigned assets.

19.2.3 This represents a Diminishing Musharakah – Sale and Lease Back facility (sub-limit of DM Direct) obtained from Bank Al Baraka amounting to PKR 500 million for permanent working capital and investment requirements on a sale and lease back basis. The facility carries a rental rate of 3-month KIBOR + 1.00% per annum. The facility is repayable over a period of 5 years including a grace period of 2 years, with quarterly profit payments followed by equal quarterly instalments of principal and profit. The facility is secured by first pari passu charge over present and future fixed assets (excluding land & building), lien over collection and operating accounts and personal guarantee of the director.

19.2.4 This represents Diminishing Musharakah and Sale and Lease Back facilities obtained from Meezan Bank Limited amounting to an aggregate of PKR 1,000 million for the purposes of financing planned capital expenditure, reprofiling the balance sheet, and converting short-term debt to long-term debt. The facilities carry a profit rate of 3-month KIBOR + 1.00% per annum and are repayable over a total period of 7 years, including a 2-years of grace period. Repayments are made through quarterly profit payments during the grace period, followed by quarterly instalments of principal and profit over the remaining 5 years. The facilities are secured by a first joint pari passu hypothecation charge over all present and future fixed assets of the Company (excluding land, building, and vehicles) with a 15% margin, a deed of assignment on the Company's receivables, and a lien over collection and Cash In-Transit (CIT) accounts maintained with the bank.

19.3 This represents a Running Musharakah facility obtained from Meezan Bank Limited amounting to Rs. 1,000 million to meet short-term and long-term financing requirements. The facility carries a revised profit rate of 3-month KIBOR plus 0.50% per annum and has a revised tenor of up to 1.5 years. The facility is secured by a 1st Joint Pari Passu Hypothecation Charge over the present and future current assets of the Company with 20% margin.

20. DUE TO RELATED PARTY

This represents amount due to Weaves Corporation Limited in relation to purchase of intellectual property rights as disclosed in note 7.2. The amount is payable on demand anytime after 12 months from the balance sheet date.

	Note	December 31, 2025	December 31, 2024
		Rupees '000	
21. TRADE AND OTHER PAYABLES			
Creditors			
- related parties	21.1	3,138,136	2,504,132
- others		3,002,218	735,207
Accrued liabilities		164,553	133,428
Advances from customers	21.2	48,688	45,545
Advance tax		-	84,623
Taxes deducted at source and payable to statutory authorities		30,192	33,854
Payable to contractors		411,080	128,156
Others		48,911	23,222
		6,843,778	3,688,167

21.1 This represents payable to Texmark (Private) Limited and Weaves Experience (SMC - Private) Limited against purchases of goods amounting to Rs. 3,098 million (December 31, 2024: Rs. 2,504 million) and Rs. 37.45 million (December 31, 2024: Rs. Nil). It also includes payable to Weaves F&B (SMC-Private) Limited amounting to Rs. 2.4 million (December 31, 2024: Rs. Nil).

21.2 The amount includes advance received from customers against gift cards. During the year Rs. 40.39 million (December 31, 2024: 56.63 million) has been recognised as revenue.

	Note	December 31, 2025	December 31, 2024
		Rupees '000	
22. SHORT-TERM BORROWINGS			
Running finance under mark-up arrangement	21.1, 21.2, 21.3 & 21.4	551,073	3,813,428
Running Musharaka	21.2 & 21.5	-	1,765,017
		551,073	5,578,445

- 22.1 The mark-up rate for running finance facilities ranges from 0.5% to 1.25% (December 31, 2024: 0.5% to 1.9%) above KIBOR per annum.
- 22.2 The short-term funded-finance facilities from different banks under mark-up arrangements, amounted to 5.7 billion, Rs. 3 billion out of which were as sub-limit of LC facility). (December 31, 2024: Rs. 10.4 billion, Rs. 0.5 billion out of which were as sub-limit of LC facility), out of which 5.15 billion (December 31, 2024: Rs. 2.13 billion) remained unutilised.
- 22.3 The non-funded facilities availed from different banks under commission-on-LC arrangement, is Rs. 4.25 billion (December 31, 2024: Rs. 5.65 billion) out of which Rs. 2.37 billion (December 31, 2024: Rs. 5.33 billion) remained unutilised at the year end.
- 22.4 The said facilities are secured by way of 1st joint pari passu hypothecation charge of Rs. 11.062 billion (December 31, 2024: Rs. 14.5 billion) over all present and future current assets of the Company.
- 22.5 This represents Musharaka facilities aggregating to Rs 1 billion (December 31, 2024: Rs 2.075 billion) out of which 1 billion (December 31, 2024: Rs. 984 million) remained unutilised at the year end and carry markup at the rate of three month KIBOR + 0.45% to 0.5% (December 31, 2024: KIBOR + 0.15% to 1.5%). These are secured against first joint pari passu hypothecation charge over present and future current assets of the Company with 20% margin.

23. ACCRUED MARK-UP

Accrued mark-up comprises of mark-up on short-term and long-term borrowings.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

The contingencies related to sales tax matters have been disclosed in note 15 to these financial statements.

24.1.1 During the year 2020, the Company received a showcase notice to amend assessment under section 122 (9) of the Income Tax Ordinance (the Ordinance) in respect of tax year 2017 for disallowing expenses amounting to Rs. 1,109 million. In prior periods, an order was passed by the Commissioner Inland Revenue (CIR) determining a tax demand of Rs. 5.96 million, which was annulled by the Commissioner Inland Revenue (Appeals) (CIR-A). Aggrieved of the same, tax authorities have instituted an appeal before the honorable Appellate Tribunal Inland Revenue (ATIR) against the order passed by the CIR(A). At present, the matter is pending before the honorable ATIR for adjudication.

24.1.2 The Deputy Commissioner Inland Revenue, Audit-1, MTO, Karachi has passed the Order under section 161(1A) of the Ordinance for the tax year 2018 creating tax demand of Rs. 244,982,358/- being aggrieved of the same, the Company instituted an appeal before the learned Commissioner inland Revenue (Appeal/V), Karachi (CIRA). CIRA remanded back the case to the department for Renovo proceeding which were concluded vide order under section 161(1A) of the Ordinance dated September 05, 2024.

24.1.3 During the year 2021, Additional Commissioner Inland Revenue (ADCIR) has passed an Order under section 122(5A) of the Income Tax Ordinance (the Ordinance) and levied super tax liability under section 4B of the Ordinance amounting to Rs. 157 million. The Company has filed an appeals before the CIR (A) who has annulled the impugned order during the year being not sustainable in the eyes of law. Aggrieved of the same, tax authorities have instituted an appeal before the honorable Appellate Tribunal Inland Revenue (ATIR) against the order passed by the CIR(A). At present the matter is pending before the honorable ATIR for adjudication.

24.1.4 The learned Additional Commissioner Inland Revenue (ADCIR) finalised the impugned order under section 122(5A) of the Ordinance for the tax year 2016 and drawn adverse inference by making illegal additions and created tax demand of Rs. 4.15 million. The company being the aggrieved of the aforesaid order has instituted an appeal before the Commissioner Inland Revenue (CIR), Karachi. The above proceeding is currently pending for the adjudication.

24.1.5 The management, based on legal advice, is confident that the decisions in above stated matters will be in favor of the Company.

24.2 Commitments

24.2.1 Letters of credit issued by different commercial banks are Rs. 1.87 billion (December 31, 2024: Rs. 1.45 billion).

		December 31, 2025	December 31, 2024
	Note	----- Rupees '000 -----	
25. REVENUE FROM CONTRACTS WITH CUSTOMERS			
Retail		28,973,682	25,368,843
Export		-	845,084
E-commerce		2,693,922	2,386,823
		<u>31,667,604</u>	<u>28,600,750</u>
Discount		(2,005,217)	(85,199)
Export rebate		-	7,578
Sales tax		(4,532,780)	(3,924,932)
Net sale of goods		<u>25,129,607</u>	<u>24,598,197</u>
26. COST OF SALES			
Opening inventory of finished goods		4,140,184	3,104,178
Purchases during the year		16,238,974	14,869,531
Cost of goods manufactured	26.1	264,773	2,480,448
		<u>20,643,931</u>	<u>20,454,157</u>
Closing inventory of finished goods	10	(4,618,809)	(4,140,184)
		<u>16,025,122</u>	<u>16,313,973</u>
26.1 Cost of goods manufactured			
Opening balance		14,416	723,217
Purchases		67,212	1,268,638
Closing balance	10	-	(14,416)
Consumption		81,628	1,977,439
Processing and embroidery service charges		183,145	503,009
		<u>264,773</u>	<u>2,480,448</u>
27. SELLING AND DISTRIBUTION EXPENSES			
Outlets rent	27.1	1,723,950	1,408,909
Salaries and other benefits	27.2	1,117,305	929,981
Utilities		769,754	711,634
Repairs and maintenance		586,918	361,761
Depreciation		291,698	335,170
Amortisation		2,760	609
Advertising and sales promotion		75,060	22,330
Security		24,547	29,019
Postage and communications		10,882	2,427
Fees and subscription		96,116	29,473
Freight and handling		82,683	3,523
Insurance expense		36,106	-
Others		2,029	406
		<u>4,819,808</u>	<u>3,835,242</u>

27.1 This represents outlets rent based on percentage of revenue of Weaves Pakistan (SMC - Private) Limited charged by Weaves Properties (SMC - Private) Limited.

27.2 This represents salaries of contractual employees based in retail outlets.

		December 31, 2025	December 31, 2024 (Restated)
	Note	----- Rupees '000 -----	
28. ADMINISTRATIVE EXPENSES			
Management fees / corporate charges	28.1	1,007,667	1,405,375
Depreciation		50,619	89,761
Amortisation	7.1.1	-	9,537
Auditors' remuneration	28.2	4,358	4,000
		<u>1,062,644</u>	<u>1,508,693</u>

28.1 Administration costs are incurred by Weaves Corporation Limited against which Weaves Corporation Limited charges a management fees based on percentage of revenue of the Company.

		December 31, 2025	December 31, 2024
	Note	----- Rupees '000 -----	
28.2 Auditors' remuneration			
Audit fee		3,824	3,476
Audit of employees' retirement fund		152	138
Out of pocket expenses		382	386
		<u>4,358</u>	<u>4,000</u>

29. OTHER EXPENSES

Write off of property and equipment	5.1.3	3,207,410	-
Loss on disposal of property and equipment		-	44,380
Exchange loss		8,250	14,747
		<u>3,215,660</u>	<u>59,127</u>

30. OTHER INCOME

Income from financial assets

Interest income	6,862	3,066
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Income from non-financial assets

Fair value gain	3,317,676	676,000
Scrap sales	31,179	35,670
Rent income on investment property		
from Texmark (Private) Limited - related party	-	35,724
Recovery from insurance claim	1,880	2,300
Others	3,730	4,653
	<u>3,354,465</u>	<u>754,347</u>

	<u>3,361,327</u>	<u>757,413</u>
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	December 31, 2025	December 31, 2024 (Restated)
	----- Rupees '000 -----	
31. FINANCE COSTS		
Mark up expense on short-term borrowings	456,429	889,357
Mark up expense on long-term borrowings	251,594	135,168
Supplier finance arrangements financial charges	514,262	369,000
Credit card charges	141,179	154,547
Bank charges	50,846	26,509
	<u>1,414,310</u>	<u>1,574,581</u>
32. LEVIES AND TAXATION		
Levies and taxes	<u>285,516</u>	<u>665,724</u>
32.1 Revenue Tax	<u>-</u>	<u>328,110</u>
This represents minimum tax provision under section 113 of the Income Tax Ordinance, 2001. The provision for minimum tax has been recognized as levies in these financial statements as per the requirements of IFRIC 21 / IAS 37 and guidance on IAS 12 issued by ICAP on the turnover of the group.		
	December 31, 2025	December 31, 2024 (Restated)
	----- Rupees '000 -----	
32.2 Taxation - Net		
Current	21,542	-
Prior	(258,813)	43,185
Deferred	<u>522,787</u>	<u>294,429</u>
	<u>285,516</u>	<u>337,614</u>
32.3	The numerical reconciliation between tax expense and the accounting profit multiplied by the applicable tax rate, as required under IAS 12 – Income Taxes, has not been presented in these financial statements, as the current tax provision represents tax deducted on export proceeds.	
	Further, the Company has adopted a position based on the relevant decisions of the Supreme Court and the ATIR, whereby no minimum tax liability has been recognized in circumstances where the Company has incurred a taxable loss and, accordingly, concluded that no minimum tax is payable.	
	In view of the above, management considers that the reconciliation between accounting profit and tax expense is not applicable in the present circumstances.	
	December 31, 2025	December 31, 2024 (Restated)
	----- Rupees '000 -----	
33. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year attributable to ordinary shareholders	<u>1,667,874</u>	<u>1,398,270</u>
	----- (Number) -----	
Weighted average number of ordinary shares outstanding during the year	<u>502,666</u>	<u>503,747</u>
	----- (Rupees) -----	
Earnings per share - basic and diluted - Restated	<u>3,318</u>	<u>2,776</u>
33.1	There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2025 and December 31, 2024.	

		December 31, 2025	December 31, 2024
		----- Rupees '000 -----	
34. CASH GENERATED FROM OPERATIONS	Note		
Profit before income tax		1,953,390	2,063,994
Add / (less): Adjustments for non-cash charges and other items			
Depreciation / amortisation	5, 1, 5	345,077	435,096
Write off of property and equipment	29	3,207,410	-
Loss on disposal of property and equipment	29	-	44,380
Interest income	30	(6,862)	(3,066)
Fair value of investment property	30	(3,317,676)	(676,000)
Finance costs	31	1,414,310	1,574,581
Profit before working capital changes		3,595,649	3,438,985
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES			
Decrease / (increase) in current assets:			
Inventories		(489,666)	(262,330)
Trade receivables		1,047,364	(537,807)
Prepayments and advances		(435,492)	(24,493)
Other receivables		(101,605)	(540,299)
Refunds due from the government - sales tax		(493,793)	605,205
		(473,192)	(759,724)
Increase in current liabilities:			
Trade and other payables		3,155,611	638,255
		2,682,419	(121,469)
		6,278,068	3,317,516
35. CASH AND CASH EQUIVALENTS	Note	December 31, 2025	December 31, 2024
		----- Rupees '000 -----	
Cash and bank balances	16	84,686	49,862
Short-term borrowings	22	(551,073)	(5,578,445)
Short-term investments	13	1,235,000	-
		768,613	(5,528,583)

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration including all benefits to the Executives of the Company are as follows:

	December 31, 2025		December 31, 2024	
	Chief Executive	Executives	Chief Executive	Executives
	----- Rupees '000 -----			
Managerial remuneration	-	365,750	-	349,352
Commission	-	67,873	-	67,481
	-	433,623	-	416,813
Number of persons	1	91	1	28

Remuneration and other benefits of the Chief Executive are borne by the Parent Company

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the associated companies, staff retirement funds, director, key management personnel and close members of the family of all aforementioned related parties. The Company considers its chief executive officer / director to be its key management personnel, his remuneration is disclosed in note 35 to these financial statements. The Company in the normal course of business carries out transactions with various related parties duly approved by the Board of Directors of the Company. Following are the details of transaction other than disclosed elsewhere in the financial statements.

Relationship with the Company	Nature of transaction	December 31, 2025	December 31, 2024
		----- Rupees '000 -----	
i) Holding Company	- Buy back of shares at premium	-	2,200,000
	- Purchase of IP brand rights	8,000,000	-
	- Management fees and reimbursement	947,956	1,405,375
ii) Associated Companies	- Outlet rent	1,723,950	1,408,909
	- Payment made to	165,419	395,217
	- Warehousing	-	178,302
	- Receipts from the	-	333,539
	- Purchase of finished goods	183,308	282,021
iii) Other related parties	- Purchase of finished goods	9,837,817	9,893,420
	- CMT charges	-	1,087,315
	- Purchase of uniforms	-	8,990
	- Payment against purchases	9,467,234	9,331,403
	- Financial charges against letter of credit	514,262	369,000
	- Reimbursement of shop design charges	39,221	130,241
	- Rental income	-	35,724

37.1 Outstanding balances with related parties as at year end have been included in trade and other receivables and trade and other payables respectively. These are settled in ordinary course of business. The Company continues to have a policy whereby transactions with related parties are entered into at a rate agreed under a contract / arrangement duly approved by the Board of Directors.

37.2 Following are the related parties including associated companies with whom the Company had entered into transactions or have arrangements / agreements in place.

S.No	Name of the Entity / Person	Basis of relationship	Aggregate % of Shareholding
1.	Weaves Corporation Limited	Holding Company	100%
2.	Weaves Experience (SMC-Private) Limited	Associated Company	N/A
3.	Weaves Properties (SMC-Private) Limited	Associated Company	N/A
4.	Texmark (Private) Limited	Close family member's Company	N/A

	December 31, 2025	December 31, 2024
	----- Number -----	
38. NUMBER OF EMPLOYEES		
Number of employees including contractual employees as at year end	642	645
Average number of employees including contractual employees during the year	705	705

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks namely credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk). The Company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholder.

39.2 Financial assets and liabilities by category and their respective maturities

	Interest / Mark up bearing			Non-interest / Non-mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	----- Rupees '000 -----						
FINANCIAL ASSETS							
Amortized Cost							
Trade receivables	-	-	-	170,259	-	170,259	170,259
Short term investments	1,235,000	-	1,235,000	-	-	-	1,235,000
Other receivables	-	-	-	987,809	-	987,809	987,809
Cash and bank balances	-	-	-	84,686	-	84,686	84,686
December 31, 2025	1,235,000	-	1,235,000	1,242,754	-	1,242,754	2,477,754
FINANCIAL LIABILITIES							
Amortized Cost							
Trade and other payables	-	-	-	6,813,586	-	6,813,586	6,813,586
Accrued mark-up	127,179	-	127,179	-	-	-	127,179
Amount due to related party	-	-	-	-	8,000,000	8,000,000	8,000,000
Borrowings	1,034,406	6,249,500	7,283,906	-	-	-	7,283,906
December 31, 2025	1,161,585	6,249,500	7,411,085	6,813,586	8,000,000	14,813,586	22,224,671
ON STATEMENT OF FINANCIAL POSITION GAP							
December 31, 2025	73,415	(5,249,500)	(6,176,085)	(5,570,832)	(8,000,000)	(13,570,832)	(19,746,917)

	Interest / Mark up bearing			Non-interest / Non-mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	----- Rupees '000 -----						
FINANCIAL ASSETS							
Amortized Cost							
Trade receivables	-	-	-	1,217,623	-	1,217,623	1,217,623
Deposits	-	-	-	-	1,828	1,828	1,828
Other receivables	-	-	-	886,204	-	886,204	886,204
Cash and bank balances	-	-	-	49,862	-	49,862	49,862
Prepayments and advances	-	-	-	50,259	-	50,259	50,259
December 31, 2024	-	-	-	2,203,948	1,828	2,205,776	2,205,776
FINANCIAL LIABILITIES							
Amortized Cost							
Trade and other payables	-	-	-	3,569,690	-	3,569,690	3,569,690
Accrued mark-up	-	-	-	217,136	-	217,136	217,136
Borrowings	5,578,445	2,500,000	8,078,445	-	-	-	8,078,445
December 31, 2024	5,578,445	2,500,000	8,078,445	3,786,826	-	3,786,826	11,865,271
ON STATEMENT OF FINANCIAL POSITION GAP							
December 31, 2024	(5,578,445)	(2,500,000)	(8,078,445)	(1,582,878)	1,828	(1,581,050)	(9,659,495)

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

i) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties fails to perform as contracted. Out of the total financial assets of Rs. 2.78 billion (December 31, 2024: Rs. 3.87 billion) the financial assets exposed to the credit risk amounted to Rs. 1.5 billion (December 31, 2024: Rs. 3.87 billion).

Exposure to credit risk

The carrying amount of respective financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	December 31, 2025	December 31, 2024
	----- Rupees '000 -----	
Long-term deposits	-	1,828
Trade receivables	170,259	1,217,623
Other receivables	987,809	886,204
Bank balances	50,050	6,950
Prepayment and advances	-	50,259
	1,208,118	2,162,864

The Company does not take into consideration the value of collateral while testing financial assets for impairment. The Company considers the credit worthiness of counterparties as part of its risk management.

Long-term deposits

These represent long-term deposits with various parties for the purpose of securing rental locations and other services. The Company does not foresee any credit exposure there against as the amounts are paid to counterparties as per agreements and are refundable on termination of the agreements with respective counterparties.

Trade receivables

For trade receivables, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. As of December 31, 2025, trade receivables of Rs. 170 million (December 31, 2024: Rs. 1.24 billion) were due but not impaired. The carrying amount of trade receivables relates to number of individual customers for whom there is no recent history of default.

Other receivables

This mainly includes amount receivable from a Related party amounting to Rs. 1.28 billion (December 31, 2024: Rs. 1.89 billion). The Company does not expect to incur credit loss against these receivables.

Banks balances

Cash is held only with high quality external credit rating assessed by external credit rating agencies. Following are the credit rating of banks within which balances are held or credit lines available:

Banks	Rating Agency	Rating	
		Short term	Long term
Askari Bank Limited	PACRA	A-1+	AA+
Bank Al Habib Limited	PACRA	A-1+	AAA
Bank Alfalah Limited	PACRA	A-1+	AAA

Banks	Rating Agency	Rating	
		Short term	Long term
Bank Islami Pakistan Limited	PACRA	A-1	AA-
Qubair Islamic Bank	VIS	A-1+	AA
Faysal Bank Limited	PACRA	A-1+	AA
Habib Bank Limited	VIS	A-1+	AAA
MCB Bank Limited	PACRA	A-1+	AAA
Meezan Bank Limited	VIS	A-1+	AAA
MIB Bank Limited	PACRA	A-1	A+
National Bank of Pakistan	PACRA	A-1+	AAA
Allied Bank Limited	PACRA	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Bank of Khyber	VIS	AA-	A1
Al Baraka Bank (Pakistan) Limited	VIS	AA-	A1

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk.

The management does not expect any losses from non-performance by these counterparties.

ii) **Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

December 31, 2025					
	Carrying amount	Contractual cash flows	Within twelve months	One to five years	More than five years
Rupees in '000					
Financial liabilities					
Long-term borrowings	6,732,833	(6,732,833)	(483,333)	(2,749,500)	(3,500,000)
Due to related party	8,000,000	(8,000,000)	-	(8,000,000)	-
Short-term borrowings	551,073	(551,073)	(551,073)	-	-
Accrued mark-up	127,179	(127,179)	(127,179)	-	-
Trade and other payables	6,813,586	(6,813,586)	(6,813,586)	-	-
	<u>22,224,671</u>	<u>(22,224,671)</u>	<u>(7,975,171)</u>	<u>(10,749,500)</u>	<u>(3,500,000)</u>
December 31, 2024					
	Carrying amount	Contractual cash flows	Within twelve months	One to five years	More than five years
Rupees in '000					
Financial liabilities					
Long-term borrowings	2,500,000	(2,500,000)	-	(2,300,000)	(200,000)
Short-term borrowings	5,578,445	(5,578,445)	(5,578,445)	-	-
Accrued mark-up	217,136	(217,136)	(217,136)	-	-
Trade and other payables	3,569,690	(3,569,690)	(3,569,690)	-	-
	<u>11,865,271</u>	<u>(11,865,271)</u>	<u>(9,365,271)</u>	<u>(2,300,000)</u>	<u>(200,000)</u>

iii) Market Risks

a) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at December 31, 2025, net financial assets of Rs. Nil (December 31, 2024: Rs. 1,155 billion) were denominated in foreign currency which were exposed to foreign currency risk.

As at December 31, 2025, if the Pak Rupee had weakened / strengthened by 5% (December 31, 2024: 5%) against UAE Dirham with all other variables held constant, profit before income tax for the year / period would have been lower / higher by Rs. Nil (December 31, 2024: Rs. 20.31 million), mainly as a result of foreign exchange losses / gains on translation of UAE Dirham denominated financial assets.

As at December 31, 2025, if the Pak Rupee had weakened / strengthened by 5% (December 31, 2024: 5%) against Pound Sterling with all other variables held constant, profit before income tax for the year / period would have been lower / higher by Rs. 29.23 million (December 31, 2024: Rs. 29.23 million), mainly as a result of foreign exchange losses / gains on translation of Pound Sterling denominated financial assets.

As at December 31, 2025, if the Pak Rupee had weakened / strengthened by 5% (December 31, 2024: 5%) against Qatari Riyal with all other variables held constant, profit before income tax for the year / period would have been lower / higher by Rs. Nil (December 2024: Rs. 1.28 million), mainly as a result of foreign exchange losses / gains on translation of Qatari Riyal denominated financial assets.

As at December 31, 2025, if the Pak Rupee had weakened / strengthened by 5% (December 31, 2024: 5%) against Bahraini Dinar with all other variables held constant, profit before income tax for the year / period would have been lower / higher by Rs. Nil (December 31, 2024: Rs. 1.18 million), mainly as a result of foreign exchange losses / gains on translation of Bahraini Dinar denominated financial assets.

As at December 31, 2025, if the Pak Rupee had weakened / strengthened by 5% (December 31, 2024: 5%) against US Dollar with all other variables held constant, profit before income tax for the year / period would have been lower / higher by Nil (December 31, 2024: Rs. 5.76 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company only as at the statement of financial position date and assumes this is the position for a period under consideration. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentage per annum.

b) Interest rate risk

The Company's interest rate risk arises from running finance and long term borrowings as the Company has no variable interest-bearing assets. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

At December 31, 2025, the Company had variable interest bearing financial liabilities of Rs 6.8 billion (December 31, 2024: Rs. 5.58 billion), and had the interest rates varied by 100 basis points with all the other variables held constant, profit before income tax for the year / period would have been lower / higher by approximately Rs. 88 million (December 31, 2024: Rs. 27.90 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

The sensitivity of 100 basis points movement in interest rates has been used as historically (six years) floating interest rates have moved by an average of 100 basis points per annum.

The Company is not exposed to fair value interest rate risk.

39.3 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholder and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratio as at December 31, 2025 was as follows:

	December 31, 2025	December 31, 2024
	----- Rupees '000 -----	
Net debt (excluding cash and bank balances)	15,199,220	8,028,583
Total equity	7,519,814	6,836,383
Total capital	22,719,034	14,864,966
Gearing ratio	67%	54%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

40. FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

Fair value of financial assets and financial liabilities

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

The different levels of fair valuation method have been defined as follows:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2025, the Company holds investment property which are valued at fair value.

Investment property are measured at fair value (Level 3 measurement) as determined by an independent professional valuer based on their assessment of market values, as disclosed in note 6 to these financial statements. The effect of changes in the unobservable inputs used in the valuation cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these financial statements.

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investment property at fair value				
June 30, 2025	-	-	4,483,299	4,483,299
June 30, 2024	-	-	-	-

There were no transfers between Levels 1, 2 and 3 during the year.

41. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

RETAIL OUTLETS	ADDRESSES
Faisalabad	
1 - Do Burj	Shop No. 10 C, Do Burj Shopping Mall, Jaranwalla Road, Faisalabad, Pakistan
2 - Layallpur Galleria	Outlet # 20, 21, 22 & 23, Ground Floor, Lyallpur Galleria, Faisalabad, Pakistan
Gujranwala	
3 - Satellite Town	Plot No. 500-B, Samiullah Center, Satellite Town, Gujranwala, Pakistan
Gujrat	
4 - Al-Bashir Center	Al-Bashir Center 167 B-1 Kachery Rd, Gujrat, Pakistan
Hyderabad	
5 - Auto Bhan Road	Ground, Mazzenine and First floor, Auto Bhan Road, Block-d/3, Railway Employee's Cooperative Housing Society, Clifton, Hyderabad, Pakistan
Islamabad	
6 - Centaurus Mall	Shop 201-202, 2nd Floor Centaurus Mall, sec F-7, Islamabad, Pakistan
7 - Emporium Mall	Ground floor Emporium Mall, Adjacent Total Filling Station, F10 Markaz, Islamabad, Pakistan
8 - PWD	Plot No. C-5, Doctor Society, PWD Road, Islamabad, Pakistan
9 - Safa Mall	Shop # 10-17, 1st Floor, Safa Mall, Jinnah Super Market, F-7 Markaz, Islamabad, Pakistan
10 - Giga Mall	Shop # 201 & 202, Giga Mall, Phase II, DHA, Islamabad, Pakistan
11 - Zeta Mall	Khaadi Zeta Mall Main GT Road Opposite DHA 2 Zaraj housing society Islamabad.
12 - Jhelum	Civil Line Road Jhelum, Dhoke Abdullah, Pakistan
Karachi	
13 - Atrium Mall	Shop No. 4-11, Second floor, Atrium Mall, Saddar, Karachi, Pakistan
14 - Hyderi - Dolmen Mall	Outlet No T-1, 3rd floor, plot D-14 Block-C North Nazimabad, Karachi, Pakistan
15 - Square One Mall	Ground Floor, Saima Square One Mall, National Stadium Road, Gulistan-e-Johar, Karachi, Pakistan
16 - KDA Store	Shop No. 9A, Royal Apartments, KDA 1, Karachi, Pakistan
17 - Lucky One Mall	Shop No. F3, F4 opposite UBL Sports Complex, Main Rashid Minhas Road, Karachi, Pakistan
18 - Tariq road	Shop No. LG-72, Ground Floor, Dolmen Mall – Tariq Road, Karachi, Pakistan
19 - Dolmen Mall Clifton	Shop no D-2, Clifton HC-3, V Marine Drive block-4, Karachi, 74600, Pakistan
Lahore	
20 - Allama Iqbal Town	Shop No. 12, Pak Block near Askari Bank, Allama Iqbal Town Lahore, Pakistan
21 - Emporium Mall	Shop No. F37, S-18, Emporium Mall Johar Town, Lahore, Pakistan
22 - Fortress Mall	Shop No. LG 2-5 & LG 24-26 Fortress Square Mall, Fortress Stadium Cantt,
23 - Gulberg Store	15L, M.M. Alam Road, Mini Market, Gulberg-II Lahore, Pakistan
24 - Packages Mall	Shop No. 078-079, Level 2, Walton Road, Packages Mall, Nishtar Town, Lahore,
25 - DHA Experience Hub	Plot # 204 - 205, Y Block DHA, Phase 3, Lahore, Pakistan

RETAIL OUTLETS ADDRESSES

Mandi Bahauddin

- 26 - Dolmen Mall Lahore Khaadi Shop # F01, Dolmen Mall Lahore, Pakistan
- 27 - Hakim Mall Shop No G-01, Hakim Mall, Jail Road, Mandi Bahauddin, Pakistan
- 28 Mardan Khaadi Shop, United Mall, Nowshehra Road Mardan, Pakistan
- 29 Mirpur Plot # 119-A, Mian Muhammad Road, Dolphin Chowk, Mirpur, AJK
- 30 Multan Shop No. 94A/5, Gulgasht Colony, Pizza Hut Road, Multan, Pakistan
- 31 Peshawar Sial Flats No. 22 & 27, main University Road, Peshawar, Pakistan

Rawalpindi

- 32 - Satellite Town Plot # 315/D, Satellite Town, Commercial Market, Rawalpindi
- 33 - Mall of Pindi Khaadi Shop LG Floor Madison Square Mall Near GPO Rawalpindi

Sargodha

- 34 - Punjab Mega Mall Plot No. 8-9, Main University Road, near Ambala Hotel, Sargodha, Pakistan

Sialkot

- 35 - Sialkot Cantt Aziz Shaheed Road, Cantt Sialkot, Pakistan

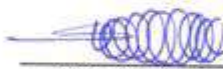
42. GENERAL

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of better presentation. No significant rearrangement or reclassification was made in these financial statements during the year.

43. DATE OF AUTHORISATION

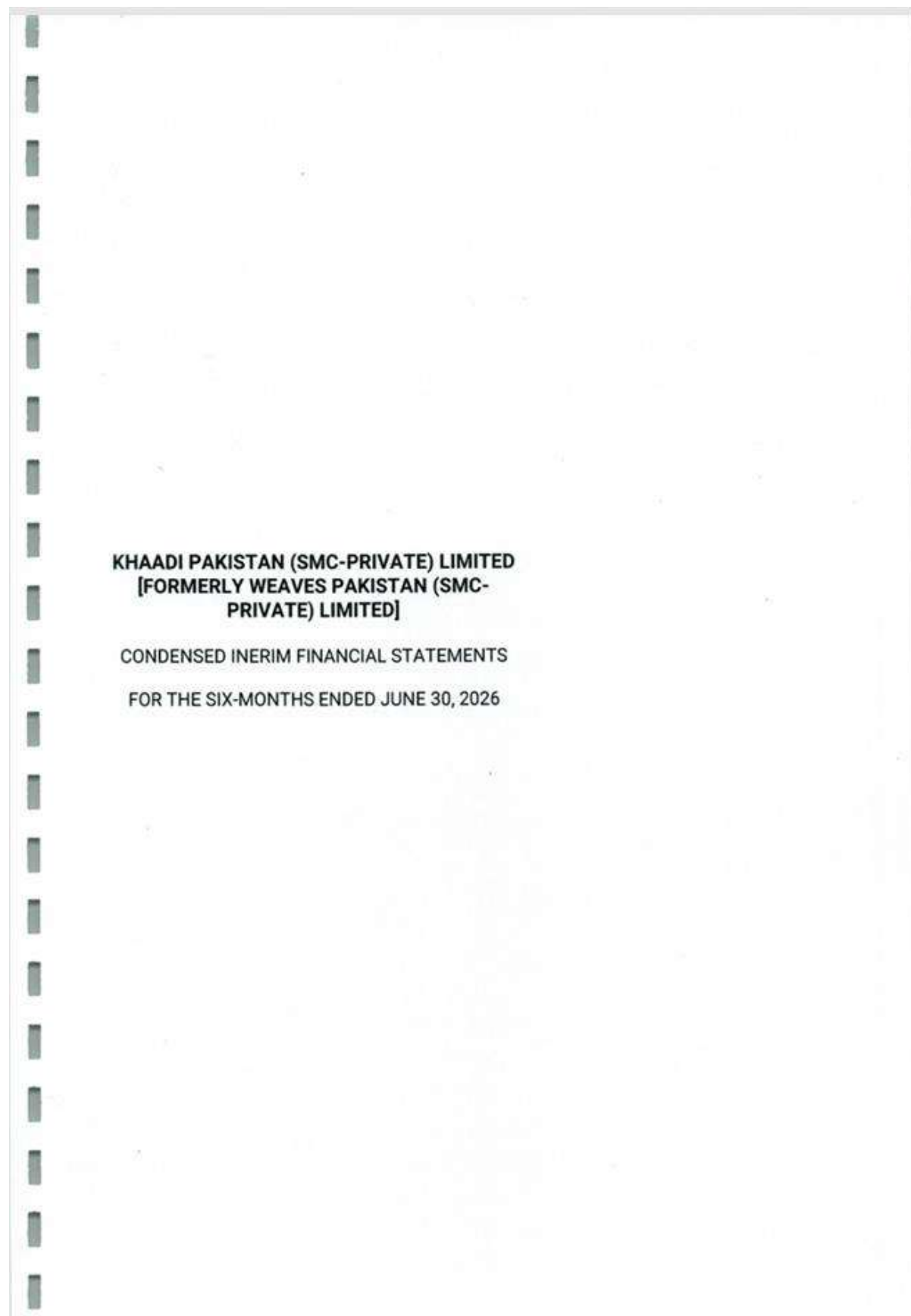
These financial statements were authorised for issue by the Chief Executive Officer / Director and Chief Financial Officer of the Company on 07 MAY 2026

YA


Chief Executive / Director


Chief Financial Officer

6.7. LATEST REVIEWED ACCOUNTS AS AT 30th JUNE 2026





Yousuf Adil
Chartered Accountants

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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Khaadi Pakistan (SMC-Private) Limited [Formerly Weaves Pakistan (SMC-Private) Limited]

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Khaadi Pakistan (SMC-Private) Limited [Formerly Weaves Pakistan (SMC-Private) Limited]** as at **June 30, 2026** and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six months then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's review report is **Arif Nazeer**.


Chartered Accountants

Place: Karachi

Dated: August 18, 2026

UDIN: RR202610099erHJb12ul

**KHAADI PAKISTAN (SMC-PRIVATE) LIMITED [FORMERLY WEAVES PAKISTAN (SMC-PRIVATE) LIMITED]
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026**

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	----- Rupees '000 -----	
ASSETS			
Non-current assets			
Property and equipment	4	9,052,905	7,590,837
Investment property	5	4,483,299	4,483,299
Intangible assets	6	8,000,000	8,000,000
Deferred tax asset - net		913,313	1,072,237
Total non-current assets		22,449,517	21,146,373
Current assets			
Inventories	7	5,302,130	4,669,273
Trade receivables	8	1,427,790	170,259
Prepayments and advances		30,381	485,751
Short-term investments		-	1,235,000
Refunds due from the government - sales tax	9	503,122	766,933
Taxation - provision less payments		14,343	228,593
Other receivables	10	1,187,685	987,809
Cash and bank balances		150,913	84,686
Total current assets		8,616,364	8,628,304
TOTAL ASSETS		31,065,881	29,774,677
EQUITY AND LIABILITIES			
Equity			
Share capital	11	250,000	5,027
Share premium		1,707,152	1,952,125
Capital reserves		2,420,226	2,420,226
Unappropriated profit		2,930,118	2,970,506
Revaluation reserve		171,930	171,930
Total equity		7,479,426	7,519,814
LIABILITIES			
Non-current liabilities			
Long-term borrowings	12	4,755,000	6,249,500
Due to related party	13	8,000,000	8,000,000
Total non-current liabilities		12,755,000	14,249,500
Current liabilities			
Current portion of long-term borrowings	12	1,745,000	483,333
Trade and other payables		7,873,224	6,843,778
Short-term borrowings	14	1,112,078	551,073
Accrued mark-up		101,153	127,179
Total current liabilities		10,831,455	8,005,363
Total liabilities		23,586,455	22,254,863
Contingencies and commitments	15		
TOTAL EQUITY AND LIABILITIES		31,065,881	29,774,677

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

YA


Chief Executive / Director


Chief Financial Officer

**KHAADI PAKISTAN (SMC-PRIVATE) LIMITED [FORMERLY WEAVES PAKISTAN (SMC-PRIVATE) LIMITED]
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2026**

	Note	Six months ended	
		June 30, 2026	June 30, 2025
		----- Rupees '000 -----	
Revenue from contracts with customers - net	16	17,080,305	13,442,726
Cost of sales		(10,833,620)	(8,537,320)
Gross profit		6,246,685	4,905,406
Selling and distribution expenses		(2,620,496)	(2,477,117)
Administrative expenses		(1,030,014)	(535,000)
Operating profit		2,596,175	1,893,289
Other expenses		(22,155)	(377,415)
Other income	17	81,659	29,205
Finance costs		(513,234)	(741,221)
Profit before revenue taxes and taxation		2,142,445	803,858
Revenue taxes	18	-	-
Profit before taxation		2,142,445	803,858
Taxation - net	18	(536,127)	(120,177)
Profit after taxation		1,606,318	683,681
Other comprehensive income for the period		-	-
Total comprehensive income for the period		1,606,318	683,681
		----- (Rupees) -----	
Earnings per share - basic and diluted	19	0.80	Restated 0.34

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Y/A


Chief Executive / Director


Chief Financial Officer

**KHAADI PAKISTAN (SMC-PRIVATE) LIMITED [FORMERLY WEAVES PAKISTAN (SMC-PRIVATE) LIMITED]
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2026**

	RESERVES					Total Equity
	CAPITAL		Equity of Weaves Undertaking	REVENUE		
	Share capital	Share premium		Revaluation reserve	Unappropriated profit	
	Rupees '000					
Balance as at January 1, 2025 (Audited)	5,027	1,952,125	2,420,226	171,930	2,459,006	7,008,314
Total comprehensive income for the period						
Profit after taxation	-	-	-	-	683,681	683,681
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	683,681	683,681
Balance as at June 30, 2025 (Un-Audited)	5,027	1,952,125	2,420,226	171,930	3,142,687	7,691,995
Balance as at January 1, 2026 (Audited)	5,027	1,952,125	2,420,226	171,930	2,970,506	7,519,814
Total comprehensive income for the period						
Profit after taxation	-	-	-	-	1,606,318	1,606,318
Dividend paid	-	-	-	-	(1,646,706)	(1,646,706)
Issue of Bonus Share	244,973	(244,973)	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	244,973	(244,973)	-	-	(40,388)	(40,388)
Balance as at June 30, 2026 - (Un-audited)	250,000	1,707,152	2,420,226	171,930	2,930,118	7,479,426

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Yn


Chief Executive Director


Chief Financial Officer

KHAADI PAKISTAN (SMC-PRIVATE) LIMITED [FORMERLY WEAVES PAKISTAN (SMC-PRIVATE) LIMITED]
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2026

	Note	Six months ended	
		June 30, 2026	June 30, 2025
		----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	2,594,868	3,047,445
Finance costs paid		(539,260)	(817,034)
Income tax paid		(162,953)	(289,545)
Net cash generated from operating activities		1,892,655	1,940,866
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(1,764,360)	(453,189)
Interest received		21,466	1,529
Net cash used in investing activities		(1,742,894)	(451,660)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan (repaid) / obtained		(232,833)	1,000,000
Dividend paid		(1,646,706)	-
Net cash (used in) / generated from financing activities		(1,879,539)	1,000,000
Net (decrease) / increase in cash and cash equivalents		(1,729,778)	2,489,206
Cash and cash equivalents at the beginning of the period		768,613	(5,528,583)
Cash and cash equivalents at the end of the period	21	(961,165)	(3,039,377)

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.

Y/A



Chief Executive / Director



Chief Financial Officer

**KHAADI PAKISTAN (SMC-PRIVATE) LIMITED [FORMERLY WEAVES PAKISTAN (SMC-PRIVATE) LIMITED]
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2026**

1. LEGAL STATUS AND NATURE OF OPERATIONS

- 1.1 Khaadi Pakistan (SMC-Private) Limited (the Company), was incorporated in Pakistan on July 15, 2015 as a single member company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Previously, the "Khaadi" products were sold by sole proprietorship managed by the single member. The Company is a subsidiary of Weaves Corporation Limited (the Parent Company) which is a wholly owned subsidiary of Weaves Holding Limited (the Ultimate Parent Company).
- 1.2 During the period, the name of the Company was changed from "Weaves Pakistan (SMC-Private) Limited" to "Khaadi Pakistan (SMC-Private) Limited" with effect from 16 June 2026.
- 1.3 The Company is principally engaged in a business of designing, marketing, distributing and selling textile products and other accessories under the brand name "Khaadi".
- 1.4 The registered office of the Company is at 22nd Floor, Sky Tower B, East Wing, Dolmen City, HC # 3 Marine Drive, Clifton, Karachi. The details of geographical locations of Company's business units are given in note 41.
- 1.5 The Company is in the process of changing its status from private limited company to public limited company.
- 1.6 These condensed interim financial statements have been prepared by the company for the half year ended June 30, 2026 for internal management purposes and in order to comply with the requirement for initial public offering of shares.

2. BASIS OF PREPARATION

2.1 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except as stated otherwise.

The comparative statement of financial position, presented in these condensed interim financial statements as at June 30, 2026 has been extracted from the financial statements of the Company for the year ended December 31, 2025, whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows have been extracted from the condensed interim financial statements of the Company for the six months ended June 30, 2025.

As stated in 1.6, the condensed interim financial statements have been prepared for the half year ended June 30, 2026 in order to be published in the prospectus for initial public offering of shares.

These condensed interim financial statements of the Company do not include all of the information and disclosures, required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended December 31, 2025. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the latest annual financial statements. These condensed interim financial statements have been prepared solely for the internal use of the management of the Company and are not intended for any other purpose.

These condensed interim financial statements are un-audited, however, the same have been subject to limited scope review by the statutory auditors of the Company.

The condensed interim statement of profit or loss and other comprehensive income for the six months ended June 30, 2025, together with the notes forming part thereof, has not been reviewed by the statutory auditors of the Company.

2.2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standard Board (IASB) as notified under the Act; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Act.

Where the provisions of, directives and notifications issued under the Act differ with the requirements of IAS 34, the provisions of, directives and notifications issued under the Act have been followed.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand rupee, except otherwise stated.

2.4 Critical accounting estimates, judgements and assumptions

The preparation of these condensed interim financial statements, in conformity with accounting and reporting standards as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual financial statements for the year ended December 31, 2025.

2.5 Change in accounting standards, interpretations and amendments to published accounting and reporting standards

(a) New standards, amendments and interpretations that are effective for the accounting period beginning January 01, 2026

There are certain amendments and interpretations to accounting and reporting standards which are mandatory for the Company's annual accounting period beginning January 01, 2026; however, these do not have any significant impact on these condensed interim financial statements.

(b) Standards, interpretations and amendments to published approved accounting standards not yet effective

There are certain amendments to published accounting and reporting standards that will be applicable for the financial year beginning on or after January 01, 2027 but are considered not to be relevant or to have any significant effect on these condensed interim financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in the preparation of these condensed interim financial information are the same as those applied in preparation of the audited financial statements of the Company for the year ended December 31, 2025

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	----- (Rupees in '000) -----	
4. PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	8,781,272	6,802,626
Capital work in progress (CWIP)	4.2	271,633	788,211
		<u>9,052,905</u>	<u>7,590,837</u>
4.1 Operating fixed asset			
The movement of balance during the period / year :			
Opening balance - written down value (WDV)		6,802,626	6,735,172
Addition		-	69,084
Transfers from CWIP - shop fitouts	4.1.1	2,280,937	3,603,786
Revaluation gain		-	242,155
Write off (at NBV)	4.1.2	-	(3,207,410)
Depreciation charged		(302,291)	(342,316)
Transfer from investment property		-	(297,845)
Closing balance (WDV)		<u>8,781,272</u>	<u>6,802,626</u>
4.1.1 Transfers during the period / year			
Shop fitouts		1,670,889	3,029,389
Office and other equipment		188,588	236,048
Furniture and fittings		421,460	407,433
		<u>2,280,937</u>	<u>3,672,870</u>
4.1.2 Write off (at NBV)			
Leasehold improvements		-	457,239
Shop fitouts		-	2,491,697
Office and other equipment		-	200,084
Furniture and fittings		-	46,719
Motor vehicles		-	11,671
		<u>-</u>	<u>3,207,410</u>
4.2 Capital work in progress			
The movement of balance during the period / year :			
Opening balance		788,211	1,885,281
Additions - shop fitouts		1,764,359	2,506,716
Transfers to operating fixed assets		(2,280,937)	(3,603,786)
Closing balance		<u>271,633</u>	<u>788,211</u>
5. INVESTMENT PROPERTY			
Opening balance		4,483,299	926,000
Transfer from property and equipment		-	297,845
Increase in fair value		-	3,259,454
		<u>4,483,299</u>	<u>4,483,299</u>

		(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	-----Rupees in '000)-----	
6. INTANGIBLE ASSETS			
Intellectual Property Rights	6.1	<u>8,000,000</u>	<u>8,000,000</u>
6.1	During the previous year, the company purchased intellectual property rights from Weaves Corporation Limited, a parent company, at a mutually agreed price of Rs. 8,000 million.		
		(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	-----Rupees '000-----	
7. INVENTORIES			
Finished goods	7.1	<u>4,445,096</u>	<u>4,618,809</u>
Raw materials		<u>824,938</u>	<u>-</u>
Non-trading inventory		<u>32,096</u>	<u>50,464</u>
		<u>5,302,130</u>	<u>4,669,273</u>
7.1	The Company has written off finished goods amounting to Rs. 94.6 million (December 2025: Rs. 157.52 million).		
8. TRADE RECEIVABLES			
	This includes trade receivable amounting to Rs. 1,315.268 million (December 31, 2025: Nil) which were outstanding against exports made to foreign related parties. The outstanding balances are unsecured, interest-free, recoverable under normal credit terms, and are expected to be settled in cash.		
9. REFUNDS DUE FROM THE GOVERNMENT - SALES TAX			
	As at June 30, 2026, there is no change in the status of matters reported in note 15 of the audited financial statements of the Company for the year ended December 31, 2025		
		(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Note	----- Rupees '000 -----	
10. OTHER RECEIVABLES			
Receivable from related parties	10.1	<u>960,004</u>	<u>880,668</u>
Others		<u>227,681</u>	<u>107,141</u>
		<u>1,187,685</u>	<u>987,809</u>
10.1 Receivable from related parties			
Weaves Corporation Limited	10.1.1	<u>843,725</u>	<u>884,000</u>
Weaves UAE		<u>14,496</u>	<u>-</u>
Weaves UK		<u>46,406</u>	<u>-</u>
Weaves USA		<u>55,377</u>	<u>-</u>
		<u>960,004</u>	<u>884,000</u>
Age analysis of other receivable from related parties			
Not past due		<u>960,004</u>	<u>884,000</u>
10.1.1	This represents amount transferred to Weaves Corporation Limited on current account basis for working capital purpose and are repayable on demand.		

11. SHARE CAPITAL**Authorised share capital**

(Un-audited) June 30, 2026	(Audited) December 31, 2025		(Un-audited) June 30, 2026	(Audited) December 31, 2025
Number of shares			Rupees '000	
4,000,000,000	1,000,000	Ordinary shares of Rs. 0.125 each (December 31, 2025 : Rs. 10) - note 11.1	500,000	10,000

Issued, subscribed and paid-up share capital

(Un-audited) June 30, 2026	(Audited) December 31, 2025		(Un-audited) June 30, 2026	(Audited) December 31, 2025
Number of shares			Rupees '000	
2,000,000,000	502,666	Ordinary shares of Rs. 0.125 each (December 31, 2025 : Rs. 10) - note 11.2	250,000	5,027
2,000,000,000	502,666		250,000	5,027

(Un-audited) June 30, 2026	(Audited) December 31, 2025	
number of ordinary share		

The movement of ordinary shares during the period / year is as under:

Opening	502,666	502,666
Issue of bonus share	24,497,334	-
Effect of sub-division of authorised and paid-up capital	1,975,000,000	-
	2,000,000,000	502,666

- 11.1 During the period, the shareholders of the Company, through a special resolution passed on June 22, 2026, approved an increase in the authorised share capital of the Company from Rs. 10 million (1,000,000 ordinary shares of Rs. 10 each) to Rs. 500 million (50,000,000 ordinary shares of Rs. 10 each), and the Memorandum and Articles of Association of the Company were amended accordingly. Subsequently, the Company completed a sub-division of its ordinary shares, in accordance with a special resolution passed by the shareholders on June 26, 2026, whereby the face value of each ordinary share was reduced from Rs. 10 to Rs. 0.125 (paise) each, by sub-dividing every existing ordinary share into 80 ordinary shares of Rs. 0.125 each.

- 11.2 During the period, the paid-up share capital of the Company was increased from Rs. 5,026,660 (502,666 ordinary shares of Rs. 10 each) to Rs. 250,000,000 (25,000,000 ordinary shares of Rs. 10 each), through the issuance of 24,497,334 fully paid-up bonus shares of Rs. 10 each to Weaves Corporation Limited, the existing shareholder of the Company, in the proportion of 48.73 new shares for every 1 existing share held (i.e. 4.873%), in accordance with a resolution passed by the Director of the Company on June 24, 2026.

Subsequently, the Company completed a sub-division of its ordinary shares, in accordance with the special resolution referred to above, whereby the face value of each ordinary share was reduced from Rs. 10 to Rs. 0.125 each, by sub-dividing every existing ordinary share into 80 ordinary shares of Rs. 0.125 each.

- 11.3 The share subdivision was undertaken to facilitate the proposed Initial Public Offering (IPO) of the Company.

12. LONG-TERM BORROWINGS

	Note	(Un-audited) June 30, 2026	(Audited) December 31, 2025
Rupees '000			
Term Finance Facility	12.1	3,300,000	3,532,833
Diminishing Musharka		2,200,000	2,200,000
Running Musharka		1,000,000	1,000,000
		6,500,000	6,732,833
Less: Current maturity of long-term borrowing		1,745,000	483,333
		4,755,000	6,249,500

- 12.1 During the period, the Company made an early repayment of Rs. 232 million against the Term Finance Facility, resulting in a corresponding reduction in the outstanding principal balance as at the reporting date.

13. DUE TO RELATED PARTY

This represents amount due to Weaves Corporation Limited in relation to purchase of intellectual property rights as disclosed in note 6.1. The amount is payable on demand anytime after 12 months from the balance sheet date.

	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	----- Rupees '000 -----	
14. SHORT-TERM BORROWINGS		
Running finance under mark-up arrangement	784,205	551,073
Running Musharaka	327,873	-
	<u>1,112,078</u>	<u>551,073</u>

- 14.1 The mark-up rate for running finance facilities ranges from 0.5% to 1.25% (December 31, 2025: 0.5% to 1.25%) above KIBOR per annum.

- 14.2 The said facilities are secured by way of 1st joint pari passu hypothecation charge of Rs. 11.062 billion (December 31, 2025: Rs. 11.062 billion) over all present and future current assets of the Company.

- 14.3 This represents Musharaka facilities aggregating to Rs. 1 billion (December 31, 2025: Rs. 1 billion) out of which 672 million (December 31, 2025: Rs. 1 billion) remained unutilised at the year end and carry markup at the rate of three month KIBOR + 0.45% to 0.5% (December 31, 2025: KIBOR + 0.45% to 0.5%). These are secured against first joint pari passu hypothecation charge over present and future current assets of the Company with 20% margin.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

Contingencies in condensed interim financial statements are the same as those disclosed in annual audited financial statements of the Company for the year ended December 31, 2025.

15.2 Commitments

- 15.2.1 Letters of credit issued by different commercial banks are Rs. 2.12 billion (December 31, 2025: Rs. 1.87 billion).

	(Un-audited) June 30, 2026	(Un-audited) June 30, 2025
	----- (Rupees in '000) -----	
16. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET		
Retail	18,191,880	14,798,900
Export	2,372,594	-
E-commerce	1,687,452	1,074,547
	<u>22,251,926</u>	<u>15,873,447</u>
Discount	(2,465,659)	-
Export rebate	24,673	-
Sales tax	(2,730,635)	(2,430,721)
	<u>17,080,305</u>	<u>13,442,726</u>

	(Un-audited) June 30, 2026	(Un-audited) June 30, 2025
	----- (Rupees in '000) -----	
17. OTHER INCOME		
Income from financial assets		
Interest income	21,466	1,529
Exchange gain	-	7,198
Income from non-financial assets		
Scrap sales	60,193	12,779
Recovery from insurance claim	-	4,234
Others	-	3,465
	60,193	20,478
	<u>81,659</u>	<u>29,205</u>
18. LEVIES AND TAXATION		
Levies and taxes	<u>536,127</u>	<u>16,929</u>
18.1 Revenue Tax	<u>-</u>	<u>-</u>
This represents minimum tax provision under section 113 of the Income Tax Ordinance, 2001. The provision for minimum tax has been recognized as levies in these financial statements as per the requirements of IFRIC 21 / IAS 37 and guidance on IAS 12 issued by ICAP on the turnover of the group.		
	(Un-audited) June 30, 2026	(Un-audited) June 30, 2025
	----- (Rupees in '000) -----	
18.2 Taxation - Net		
Current	377,203	16,929
Deferred	<u>158,924</u>	<u>103,248</u>
	<u>536,127</u>	<u>120,177</u>
19. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the period attributable to ordinary shareholders	<u>1,606,318</u>	<u>683,681</u>
	----- (Number) -----	
Weighted average number of ordinary shares outstanding during the period	<u>2,000,000,000</u>	<u>2,000,000,000</u>
	----- (Rupees) -----	
	Restated	
Earnings per share - basic and diluted	<u>0.80</u>	<u>0.34</u>
19.1	There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2026 and June 30, 2025.	

			(Un-audited) June 30, 2026	(Un-audited) June 30, 2025
			----- Rupees '000 -----	
20.	CASH GENERATED FROM OPERATIONS	Note		
	Profit before taxation		2,142,445	803,858
	Add / (less): Adjustments for non-cash charges and other items			
	Depreciation / amortisation		302,292	305,315
	Interest income		(21,466)	(1,529)
	Finance costs		513,234	741,221
	Profit before working capital changes		2,936,505	1,848,865
	EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES			
	Decrease / (increase) in current assets:			
	Inventories		(632,857)	(338,655)
	Trade receivables		(1,257,531)	957,848
	Prepayments and advances		455,370	50,259
	Other receivables		(199,876)	(992,990)
	Refunds due from the government - sales tax		263,811	482,528
			(1,371,083)	158,990
	Increase in current liabilities:			
	Trade and other payables		1,029,446	1,039,590
			(341,637)	1,198,580
			2,594,868	3,047,445
21.	CASH AND CASH EQUIVALENTS			
	Cash and bank balances		150,913	541,419
	Short-term borrowings	14	(1,112,078)	(3,580,796)
			(961,165)	(3,039,377)
22.	TRANSACTIONS WITH RELATED PARTIES			
The related parties comprise of the associated companies, staff retirement funds, director, key management personnel and close members of the family of all aforementioned related parties. The Company in the normal course of business carries out transactions with various related parties duly approved by the Board of Directors of the Company. Following are the details of transaction other than disclosed elsewhere in the financial statements.				
Relationship with the Company	Nature of transaction		June 30, 2026	June 30, 2025
			----- Rupees '000 -----	
i) Parent Company	- Bonus share issued		244,973	-
	- Dividend paid		1,646,706	-
	- Management fees and reimbursement		1,000,000	535,000
ii) Associated Companies	- Outlent rent		934,882	791,932
	- Sales made		2,372,594	-
iii) Other related parties	- Purchase of finished goods		6,680,513	4,879,359
	- CMT charges		4,284	-
	- Financial charges against letter of credit		-	199,498
	- Reimbursement charges		86,998	129,389
iv) Key management personnel	- Remuneration		270,064	251,690

22.1 Outstanding balances with related parties as at period ended have been included in trade and other receivables and trade and other payables respectively. These are settled in ordinary course of business. The Company continues to have a policy whereby transactions with related parties are entered into at a rate agreed under a contract / arrangement duly approved by the Board of Directors.

22.2 Following are the related parties including associated companies with whom the Company had entered into transactions or have arrangements / agreements in place.

23. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There have been no changes in the financial risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the condensed interim financial statements approximate their fair values.

Fair value of financial assets and financial liabilities

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

The different levels of fair valuation method have been defined as follows:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2026, the Company holds investment property which are valued at fair value.

Investment property are measured at fair value (Level 3 measurement) as determined by an independent professional valuer based on their assessment of market values, as disclosed in note 6 to the annual audited financial statements as at December 31, 2025. The effect of changes in the unobservable inputs used in the valuation cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these financial statements.

	Level 1	Level 2	Level 3	Total
		(Rupees in '000)		
Investment property at fair value				
June 30, 2026 (Un-audited)	-	-	4,483,299	4,483,299
December 31, 2025 (Audited)	-	-	4,483,299	4,483,299

There were no transfers between Levels 1, 2 and 3 during the year.

24 DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

As per the requirements of the fourth schedule to the Companies Act, 2017, shariah compliant companies and the companies listed on Islamic Index shall disclose the following:

	2026			2025		
	Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
(Rupees '000)						
Sales - net	-	17,080,305	17,080,305	-	13,442,726	13,442,726
Finance cost						
Long term loan	254,580	133,498	388,078	99,239.82	-	99,240
Short term borrowings	4,196	13,000	17,196	124,970	138,638	263,608
Supplier finance arrangements	-	-	-	273,112	-	273,112
Credit card charges	54,565	38,601	93,166	48,050	26,953	75,003
Bank charges	6,019	8,776	14,795	15,427	14,832	30,259
Other income						
Interest income	5,450	16,016	21,466	1,426	104	1,530
Exchange gain	-	-	-	-	7,198	7,198
Scrap sales	-	60,193	60,193	-	12,779	12,779
Recovery from insurance claim	-	-	-	-	4,234	4,234
Others	-	-	-	-	3,465	3,465
Asset						
Bank balances	91,370	8,210	99,580	40,457	9,593	50,050
Liabilities						
Long term loan	3,300,000	3,200,000	6,500,000	3,532,833	3,200,000	6,732,833
Accrued profit / mark-up	43,364	57,789	101,153	50,020	77,159	127,179
Short-term borrowings	784,205	327,873	1,112,078	-	551,073	551,073

Relationship with shariah compliant banks

Name	Relationship
Dubai Islamic Bank Pakistan Limited	Bank balances and Letter of Credit facility
Meezan Bank Limited	Bank balances, Letter of Credit, Bank guarantee and Diminishing Musharakah facilities
BankIslami Pakistan Limited	Bank balances
Faysal Bank Limited	Bank balances, Letter of Credit and Diminishing Musharakah facilities
The Bank of Khyber	Bank balances, Letter of Credit, Diminishing Musharakah and Running Musharakah facilities
Al Baraka Bank (Pakistan) Limited	Bank balances, Letter of Credit, Diminishing Musharakah and Running Musharakah facilities
The Bank of Punjab	Bank balances and Letter of Credit facility

Relationship with shariah compliant insurance companies

Name	Relationship
Askari Insurance Limited	Takful operator
Century Insurance Limited	Takful operator

25. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

There has been no change in the business units as reported in the audited annual financial statements of the Company for the year ended December 31, 2025, except that three new retail outlets located at Multan, Faisalabad, and KDA were opened during the period ended June 30, 2026.

26. CORRESPONDING FIGURES

Corresponding figures have been reclassified for the purposes of better presentation. Accordingly, an amount of Rs. 1,164.77 million has been reclassified from "Refunds due from the government - sales" to "Taxation - provision less payments" (Note 9), as a result of which "Refunds due from the government - sales tax" as at December 31, 2025, previously reported at Rs. 1,931.70 million, now stands at Rs. 766.93 million, and "Taxation - provision less payments" as at December 31, 2025, previously reported at Rs. (936.17 million), now stands at Rs. 228.59 million. This reclassification has no impact on the profit for the prior year or on total equity.

26.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

27. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Chief Executive Officer / Director and Chief Financial Officer of the Company on _____

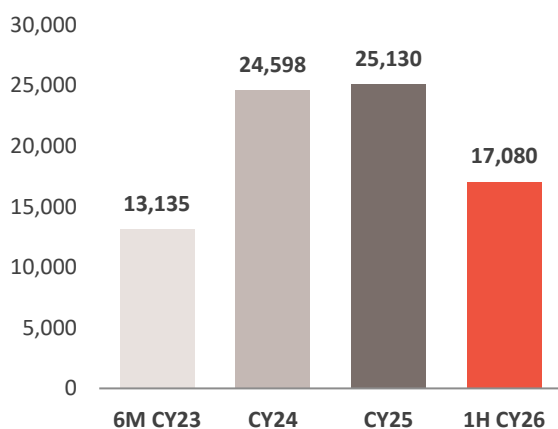
Yd  1 AUG 2026
Chief Executive / Director


Chief Financial Officer

6.8. SUMMARY OF FINANCIAL HIGHLIGHTS OF KHAADI PAKISTAN LIMITED

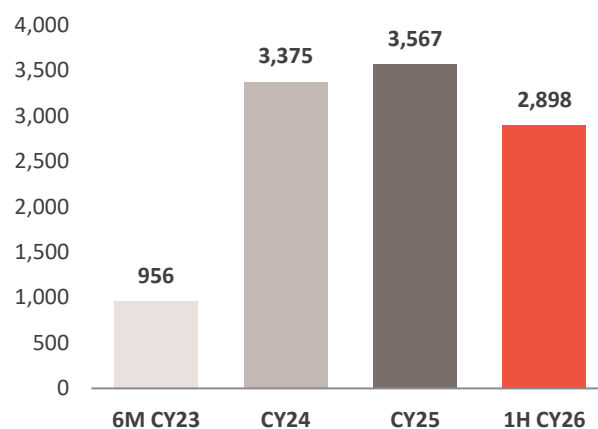
Revenue (PKR Mn)

1H CY26 annualised growth: +36%



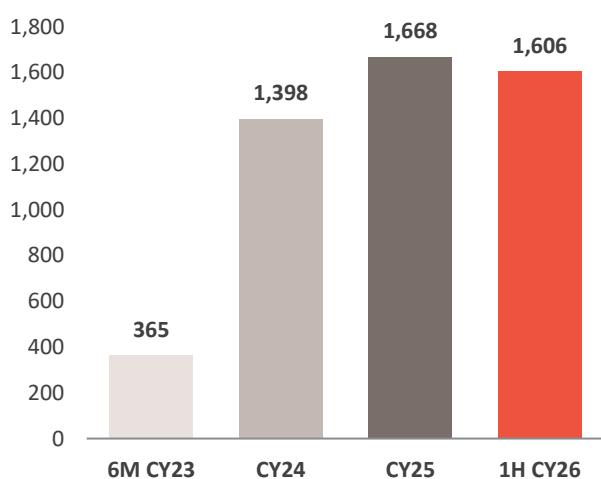
EBITDA (PKR Mn)

1H CY26 margin: 17.0%



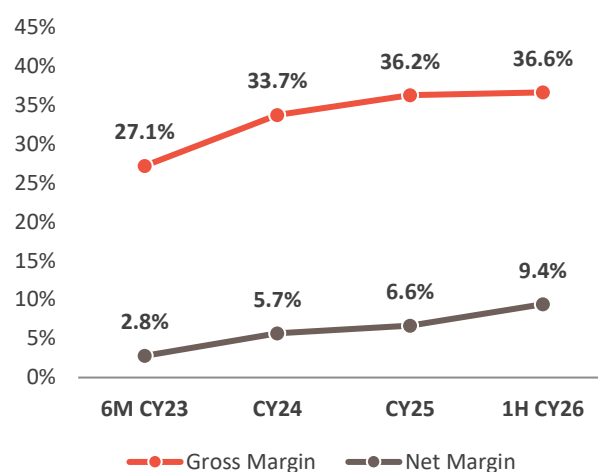
Profit After Tax (PKR Mn)

1H CY26 already 96% of CY25



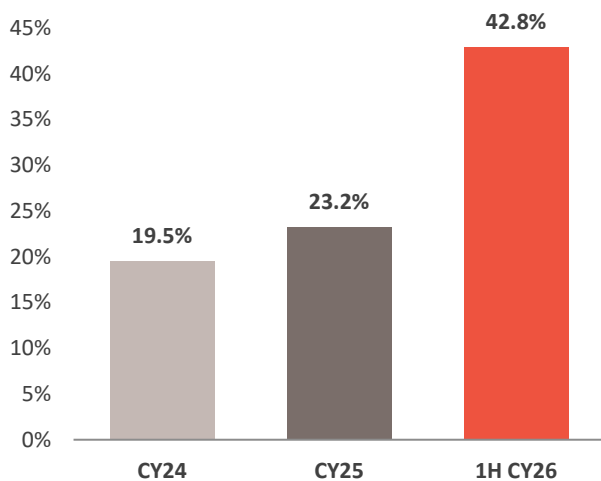
Profitability Margins (%)

Gross margin up 9.4% since CY23



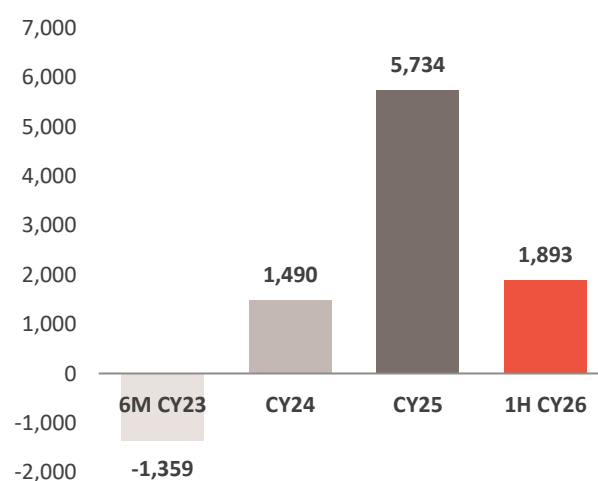
Return on Equity (%)

1H CY26 annualised: 42.8%



Net Cash from Operations (PKR Mn)

CY25 covered capex 2.3x



The table below presents a consolidated overview of Khaadi Pakistan Limited's complete financial statements, encompassing the Profit & Loss, Balance Sheet, and Cash Flow, highlighting the Company's operational performance, financial position, and growth trajectory.

(PKR Mn)	FY23	CY23 ⁷³	CY24	CY25	1H CY26
	Audited	Audited	Audited	Audited	Reviewed
Statement of Profit & Loss Statement					
Revenue	27,002	13,135	24,598	25,130	17,080
Cost of Sales	(19,031)	(9,570)	(16,314)	(16,025)	(10,834)
Gross Profit	7,971	3,565	8,284	9,104	6,247
Selling & Distribution Expenses	(3,894)	(1,959)	(3,835)	(4,820)	(2,620)
Administrative Expenses	(1,784)	(849)	(1,509)	(1,063)	(1,030)
Operating Profit	2,293	758	2,940	3,222	2,596
Other Expenses	(150)	(166)	(59)	(3,216) ⁷⁴	(22)
Other Income	294	95	757	3,361 ⁷⁵	82
Finance Costs	(1,191)	(746)	(1,575)	(1,414)	(513)
Profit before revenue tax and Income tax	1,247	(59)	2,064	1,953	2,142
Revenue Tax	-	(164)	(328)	-	-
Profit before income tax	1,247	(223)⁷⁶	1,736	1,953	2,142
Taxation	(284)	588	(338)	(286)	(536)
Profit After Tax	962	365	1,398⁷⁷	1,668	1,606

(PKR Mn)	FY23	CY23	CY24	CY25	1H CY26
	Audited	Audited	Audited	Audited	Reviewed
Statement of Financial Position					
Assets					
Non-Current Assets					
Property and equipment	5,677	5,594	8,620	7,591 ⁷⁸	9,053
Investment Property	52	45	926	4,483 ⁷⁹	4,483
Intangible Assets	24	13	3	8,000 ⁸⁰	8,000
Long term deposits	22	10	2	-	-
Deferred tax asset	1,474	2,019	1,665	1,072	914
	7,248	7,681	11,216	21,146	22,450
Current Assets					
Inventories	6,441	3,917	4,180	4,669	5,302
Trade Receivables	655	680	1,218	170 ⁸¹	1,428

⁷³ The Company changed its financial year end from 30 June to 31 December in 2023. CY23 therefore represents a six-month transition period from July to December 2023 and is not directly comparable with the full-year periods presented.

⁷⁴ Includes a one-off write-off of PKR 3,207 million, which is non-recurring in nature.

⁷⁵ Includes a revaluation gain of PKR 3,317 million arising on the revaluation of investment property during the year.

⁷⁶ The Company recorded a loss before tax in the six-month period CY23, reflecting higher selling and distribution expenses and lower gross margins relative to subsequent periods.

⁷⁷ Financial Statements of CY24 have been restated following a change in accounting policy in CY25 with respect to accounting policy (from cost to fair value). Before restatement, PAT for CY24 was PKR 910 million.

⁷⁸ The decrease in fixed assets is due to transfer of property worth 300 Mn were transferred to investment property, while properties worth PKR 3 bn were written off.

⁷⁹ Investment properties were revalued and during the year by PKR 3,317 Mn.

⁸⁰ Represents brand usage rights acquired from Weaves Corporation Limited during the year for PKR 8,000 million.

⁸¹ Sales in CY25 were entirely domestic and predominantly cash and card based, resulting in a materially lower trade receivable balance than in comparative periods..

Prepayments and advances	0	26	50	486 ⁸²	30
Short-term Investments	-	42	-	1,235 ⁸³	-
Other Receivables	1,511	346	886	988	1,188
Sales Tax - Refunds ⁸⁴	2,539	2,043	1,438	767	503
Taxation - provision less payments	0	0	0	229	14
Cash and Bank Balances	208	1,517	50	85	151
	11,354	8,571	7,821	8,628	8,616
Total Assets	18,602	16,252	19,038	29,775	31,066

Equity & Reserves

Share Capital	5	5	5	5	250 ⁸⁵
Share premium	3,149	4,152	1,952	1,952	1,707 ⁸⁶
Capital Reserves	2,420	2,420	2,420	2,420	2,420
Unappropriated Profit	551	916	2,459	2,971	2,930
Revaluation Reserve		-	-	172	172
	6,125	7,493	6,836	7,520	7,479

Non-Current Liabilities

Long Term Borrowing	313	-	2,500	6,250	4,755
Due to related Party	-	-	-	8,000 ⁸⁷	8,000
	313	-	2,500	14,250	12,755

Current Liabilities

Current portion of long-term borrowings	625	-	-	483	1,745
Trade and other payable	8,887	3,050	3,688	6,844 ⁸⁸	7,873
Short-term borrowings	2,480	5,384	5,579 ⁸⁹	551	1,112
Accrued Mark-up	128	269	217	127	101
Taxation - provision less payments	44	56	218	-	-
	12,164	8,759	9,702	8,005	10,831
Total Equity & Liabilities	18,602	16,252	19,038	29,775	31,066

(PKR Mn)	FY23	CY23	CY24	CY25	1H CY26
	Audited	Audited	Audited	Audited	Reviewed
Statement of Cash Flows					
Cashflows from Operating Activities					
Cash generated from operations	296	(656)	3,318	6,278	2,595
Finance Costs Paid	(1,103)	(605)	(1,627)	(1,504)	(539)
Income Tax Paid	(227)	(109)	(209)	958	(163)

⁸² Includes an advance of PKR 472 million paid to a supplier.

⁸³ Surplus cash was placed in short-term securities during the year to generate additional return.

⁸⁴ This represents sales tax refundable from government. The movement during the period represents refund received by the Company pursuant to Refund Payment Orders issued in favour of the Company.

⁸⁵ Khaadi issued 24,497,334 as bonus shares during 1H CY26, and the paid up capital increased to PKR 250 Million.

⁸⁶ The Company issued 24,497,334 fully paid bonus shares of PKR 10 each to Weaves Corporation Limited in 1H CY26, in the ratio of 48.73 shares for every 1 share held, by capitalization of share premium.

⁸⁷ This payable is related to the purchase of intellectual property rights from Weaves Corporation Limited at a mutually agreed price of PKR 8,000 Mn.

⁸⁸ Trade payables increased over the period as the Company secured improved supplier credit terms, with payable days extending to 120 days in CY25..

⁸⁹ Short-term borrowings were drawn in CY23 and CY24 to meet working capital requirements, which were elevated in CY24 by higher trade receivables arising from export sales.

	6				
Net decrease in long-term deposits	13	11	8	2	
Net cash generated from Operations	(1,015)	(1,359)	1,490	5,734	1,893

Cashflows from Investing Activities

Purchase of intangible	(1)				
Purchase of Property & Equipment	(1,798)	(265)	(3,496)	(2,520)	(1,764)
Interest Received	6	5	3	7	22
Net cash used in Investing activities	(1,793)	(260)	(3,493)	(2,513)	(1,743)

Cashflows from Financing Activities

Proceeds / (receivable) from issuance of ordinary shares	2,190	1,003	(2,200)	-	-
Short-term borrowings obtained / (repaid)	-	2,000	(2,000)	-	-
Long term loan obtained	(663)	-	2,500	4,233 ⁹⁰	(233)
Dividend Paid		(938)	-	(1,156)	(1,647)
Net cash generated from / (used in) financing activities	1,527	2,065	(1,700)	3,077	(1,880)

Net increase / (decrease) in cash & cash equivalents

Cash & cash equivalents at the beginning of the year	(1,281)	446	(3,703)	6,298	(1,730)
Cash & cash equivalents at the end of the year⁹¹	(991)	(2,272)	(1,826)	(5,529)	769

PKR Mn	FY23	6M CY23 ⁹²	CY24	CY25	1H CY26
	Audited	Audited	Audited	Audited	Reviewed
Growth Margins					
Sales Growth	na	-3%	-6%	2%	36% ⁹³
Operating Profit Growth	na	-34%	94%	10%	61% ⁹⁴
Profit After Tax Growth	na	-24%	91%	19%	93% ⁹⁵
Profit Margins					
Gross Margin	30%	27%	34%	36%	37%
Operating Profit Margin	8%	6%	12%	13%	15%
Profit Before Tax Margin	5%	0%	8%	8%	13%
Profit after Tax Margin	4%	3%	6%	7%	9%
Profitability Ratios					
Earnings Per Share (EPS)	1,914	726	2,776	3,318	nm ⁹⁶

⁹⁰ Long-term borrowings were drawn to finance the expansion of the Company's Experience Hub network, under which existing Brick and Mortar outlets are being converted to the Experience Hub format.

⁹¹ Cash and cash equivalents comprise cash and bank balances and short-term investments, net of short-term borrowings.

⁹² The company changed its financial year after June 2023, to December year end, thus it is not directly comparable and where required numbers have been annualized for the purpose of ratio calculation.

⁹³ Beginning in CY2026, the Company started exports to associated companies in UAE, UK, and USA. Based on current operations, exports are expected to account for 13%–15% of total sales for CY26. Further net local sales also grew by 9%.

⁹⁴ The increase in sales also trickled down to increasing the profitability of the company. Also, S&D as a percentage to sales also reduced to 19% from 15% last year.

⁹⁵ Net profit of the company grew by 93% as a result of better operating margin, lower financing cost, and the net margin improved to 9% in 1H CY26 compared to 7% in CY25.

⁹⁶ During the year company carried out bonus and stock split, hence, post bonus and split EPS is provided.

EPS - Post Bonus ⁹⁷	38	15	56	67	nm
EPS - Post Split ⁹⁸	0.48	0.18	0.70	0.83	0.80
Breakup Values per Share (BVPS) – Pre Bonus & Pre Split	12,171	14,874	13,600	14,960	nm ⁹⁹
Breakup Values per Share (BVPS) - Post Bonus & Pre Split	245	299	273	301	nm
Breakup Values per Share (BVPS) - Post Bonus & Post Split	3.06	3.74	3.42	3.76	3.74
Return on Equity	16%	11%	20%	23%	43%
Return on Assets	5%	4%	8%	7%	11%
Balance Sheet Ratios					
Fixed Asset Turnover (times)	3.73	3.52	2.60	2.06 ¹⁰⁰	2.48
Asset Turnover (times)	1.45	1.51	1.39	1.03	1.12
Current Ratio (times)	0.93	0.98	0.81	1.08	0.80
Capex to Total Assets (times)	0.10	0.02	0.18	0.08	0.06
Inventory Turnover (times)	124	99	91	101	84
Receivable Collection Period (days)	9	9	14	10	9
Payable Payment Period (days)	170	114	75	120	124
Net Working Capital (days)	-38.1	-5.8	29.3	-9.1	-31.4 ¹⁰¹
Leverage Ratios					
Debt to Equity	0.56	0.72	1.18	0.97	1.02
Debt to (Debt + Equity)	0.36	0.42	0.54	0.49	0.50
EBITDA / Interest	2.18	1.28	2.14	2.52	5.65
Debt / EBITDA	0.69	2.82	2.39	2.04 ¹⁰²	1.31

6.9. COMMENTARY ON SELECTED RATIOS

1. REVENUE AND GROWTH DYNAMICS

Revenue for the six-month transition period CY23 stood at PKR 13,135 million. Khaadi generated revenue of PKR 24,598 million in CY24 and PKR 25,130 million in CY25, representing year-on-year growth of 2.2%. Growth accelerated markedly in the current period, with 1H CY26 revenue of PKR 17,080 million equating to annualised growth of c. 36% over CY25 - the strongest rate of expansion recorded across the review period.

Revenue growth over the period has been driven by a combination of product mix and increased number of experience stores. The number of design displays increased from 2,000 in 2023 to 4,500 in 2026. The network expanded from 8 operational Experience Stores as at the end of CY24 to 18 by 1H CY26, translating into improved throughput per store and stronger customer demand.

Gross profit followed the same trajectory, rising from PKR 8,284 million in CY24 to PKR 9,104 million in CY25, with 1H CY26 gross profit of PKR 6,247 million already equivalent to 69% of the full CY25 level. EBITDA of PKR 2,898 million in 1H CY26 similarly represents 80% of the CY25 full-year figure, underlining the pace of earnings expansion. Lastly, 1H CY26 PAT is 87% of CY25 full year.

⁹⁷ This EPS is calculated by calculating the retrospective impact of bonus issue of 48.73 new shares for each share.

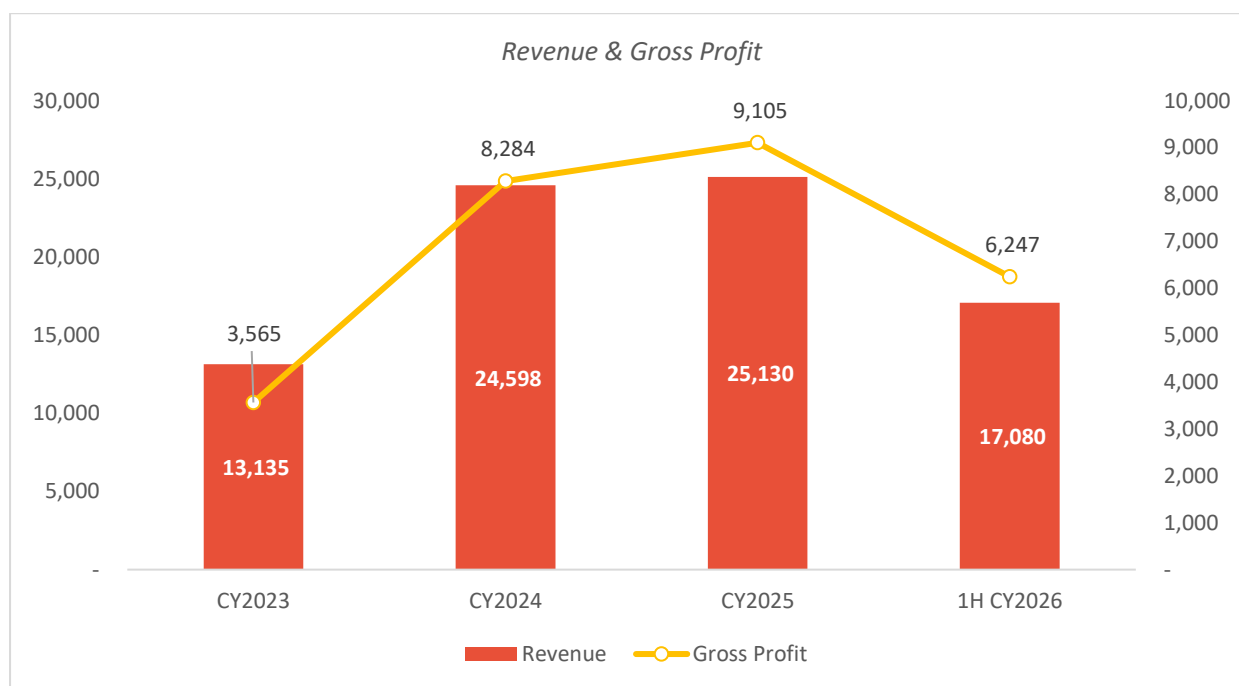
⁹⁸ Khaadi carried out a 1:80 split reducing their par value from PKR 1 per share to PKR 0.125 per share.

⁹⁹ During the year company carried out bonus and stock split, hence, post bonus and split BVPS is provided.

¹⁰⁰ Intangibles of PKR 8 bn have been excluded for the calculation.

¹⁰¹ The company has improved the term with its supplier, leading to higher payable days, and improving the overall working capital cycle of the company.

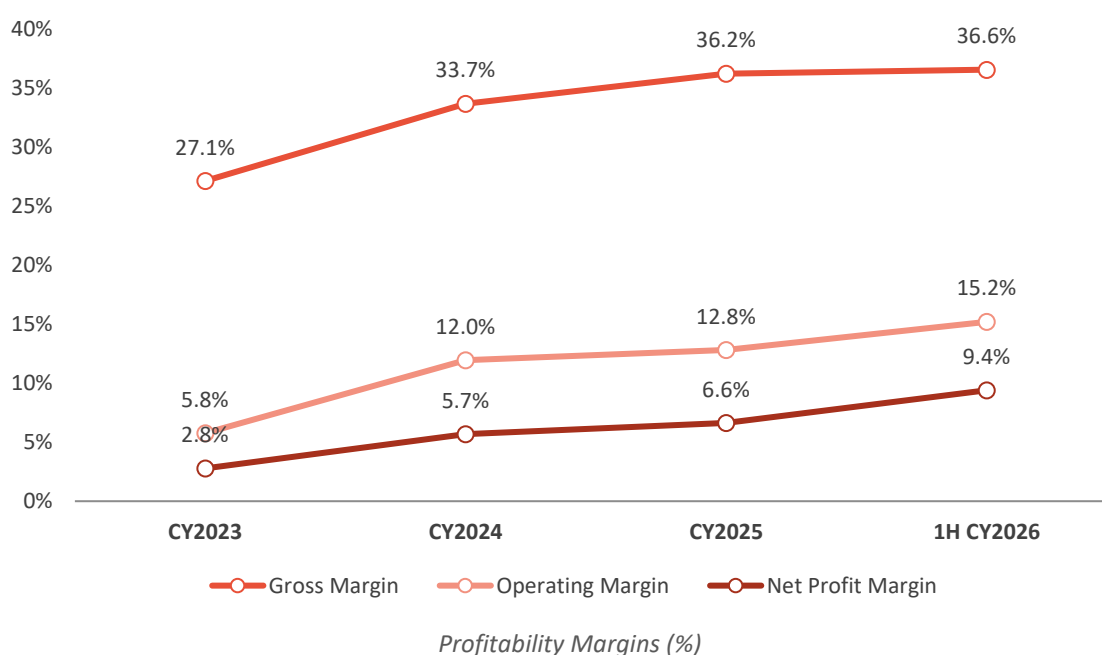
¹⁰² The company borrowed funds to finance the capital expenditures incurred due to conversion of B&M to experience hubs, thus leading to a higher Debt to EBITDA. This was eased in the subsequent years due to higher EBITDA.



2. PROFITABILITY AND MARGIN PERFORMANCE

Gross margin expanded in each period of the review, from 27.1% in CY23 to 33.7% in CY24, 36.2% in CY25 and 36.6% in 1H CY26, reflecting a shift in product mix towards a greater proportion of ready-to-wear relative to unstitched fabric. Ready-to-wear is a value-added category that carries structurally higher gross margins than unstitched products. In addition, the Company has been able to pass on inflation-driven cost increases to customers, reflecting its pricing power and limiting the impact of input cost pressures on margins.

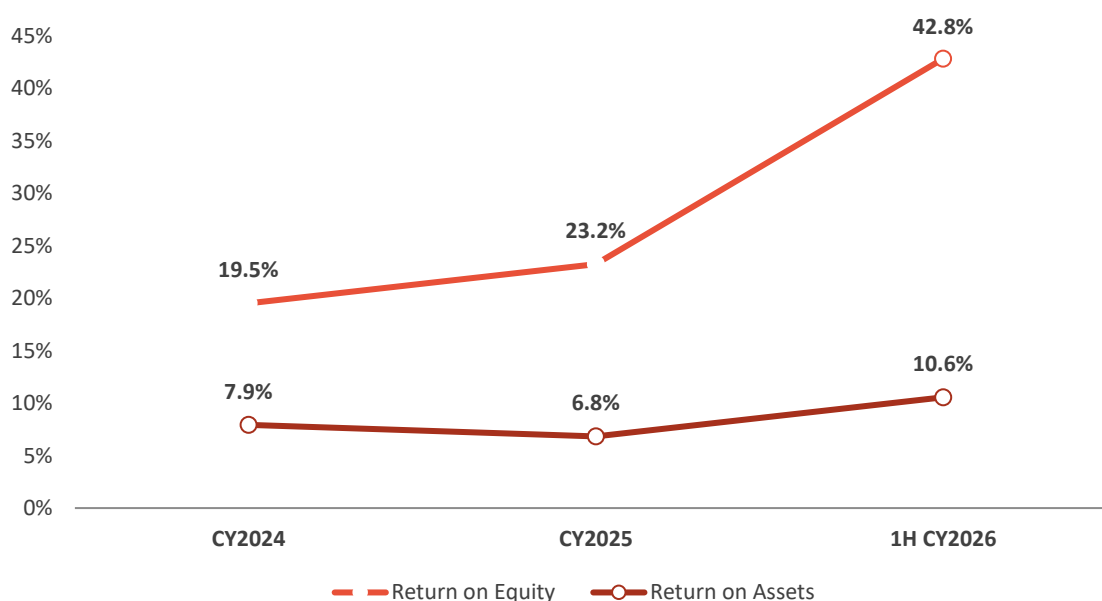
Operating margin improved from 5.8% in CY23 to 12.0% in CY24 and 12.8% in CY25, before strengthening further to 15.2% in 1H CY26. Net margin followed a similar path, rising from 2.8% to 5.7%, 6.6% and 9.4% respectively. Profit after tax increased from PKR 1,398 million in CY24 to PKR 1,668 million in CY25, while profit after tax of PKR 1,606 million in 1H CY26 is already close to the full CY25 result, demonstrating potentially higher profit expectations for CY26.



3. RETURNS TO SHAREHOLDERS

Return on Equity improved from 19.5% in CY24 to 23.2% in CY25 and stands at 42.8% on an annualised basis for 1H CY26, reflecting the combination of rising profitability and a stable equity base. Return on Assets moderated from 7.9% in CY24 to 6.8% in CY25 before recovering to 10.6% in 1H CY26.

The temporary moderation in Return on Assets during CY25 is attributable to the significant expansion of the asset base during the year rather than to any deterioration in underlying earnings. Total assets increased by 56% to PKR 29,775 million, principally on account of the recognition of intangible assets of PKR 8,000 million and the increase in investment property to PKR 4,483 million. Return on Assets recovered to 10.6% in 1H CY26, driven by higher revenue and earnings against a stable asset base.

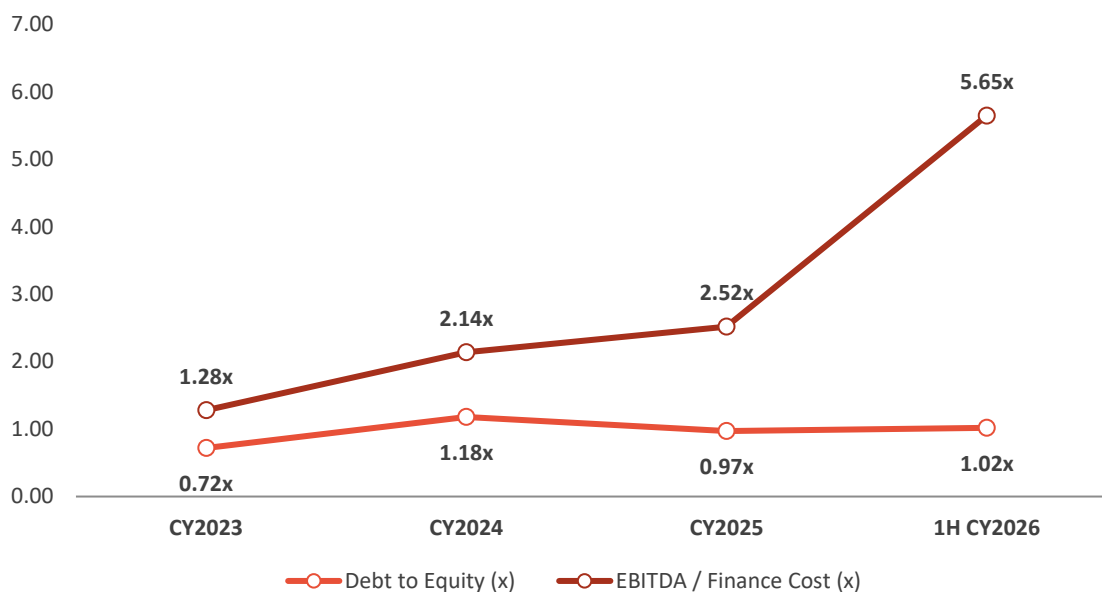


Earnings per share (post-split) improved to **PKR 0.83** in CY25 (CY24: PKR 0.70), with 1H CY26 earnings per share of PKR 0.80 already approaching the full prior-year level. Breakup value per share (post-split) has remained stable at **PKR 3.74** as at 1H CY26 (CY25: PKR 3.76), as the accumulation of retained earnings has been offset by dividend distributions during the review period.

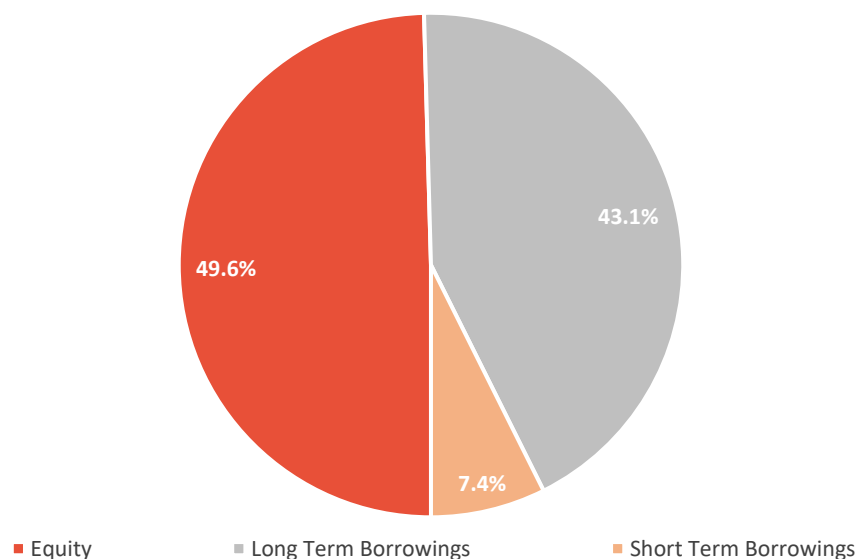
4. LEVERAGE, CAPITAL STRUCTURE AND FINANCIAL RESILIENCE

Khaadi operates with a balanced capital structure, with a debt-to-equity ratio of **1.02x** in 1H CY26 (CY24: 1.18x). Total debt stood at PKR 7,612 million as at 1H CY26 against PKR 8,078 million at the end of CY24, while debt to total capital has remained within a narrow band of 42% to 54% across the review period, indicating a disciplined approach to gearing.

While total debt has remained within a narrow range, its composition has changed significantly. Short-term borrowings reduced to PKR 551 million in CY25 from PKR 5,578 million in CY24, while long-term borrowings rose to PKR 6,249 million over the same period. This reflects a reduced reliance on debt to fund working capital, with borrowings instead directed towards capital expenditure, while the Company has maintained an optimal capital structure.



Interest coverage, measured as EBITDA to finance cost, improved to **5.65x** in 1H CY26 (CY25: 2.52x), while debt to EBITDA reduced to **1.31x** (CY25: 2.04x). The improvement reflects both stronger earnings and a reduction in finance costs to PKR 513 million for the half year, benefiting from the decline in benchmark interest rates. These metrics underscore the Company's capacity to service its financial obligations from operating profits while continuing to fund its expansion.



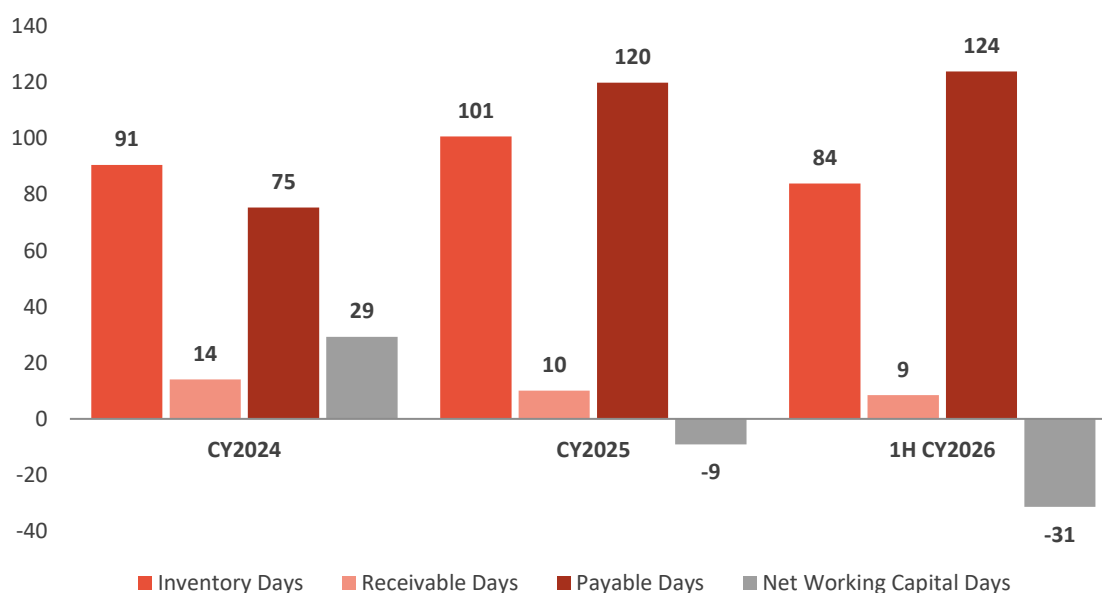
Composition of Capital Employed — 1H CY26 (PKR Mn)

Total debt comprises long-term borrowings, the current portion of long-term borrowings and short-term borrowings.

5. WORKING CAPITAL CYCLE AND LIQUIDITY

The Company's working capital cycle has tightened considerably over the review period. Inventory days moved from 91 days in CY24 to 101 days in CY25, before improving to 84 days in 1H CY26 as stock turned over more rapidly against higher sales volumes. Receivable days are structurally low, reflecting the predominantly cash-and-card nature of retail sales, and improved from 14 days in CY24 to 10 days in CY25 and 9 days in 1H CY26.

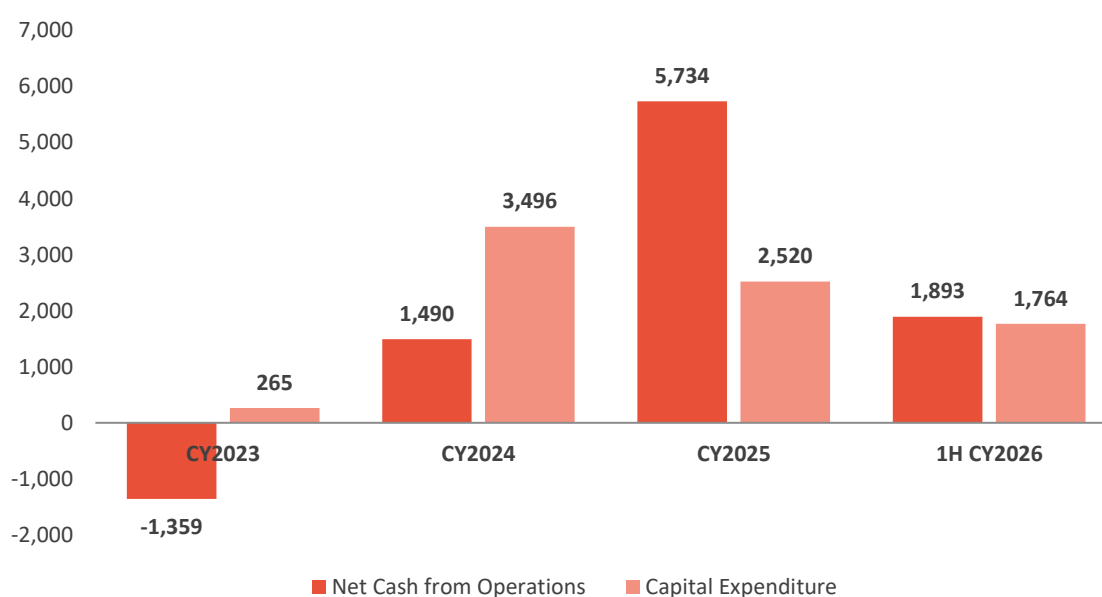
Payable days extended from 75 days to 120 days and 124 days respectively, reflecting improved commercial terms secured from the supplier base. As a result, the net working capital cycle moved from a positive 29 days in CY24 to negative 9 days in CY25 and negative 31 days in 1H CY26. The current ratio of the company also improved as it stands at 0.80x in 1H CY26 compared to 1.08x in CY25.



Working Capital Cycle (days)

6. CASH FLOW AND ASSET UTILISATION

Cash generation has improved markedly as the business has scaled. Net cash generated from operations moved from an outflow of PKR 1,359 million in CY23 to inflows of PKR 1,490 million in CY24 and PKR 5,734 million in CY25, with 1H CY26 contributing a further PKR 1,893 million. The step-change in CY25 reflects both improved profitability and the release of working capital as the cash conversion cycle turned negative.



Capital expenditure on property and equipment amounted to PKR 3,496 million in CY24, PKR 2,520 million in CY25 and PKR 1,764 million in 1H CY26, equivalent to 18.4%, 8.5% and 5.7% of total assets respectively.

6.10. SUMMARY OF MAJOR ITEMS OF REVENUE AND EXPENSES

Below is the revenue breakdown of Khaadi, showcasing the contribution of domestic and export markets to total revenues over the review period.

REVENUE (PKR Mn)	CY23*	CY24	CY25	1H CY26
Retail	13,136	25,369	28,974	18,192
Export	-	845	-	2,373
E-Commerce	1,987	2,387	2,694	1,687
Gross Sales	15,123	28,601	31,668	22,252
Discount	-	-85	-2,005	-2,466
Export Rebate	-	7	-	25
Sales Tax	-1,988	-3,925	-4,533	-2,731
Net Sale of Goods	13,135	24,598	25,130	17,080

*Note: The Company changed its financial year end from 30th June to 31st December in 2023, hence CY23 financial data is for a six-month period from 1st July 2023 to 31st December 2023.

6.11. BIFURCATION OF REVENUE WITH RESPECT TO LOCAL AND EXPORT SALES, IF APPLICABLE.

Net Sales	6M CY23		CY24		CY25		1H CY26	
	PKR Mn	%	PKR Mn	%	PKR Mn	%	PKR Mn	%
Local Sales	13,135	100%	23,746	97%	25,130	100%	14,683	86%
Export	-	0%	852	3%	-	0%	2,398	14%
Total	13,135	100%	24,598	100%	25,130	100%	17,080	100%

*Note: The Company changed its financial year end from 30th June to 31st December in 2023, hence CY23 financial data is for a six-month period from 1st July 2023 to 31st December 2023.

6.12. CONTINGENCIES AND COMMITMENTS

Contingencies disclosed as of CY25 and 1HCY26 accounts are as follows:

6.13. Contingencies related to Sales tax:

- An order under section 11(2) of the Sales Tax Act, 1990 (the Act) was issued by Deputy Commissioner Inland Revenue claiming an amount of Rs. 49.25 million and Rs. 35.75 million in respect of inadmissible input tax claimed, inappropriate rate of tax charged on supplies and out of sector supplies made at reduced rate by the Company during the tax periods from July 2015 to June 2017. The Company paid the amount as mentioned in the order and filed appeals on December 20, 2017 before the Commissioner Inland Revenue (Appeals) against the orders. The appeals were decided in favor of the Company on January 15, 2018 and the Company filed the application for refund on May 21, 2018 under section 66 of the Act.
- The Company has received the refund amount claimed in the prior year, however, the department has filed an appeal before the Appellate Tribunal which is pending for hearing.
- An order dated February 28, 2022, under section 33(24) of the Sales Tax Act, 1990 (STA, 1990) for the tax years 2019, 2021 and 2022 has been passed by the Assistant Commissioner Inland Revenue (ACIR) determining a demand of Rs. 55 million penalty for non-operational POS machines. The Company filed an appeal to Commissioner Inland Revenue (Appeals) (CIR-A) against the order and CIR-A remanded back the case to ACIR on May 20, 2022 for de-novo consideration.

- iv. An order under section 47(1B) and 43(3) of the Sindh Sales Tax on Service Act, 2011 was issued by Deputy Commissioner Inland Revenue claiming an amount of Rs. 103.04 and Rs. 5.15 million respectively in respect of not withholding the sales tax during the tax period from July 2019 to December 2021. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) (CIR-A) which is currently pending for hearing.
- v. The management, based on legal advice, is confident that the decisions in above stated matters will be in favor of the Company therefore no provision have been recorded in these financial statements.

6.14. Other Contingencies:

- i. During the year 2020, the Company received a show cause notice to amend assessment under section 122 (9) of the Income Tax Ordinance (the Ordinance) in respect of tax year 2017 for disallowing expenses amounting to Rs. 1,109 million. In prior periods, an order was passed by the Commissioner Inland Revenue (CIR) determining a tax demand of Rs. 5.96 million, which was annulled by the Commissioner Inland Revenue (Appeals) (CIR-A). Aggrieved of the same, tax authorities have instituted an appeal before the honorable Appellate Tribunal Inland Revenue (ATIR) against the order passed by the CIR(A). At present, the matter is pending before the honorable ATIR for adjudication.
- ii. The Deputy Commissioner Inland Revenue, Audit-1, MTO, Karachi has passed the Order under section 161(1A) of the Ordinance for the tax year 2018 creating tax demand of Rs. 244,982,358/- being aggrieved of the same, the Company instituted an appeal before the learned Commissioner Inland Revenue (Appeal-IV), Karachi (CIRA). CIRA remanded back the case to the department for de novo proceeding which were concluded vide order under section 161(1A) of the Ordinance dated September 05, 2024.
- iii. During the year 2021, Additional Commissioner Inland Revenue (ADCIR) has passed an Order under section 122(5A) of the Income Tax Ordinance (the Ordinance) and levied super tax liability under section 4B of the Ordinance amounting to Rs. 157 million. The Company has filed an appeals before the CIR (A) who has annulled the impugned order during the year being not sustainable in the eyes of law. Aggrieved of the same, tax authorities have instituted an appeal before the honorable Appellate Tribunal Inland Revenue (ATIR) against the order passed by the CIR(A). At present the matter is pending before the honorable ATIR for adjudication.
- iv. The learned Additional Commissioner Inland Revenue (ADCIR) finalized the impugned order under section 122(5A) of the Ordinance for the tax year 2016 and drawn adverse inference by making illegal additions and created tax demand of Rs. 4.15 million. The company being the aggrieved of the aforesaid order has instituted an appeal before the Commissioner Inland Revenue (CIR), Karachi. The above proceeding is currently pending for the adjudication.
- v. The management, based on legal advice, is confident that the decisions in above stated matters will be in favor of the Company.

Commitments:

Khaadi maintains robust control over its capital and operational commitments, ensuring sufficient liquidity to support ongoing operations and strategic business expansion. The key commitments as of June 30, 2026, for the last four reporting periods are summarized below:

Commitment Type	6M CY23	CY24	CY25	1H CY26
Letters of credit	1,730	1,450	1,870	2,120

6.15. COMPARATIVE FINANCIAL ANALYSIS WITH PEER GROUP COMPANIES:

There are no directly comparable peers listed on the Pakistan Stock Exchange. Khaadi Pakistan is a pure-play retail business with no manufacturing segment, whereas other listed apparel companies, such as Image Pakistan and Stylers, also have manufacturing operations. Accordingly, the listed apparel companies are not considered directly comparable to Khaadi Pakistan for valuation purposes.

TTM (July 2025 – June 2026) (PKR Mn)	Khaadi
Operating Performance	
Revenue	28,767
Cost of Sales	(18,321)
Gross Profit	10,446
Operating Profit	3,925
Gross Margins	37%
Operating Margin	14%
Profitability	
Net Profit	2,591
Net Profit Margin	9%
Shareholders' Equity	7,479
Total Liabilities	23,586
Total Assets	31,066
Pricing Comparison	
No. of Shares	2,000
No. of Shares - Post IPO	2,500
Share Price	12.40
EPS	1.30
EPS (Post-IPO)	1.04
Book Value per Share	3.74
BVPS (Post-IPO)	5.47
Price to Earning (P/E)	9.57
P/E (Post-IPO)	11.97
Price to Book (P/B)	3.32

6.16. SUMMARY OF FINANCIAL PROJECTIONS FOR FIVE YEARS**6.17. MACROECONOMIC ASSUMPTIONS**

	CY26F	CY27F	CY28F	CY29F	CY30F
Inflation ¹⁰³	9.0%	7.0%	6.0%	9.0%	9.0%
KIBOR ¹⁰⁴	11.6%	11.8%	11.5%	11.0%	10.5%
3 Month KIBOR ¹⁰⁵	11.6%	11.8%	11.5%	11.0%	10.5%

6.18. RETAIL NETWORK

Total Store Network	CY26F	CY27F	CY28F	CY29F	CY30F
Experience Stores	20	27	31	35	39
B&M Stores	11	4	-	-	-
Total	31	31	31	35	39
Experience Store					
Opening Store Count	14	20	27	31	35
Additions	6*	7	4	4	4
Closures	-	-	-	-	-
Closing Store Count	20	27	31	35	39
B&M Stores					
Opening Store Count	18	11	4	-	-
Additions	-	-	-	-	-
Closures	(7)	(7)	(4)	-	-
Closing Store Count	11	4	-	-	-

*4 out of 6 experience stores planned to be added during CY26, are already operational as of 1H CY26.

6.19. REVENUE ASSUMPTIONS

	CY26F	CY27F	CY28F	CY29F	CY30F
Same-Store Sales Growth	10%	10%	10%	10%	10%
New Store - First Year Efficiency	70%	70%	70%	70%	70%
New Store - Operational Months	9	9	9	9	9
New Store - Second Year Efficiency	85%	85%	85%	85%	85%

¹⁰³ AHL Research

¹⁰⁴ AHL Research

¹⁰⁵ AHL Research

	CY26F	CY27F	CY28F	CY29F	CY30F
Export Growth	-	20%	20%	15%	15%
E-Commerce as % of Retail Sales	8.0%	7.4%	6.8%	6.2%	5.8%

6.20. OPERATING ASSUMPTIONS

	CY26F	CY27F	CY28F	CY29F	CY30F
Calculated as a % of Sales					
Cost of Sales	-62.8%	-61.8%	-61.3%	-60.9%	-60.6%
Gross Margin	37.2%	38.2%	38.7%	39.1%	39.4%
Selling & Distribution Expenses	-16.0%	-14.9%	-14.1%	-13.8%	-13.7%
Administrative Expenses	-6.3%	-6.3%	-6.3%	-6.1%	-5.8%
Operating Margin	14.9%	17.0%	18.3%	19.2%	19.9%
Other Income / (Expenses)	0.8%	1.2%	1.2%	1.7%	2.2%
Calculated as a % of PBT					
Effective Tax Rate	-25.0%	-26.0%	-27.0%	-29.0%	-29.0%

6.21. REVENUE BREAKDOWN

PKR Mn	CY26F	CY27F	CY28F	CY29F	CY30F
Retail	26,821	33,175	41,352	51,951	64,180
Export ¹⁰⁶	5,072	6,086	7,304	8,399	9,659
E-Commerce	2,135	2,455	2,823	3,247	3,734
Total Net Revenue	34,028	41,717	51,479	63,597	77,573
Revenue Growth (YoY)*	35.4%	22.6%	23.4%	23.5%	22.0%

* Revenue growth reflects both growth in sales per store and the impact of converting B&M stores into experience stores.

¹⁰⁶ During the year, the Company entered into an arrangement with its foreign associated companies for the export of Finished Goods. Historically, exports to the Group's foreign associated companies were primarily facilitated through another associated group entity, with limited export activity also undertaken by the Company in prior periods. As part of the Group's ongoing efforts to streamline its export operations and align the export business with the Company's existing operations exports will henceforth be undertaken directly by the Company.

6.22. PROFIT & LOSS STATEMENT

PKR Mn	CY26F	CY27F	CY28F	CY29F	CY30F
Net Sales	34,028	41,717	51,479	63,597	77,573
Cost of Sales	(21,359)	(25,768)	(31,541)	(38,711)	(46,985)
Gross Profit	12,669	15,949	19,938	24,886	30,587
<i>Gross Margin</i>	<i>37.2%</i>	<i>38.2%</i>	<i>38.7%</i>	<i>39.1%</i>	<i>39.4%</i>
Selling & Distribution Expenses	(5,457)	(6,225)	(7,282)	(8,792)	(10,610)
Administrative Expenses	(2,139)	(2,634)	(3,257)	(3,863)	(4,510)
Operating Profit	5,073	7,090	9,399	12,231	15,467
<i>Operating Margin</i>	<i>14.9%</i>	<i>17.0%</i>	<i>18.3%</i>	<i>19.2%</i>	<i>19.9%</i>
Other Income / (Expenses)	289	483	596	1,056	1,737
Finance Cost	(1,140)	(1,058)	(1,079)	(1,059)	(1,056)
Profit Before Taxation	4,221	6,516	8,917	12,227	16,148
Taxation ¹⁰⁷	(1,055)	(1,694)	(2,408)	(3,546)	(4,683)
Profit After Taxation	3,166	4,822	6,509	8,681	11,465
<i>Net Margin</i>	<i>9.3%</i>	<i>11.6%</i>	<i>12.6%</i>	<i>13.7%</i>	<i>14.8%</i>

6.23. BALANCE SHEET

PKR Mn	CY26F	CY27F	CY28F	CY29F	CY30F
NON-CURRENT ASSETS					
Property, Plant and Equipment	8,967	11,619	14,022	16,174	18,075
Investment Property	4,483	4,483	4,483	4,483	4,483
Brand IP Rights	8,000	8,000	8,000	8,000	8,000
Deferred Tax Asset	1,001	1,254	1,682	1,318	992
Total Non-Current Assets	22,450	25,357	28,187	29,975	31,550
CURRENT ASSETS					
Inventories	4,506	5,436	6,654	8,167	9,912
Trade Receivables	1,427	1,716	2,066	2,400	2,785
Short-Term Loans, Prepayments and Advances	160	193	237	290	352

¹⁰⁷ The effective tax rate is lower than the cumulative statutory tax rate of 37%, comprising a 29% corporate tax rate and an 8% super tax, primarily due to carried-forward tax losses of Khaadi Pakistan, relief available through group losses, and the impact of accelerated depreciation allowed under applicable tax regulations. Further, management believes that the super tax will be abolished moving forward, resulting in a nil super tax rate from CY29 onwards.

PKR Mn	CY26F	CY27F	CY28F	CY29F	CY30F
Other Receivables	1,067	-	-	-	-
Refund Due from Government - Sales Tax	-	-	-	-	-
Taxation - provision less payments	229	229	229	229	229
Cash and Bank Balances	4,403	4,548	6,814	14,296	22,264
Total Current Assets	11,791	12,122	15,999	25,382	35,541
TOTAL ASSETS	34,241	37,478	44,186	55,357	67,091
EQUITY					
Paid-Up Capital	313	313	313	313	313
Share Premium	7,713	7,713	7,713	7,713	7,713
Capital Reserves	4,491	9,313	15,822	24,503	33,364
Revaluation Reserve	2,420	2,420	2,420	2,420	2,420
Unappropriated Profit	172	172	172	172	172
Total Equity	15,108	19,930	26,439	35,120	43,981
NON-CURRENT LIABILITIES					
Long-Term Loans	4,761	5,337	5,192	5,163	4,955
Related Party Loan	4,900	1,800	-	-	-
Total Non-Current Liabilities	9,661	7,137	5,192	5,163	4,955
CURRENT LIABILITIES					
Trade and other payables	7,256	8,754	10,715	13,151	15,962
Current portion of LT loan	1,973	1,397	1,541	1,571	1,779
Accrued mark-up	127	127	127	127	127
Taxation - provision less payments	-	-	-	-	-
Sales Tax- Payable	116	134	171	225	288
Short-term borrowings	-	-	-	-	-
Total current liabilities	9,473	10,412	12,555	15,074	18,156
Total Liabilities	19,133	17,549	17,747	20,236	23,110
TOTAL EQUITY AND LIABILITIES	34,241	37,478	44,186	55,357	67,091

6.24. CASHFLOW STATEMENT

PKR Mn	CY26F	CY27F	CY28F	CY29F	CY30F
PBT	4,221	6,516	8,917	12,227	16,148
Less: Taxation Paid	(984)	(1,948)	(2,835)	(3,182)	(4,357)
Less: Fair Value Gain	-	-	-	-	-
Add: Depreciation & Ammortization	624	847	1,098	1,348	1,599
Less: Interest Income	(289)	(483)	(596)	(1,056)	(1,737)
Cash Flow Before Working Capital Changes	3,573	4,932	6,583	9,338	11,653
(Increase) / Decrease in Current Assets	38	(168)	(1,574)	(1,847)	(2,129)
Increase / (Decrease) in Current Liabilities	412	1,498	1,961	2,436	2,811
Total Changes in Working Capital	450	1,330	387	589	682
Cash Generated from Operations	4,023	6,262	6,970	9,927	12,335
INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment	(2,000)	(3,500)	(3,500)	(3,500)	(3,500)
Repayment of Related Party Loan	(3,100)	(3,100)	(1,800)	-	-
Interest Income Received	289	483	596	1,056	1,737
Net Cash Used in Investing Activities	(4,811)	(6,117)	(4,704)	(2,444)	(1,763)
FINANCING ACTIVITIES					
Net Borrowing	(551)	(0)	0	-	0
Issue Proceeds	6,068	-	-	-	-
Dividend Paid	(1,647)	-	-	-	(2,604)
Net Cash from Financing Activities	3,871	(0)	0	-	(2,604)
Net Increase / (Decrease) in Cash	3,083	145	2,266	7,482	7,967
Cash at the Beginning of the Year	85	4,403	4,548	6,814	14,296
Change in Short-Term Investments	1,235	-	-	-	-
Cash at the End of the Year	4,403	4,548	6,814	14,296	22,264

6.11.7 CERTIFICATE OF REASONABLENESS OF FINANCIAL PROJECTIONS:



September 10, 2026

The Chief Executive,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: Certification of Reasonableness of Financial Projections as per Schedule 1 14(vii):(xiii) of the Public Offering Regulations, 2017

Dear Sir(s),

We, Arif Habib Limited, acting as the Lead Consultant to the Issue in connection with the proposed Initial Public Offering of Khaadi Pakistan Limited, hereby confirm that we have reviewed the financial projections for the five-year period ending CY2030 included in the draft Prospectus and submitted to the Exchange.

Based on our sector's expertise, market research and discussions with the Company's management regarding the underlying assumptions, we certify that the financial projections have been prepared on reasonable grounds and assumptions. The key assumptions cover, inter alia, sales volume growth, expansion plans, effective tax rate, and relevant macroeconomic factors, and are considered reasonable in light of the Company's historical performance, industry outlook, and the prevailing economic environment.

This certification is being provided in accordance with the Public Offering Regulation issued by the Securities and Exchange Commission of Pakistan (SECP).

Disclaimer:

The financial projections are subject to inherent uncertainties and are based on assumptions regarding future events and circumstances which may not occur as expected. Actual results may differ from those projected. This certification should not be construed as a guarantee of the attainment of the projected results. Please read the offering document/prospectus to understand the investment policies, risks and tax implications involved.

For and on Behalf of Arif Habib Limited



Farhan Rizvi
Managing Director, Investment Banking
Arif Habib Limited

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TREC Holder of the Pakistan Stock Exchange Ltd. | Branch Reg No. BOA-050 / 01

6.25. REVALUATION OF ASSETS

Sr. No.	Owner Name	Property Description	Date of Latest Valuation	Area	Fair Value (PKR Mn)	Cost (PKR)	Revaluation Surplus
1	Khaadi Pakistan Limited	Industrial Land & Building situated at Plot No. F/2, A-H, F2, A-1, S.I.T.E., Karachi	31-Dec-25	1.955 Acres / 9,462.2 Sq. Yards (Covered Area: 177,175 Sq. Ft.)	1,248	179	1,069
2	Khaadi Pakistan Limited	Industrial Land (Bunded Plot) situated at Plot No. F/2-A, F-1, S.I.T.E., Karachi	31-Dec-25	0.46 Acres	169	26	143
3	Khaadi Pakistan Limited	Industrial Land & Building situated at Plot No. F/2, A-K, S.I.T.E., Karachi	31-Dec-25	1.05 Acres (Covered Area: 56,055 Sq. Ft.)	588	83	505
4	Khaadi Pakistan Limited	Industrial Land & Building situated at Plot No. A/8-H, Fakhruddin Valika Road, S.I.T.E., Karachi	31-Dec-25	1.42 Acres / 6,872.8 Sq. Yards (Covered Area: 149,009 Sq. Ft.)	2,402	926	1,476
5	Khaadi Pakistan Limited	Commercial Shop No. 9-A & 9-B, Royal Shop, Plot SB-3, KDA Scheme No. 1, Karachi	31-Dec-25	846 Sq. Ft.	76	10	66
	Total				4,483	1,224	3,259

6.26. DIVIDEND POLICY

The rights in respect of bonus issues and dividends attached to each ordinary share are and will be the same. The Company in its general meeting may declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividend, if declared in the general meeting, shall be paid according to the provisions of the Companies Act.

The Board of Directors may from time to time declare interim dividends as appear to it to be justified by the profits of the Company. No dividend shall be paid otherwise than out of the profits of the Company for the year or any other undistributed profits.

No unpaid dividend shall bear interest or mark-up against the Company. The dividends shall be paid within the period laid down in the Companies Act. Under Section 242 of the Companies Act, any dividend payable in cash by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Therefore, the applicants must provide the details of the bank account in the relevant part of the Shares Subscription Form.

Covenants / Restriction on Payment of Dividends:

It is stated that there is no restriction on the Company by any regulatory authority, creditor, stakeholder, etc. on the distribution and capitalization of its profits.

Eligibility for Dividend

The ordinary shares issued shall rank pari-passu with the existing shares in all matters of the Company, including the right to such bonus or right issues, and dividend as may be declared by the Company subsequent to the date of issue of such shares.

6.13 (B) DIVIDEND PAYOUT OF LISTED ASSOCIATED COMPANIES OVER WHICH THE ISSUER HAS CONTROL

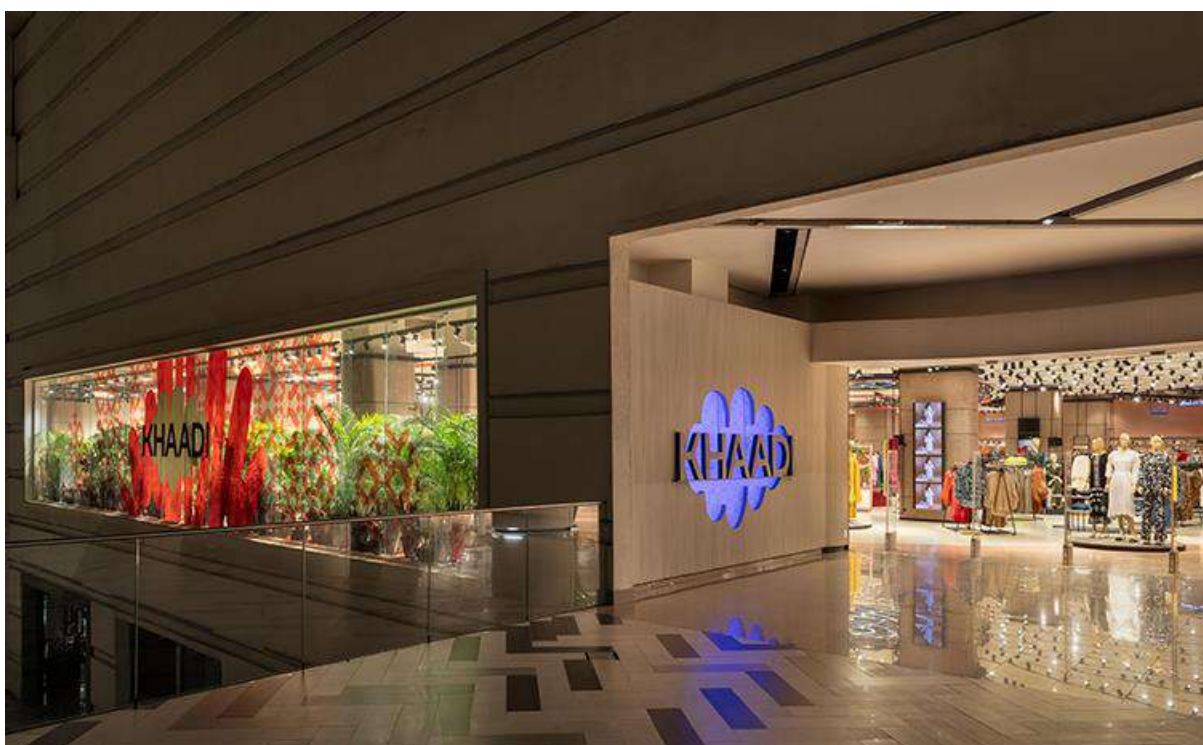
Khaadi has no associated listed Company over which it has control.



SECTION 7

BOARD AND MANAGEMENT OF THE COMPANY

PROSPECTUS | KHAADI PAKISTAN LIMITED



7. BOARD AND MANAGEMENT OF THE COMPANY

7.1. BOARD OF DIRECTORS

S. No	Name	Designation	Address	CNIC / Passport No:	Period of Directorship	Directorship in other companies
1.	Muhammad Asif Peer	Chairperson	Sumya Building, Mohammad Ali Society Muhammad Ali Chs (Machs) 9 B, Karachi, Pakistan	42201- 8158489-1	10.09.2026	- E-Processing Systems (Pvt.) Limited - Habib University Foundation - JOMO Technologies (Pvt.) Ltd. - Jugnu Tech (Pvt) Limited - National Data Consultants (Pvt.) Limited - Retailistan (Pvt.) Limited / Salesflo - Systems Limited - Systems Holding (Private) Ltd.
2.	Shamoon Sultan	Executive Director & CEO	22nd Floor, Sky Tower B, East Wing, Dolmen City Clifton, Karachi	42201- 6818915-9	26.10.2026	- Weaves Properties (SMC-Private) Limited - Weaves Corporation Limited - Weaves Export (SMC-Private) Limited - Weaves Holding Limited - Weaves F&B PAKISTAN (SMC-Private) Limited - Weaves U.K Trading Limited - Weaves U.A.E Trading LLC, Dubai - Weaves Fashion Trading (LLC) Qatar - Weaves I British Virgin Islands - Weaves III British Virgin Islands - Weaves Expreience (SMC-Private) Limited
3.	Saira Ruth Shamoon	Executive Director	22nd Floor, Sky Tower B, East Wing, Dolmen City Clifton, Karachi	42301- 2295321-7	31.08.2026	Weaves Holding Limited
4.	Syed Kashif ul Hassan Shah	Executive Director	22nd Floor, Sky Tower B, East Wing, Dolmen City Clifton, Karachi	42101- 1512786-0	31.08.2026	- The Bank of Khyber - At – Tahur Limited - Zayn Capital Pakistan Pvt. Ltd

5.	Abdul Samad Dawood	Independent Director	19th Floor, The Harbour Front Building, HC-3 Marine Drive, Block 4, Clifton, Karachi, Pakistan	35201-0297797-9	10.09.2026	• FrieslandCampina Engro Pakistan Ltd • Engro Holdings Limited • Engro Corporation Ltd • The Dawood Foundation • Dawood Lawrecepur Ltd • Karachi Education Initiative • Karachi School of Business & Leadership • Dawood Corporation (Pvt) Ltd • Dawood Investments (Pvt) Ltd • Pakistan Business Council • Sach International (Private) Limited • Engro Connect (Pvt) Limited • Engro Enfrashare (Pvt) Limited • Deodar (Pvt) Limited
6.	Maheen Rahman	Independent Director	4A, 4th floor, Executive Tower, Dolmen Mall, Block 4, Clifton, Karachi, Pakistan	42301-3079259-6	10.09.2026	• Infrazamin Pakistan • SECP Policy Board • IGI General Insurance • Systems Limited
7.	Muhammad Raza Pirbhai	Independent Director	Office # 04 & 05, (4th Floor), Corporate Office Block, Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi, Pakistan.	42201-9492519-3	10.09.2026	• Gray Mackenzie Restaurants Int'l Ltd • Krisp Pak (Pvt) Ltd • Krispco (Pvt) Ltd • Korangi Road Properties (Pvt) Ltd • Know Welfare Foundation • Family Education Sercives Foundation • Metropolitan Estate (Pvt) Ltd

7.2. NUMBER OF DIRECTORS

Pursuant to Section 154 of the Companies Act, 2017 a listed Company shall not have less than seven (7) directors. At present, the Board consists of 7 directors.

7.3. PROFILE OF DIRECTORS



Asif Peer

Chairperson

Asif Peer is the Chief Executive Officer, Managing Director and a Member of the Board of Systems Limited. He has over 27 years of experience in the IT industry and previously served as Chief Operating Officer of Visionet Systems from 2005 to 2013. Asif holds an MBA in Finance and Marketing from the Institute of Business Administration and a Bachelor of Computer Science from the National University of Computer and Emerging Sciences



Shamoon Sultan

Executive Director & CEO

Shamoon Sultan is the Founder and Chairperson of Weaves Corporation Limited and the founder of Khaadi, which he established in 1998. He has over 25 years of experience in the textile and retail industry and has grown the business from a single 400-square-foot store into a diversified company spanning fashion, food and beverage, and social entrepreneurship, with a presence across Pakistan and international markets. His contribution to Pakistan's retail industry, the revival of handloom and entrepreneurship has been recognised through numerous fashion, business and industry awards. Shamoon continues to guide Weaves' growth, with a focus on building globally relevant brands rooted in Pakistan's heritage and craftsmanship. He holds an undergraduate degree in Textile Design from the Indus Valley School of Art and Architecture.



Saira Shamoon

Executive Director

Saira Shamoon is the Leader, Product Design of Weaves Corporation Limited and has been a key contributor to the company's product and brand development since joining full-time in 2002. She has played a defining role in Khaadi's evolution, leading the development of extensive product collections across categories and shaping the brand's design language and identity. Her role extends across Weaves' portfolio, including Chapter 2, Kanteen and SS Chai, where she has contributed to the development of their distinct concepts and brand expressions. Saira holds a Bachelor's degree in Textile Design from the Indus Valley School of Art and Architecture.



Syed Kashif ul Hassan Shah

Executive Director

Syed Kashif ul Hassan Shah is the Leader+ Strategy at Weaves Corporation Limited, where he plays a key role in driving the Company's strategy and strengthening its corporate governance framework. He has held senior positions across the financial and corporate sectors, including roles at J.P. Morgan, HBL and UBL and previously served as Chief Executive Officer of Aisha Steel Mills, and advisor to Group Chairperson Arif Habib Group. He has been founding Chairperson of ADB and Government of Sindh's Viability Gap Fund of over USD 160 million. He enjoys excellent understanding and relationships with policy makers and regulators. Kashif holds an MBA from the Lahore University of Management Sciences (LUMS).



Abdul Samad Dawood
Independent Director

Abdul Samad Dawood is the Vice Chair of the Board of Dawood Hercules Corporation and has served as a Director since 2002. He previously served as Vice Chair of the Board of Engro Corporation. With over 20 years of experience in management and governance, he has developed a particular focus on mergers and acquisitions. Abdul Samad holds a BA in Economics from University College London and a certification in Director of Corporate Governance from the Pakistan Institute of Corporate Governance.



Maheen Rahman
Independent Director

Maheen Rahman is the CEO of InfraZamin Pakistan, a Private Infrastructure Development Group (UK) company. She has over 20 years of experience in investment banking, research, and asset management and has previously served as the Chief Executive of Alfalah GHP Investment Management. Maheen holds a Master of Science in Finance and Economics from Warwick Business School in the UK. She also has several capital markets certifications.



Muhammad Raza Pirbhai
Independent Director

Raza Pirbhai is the Chief Executive Officer of KFC Pakistan and has over 20 years of experience across marketing, human resources, general management and food retail. He began his career as a Management Trainee at Pizza Hut and subsequently served in various capacities before joining Cupola in 2014. Raza holds an MBA in Marketing from Greenwich University and a Master's degree in Strategic Restaurant Management from Cornell University.

7.4. PROFILE OF SENIOR MANAGEMENT

a) **Shamoon Sultan – Founder & Dreamer**



Shamoon Sultan is the founder of Weaves Corporation Limited, a retail company in Pakistan. Since founding Khaadi in 1998, Shamoon has overseen a rapidly growing retail company which includes fashion apparel, food and beverages and social entrepreneurship. His vision was to revive the ancient craft of handloom and reinterpret it within a more contemporary, fashion - focused context. Shamoon continues to transcend boundaries and deliver a dynamic pioneering retail experience across the globe.

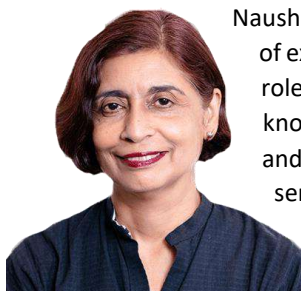
b) **Tahir Iqbal – Leader Finance**



IFRS, and ICGN).

As Leader Finance, Tahir's strategic insights and attention to detail ensure that financial decisions align with the Company's goals and contribute to sustainable growth. His experience gained at organisations such as Arif Habib Corporation Ltd, Aisha Steel Mills Ltd and Power Cement Ltd, enables him to drive Weaves organisational efficiency and profitability. Tahir is a Fellow Member & Certified Financial Consultants (IFC – US & Canada) and a Fellow Member & Chartered Accountants of ICMAP (a member body of IFAC, SAFA,

c) **Nausheen Ahmed – Company Secretary**



Nausheen is a Barrister at Law and an Advocate of the Sindh High Court, with over 27 years of experience in corporate and commercial law across leading law firms and in-house legal roles. She has served as Company Secretary and Head of Legal at ICI Pakistan Limited (now known as Lucky Core Industries) and HBL, one of Pakistan's largest private sector banks, and has also worked with Unilever Pakistan and Pakistan Petroleum Limited. Nausheen serves as an independent director on the Boards of Meezan Bank Limited, International Steel Limited, Jubilee General Insurance Company Limited, Engro Qadirpur Limited, and DEL. She also teaches Corporate and Business Law at KSBL and serves as an Executive Trainer at IBA, and was appointed Chancellor at Textile Institute of

Pakistan in May 2025.

WCL provides administrative services to Khaadi under BUR Agreement.

7.5. QUALIFICATION OF DIRECTORS

No person shall be appointed as a director of the Company who is ineligible to be appointed as Director on any one or more of the grounds enumerated in Section 153 of the Companies Act or any other law for the time being in force.

7.6. APPOINTMENT AND ELECTION OF DIRECTORS AND CHIEF EXECUTIVE

The Directors of the Company are elected for a term of three years in accordance with the procedure laid down in Section 159 of the Companies Act, 2017.

The Directors shall comply with the provisions of Sections 154 to 159 and Sections 161 and 167 of the Companies Act relating to the election of Directors and matters ancillary thereto. Subject to the provisions of the Companies Act, the Company may from time to time increase or decrease the number of Directors.

Any casual vacancy occurring on the Board of Directors may be filled up by the Directors, but the person so appointed shall be subject to retirement at the same time as if he/she had become a Director on the day on which the Director in whose place he/she is chosen was last elected as Director.

The Company may remove a director in accordance with the provisions of the Companies Act.

As per Article 44, the Directors shall appoint a chief executive on such terms and conditions as they determined in accordance with the relevant provisions of the Companies Act 2017.

7.7. INTEREST OF DIRECTORS AND PROMOTERS

The Directors performing whole time services in the Company may also be deemed interested in the remuneration payable to them by the Company.

The following Directors are holding Ordinary Share(s) of the Company:

Name	Designation	Share Held (No.)	Ownership %
Muhammad Asif Peer	Chairperson	1	0%
Shamoon Sultan	Executive Director	1	0%
Saira Ruth Shamoon	Executive Director	1	0%
Abdul Samad Dawood	Independent Director	1	0%
Maheen Rahman	Independent Director	1	0%
Muhammad Raza Pirbhai	Independent Director	1	0%

7.8. INTEREST OF THE DIRECTORS AND PROMOTERS IN PROPERTY/ASSETS AND PROFIT OF THE COMPANY

Directors have no interest in the property/assets and profits of the Company except to the extent of their respective shareholding in the Company.

7.9. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The following table summarizes the total remuneration and benefits provided to the Executives of the Company. This encompasses all forms of compensation, including salaries, allowances, bonuses, and other benefits, awarded to the Chief Executive Officer, Directors, and other key management personnel. The disclosure reflects the Company's commitment to transparency and provides stakeholders with a clear understanding of the overall compensation framework for its executive leadership.

PKR Mn	CY23	CY 2024	CY 2025	1H CY 2026
CEO	-	-	-	-
Managerial Remuneration	75	349	366	31
Commission	20	68	68	239
Total	95	417	434	270

7.10. BENEFITS (MONETARY OR OTHERWISE) PROVIDED TO SPONSORS, SUBSTANTIAL SHAREHOLDERS, AND DIRECTORS DURING THE LAST THREE YEARS

Nil

7.11. VOTING RIGHTS

As per Article 34, Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote except for election of Directors in which case the provisions of Section 159 shall apply. On a poll every member shall have voting rights as laid down in Section 134.

7.12. AUDIT & RISK MANAGEMENT COMMITTEE

To strengthen the integrity of its internal control environment, the Company maintains a dedicated internal audit function staffed by suitably qualified and experienced professionals with strong familiarity with the Company's policies, procedures, and operational processes. The internal audit team operates on a full-time basis and is responsible for providing independent assurance on the effectiveness of internal controls, risk management practices, and governance systems. The internal audit function reports directly to the Board Audit Committee, which consists of 03 ("Three") members, including 02 ("Two") independent directors and 01 ("One") non-executive director. The Committee is chaired by an independent director, ensuring objective oversight in line with applicable corporate governance standards. The Audit Committee comprises the following members:

S. No	Name	Designation
1.	Maheen Rahman	Chairperson
2.	Abdul Samad Dawood	Member
3.	Syed Kashif ul Hassan Shah	Member

7.13. HUMAN RESOURCE, REMUNERATION & SUSTAINABILITY COMMITTEE

The Board of Directors has instituted a structured and robust Human Resources framework to support the Company's operational and strategic objectives. This function is led by highly qualified and experienced professionals possessing in-depth knowledge of the Company's internal policies, governance framework, and applicable labor regulations. The Human Resources team is engaged on a full-time basis and is responsible for the consistent, transparent, and compliant execution of all HR-related functions. Governance and oversight of the Human Resources function are entrusted to the Ethics, Human Resource, Remuneration, and Nominations\ Committee, which comprises the following members:

S. No	Name	Designation
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1	Muhammad Raza Pirbai	Chairperson
2	Muhammad Asif Peer	Member
3	Shamoon Sultan	Member

7.14. POWERS OF DIRECTORS

The business of the company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the company, and may exercise all such powers of the company as are not by the Act or any statutory modification thereof for the time being in force, or by these regulations, required to be exercised by the company in general meeting, subject nevertheless to the provisions of the Act or to any of these regulations, and such regulations being not inconsistent with the aforesaid provisions, as may be prescribed by the company in general meeting but no regulation made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

The amount for the time being remaining undischarged of moneys borrowed or raised by the directors for the purposes of the company (otherwise than by the issue of share capital) shall not at any time, without the sanction of the company in general meeting, exceed the issued share capital of the company.

The directors shall duly comply with the provisions of the Act, or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the registration of the particulars of mortgages, charges and pledge affecting the property of the company or created by it, to the keeping of a register of the directors, and to the sending to the registrar of an annual list of members, and a summary of particulars relating thereto and notice of any consolidation or increase of share capital, or sub-division of shares, and copies of special resolutions and a copy of the register of directors and notifications of any changes therein.

7.15. INDEMNITY AVAILABLE TO DIRECTORS AND OTHER EMPLOYEES OF THE COMPANY

As per Article 90, every officer or agent for the time being of the company may be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, arising out of his dealings in relation to the affairs of the company, except those brought by the company against him, in which judgment is given in his favor or in which he is acquitted, or in connection with any application under section 492 in which relief is granted to him by the Court.

7.16. CORPORATE GOVERNANCE

The Company shall comply with all the rules and regulations applicable to the Company with regards to the Listed Companies (Code of Corporate Governance) Regulation, 2019.



SECTION 8

LEGAL PROCEEDINGS AND OVERDUE LOANS

PROSPECTUS | KHAADI PAKISTAN LIMITED



8. LEGAL PROCEEDINGS AND OVERDUE LOANS

8.1. LEGAL PROCEEDINGS

8.1.1. Civil Litigations

Sr. No.	Year	Title	Brief Case Description	Stage of Case	Amount (PKR Mn)	Management Instance & Current Status
1	2026	Shafaq Amir vs Khaadi Pakistan (SMC-PVT) Ltd	Consumer Complaint filed by Shafaq Amir against Company under Consumer Protection Act KPK.	Final arguments on behalf of the Company have been concluded. Matter is pending for order as of July 22, 2026.	1	Management believes the Company has a strong legal position and is awaiting the decision of the Court.
2	2026	Wajahat Imran vs Khaadi Pakistan (SMC-PVT) Ltd	Former Employee, Wajahat Imran filed proceedings seeking recovery of alleged employment-related dues following termination of employment.	Matter is pending for submission of Company's reply to the application filed under s.15(2) of Punjab Payment of Wages Act, 2014.	1	Management is contesting the claim and believes it has reasonable legal grounds to defend the proceedings. For submission of reply on application in Consumer Court in Lahore.
Total					2	

8.1.2. Labour Litigations

S.No.	Year	Case Title	Brief Case Description	Stage of Case	Claim Amount (PKR Mn)	Management Instance & Current Status
1	2018	Abdul Waheed Versus M/s Khaadi Pakistan Ltd CD/12/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	10	Affidavit in Evidence has been filed
2	2018	Shah Nawaz Versus M/s Khaadi Pakistan Ltd CD/14/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	6	Affidavit in Evidence has been filed

3	2018	Muhammad Ameeruddin Versus M/s Khaadi Pakistan Ltd CD/15/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	4	Affidavit in Evidence has been filed
4	2018	Hameeruddin Versus M/s Khaadi Pakistan Ltd CD/16/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	0.5	Affidavit in Evidence has been filed
5	2018	Haseeb Versus M/s Khaadi Pakistan Ltd CD/17/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	3	Affidavit in Evidence has been filed
6	2018	Iqbaluddin Versus M/s Khaadi Pakistan Ltd CD/18/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Pending for arguments. Later stage evidence will be filed.	0.5	Affidavit in Evidence has been filed
7	2018	Muhammad Zikrul Versus M/s Khaadi Pakistan Ltd CD/19/18	Ex-Employee of service provider (HSRG) claiming dues and made Weaves Pakistan (SMC-Private) Limited as respondent no. 2 in these claims	Affidavit in Evidence for Respondent No. 2.	7	Affidavit in Evidence has been filed
Total					31	

8.1.3. Income Tax

S.No	Case / Notice Description	Tax Year / Period	If Company LOSES (PKR Mn)	If Company WINS (PKR Mn)	Remarks / Current Status
1	TY2017 - Re-initiated proceedings u/s 122(9)/122(5A) (SCN dated 12-Jun-2019) on the amended assessment order dated 30-Jun-2018; CIR(A) had earlier annulled the demand.	TY 2017	6	No cash outflow-	Management expects the matter to be decided in the Company's favour. The CIR(A) has already annulled the amended assessment order passed under Section 122(5A) of the Ordinance for the tax year 2017, thereby setting aside the tax demand of

					Rs. 5,964,699. The department's appeal against this favourable order is pending before the ATIR; based on the merits already upheld by the CIR(A), no material cash outflow is anticipated.
3	(AdCIR)Range-B, Audit-I, Medium Taxpayers' Office (MTO), Karachi also passed Order under section 122(5A) of the Ordinance for the tax year 2018 dated April 22, 2021, levied therein super tax liability under section 4B of the Ordinance amounting to Rs. 157,097,511	TY 2018	157	No cash outflow-	Management expects the outcome to be in the Company's favour. The CIR(A) has already annulled the impugned orders raising a consolidated tax demand of Rs. 1,020,279,330 for the tax year 2018, having held the additions made by the Additional Commissioner Inland Revenue to be unsustainable in law. The department's appeal against this favourable decision is pending before the ATIR; given the strength of the case on merits, no material cash outflow is anticipated at this stage. However, the Company has already provided for the Super tax based on actual taxable income filed by the Company.
4	The AdCIR finalized the impugned order dated March 09 2022, under Section 122(5A) of the Ordinance for the tax year 2016 and drawn adverse inference by making illegal additions and created tax demand of Rs. 4,151,678/- . The Company being aggrieved of the aforesaid Order has instituted an appeal	TY 2016	4	No cash outflow-	Management believes the Company has a strong case on merits and expects the matter to be decided in its favour. The appeal against the AdCIR's order dated March 9, 2022, which created a tax demand of Rs. 4,151,678 for the tax year 2016 based on additions considered unsustainable, is pending adjudication before the CIR(A). Accordingly, no material cash outflow is anticipated.
5	The Constitutional Petition bearing CP No.774/2018 was instituted by the Company before the High Court against levy of Super Tax under Section 4B of the Ordinance amounting to Rs.44,944,699/- . The High Court has concluded the proceedings in favour of the department vide its order dated July 06, 2020. In the light of aforesaid	TY 2017	45	No cash outflow-	The Honourable Sindh High Court has concluded the proceedings in favour of the department, upholding the levy of Super Tax of Rs. 44,944,699 under Section 4B of the Ordinance for the tax year 2017. Management notes that the department may accordingly initiate recovery proceedings for this and subsequent tax years and is monitoring for the formal demand before determining the appropriate course of action,

	decision of the Court, we anticipate that the department may initiate proceedings for recovery of above Super Tax liability for the tax year 2017 and onwards.				including the cash outflow required. However, the Company has already recorded a provision amounting to Rs. 50 million in the historical financial statements
6	Notice to recover Super Tax u/s 4C	TY 2023	99	No cash outflow-	Section 4C of the Ordinance does not apply to the Company at its own level, as the Company has opted to be taxed as part of a fiscal unit under Section 59AA of the Ordinance, with its taxable income, tax chargeable and tax credits assessed and claimed under its holding company, Weaves Holding (SMC-Private) Limited. On this basis, management assesses that the matter will be decided in the Company's favour.
7	161(1A) (Notice to pay tax not deducted / collected) read with section 182(15) and 205(3) of the ITO, 2001 TY-2024, After Two times extension submission reconciliation has been submitted to the department. Normal ITWH reconciliation made and submit to the department	TY 2024	-	-	Management expects this to be a routine withholding-tax monitoring proceeding conducted in the ordinary course of tax administration. The Company has submitted the requisite reconciliation to the department in response to the notice and based on the nature and quantum of the underlying transactions, any resulting cash outflow, if at all, is expected to be nominal.
8	Notice under Rule 44(4) of the Income Tax Rules 2002 TY-2025. After Two times extension submission reconciliation has been submitted to the department. Normal ITWH reconciliation made and submit to the department	TY 2025	-	-	Management expects this to be a routine withholding-tax monitoring proceeding, consistent with the treatment of similar notices in prior tax years. The Company has submitted the requisite reconciliation to the department in response to the notice, and any resulting cash outflow, if at all, is expected to be nominal.
	Total		311		

8.1.4. Sales Tax

S.No	Case / Notice Description	Tax Year / Period	If Company LOSES (PKR Mn)	If Company WINS (Rs.)	Remarks / Current Status
1	Order in Appeal No. 16 dated 13-02-2018. CIR(A) (Appeal) has accepted our appeal. We have filed refund application under section 66 for the refund to the tune for R. 35,751,080/-. The amount of refund claimed has been received by us, However the department has filed an appeal before appellate Tribunal, which is pending for hearing	Jul 2015 - Jun 2017	31	No cash outflow	Management expects the matter to be decided in the Company's favour. The CIR (Appeals) has already accepted the Company's appeal, and the corresponding refund of Rs. 35,751,080 has been received. The department's appeal before the Appellate Tribunal challenges a decision already made in the Company's favour on merits. On this basis, management assesses that the matter will be decided in the Company's favour.
2	Order in Appeal No. 15 dated 13-02-2018. CIR (Appeal) has accepted our appeal. We have filed refund application under section 66 for the refund to the tune for Rs. 43,199,403/-. The amount of refund claimed has been received by us, However the department has filed an appeal before appellate Tribunal, which is pending for hearing	Jul 2015 - Jun 2017	43	No cash outflow	The CIR (Appeals) has already accepted the Company's appeal, and the corresponding refund of Rs. 43,199,403 has been received. The department's appeal before the Appellate Tribunal challenges a decision already made in the Company's favour on merits. On this basis, management assesses that the matter will be decided in the Company's favour.
3	Show cause notice SRB-COM-III/WHT/HKS/2017-18/2458 dated 20-11-2017, challenged via C.P. No. D-445 of 2018 before Sindh High Court. We have challenged the show cause notice vide C.P. No. D445 of 2018 in the Honourable High Court, has passed an interim order and granted STAY against finalization of proceedings.		-	-	The Company has challenged the show cause notice before the Honourable High Court of Sindh through Constitutional Petition No. D-445 of 2018, and the Court has granted an interim stay against finalisation of the proceedings pending adjudication of the petition on its merits. Based on the grounds raised in the petition, management assesses that the matter will be decided in the Company's favour.
4	SCN 145219 dated 17-06-2022 (SRB Karachi). - The Tax Officer partially accepted our submissions; however, he directed to pay Sales tax Withholding for Rs. 103,041,773/- as per Order in	Jul 2019 - Dec 2021	103	No cash outflow	Management believes the matter will be decided in the Company's favour on appeal. Although the Tax Officer partially accepted the Company's submissions, an appeal against the residual demand of Rs. 103,041,773 raised

	Original No. 2294 of 2022 Dated 25-10-2022. We have filled an appeal before Commissioner Appeals SRB against the Order which is pending for hearing				vide Order in Original No. 2294 of 2022 has been filed before the Commissioner (Appeals) SRB and is currently pending adjudication. Management, together with its tax advisors, is confident of a favourable outcome on the merits of the case.
5	Show Cause 2024-205 dated 09-12-2024 / Order in Original 06/06/2024-2025 dated 27-01-2025 - Sales Tax Refund Case Audit conducted by the department to delay the refund procedure and disallowed Input of Rs. 38,706,795, along with Default Surcharge of Rs. 172,082/- and Penalties of Rs. 2,814,518/-. We have filled an appeal for the impugned order and claim that this Should be adjusted with our Refund amount and release the remaining amount asap, However the matter is pending in CIR(A).	Jul 2021 - Jun 2022	42	No cash outflow-	Management believes the matter will be decided in the Company's favour. The disallowance arose during a Sales Tax refund audit; the Company has filed an appeal against the impugned order, contending that the disallowed amount should be adjusted against its outstanding refund entitlement and the balance refund released. The appeal is currently pending before the CIR (Appeals), and management, based on the merits of the case, expects a favourable resolution.
	Total		219		

Summary of Legal Proceedings:

Legal Proceedings	Amount (PKR Mn)
Civil Litigations	2
Labour Litigations	31
Income Tax	311
Sales Tax	219
Total	563

8.2. ACTIONS TAKEN BY PSX AGAINST THE ISSUER OR ASSOCIATED LISTED COMPANIES OF THE ISSUER DURING THE LAST THREE YEARS DUE TO NON-COMPLIANCE OF ITS REGULATIONS

None

8.3. ACTIONS/PENALTIES IMPOSED ON THE ISSUER BY THE COMMISSION DURING THE PAST FIVE YEARS

No action has been taken by the Commission against the Issuer (i.e. Khaadi Pakistan Limited) or its associated companies over which the Issuer has control.

8.4. OVERDUE LOANS

There are no overdue loans (local or foreign currency) on the Company, its Sponsors and promoters, substantial shareholders, directors and associated group companies. The Company, its CEO, its directors and its sponsors, under the oath, undertake that they have no overdue payment to any financial institutions.



SECTION 9

UNDERWRITING ARRANGEMENT,
COMMISSIONS, BROKERAGE AND OTHER
EXPENSES

PROSPECTUS | KHAADI PAKISTAN LIMITED



9. UNDERWRITING ARRANGEMENT, COMMISSIONS, BROKERAGE AND OTHER EXPENSES

9.1. UNDERWRITING

S. No	Name(s) of Underwriters	Number of Shares Underwritten	Amount Underwritten (at Floor)	Amount Underwritten (at Cap)
1.	Askari Bank	24,999,000	309,987,600	449,982,000
2.	Munir Khanani Securities	22,223,000	275,565,200	400,014,000
3.	MRA Securities	11,111,000	137,776,400	199,998,000
4.	Ismail Iqbal Securities	8,333,000	103,329,200	149,994,000
5.	Arif Habib Limited	4,167,000	51,670,800	75,006,000
6.	Zahid Latif Khan Securities	4,167,000	51,670,800	75,006,000
Total		75,000,000	930,000,000	1,350,000,000

9.2. OPINION OF THE DIRECTORS REGARDING RESOURCES OF THE UNDERWRITERS

In the opinion of the Directors of Khaadi Pakistan Limited, the resources of the Underwriters are sufficient to discharge their underwriting commitments.

9.3. RATE OF UNDERWRITING AND TAKE-UP COMMISSION

S. No	Underwriters	Rate of Underwriting (%)	Take up Commission (%)
1.	Askari Bank	0.70%	0%
2.	Munir Khanani Securities		
3.	MRA Securities		
4.	Ismail Iqbal Securities		
5.	Arif Habib Limited		
6.	Zahid Latif Khan Securities		

9.4. STATEMENT ABOUT NON-EXECUTION OF ANY BUY-BACK, OR REPURCHASE AGREEMENT BETWEEN THE UNDERWRITERS OR THEIR ASSOCIATES AND THE ISSUER OR ITS ASSOCIATES

The underwriters nor any of their associates have entered into any buyback or repurchase agreement with the issuers or any other person in respect of this issue.

Also, neither the Offerors nor any of their associates have entered into any buy-back/repurchase agreement with the underwriters or their associates. The Offerors and their associates shall not buyback/repurchase shares from the underwriters and their associates

9.5. FEES AND EXPENSES FOR CENTRALIZED E-IPO SYSTEM (CES)

Commission on applications received through PES and CES will be paid to PSX and CDC, which shall be not more than 0.80% of the total applications. PSX and CDC will share the fee with other participants of the e-IPO system at a ratio agreed amongst them.

9.6. RATE OF BROKERAGE COMMISSION

The Issuer will pay brokerage to the TRE Certificate Holder of PSX at the rate of 1.00% of the value of on successful applications. No brokerage shall be payable in respect of shares taken up by the underwriter by virtue of their underwriting commitment

9.7. ESTIMATED EXPENSES OF THE ISSUE

Expenses to the Issue are estimated not to exceed **PKR 109 Mn**. The break-up of these preliminary expenses is given below:

Particulars	Rate	Expense (PKR)
Lead Manager Fees	2.00%	62,000,000
TREC Holders Commission**	1.00%	21,700,000
Underwriting Commission	0.70% of the General Public Portion	6,510,000
Centralized E-IPO Charges	0.80% of the General Public Portion	7,440,000
Advertising, Printing and Publishing of Prospectus	Fixed	2,000,000
PSX Initial Listing fee	0.1% of Paid up capital Capped at PKR 2.2 Mn	312,500
Share Registrar, Transfer Agent and Balloting Agent	Fixed	1,000,000
CDC Fresh Issue fee	0.144% of issue size	4,464,000
CDC Annual Eligibility Fee	Fixed based on Post-IPO Paid Up Capital	400,000
SECP Supervisory fee	10.00% of PSX Initial Listing Fee	31,250
SECP IPO Application Processing fee	Fixed	200,000
PSX Book Building Software	Fixed	1,250,000
Miscellaneous Expenses	Fixed	1,000,000
Total		108,307,750

*All fees are based on the Floor price and are subject to change with the strike price.

**TREC commission is only applicable on the book building portion i.e 70% of the IPO size.



SECTION 10

MISCELLANEOUS INFORMATION

PROSPECTUS | KHAADI PAKISTAN LIMITED



10. MISCELLANEOUS INFORMATION

10.1. REGISTERED OFFICE / CORPORATE OFFICE

Office: 22nd Floor Sky Tower B - East Wing, Dolmen City, Block 4, Marine Drive Clifton, Karachi.

Contact No: 021-111-KHAADI (542-234)

Email: investor.relations@khaadipakistan.com

Website: <https://www.khaadipakistan.com>

10.2. BANKERS TO THE COMPANY

The Bankers to the Company are mentioned below in alphabetical order.

S. No.	Name	Address	Contact Person	Email	Contact No.
1	Al-Baraka Bank (Pakistan) Limited	Head Office	Salman Yousuf	salman.yousuf@albaraka.com.pk	0321-2401511
2	Allied Bank Limited	Regional Office	Adeel Hanif Siddiqi	Adeel.Hanif@abl.com	0321-2007688
3	Askari Bank Limited	Regional Office	Marya Qureshi	marya.gureshi@askaribank.com.pk	0334-3597865
4	Bank Al Falah Limited	Head Office	Shameer Fazeel	shameer.fazeel@bankalfalah.com	0320-8292222
5	Bank Islami Pakistan Limited	Head Office	Sania Haroon	sania.haroon@bipl.io	0323-2188654
6	Dubai Islamic Bank Limited	Head Office	Usman Uddin Khan	usman.kh@dibpak.com	0300-2514393
7	Faysal Bank Limited	Head Office	Alishah Dhanjee	AliShah@faysalbank.com	0331-2635393
8	Habib Bank Limited	Head Office	Avinash Parshotam	avinash.parshotam@hbl.com	0333-3410996
9	Meezan Bank Limited	Head Office	Ahmed Bin Saleh	Ahmed.Saleh@meezanbank.com	0301-8723369
10	National Bank Pakistan	Head Office	Furqan Ahmed	furqan.ahmed02@nbp.com.pk	0333-7534255
11	PAIR Investment Company Limited	Head Office	Saad Jameel Farooqui	saad.farooqui@pairinvestment.com	0345-7333113
12	SAPICO	Regional Office	Muhammad Asad Khan	asad.khan@saudipak.com	021-111222003
13	The Bank of Khyber	Regional Office	Talha Baig	talha.baig@bok.com.pk	0332-3503750
14	The Bank of Punjab	Corporate Office	Ayesha Shams	ayesha.shams@bop.com.pk	0321-9900201

10.3. AUDITOR OF THE COMPANY

Name: Yousuf Adil – Chartered Accountants

Address: Cavish Court A-35 Block 7& 8 KCHSU, Shahrah-e-Faisal, Karachi-7350 Pakistan.

Name of Engagement Partner: Arif Nazeer

Email: arifnazeer@yousufadil.com

Phone: 0336-2551666

10.4. LEGAL COUNSEL OF THE COMPANY

Name: Sumera Hasan Rana

Address: 22/F Sky Tower B - East Wing, Dolmen City, Block 4, Marine Drive Clifton, Karachi.

Website: <https://www.khaadipakistan.com>

Email: sumera.rana@weaves.com

Phone: +92 21 111 KHAADI (542 234)

10.5. COMPUTER BALLOTTERS & SHARE REGISTRAR

Name: CDC Share Registrar Services Limited

Address: CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi.

Phone: 0800-23275

Email: umair_khan@cdcsrsl.com

Website: www.cdcsrsl.com

10.6. CONSULTANT TO THE ISSUE

Name: Arif Habib Limited

Address: Arif Habib Center

23, MT Khan Road, Karachi

Tel: 021-3828 0273, 021-3828 0290

Fax: 021-3243 3542

Email: harris.rehman@arifhabibltd.com

Website: www.arifhabibltd.com

10.7. Eligible Participants

All Eligible participants including securities brokers, mutual funds, scheduled banks, and development finance institutions that are clearing member of NCCPL. Provided that Trading Only Securities Broker shall also be eligible to act as Eligible Participant for Book Building.



SECTION 11

MATERIAL CONTRACTS

PROSPECTUS | KHAADI PAKISTAN LIMITED



11. MATERIAL CONTRACTS

11.1 DETAILS OF SHORT-TERM FINANCING FACILITIES (FUNDED AND NON-FUNDED)

Bank	Facility	Limit	Utilization as of August 01, 2026	Mark-up Commission	Date Sanctioned	Expiry / Review Date
		(PKR millions)				
Al Baraka Bank Pakistan Limited	Running Musharakah	500	0	3MK+0.5%	August 27, 2025	October 30, 2026
	Running Musharakah (Under EXIM Bank IERF I & II) (Sublimit of RM)	500		SBP Rate		
	LC-Sight (Local/Foreign) (Sublimit of RM)	500		0.10% Flat		
	LC-Usance (Local/Foreign) (Sublimit of RM)	500	323			
	Acceptances (Local/Foreign) (Sublimit of RM)	500	0			
	LC-Deferred Payment (Local/Foreign) (Sublimit of RM)	500	0			
	Running Musharakah (Under FE-25) (Sublimit of RM)	500	174	5.5%	July 8, 2026	
Askari Bank Limited	Running Finance	200	163	3MK+0.5%	October 31, 2026	October 30, 2027
Bank Alfalah Limited	LC Sight	2,000	0	0.20% PQ	May 27, 2025	November 30, 2026
	Inland LC Usance (Sublimit of LC Sight)	2,000		0.20% PQ		
	Deferred Payment LC (Sublimit of LC Sight)	2,000	1,197	0.20% PQ		
	LC Usance (Sublimit of LC Sight)	2,000	0	0.20% PQ		
	Acceptance against Inland LC (Sublimit of LC Sight)	2,000		NIL		
	Acceptance against Foreign DPLC (Sublimit of LC Sight)	2,000		NIL		
	Acceptance against Foreign LC (Sublimit of LC Sight)	2,000		NIL		
	Short Term Finance (Sublimit of LC Sight)	2,000		1MK+1.25%		
	Current Finance (Hypo) (Sublimit of LC Sight)	500		1MK+1.25%		
	Corporate Credit Card (Sublimit of LC Sight)	10		As per SOC		
Bank of Khyber	LC Sight Local & Foreign	500		0	0.10% PQ	December 2, 2025
	LC Usance Local & Foreign (Sublimit of LC Sight)	500	479	0.10% PQ		
	Trade Musharakah (Sublimit of LC Sight)	500	0	3MK+0.50%		

Bank of Punjab	LC Sight/Usance Local	300	193	0.075% PQ	September 24, 2025	October 30, 2026
Dubai Islamic Bank Pakistan Limited	LC – Usance/Deferred (Inland/Foreign)	250	0	0.15% PQ	June 23, 2026	March 31, 2027
	LC – Acceptance/Deferred Payment (Inland/Foreign) (Sublimit of LC Usance)	250	146	0.05% PQ		
	LC – Sight (Inland/Foreign) Sublimit of LC Usance)	50	0	0.15% PQ		
	Running Musharakah (Sublimit of LC Usance)	250		1MK+1%		
	Shipping Guarantee (Sublimit of LC Usance)	100		As per SOC		
Faysal Bank Limited	Running Musharakah (RM)	1,500	489	3MK+0.45%	May 25, 2026	May 31, 2027
	Running Musharakah STF up to 180 days (Sublimit of RM)	1,500	0	TBD		
	LC – Sight/Usance (Sublimit of RM)	1,500		0.03% Flat		
	Running Musharakah STF Under FE-25 up to 180 days (Sublimit of RM)	1,500	0	TBD		
Habib Bank Limited	Running Finance	500	445	3MK+0.5%	October 28, 2025	October 30, 2026
	Short Term Advance Facility (STA)	500	493	3MK+0.5%		
Saudi Pak Ind. & Agr. Inv. Co. Ltd.	Short Term Finance Facility on Revolving Basis	500	0	6MK+0.5%	July 16, 2025	June 30, 2026 Renewal in Process
Meezan Bank Limited	Istisna /Tijarah/ Salam/ Musawammah (Local/Import)	1,000	0	3MK+0.5%	October 20, 2025	October 31, 2026
	Sight LC Local & Usance LC (Local/Import) (Sublimit of Istisna)	1,000	12	0.9% for first quarter & 0.45% for subsequent quarters		
	Ijarah Non-Commercial Vehicle	5.579	5.579	3MK+2%		

11.2 DETAILS OF LONG-TERM FINANCING FACILITIES

Bank	Facility	Limit (PKR millions)	Utilization as of July 27, 2026	Mark-up Commission	Date Sanctioned	Expiry Date
Al Baraka Bank Pakistan Limited	Diminishing Musharakah	500	500	3MK+1%	August 27, 2025	August 31, 2032
Askari Bank Limited	Term Loan	1,500	1,500	3MK+1%	June 28, 2024	July 31, 2029
Bank of Khyber	Commercial Diminishing Musharakah	400	400	3MK+1%	May 7, 2025	June 30, 2032

Faysal Bank Limited	Diminishing Musharakah	300	300	3MK+1%	January 27, 2025	June 30, 2032
Habib Bank Limited	Term Loan - I	1,000	1,000	3MK+1%	June 24, 2024	September 30, 2031
Habib Bank Limited	Term Loan – II	500	500	3MK+1%	October 28, 2025	January 31, 2033
Meezan Bank Limited	Diminishing Musharakah	500	500	3MK+1%	October 20, 2025	December 31, 2032
	Diminishing Musharakah	500	500	3MK+1%	October 20, 2025	December 31, 2032
	Running Musharakah	1,000	1,000	3MK+0.5%	December 31, 2025	June 30, 2027
PAIR Investment Company Limited	Term Loan	300	300	3MK+1%	April 10, 2025	May 30, 2032

11.3 LOGISTICS CONTRACTS

Sr. No	Name	Country of Origin	Goods / Services Procured	Formal Agreement (Yes / No)	Date of Contract	Date of Expiry	Supply / Services	Nature of Service
1	M/s. TRAX (PVT) LIMITED	Pakistan	Transportation Services (Warehouse to Store / Store to Store)	Yes	August 1, 2026	August 1, 2028	Transportation Services	Freight
2	M/s. LEOPARD COURIER SERVICES (Private) Limited	Pakistan	Transportation Services (Warehouse to Store / Store to Store)	Yes	October 1, 2026	October 1, 2028	Transportation Services	Freight
3	FAZAL WAHID GOODS TRANSPORT	Pakistan	Transportation Services (FTL / Warehouse to Store / Store to Store)	Yes	August 1, 2026	August 1, 2028	Transportation Services	Freight
4	M/s. LASANI	Pakistan	Transportation Services (Warehouse to Store / Store to Store)	Yes	July 1, 2026	July 1, 2028	Transportation Services	Freight
7	WHEELZ LOGISTICS	Pakistan	Transportation Services (Warehouse to Store / Store to Store)	Yes	July 1, 2026	July 1, 2028	Transportation Services	Freight

11.4 INSURANCE POLICY

Sr. No	Name	Policy Nature	Period Expiry
1	Askari	Fire & Allied, Marine, Terrorism, Cash, Public	June 30, 2027

		Liability, Product Liability, and Fidelity	
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11.5 CAPITAL EXPENDITURE

Sr. No	Supplier / Vendor	Country of Origin	Goods / Services Procured	Formal Agreement (Yes / No)	Date of Contract	Date of Expiry	Supply / Services	Project
1	IK Associates	Pakistan	Civil ID and MEP Works	Yes	June 11, 2026	October 28, 2026	Construction Services	Centaurus Mall, Isd.
2	MY Interiors	Pakistan	Civil ID and MEP Works	Yes	August 3, 2026	January 26, 2027	Construction Services	Gujranwala

11.6 BRAND USAGE AGREEMENT

Sr. No	Counter Party	Country of Origin	Goods / Services Procured	Formal Agreement (Yes / No)	Date of Contract	Date of Expiry	Supply / Services	Project
1	WEAVES CORPORATION LIMITED	Pakistan	Exclusive, and irrevocable right to use the Trademarks for an indefinite period	Yes	December 31, 2025	na	Intangible Assets	Khaadi Pakistan

11.7 INTERCOMPANY AGREEMENTS

Sr. No	Counter Party	Country of Origin	Goods / Services Procured	Formal Agreement (Yes / No)	Date of Contract	Date of Expiry	Supply / Services	Project
1	WEAVES PROPERTIES (SMC-PRIVATE) LIMITED	Pakistan	Sub-lease of premises / property services	Yes	January 1, 2026	December 31, 2026	Services	Weaves Pakistan premises sub-lease
2	WEAVES F&B PAKISTAN (SMC-PRIVATE) LIMITED	Pakistan	Sub-lease of premises for Kafe / Kanteen operations	Yes	January 1, 2026	December 31, 2026	Services	Home Café
3	WEAVES CORPORATION LIMITED	Pakistan	Business support services (strategy, finance, HR, supply chain, marketing, design, legal, IT, merchandising, logistics and operational support)	Yes	January 1, 2026	December 31, 2026	Services	Intercompany business support services for Weaves Pakistan / Khaadi Business

SUPPLIERS & VENDORS

Vendor	Goods / Service Procured	Formal Agreement (Yes / No)	Long-term or short-term agreement	Date of Agreement	Duration
Texmark (Pvt) Limited	Supplies of "RTW", unstitched fabric, fabric catalogue products, Cut Make Trim services for different Products, miscellaneous supplies/ services with or without any value addition	Yes	Long	1 st April 2024	The agreement shall remain in force except if terminated by either party by giving 3 months prior notice.

11.8 INSPECTION OF DOCUMENTS AND CONTRACTS

Documents relating to the Issuer (i.e. Khaadi Pakistan Limited) and the issue, including copies of all agreements, contracts and reports referred to in the prospectus, will be made available for inspection at the registered office of the company at 22/F Sky Tower B - East Wing, Dolmen City, Block 4, Marine Drive Clifton, Karachi, Pakistan, during usual business hours from the date of publication of this prospectus till the closing of subscription list.

11.9 MEMORANDUM OF ASSOCIATION

The Memorandum of Association, inter alia, contains the objects for which the Company was incorporated and the business which the Company is authorized to undertake. A copy of the Memorandum of Association is annexed to this Prospectus and with every issue of the Prospectus except the one that is released in newspapers as advertisement. The financial year of the Issuer commences on January 1st and ends on December 31st.



SECTION 12

**BOOK BUILDING PROCEDURE /
INSTRUCTIONS FOR REGISTRATION AND
BIDDING**

PROSPECTUS | KHAADI PAKISTAN LIMITED



12. BOOK BUILDING PROCEDURE/INSTRUCTIONS FOR REGISTRATION AND BIDDING

12.1. IN CASE OF ISSUE THROUGH BOOK BUILDING, INFORMATION NEEDED TO BE DISCLOSED I.E. NUMBER OF SHARES ALLOCATED UNDER THE BOOK BUILDING PORTION AND RETAIL PORTION, FLOOR PRICE AND THE PRICE BAND

The Issue comprises 500 Mn Ordinary Shares of face value worth PKR 0.125/- each, which constitutes 20% of the Post-IPO Paid Up Capital of the Company.

Out of the 500 Mn Ordinary Shares, 250 Mn shares will be offered through Pre-IPO at a floor price of PKR 12.40/- per share with a price band of 22.58% above the floor price i.e. PKR 15.20/-. Shares will be issued to the Pre-IPO investors at a price equal to the average of the floor price and the IPO strike price.

Of the IPO Issue of 250 Mn Ordinary Shares, seventy percent (70%) of the issue i.e. 175 Mn shares will be offered through the Book Building process at a Floor Price of PKR 12.4/- per share with a price band of 45.16% above the floor price i.e. PKR 18.00/-.

The bidders shall be allowed to place bids for seventy percent (70%) of the Issue size and the Strike Price shall be the price at which seventy percent (70%) of the Issue is subscribed. The remaining 30% of the issue i.e. 75 Mn shares will be offered to retail investors. The retail portion will be fully underwritten with Askari Bank Limited, MRA securities, Munir Khanani Securities, Ismail Iqbal Securities, Arif Habib Limited and Zahid Latif Khan Securities acting as the underwriters to the issue.

Unsubscribed shares, if any, of the retail (General Subscription) portion will be taken up by the underwriters to the issue.

Within 1 working days of the closing of the Bidding Period, a Supplement to the Prospectus will be published in at least all those newspapers in which the Prospectus is published. The Supplement will contain information related to the Strike Price, the Offer Price, names of the underwriters of the retail portion, underwriting commission bifurcating as take up commission or any other, dates of the Public Subscription, and category wise break-up of the Successful Bidders. Format of the Supplement is given on page 3 of this Prospectus.

12.2. Types of Bids and Procedure for making a Bid

Book Building is a process whereby investors bid for a specific number of shares at various prices. The Issuer set a Floor Price, which is the minimum / lowest price a Bidder can bid at. An order book of bids is maintained by the Designated Institution, which is then used to determine the Strike Price through the “**Dutch Auction Method**”.

Under the Dutch Auction Method, the Strike Price is determined by lowering the Bid Price to the extent that the total number of shares issued through the Book Building process are subscribed.

A bid by a Bidder can be a “**Limit Bid**”, or a “**Step Bid**”, each of which are explained below:

Limit Bid: Limit bid is at the Limit Price, which is the maximum price a Bidder is willing to pay for a specified number of shares. The amount of any individual limit bid shall not be less than PKR. 2,000,000.

In such a case, a Bidder explicitly states a price at which he / she / it is willing to subscribe to a specific number of shares. For instance, a Bidder may bid for 1 Mn shares at PKR 12.40/- per share, based on which the total Application Money would amount to PKR 12.40 Mn. In this case the Bid Amount will be also be PKR 12.40 Mn. Since the Bidder has placed a Limit Bid of PKR 12.40/- per share, this indicates that he / she / it is willing to subscribe the shares at a price up to PKR 12.40/- per share.

Step Bid: A series of Limit Bids at increasing prices. The amount of any individual step shall not be less than PKR. 2,000,000.

Under this bidding strategy, Bidders place a number of Limit Bids at different increasing price levels. A Bidder may, for instance, make a bid for 5 Mn shares at PKR 12.40 per share, 3 Mn shares at PKR 13.00 per share and 2 Mn shares at PKR 13.50 per share. Therefore, in essence the Bidder has placed one Step Bid comprising of three Limit Bids at increasing prices. The Application Money would amount to PKR 128 Mn, which is the sum of the products of the number of shares Bid for and the Bid price of each Limit Bid. In such a case, Eligible Participant shall collect advance/margin money against bids based on their own risk assessment

criteria and shall be responsible to NCCPL for providing payments in lieu of accepted bids for their proprietary and investor accounts.

RESTRICTIONS:

(i) AN ELIGIBLE INVESTOR SHALL NOT:

- (a) MAKE BID BELOW THE FLOOR PRICE AND ABOVE THE UPPER LIMIT OF THE PRICE BAND;
- (b) MAKE BID FOR MORE THAN 10% OF THE SHARES ALLOCATED UNDER THE BOOK BUILDING PORTION
- (c) MAKE A BID WITH A PRICE VARIATION OF MORE THAN 10% OF THE PREVAILING INDICATIVE STRIKE PRICE AS PER REGULATION 10(2)(iii) OF THE PO REGULATIONS
- (d) PLACE CONSOLIDATED BID
- (e) MAKE MORE THAN ONE BID SEVERALLY OR JOINTLY
- (f) MAKE DOWNWARD REVISION BOTH IN TERMS OF BID PRICE AND BID VOLUME; PROVIDED THAT INCASE OF UPWARD REVISION OF THE BID PRICE, THE NUMBER OF SHARES BID FOR I.E. BID VOLUME MAY BE ADJUSTED ENSURING THAT THE BID AMOUNT OR BID MONEY REMAINS THE SAME; AND
- (g) WITHDRAW BID

(ii) IT IS THE RESPONSIBILITY OF THE JOINT CONSULTANTS TO THE ISSUE TO ENSURE IMPLEMENTATION OF THE FOLLOWING RESTRICTIONS BY INCORPORATING RELEVANT UINS / CUINS IN THE PSX BOOK BUILDING SYSTEM:

- a. The associates of the Issuer as disclosed in the Prospectus shall not in aggregate make bids in excess of ten percent of the securities offered through Book Building.
- b. The associates of the Consultant to the Issue shall not in aggregate make bids in excess of ten percent of the securities offered through Book Building.

Provided that it shall not apply to such associates of the Consultant to the Issue that are Financial Institutions, Mutual Funds and Insurance Companies.

- (iii) RELATED EMPLOYEES (I.E. EMPLOYEES OF THE ISSUER, THE OFFEROR, THE UNDERWRITERS, AND THE CONSULTANTS TO THE ISSUE, WHO ARE INVOLVED IN THE ISSUE OR THE OFFER FOR SALE) ARE NOT ELIGIBLE TO PARTICIPATE IN THE BIDDING.**
- (iv) NO PERSON SHALL TAKE PART IN THE BOOK BUILDING PROCESS, DIRECTLY OR INDIRECTLY SEVERALLY OR JOINTLY IN ANY MANNER OR ENGAGE IN ANY ACT OR PRACTICE WHICH CREATE A FALSE AND MISLEADING APPEARANCE OF ACTIVE BIDDING FOR RAISING OR DEPRESSING STRIKE PRICE IN THE BOOK BUILDING PROCESS.**
- (v) AS PER REGULATION 7(8) OF THE PO REGULATION, THE ASSOCIATES OF THE ISSUER AS DISCLOSED IN THE PROSPECTUS SHALL NOT IN AGGREGATE MAKE BIDS IN EXCESS OF TEN (10) PER CENT OF THE SHARES OFFERED THROUGH BOOK BUILDING.**
- (vi) AS PER REGULATION 7(9) OF THE PO REGULATIONS, THE ASSOCIATES OF THE CONSULTANT TO THE ISSUE TO THE ISSUE SHALL NOT IN AGGREGATE MAKE BIDS IN EXCESS OF TEN (10) PERCENT OF THE SHARES OFFERED THROUGH BOOK BUILDING. PROVIDED THAT IT SHALL NOT APPLY TO SUCH ASSOCIATES OF THE CONSULTANT TO THE ISSUE THAT ARE FINANCIAL INSTITUTIONS, MUTUAL FUNDS AND INSURANCE COMPANIES.**

LIST OF ASSOCIATED COMPANIES AND UNDERTAKINGS OF THE ISSUER, NAMES OF RELATED EMPLOYEES OF THE ISSUER AND CONSULTANT TO THE ISSUE ARE PROVIDED IN SECTION 3A (vi).

Once the Bidding Period has lapsed and the book has been built, the, Strike Price shall be determined on the basis of Dutch Auction Method.

Successful Bidders shall be intimated, within one (1) working day of the closing of the Bidding Period, about the Strike Price and the number of shares provisionally allotted to each of them. Upon conclusion of Book Building and determination of successful bidders, NCCPL will commence its pay and collect process one working day after

the close of the bidding period, by debiting the settling bank accounts of Eligible Participants. If there is any shortfall in payments due to failure to meet commitments, NCCPL will initiate its shortfall management process as per the Joint Procedures. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of Eligible Participants one working day after the close of the bidding period within banking hours.

As per PO Regulations, the successful bidders shall be issued shares at the time of issuance of shares to the retail investors. Shares to successful bidders shall be issued only in the form of book-entry through credit in their respective CDS accounts (Investors Account or Sub-Account). All the bidders shall, therefore, provide number of their CDS accounts in the bid application.

The Bidders must provide the bank account details in their Bidding form, so that cash dividend can be credited into their respective International Bank Account Number (IBAN).

12.3. Time Frame for Intimation to the Successful Bidders and Mechanism for Payment of the Balance Amount by the Successful Bidders

At the end of bidding period, successful bidders and their Eligible Participants shall be notified by the Book Building System via their registered email that their bids are accepted and such bidders are required to arrange settlement with NCCPL at B+1 (one day after the end of the bidding) within designated time specified in the Joint Procedures.

Upon conclusion of Book Building and determination of successful bidders, NCCPL will commence its pay and collect process at B+1 by debiting the settling bank accounts of Eligible Participants. If there is any shortfall in payments due to failure to meet commitments, NCCPL will initiate its shortfall management process as per the Joint Procedures.

12.4. NCSS Designated Time Schedule for Book Building

Activity ¹⁰⁸		Start Time:	End Time:
Monday to Friday	Advance/ Collection of Margin Money against bid amount from bidders one day before the start of bidding (B-1)	9:00 AM	16:30 PM
	Increase in the bid amount during bidding period subject to deposit of additional margin money by existing bidder	9:00 AM	16:30 PM
	Margin collection during the bidding period for the registration of new bidders	9:00 AM	16:30 PM
	Final collection from bank account of successful bidders (B+1)	9:00 AM	12:00 PM
	Refund/ Release the advance amount/margin money of Eligible Participants against unsuccessful bids (B+1)	9:00 AM	12:00 PM

12.5. Eligible Participant(s) for Book Building:

All Eligible Participants including securities brokers, mutual funds, scheduled banks, and development finance institutions that are clearing members of NCCPL.

Functions of the Eligible Participant as per PSX and NCCPL Joint Procedures for Book Building:

- Eligible Participants shall establish bidding accounts in the PSX Book Building System for proprietary participation.

¹⁰⁸ Joint Procedures, Nov 07, 2025, Annexure – A: NCSS Designated Time Schedule (DTS) for book building

- ii. Eligible participants shall register bidders and create accounts for the bidders to participate in the bidding.
- iii. Eligible Participants that are Banks, Mutual Funds and DFIs can only create bidding account for proprietary participation and cannot on board/register bidders or create bidding account of the bidders for participation in the bidding. A bank and DFI may however onboard/register bidders only in case such bank or DFI is acting as CTI in the public offering transaction. For Trading Only Broker and their clients, the user bidding account must be created through the Professional Clearing Member — PCM (EClear Services Limited).
- iv. Eligible Participant shall collect advance amount/margin money against bids from the bidders.

12.6. Name of the Designated Institution and its Roles and Responsibilities:

PSX being the Designated Institution, shall ensure that Book Building System shall smoothly perform following functions:

- I. record name, Unique Identification Number (UIN), National Tax Number (NTN), postal and email addresses, land line and cell numbers, bank account Number and branch address and Investor Account Number or Sub-Account Number of the bidder with participant account number;
- II. provide a mechanism for registration of the bidders before commencement of the bidding period till 03:00 p.m. on the last day of the Bidding Period and require the investors to provide at least such information as mentioned in para (i) above;
- III. generate bidders' Internet Protocol (IPs) address and keep record of all IP addresses from where the bids are placed;
- IV. record the number of shares bid for, the Bid Price, type of the bid i.e. Limit Bid or Step Bid, date and time of the entry of the bid;
- V. display the bids revised, and date and time of upward revision;
- VI. neither allow withdrawal of bid, nor accept the bids placed at a Bid Price that is below the Floor Price or above the upper limit of the Price Band;
- VII. display live the total number of shares offered for sale, the Floor Price, Price Band, total number of bids received, total number of shares bid for and indicative Strike Price;
- VIII. build an order book showing demand for the shares at various price levels in a descending order along with the accumulated number of shares bid for and percentage of total shares offered under the Book Building Portion;
- IX. discover the strike price at the close of the Bidding Period;
- X. generate alerts for the Bidders via Short Message Service through cell phones and emails upon entry of the bid, at the time of upward revision of the bid, and upon discovery of the strike price; and
- XI. ensure that system must provide the bidders the option to revise their bids during the period permitted under these Regulations;

The Designated Institution shall ensure that:

- identity of the bidder is not displayed; and
- no bid is entered into the System after closing of the Bidding Period.

12.7. Roles and Responsibilities of the Issuer:

The Issuer shall ensure that:

- 1. The Issuer, its Sponsors, promoters, substantial shareholders, directors and associates shall have no over dues or defaults, irrespective of the amount., appearing in the report obtained from the credit information bureau;
- 2. The Issuer or its directors, Sponsors or substantial shareholders should not have held the office of the directors, or have not been Sponsors or substantial shareholders in any company:
 - I. which had been declared defaulter by the securities exchange or futures exchange; or
 - II. whose TRE certificate has been cancelled or forfeited by the securities exchange; or
 - III. which has been de-listed by the securities exchange due to non-compliance of its regulations.

3. The Consultant to the Issue, Underwriters, Balloter and Share Registrar, are appointed through separate agreements in writing.
4. It has submitted through its Consultant to the Issue, an application along with draft prospectus for listing of its securities to the PSX.
5. The shares shall be issued in book-entry form only.

12.8. Opening and Closing of the Registration Period

The Registration period shall be for **Five (5) working days** as under:

REGISTRATION PERIOD	
[.]	9:00am to 5:00pm
[.]	9:00am to 5:00pm
[.]	9:00am to 5:00pm
[.]	9:00am to 5:00pm
[.]	9:00am to 3:00pm

12.9. Opening and Closing of the Bidding Period

The Bidding Period shall be for **Two (2) working days** as under:

BIDDING PROCESS STARTS ON	[.]
BIDDING PROCESS ENDS ON	[.]

12.10. Eligibility to Participate in Bidding

Eligible Investors who can place their bids in the Book Building process include local and foreign Individual and Institutional Investors whose Bid Amount is not less than PKR 2,000,000/- (PKR Two Million only).

12.11. Information for Bidders

1. The Prospectus for Issue of Shares has been approved by PSX and SECP.
2. The Prospectus can be obtained from the Registered Office of Khaadi Pakistan Limited, and AHL (CTI). Prospectus, Registration Forms and Bidding Forms can also be downloaded from the following websites of the Consultant to the Issue, PSX and the Company i.e. <http://www.arifhabibltd.com>, <http://www.psx.com.pk>, and <https://www.khaadipakistan.com>.
3. Eligible Investors who are interested to participate in bidding for subscribing the Ordinary Shares of the Company should approach the Eligible Participants at the for registration for submitting their Bids.
4. REGISTERED INVESTORS CAN PLACE AND REVISE THEIR BIDS UPWARDS BY ACCESSING THE DESIGNATED INSTITUTIONS ONLINE PORTAL FOR BOOK BUILDING BY USING THE USER ID AND PASSWORD COMMUNICATED TO THEM VIA EMAIL BY PSX.

12.12. Procedure for Registration

1. All Eligible Participants shall be required to get registered with the Designated Institution i.e. PSX.
2. For registration purposes, each Eligible Participant shall submit an Expression of Interest for participation in the Book Building.
3. In order to commence registration, PSX shall issue a public notice regarding the book building at least three (3) working days before the bidding period (B-3). The notice shall cover the Issuer Name, Issue size, Floor Price, Price Band, Registration Dates, Bidding Dates along with the salient features of the Issue.
4. Eligible Participant shall be required to register itself with the NCCPL. In order to register, Eligible Participant shall submit an interest to the NCCPL for participation in the book building being conducted by the Book Building System of PSX. Registration would be a one-time process and would not be required before each new book building transaction.
5. Upon registration, PSX will configure its Book Building System by creating Eligible Participant. Once the Eligible Participant is created, credentials such as participant ID, PIN and password will be transmitted by

the Book Building System to the authorized person of Eligible Participants at their registered email addresses and designated mobile numbers.

6. The Designated Institution and NCCPL shall jointly develop and notify the detailed procedures covering the operational and procedural requirements for Book Building, after obtaining prior approval from the Commission.
7. The Issuer shall publish the Prospectus at least one (1) day prior to the commencement of bidder registration.
8. The bidding process shall be conducted electronically through the Book Building System in a fair, efficient, and transparent manner.
9. The registration of bidders by the Eligible Participants shall commence at least three (3) working days prior to the start of the bidding period and shall remain open until 3:00 p.m. on the last day of the bidding period.
10. The bidding period shall remain open for at least two (2) working days.
11. The bidding shall commence from 09:00 a.m. and close at 05:00 p.m. during the Bidding Period.
12. The bidders can revise the bids till 05:00 p.m. on the last day of the Bidding Period.
13. The Eligible Participant shall register bidders, including both individual and institutional investors, and create user bidding accounts for them. The Eligible Participant may also create bidding accounts for proprietary participation.
14. The creation of a user bidding account shall require minimum information such as the bidder's name, bid amount, UIN/CNIC, incorporation number or CUIN (where applicable), contact details, CDC sub-account or investor account number, and IBAN. An IPO Facilitation Account may be used if the bidder does not have a CDC sub-account or investor account. All such details shall be captured by the Eligible Participant at the time of registration.
15. Bidders can opt for disclosed or undisclosed bidding at the time of registration. In the case of disclosed bidding, bids shall be placed by the Eligible Participant, and in the case of undisclosed bidding, bids shall be placed directly by the bidder.

Explanation:

- In the case of disclosed bidding, the bidder shall convey the bid amount and bid price (profit rate/spread) to the Eligible Participant for entry into the Book Building System.
 - In the case of undisclosed bidding, the bidder shall enter the bid amount and bid price (profit rate/spread) directly into the Book Building System.
16. In case of disclosed bidding, the bidder at the time of registration, shall authorize the Eligible Participant for placing bid on his behalf.
 17. In case of undisclosed bidding, for creating user bidding account for bidders, the Eligible Participant shall use the bidder details (**email, name, phone number** etc.). Book Building System will share the **User ID, PIN** and **password** directly with the bidder via registered email and mobile number.
 18. Once the user is created and confirmed by the Eligible Participant, bidder shall receive system generated credentials for participation in the bidding process.
 19. At the end of the bidding period, **successful bidders and their Eligible Participants** shall be notified by the Book Building System via registered email that their bids have been accepted. Such bidders shall arrange settlement with NCCPL at **B+1** within the time specified in the Joint Procedures.
 20. Upon conclusion of the Book Building process and determination of successful bidders, **NCCPL** shall commence its **pay and collect process** at B+1 by debiting the settling bank accounts of the Eligible Participants. In the event of any shortfall in payments due to failure to meet commitments, NCCPL shall initiate its **shortfall management process** in accordance with the Joint Procedures.
 21. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of Eligible Participants at **B+1** within banking hours.

22. The funds in lieu of accepted bids will be credited to the Issuer's bank account(s) by NCCPL after the end of the public subscription period, credit of securities to the successful investors, and issuance of NOC by the Securities Exchange.
23. The Book Building process shall be deemed cancelled if the Issuer fails to receive bids for the total number of shares allocated under the Book Building Portion or if the total number of bids received is less than forty (40). In such an event, the Consultant to the Issue/Issuer shall immediately notify the Commission and the Securities Exchange accordingly.

12.13. Procedure for Bidding

The following procedure shall be followed for bidding:

1. Bids may be placed as either a Limit Bid or a Step Bid. Provided that the minimum size of a Limit Bid, as well as any incremental step in the case of a Step Bid, shall not be less than PKR 2 million.
2. The Issuer shall publish the Prospectus at least one (1) day prior to the commencement of bidder registration by the Eligible Participants and before the issuance of the public notice by the Designated Institution announcing the opening of the Book Building process.
3. The bidding shall commence at 09:00 a.m. and close at 05:00 p.m. during the Bidding Period.
4. PSX shall display live throughout the bidding period an order book in descending order for equity securities and discounted debt securities, and in ascending order for debt instruments quoted on a yield basis showing demand for securities at various prices/yields and the accumulated number of securities bid for along with percentage of the total securities offered. The order book shall also display the revised bids, which shall be accessible only through the PSX website.
5. The Designated Institution shall issue a public notice regarding the Book Building process at least three (3) working days before the commencement of the Bidding Period (B-3). The notice shall include, among other details, the name of the issuer, issue size, floor price, bidding dates, and salient features of the issue.
6. At the time of registration, bidders shall authorize the Eligible Participant to place the bid on their behalf in the case of disclosed bidding.
7. **Eligible Participants** shall collect the **margin money** from the bidders and deposit the same with the **NCCPL**.
8. **Individual and institutional investors** shall pay **100% of the bid amount** as margin money to the Eligible Participant; provided that the Eligible Participant may accept a **lower margin** from bidders based on its own **risk assessment**.
9. In the case of **undisclosed bidding**, for creating user bidding accounts, the Eligible Participants shall use the bidder's details such as **name, email address, and phone number**. The Book Building System shall share the **User ID, URL for the bid screen, PIN, and password** directly with the bidder through their registered email and mobile number.
10. Once a user is created and confirmed by the Eligible Participant, the **credentials for participation** in the bidding process shall be forwarded by the Book Building System to the user — i.e., the investor in the case of undisclosed bidding or their Eligible Participant in the case of disclosed bidding — via their registered email and mobile number.
11. Eligible Participants may limit the **amount of bidding** by their bidders, depending on the margin money received and their own risk assessment criteria.
12. In the event of a **Trading Only Broker** and their clients, the user bidding account must be created through a **Professional Clearing Member (PCM)**.
13. Eligible Participant shall deposit the advance amount/margin money or standing instruction or irrevocable undertaking from the trustee, where applicable with the NCCPL by 5:00 p.m., one working day before the start of the bidding period. (B-1) Provided that during the bidding period, the Eligible Participants and their clients/investors/bidders can increase the bid amount subject to deposit of additional margin money, if required, with the NCCPL.

14. Based on the information shared by NCCPL, PSX will mark the Eligible Participants who have submitted advance amount/margin money for the bidding purposes.
15. NCCPL shall communicate the **confirmation of advance/margin money** received against the bid amount of Eligible Participants to the **Designated Institution** in accordance with the Joint Procedures.
16. Based on the information shared by the NCCPL, the **Designated Institution** (PSX) shall activate the Eligible Participants who have submitted advance/margin money for bidding purposes
17. NCCPL shall continue to share **real-time information** with PSX regarding margin money deposited by Eligible Participants during the bidding period, including new bidder registrations or increases in bid amounts, in line with the Joint Procedures.
18. Eligible Participants may bid **on behalf of their clients** in the case of disclosed bids, whereas users may bid **anonymously** using their provided credentials during the bidding period, within the maximum participation amount assigned.
19. The Book Building System shall ensure that all bids are submitted **within the assigned limits**, based on the advance/margin money confirmed by the NCCPL and the resultant maximum participation amount.
20. The eligible participants and their clients/investors/bidders can increase the bid amount subject to deposit of additional margin money, if required with the NCCPL, until **4:30 pm** on the last day of the bidding period, as specified in the Designated Time Schedule (DTS) – Annexure A of the Joint Procedures.
21. Bidders may **revise their bids upward** until **5:00 p.m. on the last day** of the bidding period
22. At the close of the bidding period, the **Strike Price** shall be determined by the Book Building System on the basis of the **Dutch Auction Method**.
23. At the end of bidding period, successful bidders and their eligible participants shall be notified by the Bidding System via their registered email that their bids have been accepted and such bidders are required to arrange settlement with NCCPL by **12:00 pm**, one working day after the end of the bidding period (B+1), as specified in the Designated Time Schedule (DTS) – Annexure A of the Joint Procedures.
24. After the allocation process run by PSX, NCCPL will commence its pay and collect process at B+1 by debiting the settling bank accounts of eligible participants.
25. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of eligible participants at B+1 within banking hours. If there is any shortfall in payments due to failure to meet commitments, NCCPL will initiate its Shortfall Management Process.
26. The funds in lieu of accepted bids will be credited to the Issuer's bank account by NCCPL after the end of public subscription, credit of securities to the successful investors and issuance of NOC by the PSX.
27. Bidders who have submitted bids at prices **above the Strike Price** shall be allotted shares **at the Strike Price**.
28. In cases where the bids received are sufficient to cover the total number of shares offered under the Book Building Portion, the **allotment** shall be made based on **highest bid priority** — that is, bids made at the highest price shall be considered first for share allocation.
29. If all bids above the Strike Price are accommodated and shares are still available for allotment, the remaining shares shall be allotted **on a proportionate basis** among the bids made at the Strike Price.
30. Bidders who have made bids **below the Strike Price** shall not qualify for allotment of shares.
31. **Restrictions:**
 - a. The bidding period shall not be extended except in extraordinary circumstances like closure of banks, failure of system, etc. In such case, the Issuer or the Consultant to the Issue shall apply to the Commission for extension in the bidding period after obtaining NOC from the Securities Exchange. In case extension is granted, the same shall be disseminated through publication in all those newspapers where the prospectus was published and on the website of the Issuer, Consultant to the Issue, the Designated Institution, and the Securities Exchange.
 - b. The bidder shall not:
 - make bid below the Floor Price and above the upper limit of the Price Band;
 - make bid for more than 10% of the shares allocated under the Book Building Portion;

- subject to the provision of clause (A) above, make bid with price variation of more than 10% of the prevailing indicative strike price or such other percentage as may be specified by the Commission;
 - make consolidated bid;
 - make more than one bid either severally or jointly;
 - make downward revision both in terms of Bid Price and Bid Volume; Provided that in case of upward revision of the Bid Price, the number of shares bid for i.e. Bid Volume may be adjusted ensuring that the bid amount or bid money remains the same; or
 - withdraw the Bid.
- c. No person shall take part in the book building process, directly or indirectly, severally or jointly in any manner, or engage in any act or practice which creates a false or misleading appearance of active bidding for raising or depressing the strike price in the book building process.

12.14. Title and number of the bank account for book building portion of the issue and Mechanism for payment of the margin money into the book building account.

The margin requirements for Eligible Participants shall be as under:

- I. Securities Brokers shall be allowed to participate with 100% margin money. Securities Brokers shall collect margin money against bid amount from the investors/clients/bidders based on their own risk assessment criteria.
- II. Individual investors and institutional investors shall pay 100% of bid amount as margin money to the Eligible Participant, provided that Eligible Participant may accept a lower margin from the bidders based on its own risk assessment.
- III. A bank or DFI shall be allowed to onboard/register bidders and create bidding account of the bidders for participation in the bidding, only in such case where bank or DFI is acting as Consultant to the Issue (CTI) in the public offering transaction. In such case individual investors and institutional investors shall pay 100% of bid amount as margin money to the Eligible Participant, provided that Eligible Participant may accept a lower margin from the bidders based on its own risk assessment.
- IV. The Eligible Participant such as, Banks, DFIs and Mutual Funds shall be allowed to participate in the bidding process with 0% margin money for proprietary trades only.
- V. For participation with 0% margin money for proprietary trades:
 - i. Banks and DFIs shall provide standing instruction to the NCCPL to directly debit the bank account in case of default, as per the format prescribed by the NCCPL.
 - ii. Mutual Funds shall provide Irrevocable Undertaking from the Trustee, as per the format prescribed by the NCCPL.
 - iii. If the Bank fails to discharge its obligation on time in accordance with the applicable laws, rules and regulations, NCCPL shall be authorized to debit the settlement account of the Bank (maintained with SBP) with the settlement amount against accepted bids of the Bank.
 - iv. The Mutual Fund through its Trustee unconditionally and irrevocably indemnifies through Irrevocable Undertaking any failure of the Fund to settle any bids for the auction which was submitted and subsequently accepted in accordance with the applicable laws, rules and regulations.
- VI. Eligible Participant shall be responsible to NCCPL for providing payments in lieu of accepted bids for their proprietary and investor accounts. NCCPL shall communicate the confirmation of advance/margin money against the bid amount of Eligible Participants to Designated Institution as per the Joint Procedures. Based on the information shared by NCCPL, Designated Institution will activate the Eligible Participants who have submitted advance/margin money for the bidding purposes.

PAYMENT PROCEDURE

The payment procedures for a Limit Bid or a Step Bid are explained below:

PAYMENT FOR LIMIT BID

If investors are placing their bids as a Limit Bid, then they shall deposit the Margin Money based on the number of shares they are bidding for at their stated bid price.

For instance, if an investor is applying for 1 Mn shares at a price of PKR 12.40/- per share, then the total Application Money would amount to PKR 12.40 Mn. In such a case, Eligible Participant shall collect advance/margin money against bids based on their own risk assessment criteria and shall be responsible to NCCPL for providing payments in lieu of accepted bids for their proprietary and investor accounts.

PAYMENT FOR STEP BID

If an investor is placing a Step Bid which is a series of Limit Bids at increasing prices, then he/she/it shall deposit the Margin Money / bid money based on the total number of shares he/she/it is bidding for at his/her/its stated bid prices.

For instance, if the investor bids for 5 Mn shares at PKR 12.40/- per share, 3 Mn shares at PKR 13/- per share and 2 Mn shares at PKR 13.50/- per share, then in essence the investor has placed one Step Bid comprising three limit bids at increasing prices. The Application Money would amount to PKR 128 Mn, which is the sum of the products of the number of shares bid for and the bid price of each limit bid. In such a case, Eligible Participant shall collect advance/margin money against bids based on their own risk assessment criteria and shall be responsible to NCCPL for providing payments in lieu of accepted bids for their proprietary and investor accounts.

12.15. PROCEDURE FOR PAYMENT OF MARGIN MONEY BY FOREIGN INVESTOR

Companies are permitted under paragraph 6 (with specific reference to sub para (B) (I)) of Chapter 20 of the State Bank of Pakistan's ("SBP") Foreign Exchange Manual (the "Manual") to issue shares on repatriation basis to non-residents who are covered under paragraph 6 (A) of Chapter 20 of the Manual, i.e.

- (i) A Pakistan national resident outside Pakistan,
- (ii) A person who holds dual nationality including Pakistan nationality, whether living in or outside Pakistan,
- (iii) A foreign national, whether living in or outside Pakistan and
- (iv) A company or firm (including a partnership) or trust or mutual fund or private fund incorporated, registered and functioning outside Pakistan, excluding entities owned or controlled by a foreign government

The issue price of such shares must be paid in foreign exchange through normal banking channels, either by remittance from abroad or from a foreign currency account maintained by the subscriber or purchaser in Pakistan.

Non-resident investors who wish to participate in the **book-building process** for subscription of shares may do so through the **Roshan Digital Account (RDA)** — an initiative of the State Bank of Pakistan designed to facilitate **Non-Resident Individual Pakistanis (NRIPs)** in opening and operating digital bank accounts with designated SBP banks. Through the RDA, NRIPs can conduct banking transactions, make remittances, pay utility bills, and invest in various financial instruments in Pakistan, including the Pakistan Stock Market.

To invest in the Pakistan Stock Market through a Roshan Digital Account, the Non-Resident Individual Pakistani (NRIP) must authorize the respective bank to share the RDA details with the Central Depository Company of Pakistan Limited (CDC) and agree to the Terms and Conditions for Investing in Pakistan's Capital Market. Upon receipt of this information, the CDC forwards the investor's details to the National Clearing Company of Pakistan Limited (NCCPL) for the creation and registration of a Unique Identification Number (UIN). The CDC also facilitates the opening of a trading account by sharing the UIN and related information with the investor's selected broker and opens a CDC Custody Account in the investor's name. Upon completion of these formalities, the NRIP becomes eligible to invest in the Pakistan Stock Market using funds available in the Roshan Digital Account.

For participation in an Initial Public Offering (IPO) through the Roshan Digital Account, investors must ensure that their RDA is linked with an **active Investor Account** maintained with the CDC. The investor must subscribe through this account only and not through any other custody accounts such as Sub-Accounts, IPO Facilitation Accounts, or other Investor Accounts. The investor is required to register on the **CDC e-Services Portal** at <https://csp.cdcaccess.com.pk> and complete the **e-IPO Subscription Form** by entering the CDC Participant ID (03277) and the Investor Account Number to generate a **Subscription ID**. After filling the form, the investor

should save a PDF copy of the completed form and transfer the exact IPO subscription amount from the RDA bank account to the **CDC-designated bank account** maintained with the same bank.

It must be ensured that the investor's account holds sufficient funds at the time of subscription; otherwise, the application will not be processed. Once the payment is made, the investor must email the PDF copy of the Subscription Form along with payment details to **roshandigital@cdcpak.com**. Both the payment and the eIPO Subscription Form must reach the CDC **no later than 12:00 p.m. (PST) on the last day of the subscription period**. Any payment or form received after the deadline will not be accepted. Investors are also advised to note that payments made through any method other than the one prescribed above may result in complications, particularly during the **refund process**, in cases where the application is either partially successful on a pro-rata basis or declared unsuccessful.

12.16. Procedure for Rejection of Bids

As per Regulation 9(37) & (38) of the PO Regulations:

1. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of Eligible Participants at **B+1** within banking hours.
2. The funds in lieu of accepted bids will be credited to the Issuer's bank account(s) by NCCPL after the end of the public subscription period, credit of securities to the successful investors, and issuance of NOC by the Securities Exchange.

12.17. Time Frame for Upward Revision of Bids by the Bidders

The registered investors may revise their Bids upwards any time either manually through the contacting their respective eligible participant or electronically through direct access to the system till 05:00 p.m. on the last day of the Bidding Period.

The Eligible Participants and their clients/investors/bidders can increase the bid amount subject to deposit of additional margin money, if required, with the NCCPL. The bidders can revise their bids upward till 05:00 p.m. on the last day of the Bidding Period. **NO DOWNWARD REVISION BOTH IN TERMS OF BID PRICE AND BID VOLUME IS ALLOWED PROVIDED THAT IN CASE OF UPWARD REVISION OF THE BID PRICE, THE NUMBER OF SHARES BID FOR I.E. BID VOLUME MAY BE ADJUSTED ENSURING THAT THE BID AMOUNT OR BID MONEY REMAINS THE SAME. HOWEVER, NO WITHDRAWAL OF BID IS ALLOWED.**

12.18. Ten Percent (10%) Price Variation

An investor will not be allowed to place or upward revise a bid with a price variation of more than ten percent (10%) of the prevailing Indicative Strike Price subject to Floor Price and Price Band i.e. Bid Price must not be below the Floor Price and must not exceed 45.16% of the Floor Price which is upper limit of Floor Price. **Please note that the Indicative Strike Price may not be constant and may keep on changing during the bidding period. Therefore, the 10% range will also change with the changing Indicative Strike Price.**

For Example, if the Floor Price is PKR 12.40/- per share and Indicative Strike Price at any given point in time during the bidding period is PKR 12.40/- per share, registered bidders may place or revise their bids at/to any price between PKR 12.40/- per share to PKR 13.64/- per share. If at any given point in time during the bidding period, the Indicative Strike Price changes from PKR 12.40/- per share to PKR 13.00/- per share, the registered bidders may place or upward revise their bids at/to between PKR 13.00/- per share to PKR 14.30/- per share.

Please note that the 10% range on the lower side cannot go below the floor price and cannot exceed the upper cap of 45.16% of the floor price i.e. PKR 18.00/- per share. The price range of 10% applicable at any given point in time during the bidding period will also be displayed on the bid screen available at the website of PSX.

12.19. Procedure for Withdrawal of Issue

1. In accordance with regulation 8(16) of the PO Regulations, the Book Building process shall be considered as cancelled if the Issuer does not receive bids for the number of shares allocated under the Book Building Portion and the same shall be immediately intimated by the Consultant to the Issuer/Issue to the Commission and Securities Exchange.
2. In accordance with regulation 8(17) of the PO Regulation, the Book Building process shall be considered as cancelled if the total number of bids received is less than forty (40).

12.20. Mechanism for Determination of Strike Price

1. At the close of the bidding period, the Strike Price shall be determined on the basis of Dutch Auction Method by the Designated Institution. Under this methodology, the Strike Price is determined by lowering the price to the extent that the total shares offered under the Book Building Portion are subscribed.
2. Designated Institution shall through the Book Building System display live order book throughout the bidding period in descending order showing demand for shares at various prices and the accumulated number of shares bid for along with percentage of the total shares offered. The order book should also show the revised bids. The order book shall be accessible through websites of the Securities Exchange and Designated Institution.
3. In case the bids received are sufficient to allot the total number of shares offered for sale under the Book Building Portion, the allotment shall be made on the basis of highest bid priority that is the bid made at the highest price shall be considered first for allotment of shares.
4. As per the regulation 9(27) of the PO Regulation, in case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares will be allotted on proportionate basis against the bids made at the Strike Price.

The mechanism for determination of the Strike Price can be understood by the following illustration:

1. Number of shares being Issued through the Book Building: 175,000,000 (One Hundred and Seventy-Five Million) Ordinary Shares
2. Floor Price: PKR 12.40/- per Ordinary Share with maximum price band of 45.16% i.e. PKR 18.00/- per share
3. Bidding Period: 1.1.2026 to 1.1.2026
4. Bidding Time: 9:00am – 5:00pm
5. Bidding Revision Time (Upward Revision only): 9:00am – 5:00pm on all days

Bidder	Price (PKR/share)	Quantity	Cumulative Number of shares	Category of Order
Institution A	18.00	10,000,000	10,000,000	Limit Price
Institution B	17.76	12,000,000	22,000,000	Limit Price
HNWI A	17.52	13,000,000	35,000,000	Step Bid
Institution C	17.28	14,000,000	49,000,000	Limit Price
Institution D	17.04	15,000,000	64,000,000	Limit Price
Institution E	16.80	12,000,000	76,000,000	Limit Price
HNWI B	15.76	13,000,000	89,000,000	Limit Price
HNWI A	15.52	12,000,000	101,000,000	Step Bid
Institution F	14.88	11,000,000	112,000,000	Limit Price
Institution G	15.04	13,000,000	125,000,000	Limit Price
Institution H	14.80	10,000,000	135,000,000	Limit Price
HNWI C	14.16	11,000,000	146,000,000	Limit Price
Institution I	13.52	9,000,000	155,000,000	Step Bid
Institution H	12.88	7,000,000	162,000,000	Limit Price
Institution J	12.64	13,000,000	175,000,000	Step Bid
HNWI E	12.40	8,000,000	183,000,000	Limit Price



Strike Price determine through Dutch Auction Method



Bid has been revised upwards and placed at PKR 14.80



Total shares bid for at and above the Floor Price

At higher bid prices, cumulative demand is less than the total shares available. Therefore, the price is progressively lowered to accommodate the entire issue.

On the basis of the figures provided in the above illustration, according to the Dutch Auction Method, the Strike Price would be set at PKR 12.64 per share to sell the required quantity of 175,000,000 Ordinary Shares.

At PKR 18.00, investors are willing to buy 10,000,000 shares. Since 165,000,000 shares are still available, the price will be set lower.

At PKR 17.76, investors are willing to buy 12,000,000 shares. Since 153,000,000 shares are still available, the price will be set lower.

At PKR 17.52, investors are willing to buy 13,000,000 shares. Since 140,000,000 shares are still available, the price will be set lower.

At PKR 17.28, investors are willing to buy 14,000,000 shares. Since 126,000,000 shares are still available, the price will be set lower.

At PKR 17.04, investors are willing to buy 15,000,000 shares. Since 111,000,000 shares are still available, the price will be set lower.

At PKR 16.80, investors are willing to buy 12,000,000 shares. Since 99,000,000 shares are still available, the price will be set lower.

At PKR 15.76, investors are willing to buy 13,000,000 shares. Since 86,000,000 shares are still available, the price will be set lower.

At PKR 15.52, investors are willing to buy 12,000,000 shares. Since 74,000,000 shares are still available, the price will be set lower.

At PKR 14.88, investors are willing to buy 11,000,000 shares. Since 63,000,000 shares are still available, the price will be set lower.

At PKR 15.04, investors are willing to buy 13,000,000 shares. Since 50,000,000 shares are still available, the price will be set lower.

At PKR 14.80, investors are willing to buy 10,000,000 shares. Since 40,000,000 shares are still available, the price will be set lower.

At PKR 14.16, investors are willing to buy 11,000,000 shares. Since 29,000,000 shares are still available, the price will be set lower.

At PKR 13.52, investors are willing to buy 9,000,000 shares. Since 20,000,000 shares are still available, the price will be set lower.

At PKR 12.88, investors are willing to buy 7,000,000 shares. Since 13,000,000 shares are still available, the price will be set lower.

At PKR 12.64 per share, investors are willing to buy 13,000,000 shares. Since after bidding for 13,000,000 shares at PKR 12.64 per share, no shares will be available therefore the Strike Price will be set at PKR 12.64 per share for the entire lot of 175,000,000 shares.

The bidders who have placed bids at prices above the Strike Price (which in this illustration is PKR 12.64 per share), will become entitled for allotment of shares at the Strike Price and the differential between their Bid and Strike price would be refunded.

In case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares shall be allotted against the bids made at the Strike Price on proportionate basis as per regulation 9(27) of the PO Regulations, 2017.

The Bidders who have made bids below the Strike Price shall not qualify for allotment of shares. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of Eligible Participants at B+1 (one day after the end of the bidding period) within banking hours.

12.21. Basis of Allotment of Shares

- (a) In case the bids received are sufficient to allot the total number of shares offered for sale under the Book Building Portion, the allotment shall be made on the basis of highest bid priority that is the bid made at the highest price shall be considered first for allotment of shares.
- (b) In case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares shall be allotted against the bids made at the Strike Price on proportionate basis

As per regulation 7(3) of the PO Regulation, 2017, seventy percent (70%) of the offer size i.e. 175,000,000 ordinary shares shall be allocated to the Book Building Portion, while the remaining thirty percent (30%) i.e. 75,000,000 ordinary shares shall be reserved for retail investors. The retail portion of the public offer shall be fully underwritten. At the close of the bidding period, Strike Price shall be determined on the basis of Dutch Auction Method by the Book Building System.

As per regulation 11(2) of the PO Regulation, 2017, The Issuer may offer the shares to retail investors at a certain discount to the Strike Price.

As per regulation 11(4) of the PO Regulation, 2017, within five (5) working days of the close of the public subscription period, or within such shorter period as may be specified by the Commission from time to time, the shares shall be allotted and issued against the accepted and successful applications, and the subscription money of unsuccessful applicants shall be unblocked/refunded.

As per regulation 11(5) of the PO Regulation, 2017, in case the retail portion of the issue, if any, remains unsubscribed, the unsubscribed shares shall either be taken up by the underwriters or allotted to successful bidders at the Strike Price determined through the Book Building process on a pro-rata basis

Final allotment of shares out of the Book Building portion shall be made after subscription of the retail portion and receipt of full subscription money from the successful Bidders; however, shares to such Bidders shall be issued simultaneously with issuance of shares to retail investors, in the form of book-entry to be credited in their respective CDS Accounts. All the Bidders shall, therefore, provide number of their respective CDS Accounts in the Bid application as required under regulation 9(16) of the PO Regulations.

12.22. MECHANISM AND MODE FOR REFUNDING / UNBLOCKING OF THE MARGIN MONEY

The Bidders who have made Bids below the Strike Price shall not qualify for allotment of securities. In the event of unsuccessful bids, NCCPL will release the advance amount/margin money of Eligible Participants within banking hours one day after the bidding period.

The bid money of bidders who have undertaken to subscribe the unsubscribed retail portion shall remain deposited or blocked till allotment of shares of unsubscribed retail portion, if any, to them on pro-rata basis.

12.23. PUBLICATION AND TIME FRAME FOR PUBLICATION OF SUPPLEMENT TO THE PROSPECTUS

In accordance with regulation 11(1) of the PO Regulations of the closing of the Bidding Period, Supplement to the Prospectus shall be published at least in all those newspapers in which the Prospectus was earlier published and also disseminated through PSX within one working day.

The Supplement to the Prospectus would contain information relating to the Strike Price, the Offer Price and Category-wise breakup of the successful Bidders along with the number of shares provisionally allocated to them. Format of the Supplement is given on page 2 of this Prospectus.

Public subscription for the shares shall be held at any date(s) within thirty days (30) of the publication of the Prospectus but not earlier than seven (7) days of such publication.



SECTION 13

APPLICATION AND ALLOTMENT
INSTRUCTION FOR RETAIL PORTION

PROSPECTUS | KHAADI PAKISTAN LIMITED



13. APPLICATION AND ALLOTMENT INSTRUCTION FOR RETAIL PORTION

13.1 Eligible Investors Instructions for submitting application

1. Pakistani citizens resident in or outside Pakistan or Persons holding dual nationalities including a Pakistani nationality;
2. Foreign Nationals whether living in or outside Pakistan
3. Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
4. Mutual Funds, Provident / Pension / Gratuity Funds / Trusts, (subject to the terms of the Trust Deed and existing regulations); and
5. Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

13.2 Opening and Closing of the Subscription List

The subscription list will open on [.] 2026 and will close on [.] 2026. **Please note that online applications can be submitted 24 hours during the subscription period which will close at 12:00 midnight on [.] 2026.**

13.3 Procedure for public subscription through PSX's E-IPO system and Centralized E-IPO System and other additional electronic system

(i) PSX's e-IPO System (PES):

To facilitate investors, the Pakistan Stock Exchange Limited ("PSX") has developed an e-IPO System ("PES") through which applications for subscription of securities offered to the General Public/retail portion can be made electronically. PES has been made available in this Issue and can be accessed through the web link (<https://eipo.psx.com.pk>). Payment of subscription money can be made through 1LINK's member banks available for PES.

For making application through PES, investors must be registered with PES. The PES registration form is available 24/7, all throughout the year. Registration is free of cost and can be done by:

- the investor himself, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.
- Similarly, an e-IPO application can be filed by:
- the investor himself, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

In case of queries regarding PES, investors may contact Farrukh Shahzad, Deputy General Manager - IT Division at phone number: 111-001-122 or (021)-35274401-10, or email: itss@psx.com.pk.

Investors who are registered with PES can submit their applications through the web link, <https://eipo.psx.com.pk>, 24 hours a day during the subscription period which will close at midnight on July 03rd, 2026.

(ii) Centralized E-PO System (CES):

CES can be accessed through the web link (www.cdceipo.com). Payment of subscription money can be made through 1LINK's member banks available for CES.

For making application through CES, investors must be registered with CES. Registration can be done under a self-registration process by filling the CES registration form, which is available 24/7 all throughout the year.

In addition to the above, investors/sub-account holder(s) can request their respective TREC Holders who are Participants in Central Depository System (CDS) to make electronic subscription on their behalf for subscription of securities of a specific company by authorizing (adding the details of) their respective Participant(s) in CES. Consequently, authorized Participants will electronically subscribe on behalf of their sub-account holder(s) in securities offered through Initial Public Offerings and will also be able to make payment against such electronic subscriptions through all the available channels mentioned on CES only after receiving the subscription amount from the sub-account holder(s). To enable this feature, the CDS Participant may request CDC to activate his ID on the CES portal. For queries regarding CES, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or contact Owais Anwer at Phone 021-111-111-500 Ext 500 and email: owais_anwer@cdcpak.com.

13.4 Facilities available to local, Non-Resident Pakistanis and Foreign Investors

For each IPO, a prospectus is issued, circulated, and published in newspapers at least 7 days before the start of the public subscription. The issuer also publishes advertisements in newspapers. The prospectus is available on the websites of the Pakistan Stock Exchange (PSX), the consultant to the issue, the issuer, and the Central Depository Company of Pakistan Limited (CDC), which provides the Centralized e-IPO System (CES).

13.4.1 Applications made by Individual Investors

1. In case of individual investors, one can submit an application for share subscription through electronic/online mode. Electronic/online applications can be submitted through PSX's e-IPO system (PES) and CDC's Centralized e-PO system (CES). PES and CES can be accessed via the web links <https://eipo.psx.com.pk>, and www.cdceipo.com. Both Pakistani residents and non-residents can avail the e-IPO facility. To register for the CDC and PSX Access e-IPO Service, the applicant must possess a valid CNIC and NICOP.
2. Online applications via CDC Access can be submitted 24 hours a day during the subscription period.

13.4.2 Applications made by Institutional Investors

1. In case of corporate entities an application for share subscription through electronic/online mode. Electronic/online applications can be submitted through PSX's e-IPO system (PES) and CDC's Centralized e-PO system (CES). PES and CES can be accessed via the web links <https://eipo.psx.com.pk>, and www.cdceipo.com. The corporate entities can avail the e-IPO facility by registering, if not have already been, for the CDC and PSX Access e-IPO Service, the corporate must possess a valid Registration number and NTN.
2. Online applications via CDC Access can be submitted 24 hours a day during the subscription period.

13.5 Minimum Amount of Application and Basis of Allotment of Shares of the Issue

The basis and conditions of transfer of shares to the General Public shall be as follows:

1. Application for shares must be made for 500 shares or in multiples of 500 shares only. Applications which are neither for 500 shares nor for multiples of 500 shares shall be rejected.
2. The minimum amount of application for subscription of 500 shares is the Issue Price x 500 shares.
3. Application for shares below the minimum amount shall not be entertained.
4. SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS' MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015.
5. If the shares offered to the general public are sufficient to accommodate all applications, all applications shall be accommodated.
6. If the shares applied for by the general public are in excess of the shares allocated to them, the distribution shall be made by computer balloting, in the presence of the representative(s) of PSX in the following manner:

- If all applications for 500 shares can be accommodated, then all such applications shall be accommodated first. If all applications for 500 shares cannot be accommodated, then balloting will be conducted among applications for 500 shares only.
 - If all applications for 500 shares have been accommodated and shares are still available for allotment, then all applications for 1,000 shares shall be accommodated. If all applications for 1,000 shares cannot be accommodated, then balloting will be conducted among applications for 1,000 shares only.
 - If all applications for 500 shares and 1,000 shares have been accommodated and shares are still available for allotment, then all applications for 1,500 shares shall be accommodated. If all applications for 1,500 shares cannot be accommodated, then balloting will be conducted among applications for 1,500 shares only.
 - If all applications for 500 shares, 1,000 shares and 1,500 shares have been accommodated and shares are still available for allotment, then all applications for 2,000 shares shall be accommodated. If all applications for 2,000 shares cannot be accommodated, then balloting will be conducted among applications for 2,000 shares only.
 - After allotment in the above-mentioned manner, the balance shares, if any, shall be allotted in the following manner:
 - If the remaining shares are sufficient to accommodate each application for over 2,000 shares, then 2,000 shares shall be allotted to each applicant and remaining shares shall be allotted on pro-rata basis.
 - If the remaining shares are not sufficient to accommodate all the remaining applications for over 2,000 shares, then balloting shall be conducted for allocation of 2,000 shares to each successful applicant.
7. If the Issue is over-subscribed in terms of amount only, then allotment of shares shall be made in the following manner:
- First preference will be given to the applicants who applied for 500 shares;
 - Next preference will be given to the applicants who applied for 1,000 shares;
 - Next preference will be given to the applicants who applied for 1,500 shares;
 - Next preference will be given to the applicants who applied for 2,000 shares; and then
 - After allotment of the above, the balance shares, if any, shall be allotted on pro rata basis to the applicants who applied for more than 2,000 shares.
8. Allotment of shares will be subject to scrutiny of applications for subscription of shares.
9. Applications, which do not meet the above requirements, or application which are incomplete, will be rejected.

13.6 Refund/Unblocking of Subscription Money to Unsuccessful Applicants

As per the regulation 11(4) of the PO Regulations, within five (5) working days of the close of public subscription period or such shorter period of time as may be specified by the Commission from time to time, the Shares shall be allotted and issued against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/ refunded.

As per sub-section (2) of Section 68 of the Companies Act, if refund as required under sub-section (1) of Section 68 of the Companies Act is not made within the time specified hereinabove, the directors of the company shall be jointly and severally liable to repay that money with surcharge at the rate of two percent (2%) for every month or part thereof from the expiration of the fifteenth day and, in addition, shall be liable to a penalty of level 3 on the standard scale as defined in Section 479 of the Companies Act. Provided that the directors of the Company shall not be liable if it proves that the default in making the refund was not on their own account and was not due to any misconduct or negligence on their part.

In case retail portion of the Issue remains unsubscribed, the unsubscribed shares shall be allotted to the successful bidders at the strike price on pro-rata basis.

13.7 Minimum Amount of Application and Basis of Allotment

The basis and conditions of transfer of shares to the General Public shall be as follows:

1. The minimum value of application will be calculated as Issue Price x 500 shares. Application for amount below the minimum value shall not be entertained.
2. Application for shares must be made for 500 shares or in multiple of 500 shares only. Applications which are neither for 500 shares nor for multiples of 500 shares shall be rejected.
3. Allotment / Transfer of shares to successful applicants shall be made in accordance with the allotment criteria / instructions disclosed in the Prospectus.
4. Allotment of shares shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and / or the instructions by the Securities & Exchange Commission of Pakistan.
5. Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all data fields in the Online Application Form.
6. The Company will credit shares in the CDS Accounts of the successful applicants.

13.8 Issue and Credit of Shares

Within five (5) working days of the closing of public subscription period, the shares shall be allotted, issued and credited against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/refunded, as required under regulation 11(4) of the PO Regulations. **Shares will be issued only in the book-entry form and will be credited into the respective CDS Accounts of the successful applicants. Therefore, the applicants must provide their CDS Account Number in the Shares Subscription Applicant.**

If the Company defaults in complying with the above requirements, it shall pay PSX a penalty of PKR 5,000 per day for every day during which the default continues. PSX may also notify the fact of such default and name of the Company by notice and also by publication in its ready-board quotation of the Stock Exchange.

Name of the Company will also be notified to the TRE Certificate Holders of the PSX and placed on the web site of the PSX.

13.9 Transfer of Shares

The shares shall be transferred in accordance with the provisions of Section 74 of the Companies Act read with Section 75 thereof and the Central Depositories Act, 1997 and the CDCPL Regulations.

13.10 List of E-IPO Facilities

S. No	Name of Facility
01	PSX E-IPO System
02	Centralized E-PO System

13.11 Interest of Shareholders

None of the holders of the Issued shares of the Company have any special or other interest in the property or profits of the Company other than their capacity as holder of Ordinary shares except from the shareholders who are also the Director of the company. Directors of the Company have interest in receiving remuneration for their role as Directors.

13.12 Eligibility for Dividend

The ordinary shares issued shall rank pari-passu with the existing shares in all matters of the Company, including the right to such bonus or right issues, and dividend as may be declared by the Company subsequent to the date of issue of such shares.

13.13 Deduction of Zakat

Income distribution will be subject to deduction of Zakat at source, pursuant to the provisions of Zakat and Ushr Ordinance, 1980 (XVIII of 1980) as may be applicable from time to time except where the Ordinance does not apply to any shareholder or where such shareholder is otherwise exempt or has claimed exemption from payment / deduction of Zakat in terms of and as provided in that Ordinance.

13.14 Taxations, Like Applicability of Capital Gain Tax, Withholding Tax on Dividends, Tax on Bonus Shares, Federal Excise Duty and Capital Value Tax & Withholding Tax on Sale/Purchase of Shares.

13.14.1 CAPITAL GAINS TAX

Capital gains derived from the sale of listed securities are taxable in the following manner under section 37A of Income Tax Ordinance, 2001 effective from July 1, 2024:

Sr. No.	Capital Gain Tax for CY 2026	Investors Appearing in ATL	Investors Not Appearing in ATL
1	Where the securities are acquired before the first day of July, 2013.	0%	0%
2	Where the securities are acquired on or after the first day of July, 2013 but on or before the 30th day of June, 2022.	12.5%	25.0%
3	Where the securities are acquired on or after the first day of July, 2022 but on or before the 30th day of June, 2024, below reduced rates of tax on capital gain arising on disposal shall apply:		
	1. Where holding period does not exceed one year	15.0%	30.0%
	2. Where holding period exceed one year but does not exceed two years	12.5%	25.0%
	3. Where holding period exceed two years but does not exceed three years	10.0%	20.0%
	4. Where holding period exceed three years but does not exceed four years	7.5%	15.0%
	5. Where holding period exceed four years but does not exceed five years	5.0%	10.0%
	6. Where holding period exceed five years but does not exceed six years	2.5%	5.0%
	7. Where holding period exceed six years	0.0%	0.0%
4	Where the securities are acquired between July 1, 2024 – June 30, 2025		
	Where the securities are acquired between July 1, 2024 – June 30, 2025	15.0%	30.0%
5	Where the securities are acquired on or after the first day of July, 2025 onwards:		
	Where the securities are acquired on or after the first day of July, 2025 and onwards.	15.0%	As per rates specified in First Schedule, Part 1, Division 1 for individuals and association of persons and Division II for companies. Provided that the rate of tax for individuals and association of persons shall not be less than 15% in any case.

13.14.2 WITHHOLDING TAX ON DIVIDENDS

Dividend distribution to shareholders will be subject to withholding tax under section 150 of the Income Tax Ordinance, 2001 as specified in Part III Division I of the First Schedule of the said ordinance or any time-to-time amendments therein. In terms of the provision of Section 8 of the said ordinance, said deduction at source, shall be deemed to be full and final liability in respect of such profits in case of persons only. Applicable withholding tax rate on dividend is 15% for active tax payers and 30% for inactive tax payers.

13.14.3 TAX ON BONUS SHARES

As per section 236Z of the Finance Act 2025, shall only be issued to a shareholder, if the company collects from the shareholder, tax equal to ten percent of the value of the bonus shares issued to the shareholder including bonus share withheld, determined on the basis of day-end price on the first day of closure of books in the case of listed company and the value as prescribed in case of other companies.

13.15 Tax on Income of The Issuer, Sales Tax

13.15.1 INCOME TAX

The income of the Company is subject to Income Tax under the Income Tax Ordinance, 2001.

13.15.2 SALES TAX ON SALE / PURCHASE OF SHARES

Under the Constitution of Pakistan and Articles 49 of the 7th NFC Award, the Government of Sindh, Government of Punjab, Government of Khyber Pakhtunkhwa and Government of Baluchistan have promulgated the Sindh Sales Tax on Services Act, 2011, Punjab Sales Tax on Services Act, 2012, Khyber Pakhtunkhwa Sales Tax on services through Khyber Pakhtunkhwa Finance Act, 2013 and the Baluchistan Sales Tax on services Act, 2015 respectively. The Sindh Revenue Board, the Punjab Revenue Authority, and the Khyber Pakhtunkhwa Revenue Authority and the Baluchistan Revenue Authority administer and regulate the levy and collection of the Sindh Sales Tax ("SST"), Punjab Sales Tax ("PST"), Khyber Pakhtunkhwa Sales Tax ("KST") and Baluchistan Sales Tax ("BST") respectively on the taxable services provided or rendered in Sindh, Punjab or Khyber Pakhtunkhwa provinces respectively.

The value of taxable services for the purpose of levy of sales tax is the gross commission charged from clients in respect of purchase or sale of shares in a Stock Exchange. The above-mentioned Acts levy a sales tax on Brokerage at the rate of 15% in Sindh, 16% in Punjab and in Baluchistan and Khyber Pakhtunkhwa the rate is 15%. Sales tax charged under the aforementioned Acts is withheld at source under statutory requirements.

13.16 Deferred Taxation

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.



SECTION 14

SIGNATORIES TO THE PROSPECTUS



SIGNATORIES TO THE PROSPECTUS

St. John

Dr. [Signature]

Kazali


MAHEEN RAHMAN
Independent Director

Savine Shamrock

Syed Kausar

Witnesses

Technical

Chief Financial Officer

CERTIFIED BY:

Nabeen Ahmad



DATE: 28th September 2026.



SECTION 15

MEMORANDUM OF ASSOCIATION



15. MEMORANDUM OF ASSOCIATION

THE COMPANIES ACT, 2017
(PUBLIC COMPANY LIMITED BY SHARES)
MEMORANDUM OF ASSOCIATION
OF
KHAADI PAKISTAN LIMITED

1. The name of the Company is "KHAADI PAKISTAN LIMITED"
2. The Registered Office of the Company will be situated in the Province of Sindh.
3.
 - (i) The principal line of business of the company shall be to carry on business of fashion related articles such as ready-to-wear clothing and unstitched fabrics, fashion accessories, shoes, bags, perfumery, cosmetics, make-up, candles, utensils, all other items related to home décor, and packaged loose leaf tea and packaged food, and to carry on business either through outsourcing or via establishing an industrial undertaking for manufacturing / stitching garments / made ups, clothing, knit-wears, and weaving of apparels, hosiery and other allied commodities of all kinds and buying, selling, importing, exporting, and dealing in the products of the company in or outside Pakistan and to do other business connected, linked or associated therewith; and to carry on the business of manufacturing and stitching of garments & made ups on job order or contract basis and to purchase and import raw material and allied items required for manufacturing & stitching of garments, made ups in any manner which the company may think fit; and to sell or dispose of leftover garments, made ups, garment waste, accessories and other surplus commodities that can be produced, compounded or made available by the company in any form as a result of any of its processes.
 - (ii) Except for the businesses mentioned in sub-clause (iii) hereunder, the company may engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
 - (iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Asset Management



Services, Leasing, Investment Finance Services, Investment Advisory Services, REIT management Services, Housing Finance Services, Private Equity and Venture Capital Fund Management Services, Discounting Services, Pension Fund Scheme Business, Micro Financing), Corporate Restructuring Company, Insurance Business, Modaraba management company, Stock Brokerage business, forex, Clearing House, Securities and Futures Advisor, Commodity Exchange, managing agency, business of providing the services of security guards or any other business subject to license and restricted under any law for the time being in force or as may be specified by the Commission.

(iv) It is hereby undertaken that the company shall not:

- (a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;
- (b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business;
- (c) engage in any of the permissible business unless the requisite approval, permission, consent or license is obtained from competent authority as may be required under any law for the time being in force.

4. The liability of the members is limited.

5. The Authorized Share Capital of the Company is Rs. 500,000,000/- (Rupees Five Hundred Million only) divided into 4,000,000,000 (Four Billion) shares of Rs. 0.125/- (Paisa Twelve and Half) each, with attached thereto respectively such preferential, deferred, qualified or special rights, privileges and conditions as provided in the Articles of Association of the Company, or in accordance with the Companies Act, 2017, and to vary, modify or abrogate such rights, privileges and conditions, and to increase, reduce, consolidate, sub-divide, reclassify or otherwise, and to issue shares for higher or lower denominations, as provided in the Articles of Association of the Company, or in such manner as may be permitted by the Companies Act, 2017.



Page 2 of 3

We, the several persons whose name and addresses are subscribed below, are desirous of being formed into a company, in pursuance of this memorandum of association, and we respectively agree to take the number of shares in the capital of the company as set opposite our respective name(s):

S. No.	Name and surname (present & former) in full (in Block Letters)	CNIC No. (in case of foreigner, Passport No)	Father's/ Husband's Name in full	Nationality with any former Nationality	Occupation	Residential address in full	Number of shares taken by subscriber	Signatures
1	SHAMOON SULTAN	42201-6818915-9	MANZOOR AHMED ALLAHWALA	PAKISTANI	SERVICE	6A/1, SOUTH PARK AVENUE, DHA, PHASE II, KARACHI.	TEN (10)	
Total number of shares taken							TEN (10)	

Dated this 2nd day of July, 2015

Witness to the above signatures:

Full Name (in Block Letters)	CNIC No.	Father's Name in full	Nationality	Occupation	Residential address in full	Signatures
Imran Shiwani	42201-0357296-1	Noor Muhammad Shiwani	Pakistani	Service	A-89, Works Cooperative Housing Society, Block-4, Gulistan-e-Jauhar, Karachi.	
Muhammad Danish	42301-5469868-3	Muhammad Amin Adamejee	Pakistani	Service	House # 95/1, Main Commercial Avenue, Phase 4, DHA, Karachi.	

2837703
 Certified to be a true copy
 9/9/2016
 Registrar of Companies