

ZEPHYR TEXTILES LIMITED

Corporate Briefing Session 2026

Performance for the year ended June 30, 2026 and outlook
for FY2027

Lahore | Based on the Annual Report 2026

FY2026 at a glance

Lower sales, better margins and a sharply lower finance bill returned the Company to profit

Rs 7.75bn

Net sales

-6.34% vs Rs 8.28bn

11.19%

Gross margin

+1.34 pp vs 9.85%

Rs 183m

Finance costs

-29.97% vs Rs 261m

Rs 6.7m

Profit after tax

+270.6% vs Rs 1.8m

Rs 304m

Operating profit

-11.07% vs Rs 342m

Rs 0.11

Earnings per share

vs Rs 0.03

Rs 90.2m

Operating cash flow

vs outflow of Rs 332.9m

Rs 7.18bn

Total assets

+6.05% vs Rs 6.77bn

Operating environment

Macro conditions stabilised, but textile growth stayed modest and costs stayed high

3.70%

GDP growth FY2026 (FY2025:
3.18%)

6.5%

Large-scale manufacturing
growth, Jul-Mar FY2026

0.7%

Textile manufacturing growth
in the same period

US\$13.5bn

Textile exports, 59.6% of total
exports

+3.8%

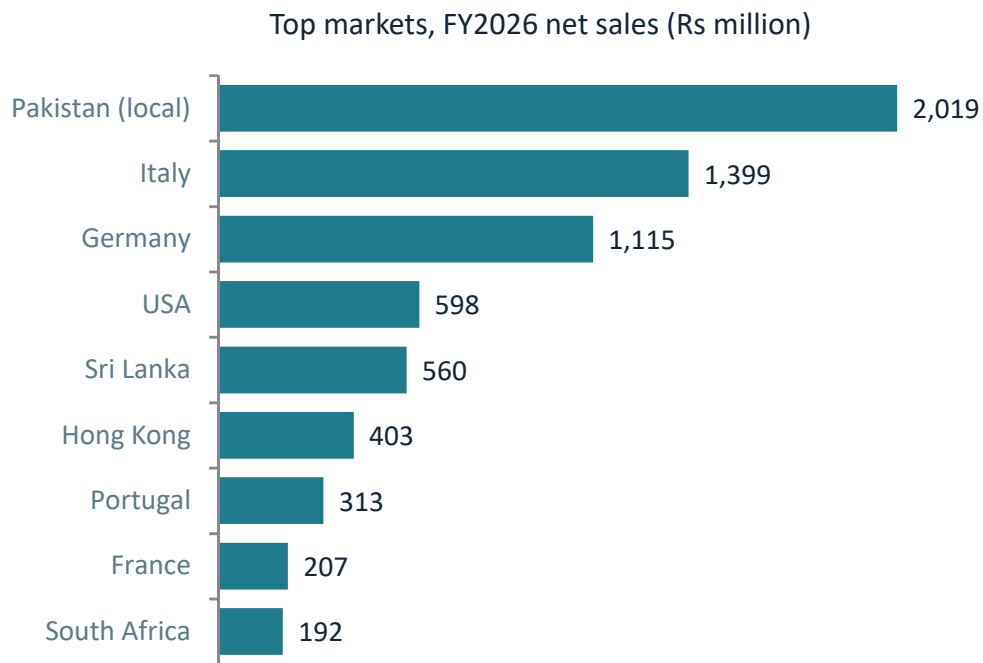
Readymade garments exports
to US\$3.2bn

11.5%

SBP policy rate held on June
15, 2026

Revenue and market mix

Exports are about three-quarters of sales; Europe leads, with new momentum in Hong Kong and South Africa



73.8%

Export share of sales

Rs 5.69bn

Export sales, -6.0% YoY

+381%

Hong Kong sales (Rs 403m)

Profit and loss summary

Gross profit grew while operating costs and lower other income trimmed operating profit

Rs million	FY2026	FY2025	Change
Net sales	7,754	8,279	-6.3%
Gross profit	868	815	+6.4%
Distribution & admin expenses	588	525	+12.1%
Operating profit	304	342	-11.1%
Finance costs	183	261	-30.0%
Profit before levy & tax	121	80	+50.4%
Levy & taxation	114	79	+45.3%
Profit after tax	6.7	1.8	+270.6%

11.19%

Gross margin

+1.34 pp

3.92%

Operating margin

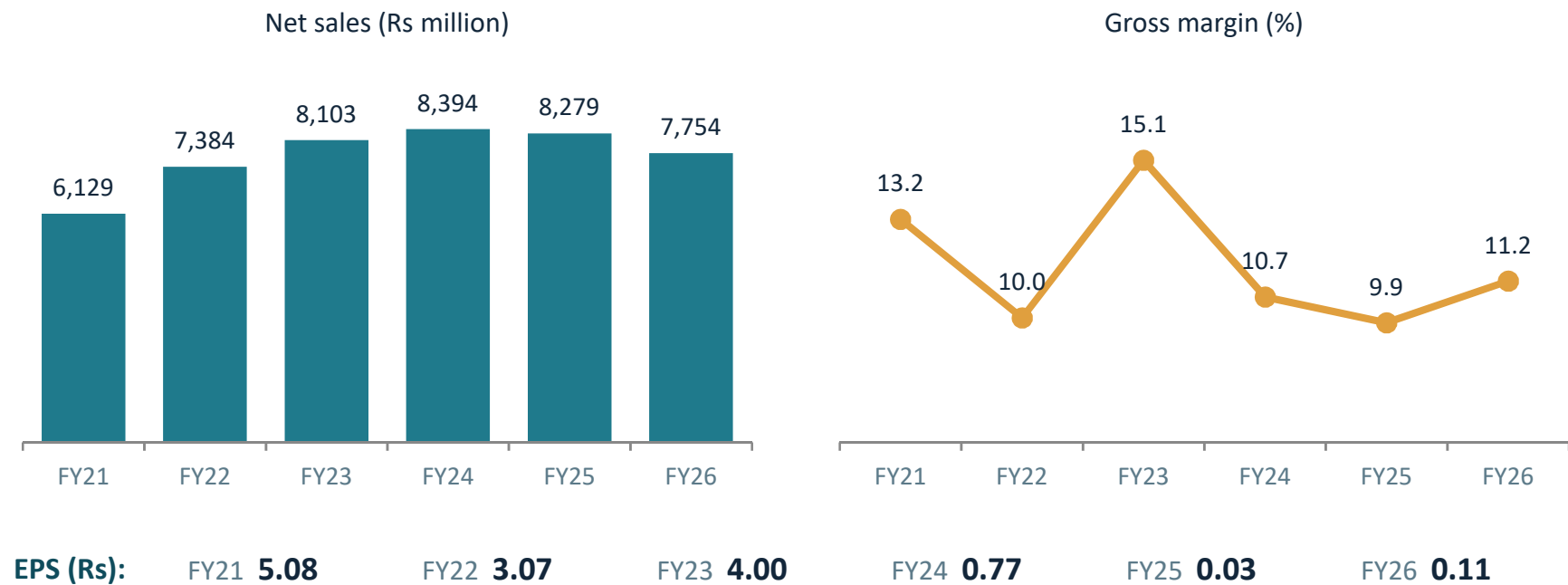
-0.21 pp

Rs 0.11

EPS (basic & diluted)

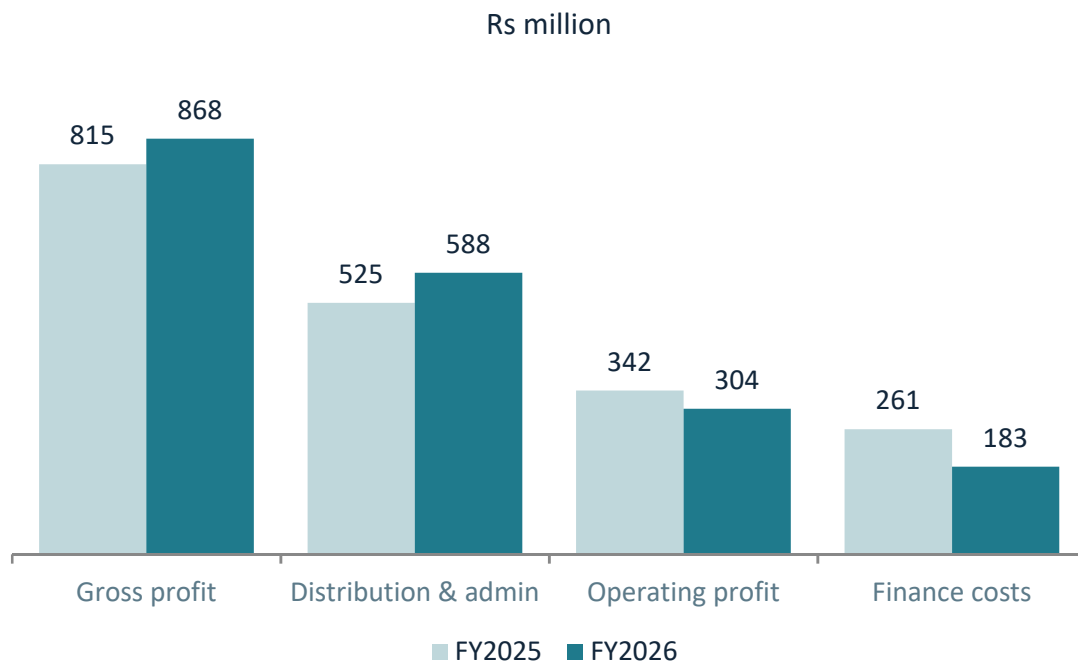
Six-year trend

Revenue has retreated from its FY2024 peak; margins and EPS remain below FY2021-23 levels



What moved earnings

Cheaper financing and better gross profit did the heavy lifting; overheads absorbed part of the gain



+Rs 52m

Gross profit: cost of sales fell 7.7% vs sales down 6.3%

-Rs 78m

Finance costs: lower borrowing cost environment

+Rs 63m

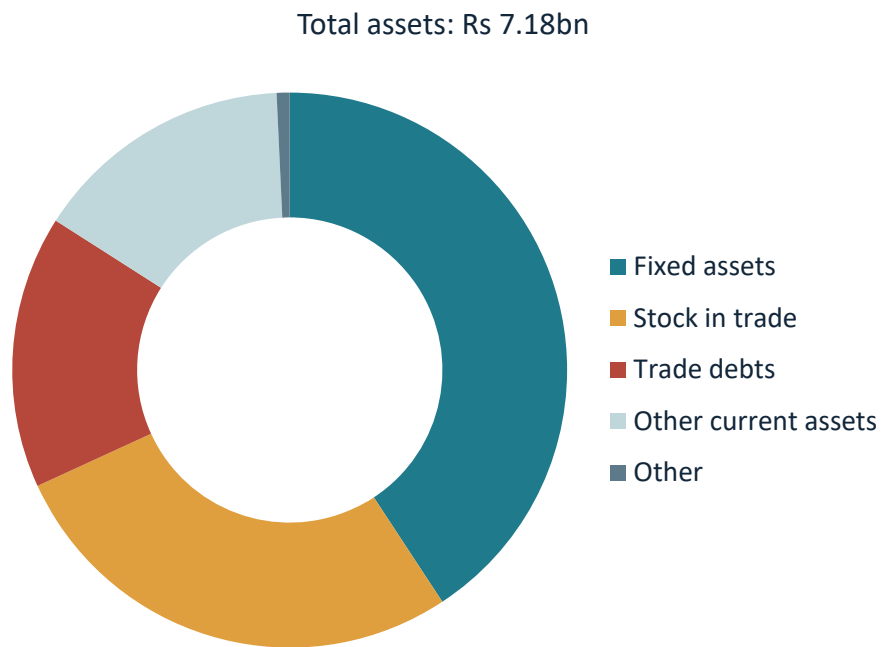
Distribution & admin expenses up 12.1%

-Rs 31m

Other income down to Rs 65m from Rs 96m

Balance sheet

A larger asset base, with working capital absorbing most of the growth



Rs
2.54bn
Shareholders' equity

BV/share Rs 42.81

Rs
1.97bn
Stock in trade

+1.4% YoY

Rs
1.14bn
Trade debts

+18.7% YoY

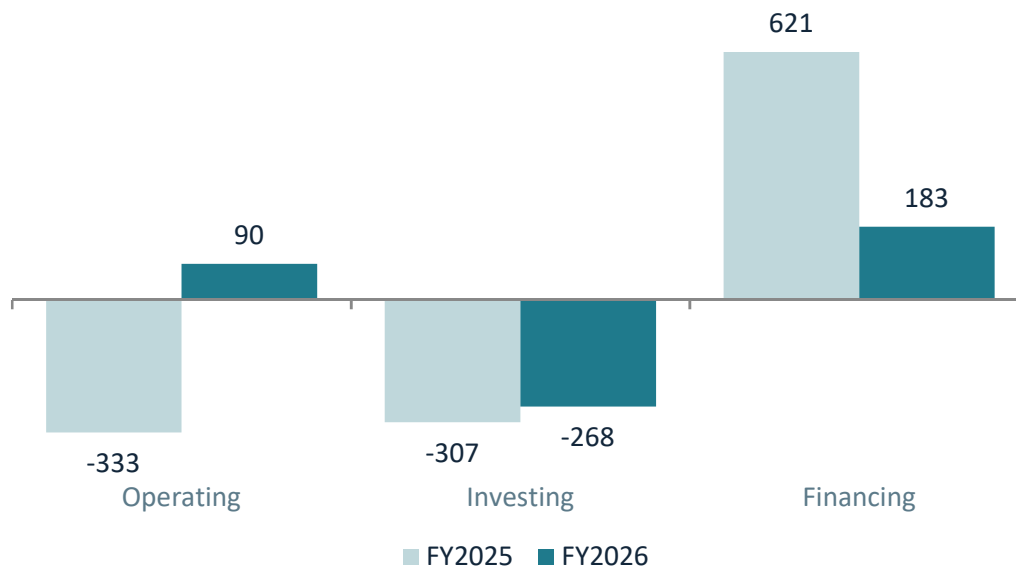
Rs
2.09bn
Short-term borrowings

vs Rs 1.97bn

Cash flow

Operating cash flow turned positive after a Rs 333m outflow last year

Net cash flows by activity (Rs million)



Rs 400m

Cash from operations

FY2025: Rs 57m

Rs 306m

Capital expenditure

-16.9% YoY

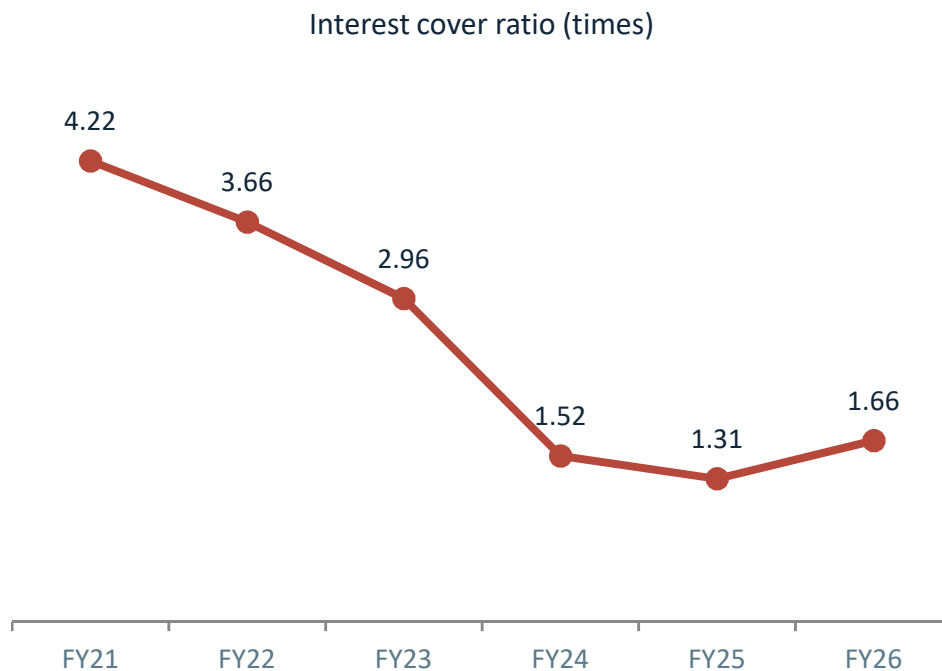
Rs 134m

Finance cost paid

-39.3% YoY

Liquidity and leverage

Interest cover recovered, but liquidity headroom is thin and borrowing remains high



1.00x

Current ratio

FY25: 0.97x

0.90x

Debt / equity

FY25: 0.80x

47:53

Gearing ratio

FY25: 45:55

1.66x

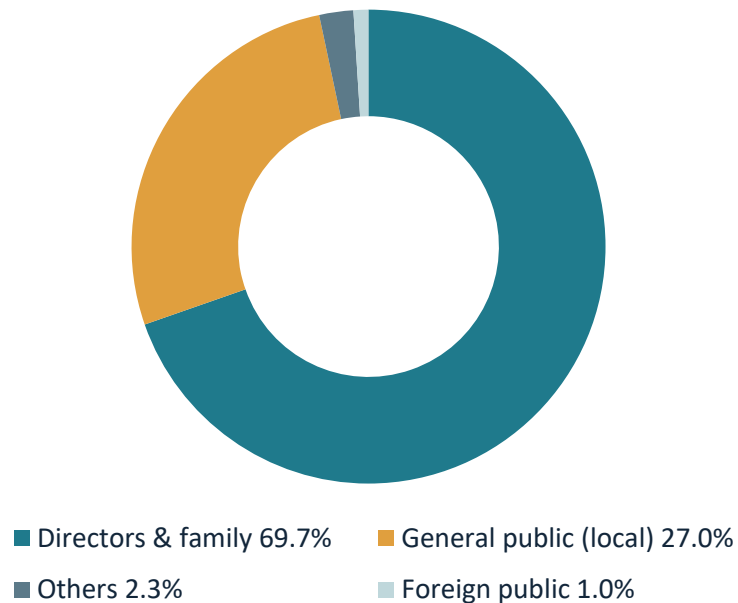
Interest cover

FY25: 1.31x

Governance and ownership

Sponsor-led, with an independent-chaired Audit Committee and full board attendance

Shareholding at June 30, 2026



7

directors, 4 female; 2 independent

4 of 4

board meetings, all directors present

4

Audit Committee meetings, independent chair

0.93%

mean gender pay gap (median 3.99%)

Outlook and priorities for FY2027

Cautious but constructive: profitable revenue and cash conversion ahead of volume growth

1 Protect gross margin

Costing, pricing, procurement and planning discipline

2 Convert earnings to cash

Faster receivables, leaner stock, efficient supplier terms

3 Cut finance costs

Control short-term debt; match tenor to the asset

4 Raise value-added share

Mix shift and wider customer and market base

5 Energy efficiency

Efficiency and renewables where payback is sound

6 Targeted capex

Productivity, quality and cost-competitive projects

Questions and discussion

No dividend recommended for FY2026: surplus is reinvested in working capital, debt reduction and planned capex.

30th Annual General Meeting

Wednesday, October 28, 2026, 10:30 AM

Registered Office, 3rd Floor IEP Building, Gulberg III, Lahore

Book closure: October 21 to 28, 2026 (both days inclusive)