Pearl Global Industries Ltd [PGIL]

2QFY27 Result Update | **Textiles**

Highest-ever quarterly revenue; FY28 guidance pulled forward

DALAL & BROACHA STOCK BROKING PVT. LTD.

Equity Research Desk

6 November 2026

PGIL delivered a strong Q2FY27, ahead of our estimates. Revenue of Rs. 18,015 mn (+37.2% YoY) beat our Rs. 16,338 mn estimate by ~10% on strong volumes and currency-led realizations, and PAT of Rs. 1,258 mn (+74.7% YoY) beat our Rs. 1,186 mn estimate. Adjusted EBITDA of Rs. 1,840 mn was ~7% ahead, though the 10.2% margin was ~30 bps below our estimate as India wage increases weighed; the quarter included a one-time gain of ~Rs. 115 mn. Record topline, margin recovery, FY27 guidance pulled forward to Rs. 60,000 mn+ and a clarified capex roadmap keep us positive, even as India's margin drag, weaker H1 cash conversion (receivable days up from 30 to 50) and the pending Bangladesh wage decision remain watch items.

PGIL reported its highest-ever quarterly consolidated revenue of Rs. 18,015 mn in Q2FY27, up 37.2% YoY, driven by strong volume growth across manufacturing locations and currency-aided realizations. Adjusted EBITDA, excluding ESOP costs, increased 51.1% YoY to Rs. 1,840 mn, with margin expanding by ~90 bps to 10.2%, supported by an improved product mix and operating leverage across overseas geographies; the quarter included a one-time gain of ~Rs. 115 mn from tariff adjustment and value-added services. Consolidated PAT rose 74.7% YoY to Rs. 1,258 mn. H1FY27 revenue stood at Rs. 33,298 mn, up 31.1% YoY, with shipments of 43.6 mn pieces versus 37.1 mn pieces in H1FY26.

The performance was broad-based across overseas operations. Rest-of-world EBITDA margin improved ~98 bps YoY to 11.7%, while India's standalone margin declined ~128 bps YoY to 2.4% on the Haryana wage hike (~35%) and PF adjustment across four factories; India standalone revenue grew ~17% YoY with segment EBIT in losses. Bangladesh operations remain healthy despite ~2 days lost to Dhaka unrest in three factories, with all five own factories now fully operational and no customer impact expected. Vietnam remained steady, Indonesia continues to grow off a low base, and Guatemala is moving toward breakeven.

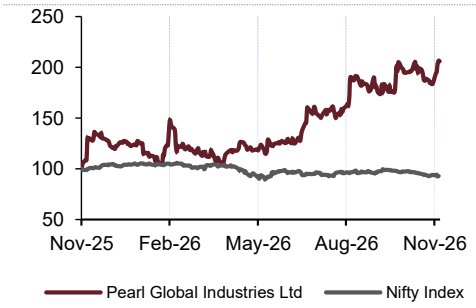
Capacity utilization remains stronger across overseas operations, while India is operating at ~68-69%. Bihar continues to ramp up, and the new Bangladesh unit adds 7 mn pieces of annual capacity, with full ramp-up expected in 6-8 months. UK/EU customers are beginning production in Bangladesh given capacity fungibility, with India's share expected to rise over time. Average realization improved to ~Rs. 790 per piece, aided by a 7-8% YoY INR depreciation and a richer mix in Vietnam and Indonesia, though overseas costs also rise in INR terms.

Rating	TP (Rs)	Up/Dn (%)
BUY	**1,441**	**8**

Market data		
Current price	**Rs**	**1,336**
Market Cap (Rs.Bn)	(Rs Bn)	124
Market Cap (US$ Mn)	(US$ Mn)	1,308
Face Value	Rs	5
52 Weeks High/Low	Rs	1381.5 / 630.03
Average Daily Volume	('000)	243
BSE Code		532808
Bloomberg		PGIL.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-26	Jun-26
Promoters	59.91	61.11
Public	13.25	12.91
Others	26.84	25.98
Total	100.000	100.000

Source: Bloomberg

Key Risks:

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

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Management now expects revenue of Rs. 60,000 mn+ in FY27 itself - the earlier FY28 target - including value-added services, with a healthy Q3 order book and Q4 building; the FY30 EBITDA margin roadmap of 12-14% was reiterated. The capex roadmap was clarified: growth capex of Rs. 6,750-7,250 mn till FY30 (capacity expansion of Rs. 3,250-3,500 mn plus backward integration of Rs. 3,500-3,750 mn), together with existing CWIP of Rs. 2,250 mn approved in FY25-26 (primarily for Bangladesh) that capitalizes in Q3/Q4FY27, takes total capitalization to Rs. 9,000-9,500 mn over FY27-FY30. This is not an increase in the growth capex plan, and management is hopeful of capitalizing the entire amount by end-FY29.

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	63,268	72,045	82,843
EBIDTA	1,405	2,555	3,168	4,106	4,639	6,664	8,041	9,610
Margins	5.2	8.1	9.2	9.1	9.2	10.5	11.2	11.6
PAT (adj)	616	1,361	1,755	2,434	2,789	4,138	5,070	6,060
Growth (%)	-	118.2	10.5	36.5	17.0	53.2	22.5	19.5
EPS	7.11	15.69	20.10	26.52	30.22	44.73	54.81	65.51
P/E (x)	188	85	67	50	44	30	24	20
P/B (x)	10	8	7	5	4	7	6	5
EV/EBITDA (x)	44	23	19	15	13	18	15	12
RoE (%)	10	19	22	21	19	23	23	23
ROCE (%)	8	17	20	20	18	23	23	24
RoIC (%)	9	23	29	29	27	35	34	37

Source: Company, Dalal & Broacha Research FY22-FY26 P/B and EV/EBITDA are computed on pre-bonus share capital.

Margin Expansion Remains a Key Earnings Lever

Consolidated adjusted EBITDA margin expanded by ~90 bps YoY to 10.2% in Q2FY27, supported by operating leverage, higher volumes and an improved product and geography mix, and included a one-time gain of ~Rs. 115 mn. India remains the primary drag, with standalone margins declining ~128 bps YoY to 2.4% on the Haryana wage hike and PF adjustment; Karnataka is exempted for now. Overseas geographies continue to report margin expansion, with ROW margin up ~98 bps YoY to 11.7%. Backward integration, a richer product mix and improving profitability at Bihar and Guatemala should support the reiterated FY30 margin roadmap of 12-14%.

Consistent CAPEX to Sustain Topline Growth

PGIL clarified its capex roadmap on the call: growth capex of Rs. 6,750-7,250 mn till FY30 comprises capacity expansion of Rs. 3,250-3,500 mn and backward integration of Rs. 3,500-3,750 mn. Including existing CWIP of Rs. 2,250 mn (approved in FY25-26, primarily for Bangladesh) that will capitalize in Q3/Q4FY27, total capitalization stands at Rs. 9,000-9,500 mn over FY27-FY30 - not an increase in the growth capex plan. Of the capacity expansion, ~Rs. 1,000 mn is likely to be capitalized in FY27, with the remaining

Rs. 2,250-2,500 mn under evaluation, partly for Vietnam and Indonesia. Within backward integration, Rs. 2,000 mn is board-approved; the first 10-ton knitting phase is operational, the washing laundry commenced in September, and the processing unit is expected by early 2028. Management is hopeful of capitalizing the full amount by end-FY29.

Broad-Based Utilization Driving Revenue Growth

Overseas capacity utilization remains healthy, while India operates at ~68-69%, providing headroom for growth. Bangladesh's new unit adds 7 mn pieces of annual capacity and should ramp fully in 6-8 months; Bihar continues to scale. In the US, about half of revenue, retailers are running lean inventories into a compressed holiday season, and management reports no demand slowdown, with a healthy Q3 order book and Q4 building. Improving utilization across India, Indonesia and the 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. India's margin drag should ease as Bihar ramps up, UK/EU sourcing begins in Bangladesh and wage increases annualize, while realizations stay supported by currency and mix. Management's upgraded FY27 revenue outlook of Rs. 60,000 mn+ underlines demand strength across geographies.

Bangladesh remains a key growth driver, supported by mature operations, customer additions and the new 7 mn-piece unit ramping over the next 6-8 months. The wage board decision due in early December (~15% hike expected) is partly reflected in costing, and taka depreciation and productivity gains should offset much of the impact; PGIL pays well above the minimum wage, so the effective impact should be below the headline. Backward integration through the knitting, washing and processing facilities should further support margins.

Vietnam and Indonesia continue to drive overseas growth, with mix-led realization improvement and further capacity under evaluation - land in Vietnam has already been acquired. Indonesia is growing off a low base and Guatemala is moving toward breakeven. Together with improving India utilization, these should drive broad-based revenue and earnings growth over FY27-FY29.

We maintain our BUY rating on PGIL. Following the strong H1FY27 performance and the upgraded FY27 outlook, we raise our FY27E/FY28E revenue estimates by ~4%/~6% and EBITDA estimates by ~2% each, cut FY27E PAT by ~4% on higher interest costs and leave FY28E PAT unchanged; prior-period EPS is restated for the 1:1 bonus. We now estimate revenue/EBITDA/PAT CAGR of 17%/25%/28% over FY25-FY28E. With backward integration and operating leverage expected to strengthen from FY28E, we believe an EBITDA margin of ~11.6% is achievable by FY29E with sustained topline. Valuing the stock at 22x FY29E EPS, we arrive at a bonus-adjusted target price of Rs. 1,441, implying an upside of ~8% from CMP.

Quarterly Financials

Particulars (Rs. Mn)	2QFY27	2QFY26	YoY Growth (%)	1QFY27	QoQ Growth (%)
Revenue	**18,015**	**13,129**	**37%**	**15,283**	**18%**
Other Income	98	81	21%	107	-8%
Total RM Cost	9,329	7,248	29%	7,406	26%
Gross Profit	**8,686**	**5,881**	**48%**	**7,877**	**10%**
Employee Expense	2,820	2,306	22%	2,715	4%
Other Expenses	4,048	2,355	72%	3,524	15%
Total Expenses	16,197	11,909	36%	13,644	19%
EBITDA (Excluding OI)	**1,818**	**1,220**	**49%**	**1,638**	**11%**
Depreciation	263	224	17%	257	2%
EBIT / PBIT	**1,654**	**1,068**	**55%**	**1,489**	**11%**
Finance Costs	288	274	5%	266	8%
EBT/ PBT (After exceptional)	**1,348**	**794**	**70%**	**1,196**	**13%**
Tax Expense	90	74	22%	203	-56%
Reported PAT (Before NCI)	**1,258**	**720**	**75%**	**992**	**27%**
Reported Dilutive EPS	13.5	7.9	70%	10.9	24%
Margins	**2QFY27**	**2QFY26**	**Changes in BPS**	**1QFY27**	**Changes in BPS**
Gross Margins	48.2%	44.8%	342	51.5%	-332
EBITDA Margins (Excl OI)	10.1%	9.3%	80	10.7%	-63
PAT Margins	7.0%	5.5%	149	6.7%	36
Tax rate	6.7%	9.3%	-264	17.0%	-
As a % to sales	**2QFY27**	**2QFY26**		**1QFY27**	
RM as a % to sales	51.8%	55.2%		48.5%	
EE Cost as a % to sales	15.7%	17.6%		17.8%	
Other exps as a % to sales	22.5%	17.9%		23.1%	

Source: Dalal & Broacha Research

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	63,268	72,045	82,843
Operating Expenses	-15,106	-16,295	-16,979	-23,721	-26,340	-32,899	-37,320	-42,912
Gross Profit	**12,029**	**15,289**	**17,383**	**21,342**	**23,906**	**30,369**	**34,726**	**39,930**
Employee Cost	-4,586	-5,615	-6,614	-8,323	-9,563	-11,859	-13,693	-15,667
Other Expenses	-6,038	-7,119	-7,601	-8,913	-9,703	-11,845	-12,993	-14,653
Adjusted EBITDA (Excl OI)	**1,405**	**2,555**	**3,168**	**4,106**	**4,639**	**6,664**	**8,041**	**9,610**
Depreciation	-483	-508	-642	-752	-873	-959	-1,076	-1,195
PBIT	921	2,048	2,526	3,354	3,766	5,705	6,965	8,414
Other income	335	228	324	336	371	371	371	371
Interest	-465	-652	-833	-992	-1,032	-1,265	-1,441	-1,657
PBT	791	1,624	2,017	2,698	3,105	4,811	5,895	7,129
(post exceptional)	858	1,758	1,921	2,673	3,093	4,811	5,895	7,129
Provision for tax	-157	-229	-229	-366	-393	-674	-825	-1,069
Associates/JV	-	-	-	-	-	-	-	-
Reported PAT	701	1,530	1,691	2,308	2,700	4,138	5,070	6,060
MI	-20	-37	57	176	76	-	-	-
Owners PAT	681	1,493	1,748	2,483	2,777	4,138	5,070	6,060
(excl Exceptionals)	**616**	**1,361**	**1,755**	**2,434**	**2,789**	**4,138**	**5,070**	**6,060**

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e	FY29e
Equity capital	217	217	218	230	231	462	462	462
Reserves	5,773	7,008	7,802	11,327	14,367	17,395	21,386	26,158
Net worth	**5,989**	**7,225**	**8,020**	**11,557**	**14,598**	**17,857**	**21,849**	**26,620**
MI	159	203	154	-92	-218	-218	-218	-218
Non Current Liabilites	2,548	2,210	2,849	3,310	4,078	3,859	3,638	3,416
Current Liabilites	9,110	8,168	8,831	11,183	13,989	16,413	18,263	20,458
TOTAL LIABILITIES	**17,806**	**17,806**	**19,855**	**25,958**	**32,447**	**37,912**	**43,531**	**50,276**
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	27,354	30,099	35,840
Current investments	53	56	-	-	-	-	-	-
Inventories	5,396	5,133	5,027	7,051	8,825	11,094	12,633	14,526
Trade Receivables	3,666	2,094	2,654	3,244	4,073	5,200	5,922	6,809
Cash and Bank Balances	1,498	2,945	3,665	5,664	7,474	9,105	9,589	12,550
Advances	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**	**37,911**	**43,530**	**50,275**

Cashflow (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27e	FY28e	FY29e
PBT	858	1,758	1,921	2,673	3,093	4,811	5,895	7,129
Depreciation	483	508	642	752	873	959	1,076	1,195
Net Chg in WC	-2,392	1,577	445	-2,052	-1,206	-1,533	-1,034	-1,272
Taxes	-77	-231	-210	-316	-398	-674	-825	-1,069
Others	212	36	723	1,316	431	1,265	1,441	1,657
CFO	**-915**	**3,648**	**3,521**	**2,374**	**2,794**	**4,829**	**6,552**	**7,640**
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	-2,145	-2,519	-2,945
Others	-201	-214	-344	838	646	-241	-241	-241
CFF	**1,533**	**-1,998**	**-1,521**	**1,011**	**-459**	**-1,802**	**-2,118**	**-2,480**
Total Cash Generated	**221**	**1,393**	**718**	**2,350**	**754**	**2,002**	**856**	**3,331**
Cash Opening Balance		**1,169**	**2,561**	**3,280**	**5,100**	**7,044**	**8,675**	**9,160**
Cash Closing Balance	**1,169**	**2,561**	**3,280**	**5,100**	**7,044**	**8,675**	**9,160**	**12,120**

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	10.5	11.2	11.6
NPM	2.2	4.3	5.1	5.4	5.5	6.5	7.0	7.3
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	25.9	13.9	15.0
Gross Profit		27.1	13.7	22.8	12.0	27.0	14.3	15.0
Operating Profit		81.9	24.0	29.6	13.0	43.7	20.7	19.5
PBIT		122.2	23.4	32.8	12.3	51.5	22.1	20.8
PAT		118.2	10.5	36.5	17.0	53.2	22.5	19.5
Per Share (Rs.)								
Net Earnings (Dilutive EPS)	7.1	15.7	20	26.5	30.2	44.7	54.8	65.5
Cash Earnings (CPS)	26.9	46.2	54.8	70.4	79.1	55.1	66.4	78.4
Dividend	2.5	7.5	8.7	11.5	6.5	9.5	11.7	14.0
Book Value	138	167	184	252	316	193	236	288
Valuation Ratios								
P/E(x)	188	85	67	50	44	30	24	20
P/B(x)	10	8	7	5	4	7	6	5
EV/EBIDTA(x)	44	23	19	15	13	18	15	12
Div. Yield(%)	0.19	0.56	0.65	0.86	0.49	0.71	0.87	1.04
Return Ratios (%)								
ROE	10%	19%	22%	21%	19%	23%	23%	23%
ROCE	8%	17%	20%	20%	18%	23%	23%	24%
RoIC	9%	23%	29%	29%	27%	35%	34%	37%

Source: Dalal & Broacha Research FY22-FY26 CPS, BV, P/B and EV/EBITDA are computed on pre-bonus share capital.

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