

Khaadi's Planned PSX Listing: What It Signals for Pakistan's Fashion Industry.

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Khaadi Pakistan Ltd. has announced plans for an initial public offering on the Pakistan Stock Exchange, expected in November 2026. The company intends to raise between Rs. 6.2 billion and Rs. 8.3 billion through a pre-IPO placement and a public offering of 500 million shares in total. If successful, the offering would mark two significant milestones: it would be the largest IPO by a private company in Pakistan and the first pure-play fashion retailer to list on the PSX.

Beyond its novelty, however, the transaction raises two broader questions: what might Khaadi's listing mean for the future of Pakistan's retail fashion industry, and will other fashion brands follow its lead?

THE WIDER IMPACT BEYOND THE COMPANY

Khaadi's listing has the potential to act as a market signal for Pakistan's retail fashion industry.

Perhaps its most significant impact will be as a public benchmark for transparency. Listed companies are required to publish audited financial statements, segment information and risk disclosures. For the first time, investors, lenders and competitors will have access to a detailed public view of the financial performance, margins, store economics and growth strategy of a major mass-market fashion retailer. Competitor brands that have traditionally operated with limited financial disclosure may find themselves increasingly measured against Khaadi's publicly available performance, regardless of whether they themselves choose to list.

In addition to transparency, Khaadi's listing may also establish a new capital threshold for competition. Khaadi has indicated annual capital expenditure of around Rs. 3.5 billion from 2027, largely directed towards larger-format "experience stores." Access to substantial equity capital could allow Khaadi to accelerate expansion, strengthen its physical retail presence and invest more aggressively in product development. Brands without comparable access to capital may consequently find it more difficult to compete on scale, store presence and the pace of new collections.

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There is also a potential pathway for others. A successful offering would demonstrate that the PSX can accommodate large consumer-facing and retail businesses, potentially encouraging family-

owned brands to consider private equity, pre-IPO placements or public listings as alternatives to bank financing and retained earnings.

LEGAL AND REGULATORY CONSIDERATIONS FOR PEERS

As the industry moves towards greater institutional visibility, similar players may increasingly need to strengthen their legal and regulatory infrastructure. Preparing for institutional investment or a future listing requires more than financial growth. Companies must be prepared to meet the requirements of the Companies Act, 2017, the Securities Act, 2015, SECP's public offering regulations, the PSX Rule Book and applicable corporate governance requirements.

For fashion businesses in particular, this may require greater attention to matters such as corporate structuring, related-party transactions, tax compliance and intellectual property. Trademarks, designs and other brand assets can represent a substantial part of a fashion company's value, making clear ownership and properly documented licensing arrangements particularly important during investor due diligence.

OUTLOOK

Whether Khaadi's listing prompts a wider wave of fashion-sector offerings will depend significantly on the reception of the IPO and the subsequent performance of its shares. Khaadi is undoubtedly taking a pioneering approach to raising institutional capital as a Pakistani fashion brand, but its broader influence will depend on whether investors view that model as commercially viable.

Even if Khaadi does not immediately trigger a wave of fashion IPOs, its listing may still have a lasting effect. Formal governance, financial transparency and regulatory preparedness could increasingly become part of the competitive landscape, rather than mere requirements for companies that choose to go public.

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