Pearl Global Industries Ltd [PGIL]

1QFY27 Result Update | **Textiles**

Capacity expansion in line with broad based growth

DALAL & BROACHA
STOCK BROKING PVT. LTD.

Equity Research Desk

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Rating	TP (Rs)	Up/Dn (%)
BUY	**2,519**	**13**

Market data		
Current price	**Rs**	**2,222**
Market Cap (Rs.Bn)	(Rs Bn)	103
Market Cap (US$ Mn)	(US$ Mn)	1,079
Face Value	Rs	5
52 Weeks High/Low	Rs	2248 / 1178
Average Daily Volume	('000)	104
BSE Code		532808
Bloomberg		PGIL.IN

Source: Bloomberg

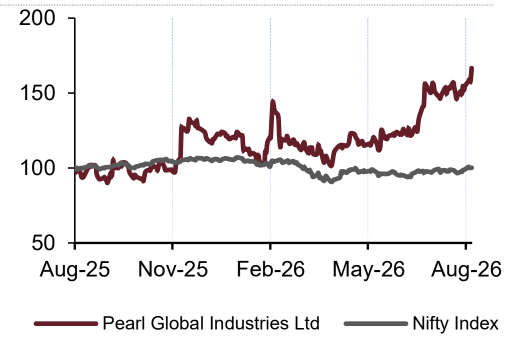
PGIL reported its highest-ever quarterly consolidated revenue of Rs. 15.28 Bn in Q1FY27, up 24.5% YoY, driven by strong volume growth across manufacturing locations. Adjusted EBITDA, excluding ESOP costs, increased 44.1% YoY to Rs. 1.64 Bn, with margin expanding by 140 bps to 10.7%, supported by an improved product mix and operating leverage across overseas geographies. Consolidated PAT rose 51.4% YoY to Rs. 990 Mn, while shipments increased to 20.8 Mn pieces from 17.2 Mn pieces in Q1FY26. Average realization improved to Rs. 735 per piece from Rs. 715, aided by a higher share of outerwear and value-added products.

The performance was broad-based across overseas operations, with healthy demand and customer traction in Bangladesh and Indonesia, while Vietnam continued to benefit from premium products, favourable trade agreements and the China-plus-one strategy. India revenue increased 27.4% YoY to Rs. 3.40 Bn, although adjusted EBITDA margin declined to 6.6% from 7.3% due to significant minimum-wage increases in Haryana and lower operating efficiencies. India remains the key drag on consolidated profitability, while other geographies continue to witness margin expansion and retain further scope for improvement as operating leverage strengthens.

Capacity utilization remains stronger across overseas operations at ~75–80%, while India is operating at ~65–70%, with manufacturing efficiency at ~50–58%. Bihar is currently producing ~0.12–0.13 Mn pieces per month against a peak potential of ~0.4–0.5 Mn pieces, leaving meaningful headroom for growth. Management expects improved utilization in India through higher core-product volumes, while Bangladesh's upcoming capacity is expected to ramp up materially within a year. Guatemala has also shown operational improvement, with management targeting breakeven during FY27.

PGIL continues to expand capacity across geographies, with the Bangladesh project expected to add 6–7 Mn pieces and take group installed capacity to ~108 Mn pieces by September–October 2026. A sustainable laundry unit is expected to become operational in H2FY27, supporting greater value addition and backward integration. Construction of Bihar's second manufacturing shed is underway, while land acquisition in Vietnam has been completed. Management is evaluating Rs. 2–2.5 Bn of capex in FY27, while retaining its longer-term installed capacity target of ~125–130 Mn pieces. Management remains confident of sustaining double-digit EBITDA margins, with further improvement expected from higher utilization, product premiumization and operating leverage.

One Year Performance



Source: Bloomberg

% Shareholding	Jun-26	Mar-26
Promoters	61.11	61.16
Public	38.89	38.84
Total	100.000	100.000

Source: Bloomberg

Key Risks:

- Customer concentration
- Geographical concentration/risk
- Seasonality element
- Tariffs

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Financial Summary

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
Net sales	14,909	27,135	31,584	34,362	45,063	50,243	58,465	67,172
EBIDTA	606	1,405	2,555	3,168	4,106	4,434	6,056	7,617
Margins	4.1	5.2	8.1	9.2	9.1	8.8	10.4	11.3
PAT (adj)	48	616	1,361	1,755	2,434	2,623	3,689	4,568
Growth (%)	-19.5	301.0	118.2	10.5	36.5	10.5	41.8	24.3
EPS	3.99	15.73	34.45	40.11	54.06	57.11	80.31	99.45
P/E (x)	460	117	53	46	34	32	23	18
P/B (x)	15	13	11	10	7	6	5	4
EV/EBITDA (x)	135	60	32	26	20	19	14	11
RoE (%)	1	11	21	23	25	21	24	25
ROCE (%)	5	12	20	23	25	21	25	26
RoIC (%)	-19	10	22	26	27	23	26	29

Source: Company, Dalal & Broacha Research

Margin Expansion Remains a Key Earnings Lever

Consolidated adjusted EBITDA margin expanded by 140 bps YoY to 10.7% in Q1FY27, supported by operating leverage, higher volumes and an improved product and geography mix. India remains the primary drag on consolidated profitability, with standalone margins declining to 6.6% from 7.3% due to wage increases and lower operating efficiencies. Overseas geographies continue to report margin expansion, with further improvement expected as utilization rises. Backward integration through the Bangladesh laundry facility, a richer product mix and profitability at Bihar and Guatemala should support management's medium-term margin target of 11–12%.

Consistent CAPEX to Sustain Topline Growth

PGIL continues to invest across geographies to remain supply-ready for growing customer demand. The Bangladesh expansion is expected to add 6–7 Mn pieces of capacity, taking group capacity to ~108 Mn pieces, while the sustainable laundry facility is expected to commence operations in H2FY27. The company is also completing Bihar's second manufacturing shed and has acquired land for future expansion in Vietnam. Management is evaluating FY27 capex of Rs. 2–2.5 Bn and retains its longer-term capacity target of ~125–130 Mn pieces, supplemented by the asset-light partner-factory model.

Broad-Based Utilization Driving Revenue Growth

Overseas capacity utilization remains healthy at ~75–80%, while India is operating at ~65–70%, providing meaningful headroom for growth. Indonesia continues to ramp up on the back of new customer additions and a premium product mix, while Vietnam remains a key growth market supported by strong customer traction and favorable trade dynamics. Bihar is currently producing ~0.12–0.13 Mn pieces per month against peak potential of ~0.4–0.5 Mn pieces. Improving utilization across India, Indonesia and new Bangladesh capacities should drive broad-based volume growth, realizations and operating leverage over FY27–FY28.

Valuation & Outlook

PGIL's diversified multi-geography manufacturing footprint positions it well to benefit from evolving global trade dynamics and favourable FTAs. India revenue grew 27.4% YoY in Q1FY27, supported by improving customer traction and normalization of tariff-related headwinds. However, standalone EBITDA margin declined to 6.6% from 7.3% due to wage increases and lower operating efficiencies. With India utilization currently at ~65–70%, ramp-up at Bihar, higher sourcing interest following the India–UK FTA and potential benefits from the India–EU FTA should support volume growth and margin recovery. Management expects group EBITDA margins to gradually improve toward 11–12% over the medium term.

Bangladesh remains a key growth driver, supported by mature operations, customer additions and ongoing capacity expansion. The upcoming facility is expected to add 6–7 Mn pieces and take group capacity to ~108 Mn pieces by September–October 2026. The sustainable laundry facility, expected to commence operations in H2FY27, should increase backward integration and support margins. Bangladesh's established trade advantages and PGIL's partner-factory model provide scalable capacity to meet growing customer demand without significant incremental fixed investment.

Vietnam and Indonesia continue to drive overseas growth, supported by strong customer traction, premium product mix and healthy utilization. Overseas utilization remained at ~75–80% in Q1FY27, with further scope for operating leverage as volumes scale. Indonesia is expected to benefit from higher utilization and premium customer additions, supporting both realizations and margins. Guatemala continues to improve operationally, with management targeting breakeven during FY27. Improving utilization across India, Indonesia and new Bangladesh capacities should drive broad-based revenue and earnings growth over FY27–FY28.

We maintain our BUY rating on PGIL, with revenue/EBITDA/PAT CAGR of 15%/24%/28% over FY25–FY28E. With backward integration and operating leverage expected to strengthen from FY28E, we believe an EBITDA margin of 11.7% is achievable with sustained topline. Valuing the stock at 23x FY28E EPS, we arrive at a target price of Rs. 2,519, implying an upside of 14% from CMP.

Quarterly Financials

(Rs.Mn)	Q1FY27	Q1FY26	YoY Growth (%)	Q4FY26	QoQ Growth (%)
Revenue	**15,283**	**12,279**	**24%**	**13,136**	**16%**
Other Income	107	113	-5%	102	5%
Total RM Cost	7,406	6,626	12%	6,718	10%
Gross Profit	7,877	5,653	**39%**	6,418	**23%**
Employee Expense	2,715	2,183	24%	2,534	7%
Other Expenses	3,524	2,335	51%	2,529	39%
Total Expenses	13,644	11,143	22%	11,781	16%
EBITDA (Excluding OI)	**1,638**	**1,136**	**44%**	**1,355**	**21%**
Depreciation	257	197	30%	228	13%
EBIT / PBIT	**1,489**	**1,040**	**43%**	**1,219**	**22%**
Finance Costs	266	274	-3%	263	1%
EBT/ PBT (After exceptional)	**1,196**	**763**	**57%**	**950**	**26%**
Tax Expense	203	108	89%	141	45%
Reported PAT (Before NCI)	**992**	**656**	**51%**	**810**	**23%**
Reported Dilutive EPS	21.8	14.8	47%	18.1	21%
Margins (%)			**(In bps)**		**(In bps)**
Gross Margins	51.5%	46.0%	550	48.9%	268
EBITDA Margins (Excl OI)	10.7%	9.3%	147	10.3%	40
PAT Margins	6.7%	5.5%	118	6.3%	35
Tax rate	17.0%	14.1%	290	14.8%	
As a % to sales					
RM as a % to sales	48.5%	54.0%		51.1%	
EE Cost as a % to sales	17.8%	17.8%		19.3%	
Other exps as a % to sales	23.1%	19.0%		19.2%	

Source: Dalal & Broacha Research

Financials

P&L (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e
Net Sales	14,909	27,135	31,584	34,362	45,063	50,246	60,723	67,731
Operating Expenses	-7,689	-15,106	-16,295	-16,979	-23,721	-26,340	-31,576	-35,084
Gross Profit	**7,220**	**12,029**	**15,289**	**17,383**	**21,342**	**23,906**	**29,147**	**32,646**
Employee Cost	-3,253	-4,586	-5,615	-6,614	-8,323	-9,563	-11,351	-12,686
Other Expenses	-3,361	-6,038	-7,119	-7,601	-8,913	-9,703	-11,254	-12,053
Adjusted EBITDA (Excl OI)	**606**	**1,405**	**2,555**	**3,168**	**4,106**	**4,639**	**6,542**	**7,907**
Depreciation	-441	-483	-508	-642	-752	-873	-1,014	-1,405
PBIT	165	921	2,048	2,526	3,354	3,766	5,527	6,502
Other income	235	335	228	324	336	371	371	371
Interest	-413	-465	-652	-833	-992	-1,032	-945	-997
PBT	-13	791	1,624	2,017	2,698	3,105	4,954	5,877
Profit before tax	114	858	1,758	1,921	2,673	3,093	4,954	5,877
Provision for tax	61	-157	-229	-229	-366	-393	-694	-823
Profit & Loss from	-	-	-	-	-	-	-	-
Reported PAT	175	701	1,530	1,691	2,308	2,700	4,260	5,054
MI	-2	-20	-37	57	176	76	40	-
Owners PAT	173	681	1,493	1,748	2,483	2,777	4,300	5,054
Adjusted Profit	**48**	**616**	**1,361**	**1,755**	**2,434**	**2,789**	**4,300**	**5,054**

Balance Sheet (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e
Equity capital	217	217	217	218	230	231	231	231
Reserves	4,956	5,773	7,008	7,802	11,327	14,367	17,753	21,733
Net worth	**5,172**	**5,989**	**7,225**	**8,020**	**11,557**	**14,598**	**17,984**	**21,964**
MI	129	159	203	154	-92	-218	-218	-218
Non Current Liabilites	2,445	2,548	2,210	2,849	3,310	4,078	4,414	4,673
Current Liabilites	5,193	9,110	8,168	8,831	11,183	13,989	14,917	16,211
TOTAL LIABILITIES	**12,940**	**17,806**	**17,806**	**19,855**	**25,958**	**32,447**	**37,097**	**42,629**
Non Current Assets	5,332	5,339	6,195	7,065	8,379	10,119	11,843	12,282
Fixed Assets	3,395	3,511	3,995	4,847	5,381	6,736	8,152	8,335
Right of Use Assets	980	1,117	1,339	1,617	2,327	2,578	2,879	3,103
Financial Assets	812	621	625	442	450	490	490	517
Deferred Tax Asset	47	9	14	25	66	198	198	198
Long Term Loans and	-	-	-	-	-	-	-	-
Other Non Current Assets	98	81	221	133	155	118	124	130
Current Assets	**7,608**	**12,467**	**11,612**	**12,789**	**17,579**	**22,327**	**25,255**	**30,346**
Current investments	75	53	56	-	-	-	-	-
Inventories	2,788	5,396	5,133	5,027	7,051	8,825	11,165	12,454
Trade Receivables	2,422	3,666	2,094	2,654	3,244	4,073	4,371	4,876
Cash and Bank Balances	947	1,169	2,561	3,280	5,664	7,474	7,391	10,486
Short Term Loans and	171	346	254	226	234	222	222	222
Other Financial Assets	232	388	465	491	72	334	334	334
Other Current Assets	973	1,449	1,049	1,111	1,314	1,400	1,770	1,974
TOTAL ASSETS	**12,940**	**17,806**	**17,806**	**19,855**	**25,958**	**32,446**	**37,097**	**42,629**

Cashflow (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e
PBT	114	858	1,758	1,921	2,673	3,093	4,954	5,877
Depreciation	441	483	508	642	752	873	1,014	1,405
Net Chg in WC	381	-2,392	1,577	445	-2,052	-1,206	-2,117	-927
Taxes	-35	-77	-231	-210	-316	-398	-694	-823
Others	45	212	36	723	1,316	431	653	833
CFO	**946**	**-915**	**3,648**	**3,521**	**2,374**	**2,794**	**3,811**	**6,364**
Capex	-209	-837	-703	-1,275	-934	-1,852	-2,431	-1,587
Net Investments made	-137	-88	-121	322	-15	-47	-	-28
Others	85	528	567	-328	-86	319	-	-
CFI	**-260**	**-396**	**-257**	**-1,281**	**-1,035**	**-1,580**	**-2,431**	**-1,615**
Change in Share capital	-	6	-	38	1,504	66	-	-
Change in Debts	-189	1,985	-1,158	-32	-246	234	400	400
Div. & Div Tax	-260	-257	-627	-1,184	-1,085	-1,406	-1,859	-2,071
Others	-171	-201	-214	-344	838	646	-4	17
CFF	**-619**	**1,533**	**-1,998**	**-1,521**	**1,011**	**-459**	**-1,463**	**-1,655**
Total Cash Generated	**66**	**221**	**1,393**	**718**	**2,350**	**754**	**-83**	**3,095**
Cash Opening Balance	**881**	**947**	**1,169**	**2,561**	**3,280**	**5,100**	**7,044**	**7,391**
Cash Closing Balance	**947**	**1,169**	**2,561**	**3,280**	**5,100**	**7,044**	**7,391**	**10,486**

Ratios	FY21	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e
GPM	48.4	44.3	48.4	50.6	47.4	47.6	48.0	48.2
OPM	4.1	5.2	8.1	9.2	9.1	9.2	10.8	11.7
NPM	0.3	2.2	4.3	5.1	5.4	5.5	7.0	7.4
Tax rate	54.0	-18.3	-13.0	-11.9	-13.7	-12.7	-14.0	-14.0
Growth Ratios (%)								
Net Sales	-11.5	82.0	16.4	8.8	31.1	11.5	20.9	11.5
Gross Profit	-17.7	66.6	27.1	13.7	22.8	12.0	21.9	12.0
Operating Profit	-9.5	132.0	81.9	24.0	29.6	13.0	41.0	20.9
PBIT	-33.9	460.1	122.2	23.4	32.8	12.3	46.8	17.6
PAT	-19.5	301.0	118.2	10.5	36.5	17.0	57.8	18.6
Per Share (Rs.)								
Net Earnings (Dilutive EPS)	4.0	15.7	34.4	40.1	54.1	60.2	93.2	109.5
Cash Earnings (CPS)	14.2	26.9	46.2	54.8	70.4	79.1	115.2	140.0
Dividend	-	2.5	7.5	8.7	11.2	-	19.8	23.3
Book Value	119.4	138.2	166.7	184.0	251.6	316.3	389.7	476.0
Free Cash Flow	-7.1	-56.7	70.2	42.6	9.8	11.5	35.8	109.8
Valuation Ratios								
P/E(x)	406	103	47	40	30	27	17	15
P/B(x)	14	12	10	9	6	5	4	3
EV/EBIDTA(x)	120	53	28	23	18	16	11	9
Div. Yield(%)	-	0.15	0.46	0.54	0.69	-	1.22	1.44
FCF Yield(%)	-0.44	-3.50	4.33	2.63	0.61	0.71	2.21	6.78
Return Ratios (%)								
ROE	1%	11%	21%	23%	25%	21%	26%	25%
ROCE	5%	12%	20%	23%	25%	21%	25%	25%
RoIC	-19%	10%	22%	26%	27%	26%	28%	31%

Source: Dalal & Broacha Research

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