



We recently visited PGIL's Bangladesh operations, where we interacted with both the group management team and the local CEO & CFO. The visit reinforced our view that Bangladesh remains a key manufacturing and margin-expansion hub for the company.

We visited the newly inaugurated 27-acre Norp Knit Unit-3 facility, which currently houses ~7 Mn pieces p.a. of denim capacity. The site also includes a newly commissioned laundry and dyeing facility, which should further vertically integrate operations and improve profitability. Management expects the facility to generate ~20% ROCE on an investment of Rs 900 Mn, with an estimated ~30 bps contribution to group margins by FY28. Significant unused land remains available, with plans to add a knitting & dyeing facility, providing further scope for backward integration and capacity expansion. A capex of ~Rs.3.5 bn is earmarked for this facility which would yield an RoCE of ~23% and a payback period of ~5 years.

We also visited PGIL's largest in-house Bangladesh facility, currently operating at ~25 Mn pieces p.a. The facility includes a washing unit and an integrated knitting unit processing ~10 tonnes of cotton per day. An additional ~8 Mn pieces of capacity is currently being added, taking total capacity at the facility to ~33 Mn pieces p.a. The expansion, primarily focused on knitted garments, entails an investment of ~US\$5 Mn and is expected to generate peak annual revenue of ~US\$30 Mn, despite knits carrying a relatively lower ASP.

Expansion continues in India as well, with ~1.4 Mn pieces of incremental capacity expected to be commissioned at the Bihar facility during FY27. Overall, these expansions should take PGIL's total capacity to ~127 Mn pieces by end-FY27E, increasing further to ~154 Mn pieces by FY29E. We expect cumulative capex of ~Rs 7 Bn over the next three years, supporting continued volume growth, greater vertical integration and improvement in operating efficiencies.

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e	FY29e
Net sales	27,135	31,584	34,362	45,063	50,246	60,982	71,463	82,489
EBIDTA	1,405	2,555	3,168	4,106	4,639	6,631	8,107	10,074
Margins	5.2	8.1	9.2	9.1	9.2	10.9	11.3	12.2
PAT (adj)	616	1,361	1,755	2,434	2,789	4,148	5,137	6,460
Growth (%)	-	118.2	10.5	36.5	17.0	53.6	23.8	25.8
EPS	7.11	15.69	20.10	25.91	30.22	44.95	55.66	69.99
P/E (x)	185	84	66	51	44	29	24	19
P/B (x)	9	8	7	5	4	7	5	4
EV/EBITDA (x)	44	23	18	15	13	18	15	12
RoE (%)	10	18	21	21	19	23	23	24
ROCE (%)	8	17	20	19	17	22	23	24
RoIC (%)	9	23	28	29	26	35	34	38

Source: Dalal and Broacha

Rating	TP (Rs)	Up/Dn (%)
BUY	1,540	16

Market data

Current price	Rs	1,329
Market Cap (Rs.Bn)	(Rs Bn)	123
Market Cap (US\$ Mn)	(US\$ Mn)	1,279
Face Value	Rs	5
52 Weeks High/Low	Rs	1355 / 600
Average Daily Volume	('000)	308
BSE Code		532808
Bloomberg		PGIL.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-26	Mar-26
Promoters	60.00	61.11
Public	40.00	38.89
Total	100.00	100.00

Source: Bloomberg

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■ KTAs from Management Meet:

- Bangladesh CEO reiterated that they are currently ahead of its FY27E target, originally set in FY23, while planning has already begun for the next phase of growth beyond FY30.
- Bangladesh's flagship facility maintains a low attrition rate of ~2%, highlighting the workforce's strong dependence on the textile sector for employment. **(Efficiency in Bangladesh remains highest among all geographies)**
- ROI on automated cutting machines in Bangladesh remains negligible, as low labour costs make manual operations more economical than automation. **(Bangladesh labour cost is ~50-60% lower than other regions)**
- Customer demand is strong and robust with huge volumes shifting from European and African region into Bangladesh as well.
- The end of Bangladesh's LDC status is not expected to materially weaken its competitiveness, as alternative trade arrangements, including FTAs, maybe pursued to preserve similar market-access benefits. **(~80% exports in Bangladesh are textiles)**
- Guatemala remains a strong customer-acquisition proposition with healthy demand, but raw-material procurement challenges continue to keep unit economics difficult in the region.

■ KTAs from Analyst Day:

- PGIL has set an FY30E revenue target of Rs 90–100 Bn, implying a ~16–19% CAGR over FY26A–FY30E. EBITDA margins are expected to expand from ~10.5% in FY27E to ~13–14% by FY30E, which management expects to drive ~30% CAGR in bottom-line growth.
- A key margin lever will be the backward-integration project at Norp Knit Unit-3, encompassing knitting and dyeing capabilities. The project entails ~Rs 3.5 Bn of capex, with expected RoCE of ~22–25% and is targeted to contribute ~100–150 bps of EBITDA margin improvement as utilization scales up.
- Total capacity is expected to reach ~175 Mn pieces by FY30E, operating at ~80% utilization, with targeted ASPs of ~Rs 670–680 per piece. Improvement in product mix and favourable FX movement are expected to support realization growth. Capacity is expected to reach ~118 Mn pieces by FY27E, excluding any incremental partner-factory capacity, keeping the company broadly on track toward its 120–140 Mn piece FY28E target.

- Management continues to focus on diversifying growth across geographies and customers. The US revenue contribution, currently ~50%, is targeted to decline to ~40%, reducing geographic concentration. The top six customers are expected to contribute ~50–55% of revenue, the next 15 customers ~40%, with the remaining customer base contributing ~5–10%. India revenues are also expected to double from FY26 numbers.

Valuation & Outlook

PGIL's diversified manufacturing footprint across India, Bangladesh, Vietnam, Indonesia and Guatemala continues to position the company well to benefit from evolving global sourcing patterns and favourable trade agreements. Management has now articulated an FY30E revenue target of Rs 90–100 Bn, implying a ~16–19% CAGR over FY26A–FY30E. Growth is expected to remain broad-based, with India revenues targeted to roughly double, supported by Bihar ramp-up, improving utilization and incremental sourcing opportunities from the India–UK FTA and potential India–EU FTA.

Bangladesh remains the key growth and margin driver, supported by mature operations, strong customer demand and continued capacity expansion. Capacity is expected to reach ~118 Mn pieces in FY27E, excluding incremental partner-factory additions, broadly in line with the 120–140 Mn piece FY28E target, while total capacity is targeted at ~175 Mn pieces by FY30E with ~80% utilization. Backward integration at Norp Knit Unit-3 through knitting and dyeing is expected to be a major margin lever, with ~Rs 3.5 Bn of capex targeted to generate ~22–25% RoCE and support ~100–150 bps of EBITDA margin improvement. Management expects group EBITDA margins to rise from ~10.5% in FY27E to ~13–14% by FY30E.

Valuation Summary

Particulars	FY27e	FY28e	FY29e
Net Earnings (EPS)	44.9	55.7	70.0
Assigned P/E Multiple	22	22	22
Target Price based on PE Basis	989	1,225	1,540
CMP	1,329	1,329	1,329
Upside	-26%	-8%	16%

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e	FY29e
Net Sales	27,135	31,584	34,362	45,063	50,246	60,982	71,463	82,489
Operating Expenses	-15,106	-16,295	-16,979	-23,721	-26,340	-31,711	-37,018	-42,729
Gross Profit	12,029	15,289	17,383	21,342	23,906	29,271	34,445	39,760
Employee Cost	-4,586	-5,615	-6,614	-8,323	-9,563	-11,349	-13,467	-15,123
Other Expenses	-6,038	-7,119	-7,601	-8,913	-9,703	-11,291	-12,872	-14,563
Adjusted EBITDA (Excl OI)	1,405	2,555	3,168	4,106	4,639	6,631	8,107	10,074
Depreciation	-483	-508	-642	-752	-873	-959	-1,076	-1,195
PBIT	921	2,048	2,526	3,354	3,766	5,672	7,031	8,878
Other income	335	228	324	336	371	371	371	371
Interest	-465	-652	-833	-992	-1,032	-1,220	-1,429	-1,650
PBT	791	1,624	2,017	2,698	3,105	4,824	5,973	7,600
Profit before tax	858	1,758	1,921	2,673	3,093	4,824	5,973	7,600
Provision for tax	-157	-229	-229	-366	-393	-675	-836	-1,140
Profit & Loss from	-	-	-	-	-	-	-	-
Reported PAT	701	1,530	1,691	2,308	2,700	4,148	5,137	6,460
MI	-20	-37	57	176	76	-	-	-
Owners PAT	681	1,493	1,748	2,483	2,777	4,148	5,137	6,460
Adjusted Profit	616	1,361	1,755	2,434	2,789	4,148	5,137	6,460

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e	FY29e
Equity capital	217	217	218	230	231	461	461	461
Reserves	5,773	7,008	7,802	11,327	14,367	17,403	21,448	26,534
Net worth	5,989	7,225	8,020	11,557	14,598	17,865	21,909	26,996
MI	159	203	154	-92	-218	-218	-218	-218
Non Current Liabilities	2,548	2,210	2,849	3,310	4,078	3,859	3,638	3,416
Current Liabilities	9,110	8,168	8,831	11,183	13,989	16,094	18,181	20,409
TOTAL LIABILITIES	17,806	17,806	19,855	25,958	32,447	37,600	43,510	50,603
Non Current Assets	5,339	6,195	7,065	8,379	10,120	10,556	13,431	14,435
Fixed Assets	3,511	3,995	4,847	5,381	6,737	7,503	10,694	12,010
Right of Use Assets	1,117	1,339	1,617	2,327	2,578	2,248	1,931	1,620
Financial Assets	621	625	442	450	490	490	490	490
Deferred Tax Asset	9	14	25	66	198	198	198	198
Other Non Current Assets	81	221	133	155	118	118	118	118
Current Assets	12,467	11,612	12,789	17,579	22,327	27,043	30,080	36,167
Current investments	53	56	-	-	-	-	-	-
Inventories	5,396	5,133	5,027	7,051	8,825	10,693	12,531	14,464
Trade Receivables	3,666	2,094	2,654	3,244	4,073	5,012	5,874	6,780
Cash and Bank Balances	1,498	2,945	3,665	5,664	7,474	9,382	9,719	12,968
Short Term Loans and	346	254	226	234	222	222	222	222
Other Financial Assets	59	82	106	72	334	334	334	334
Other Current Assets	1,449	1,049	1,111	1,314	1,400	1,400	1,400	1,400
TOTAL ASSETS	17,806	17,806	19,855	25,958	32,447	37,600	43,510	50,603

Cashflow (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e	FY29e
PBT	858	1,758	1,921	2,673	3,093	4,824	5,973	7,600
Depreciation	483	508	642	752	873	959	1,076	1,195
Net Chg in WC	-2,392	1,577	445	-2,052	-1,206	-1,264	-1,235	-1,299
Taxes	-77	-231	-210	-316	-398	-675	-836	-1,140
Others	212	36	723	1,316	431	1,220	1,429	1,650
CFO	-915	3,648	3,521	2,374	2,794	5,063	6,407	8,006
Capex	-837	-703	-1,275	-934	-1,852	-1,396	-3,950	-2,200
Net Investments made	-88	-121	322	-15	-47	-	-	-
Others	528	567	-328	-86	319	371	371	371
CFI	-396	-257	-1,281	-1,035	-1,580	-1,025	-3,579	-1,829
Change in Share capital	6	-	38	1,504	66	-	-	-
Change in Debts	1,985	-1,158	-32	-246	234	584	642	706
Div. & Div Tax	-257	-627	-1,184	-1,085	-1,406	-2,102	-2,521	-3,023
Others	-201	-214	-344	838	646	-241	-241	-241
CFF	1,533	-1,998	-1,521	1,011	-459	-1,759	-2,120	-2,558
Total Cash Generated	221	1,393	718	2,350	754	2,280	708	3,620
Cash Opening Balance	Total	1,169	2,561	3,280	5,100	7,044	8,953	9,290
Cash Closing Balance	1,169	2,561	3,280	5,100	7,044	8,953	9,290	12,538

Ratios	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e	FY29e
GPM	44.3	48.4	50.6	47.4	47.6	48.0	48.2	48.2
OPM	5.2	8.1	9.2	9.1	9.2	10.9	11.3	12.2
NPM	2.2	4.3	5.1	5.4	5.5	6.8	7.2	7.8
Tax rate	-18.3	-13.0	-11.9	-13.7	-12.7	-14.0	-14.0	-15.0

Growth Ratios (%)

Net Sales	16.4	8.8	31.1	11.5	21.4	17.2	15.4
Gross Profit	27.1	13.7	22.8	12.0	22.4	17.7	15.4
Operating Profit	81.9	24.0	29.6	13.0	42.9	22.3	24.3
PBIT	122.2	23.4	32.8	12.3	50.6	24.0	26.3
PAT	118.2	10.5	36.5	17.0	53.6	23.8	25.8

Per Share (Rs.)

Net Earnings (Dilutive EPS)	7.1	15.7	20	25.9	30.2	44.9	55.7	70.0
Cash Earnings (CPS)	26.9	46.2	54.8	70.4	79.1	55.3	67.3	82.9
Dividend	2.5	7.5	8.7	11.2	13.1	19.1	23.7	29.8
Book Value	138	167	184	252	316	194	237	293

Valuation Ratios

P/E(x)	185	84	66	51	44	29	24	19
P/B(x)	10	8	7	5	4	7	6	5
EV/EBIDTA(x)	44	23	18	15	13	18	15	12
Div. Yield(%)	0.19	0.57	0.66	0.85	0.99	1.45	1.79	2.26

Return Ratios (%)

ROE	10%	19%	22%	21%	19%	23%	23%	24%
ROCE	8%	17%	20%	20%	18%	22%	23%	25%
RoIC	9%	23%	29%	29%	27%	36%	35%	39%

Source: Dalal & Broacha Research

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