Textiles

Relative valuation

Ratings	CMP (INR)	TP (INR)	Upside (%)
Gokaldas Exports	714	1,000	40
Arvind	511	670	31
Pearl Global	1,368	1,600	17
KPR Mill	1,217	1,250	3
Indo Count Inds.	550	635	15
Welspun Living	266	275	3
Trident	24	24	2
Vardhman Textile	527	570	8

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We request your ballot.

EXTEL POLL 2026

Ranked 3rd and 4th in the Onshore Broker and Local Broker categories, respectively

Spreads and realizations drive a strong 2Q!

Spinning

Spinning companies delivered a strong 2QFY27, with revenue rising ~42% YoY and EBITDA rising ~98%, taking margins to ~16% from ~11%. Our coverage company, Vardhman Textiles, grew 16% YoY. Utilization remained at ~98-100%, with higher realizations driving performance. Cotton yarn spreads remained high, supporting margins. Yarn realizations rose ~21% YoY to INR327/kg. Yarn-cotton spreads widened to ~INR140/kg vs INR111/kg in 2QFY26 on healthy China and Bangladesh demand, with cotton at par with global prices. The duty-free import window was extended till Dec'26. Fabric performance was weaker due to ~20% input cost inflation. Spreads and margins are expected to normalize in 2HFY27 but remain healthy. Capacity additions are underway across the spinning industry, driven by pure-play spinners as well as players pursuing backward integration, as the industry recovers from a prolonged downturn.

Apparel

The apparel industry delivered a strong 2QFY27, with order visibility improving despite elevated wage, freight, and input costs. Our coverage companies (KPR, Arvind, Pearl Global, and Gokaldas) reported revenue/EBITDA/PAT growth of 23%/47%/142%, led by Pearl Global, which delivered ~20% realizations growth alongside 15% volume growth. Capacity additions are underway across geographies, supported by a demand recovery amid revisions to US tariffs, the AGOA extension, and the UK/EU FTAs. Margins expanded on a low base, although higher wage, freight, and raw material costs remained headwinds. In 1H, most companies reported strong growth in realizations, while volume growth remained in the mid-to-high single digits (except PGIL). Going forward, we expect volume growth to improve, while realizations may moderate.

Home textiles

Home textiles posted a sharp profitability recovery in 2QFY27, as India benefited from sourcing diversification, US tariff competitiveness, and the UK/EU FTAs. Our coverage companies witnessed revenue growth of ~23% and margin expansion of ~530bp to ~15% from 9%. Indo Count was the standout performer, driven by growth in new businesses, while its core business benefited from higher realizations, rising ~19% YoY. Volumes grew 11%, aided by the fulfillment in 2Q of shipment delays in 1Q due to container unavailability. Welspun expanded margins by 565bp to 11.9%, led by bath linen and pillows, while its flooring business also witnessed a recovery. Cotton costs are being passed through, and management maintains a cautious margin outlook with double-digit growth.

Outlook and valuation

The textile sector in 2QFY27 delivered ~26% YoY growth, supported by higher order execution and demand recovery. We expect the sector to sustain its outperformance, with over 15% growth and gradual margin recovery for fabric/apparel/home textile players. In contrast, margins for spinning players are expected to normalize as cotton yarn spreads revert to normal levels. Key monitorable include cotton prices, freight and fuel costs, and order flows from the US and Europe. We expect our coverage to grow 17%, 31%, and 52%, respectively, over FY26-28. Accordingly, we have assigned ~15% premium to the mean P/E multiple. We prefer Gokaldas Export, Pearl Global, and Arvind from the apparel space and Indo Count Industries from the HT space.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Exhibit 1: Textile players – Quarterly financial performance

	Revenue (INR m)			EBITDA Margin (%)			APAT Margin (%)		
	2QFY26	1QFY27	2QFY27	2QFY26	1QFY27	2QFY27	2QFY26	1QFY27	2QFY27
Gokaldas Export	9,844	11,535	11,128	6.6	9.8	9.4	0.8	3.8	3.7
Pearl Global	13,129	15,283	18,015	9.2	10.7	9.5	5.6	6.8	6.4
Arvind	23,711	25,010	29,186	10.4	9.6	10.6	4.4	2.1	5.1
KPR Mill	16,320	19,355	19,397	19.3	19.4	25.7	13.4	13.4	17.8
Indocount	10,621	12,070	16,727	9.8	11.9	13.9	3.7	5.2	7.9
Welspun Living	24,409	27,955	28,381	6.3	11.5	11.9	0.5	5.7	6.2
Trident	17,872	17,868	17,195	12.0	17.3	18.1	5.1	9.3	10.1
Vardhman Textiles	24,801	27,031	28,657	13.5	17.5	19.6	7.5	11.5	12.5
Sanathan Textile	8,180	13,347	18,040	7.7	8.1	8.6	2.5	1.8	3.4
Sangam India	7,862	8,604	10,453	9.8	12.2	11.6	2.9	4.8	5.1
Sportking India	6,274	7,037	7,811	10.4	18.8	19.8	4.5	10.8	12.3
Jindal worldwide	5,733	5,713	5,949	5.3	5.3	5.8	2.1	5.7	3.1
Garware tech	3,479	4,824	4,626	13.9	18.7	17.3	9.2	13.4	12.7
SP Apparel	4,273	4,011	4,522	14.9	15.3	14.7	8.1	6.2	8.2
Kitex	1,221	1,584	2,030	-13.1	6.4	22.2	-5.1	-10.8	6.8
Nitin Spinner	7,601	8,750	9,852	13.1	17.8	17.8	4.6	8.6	9.0
Filatex India	10,759	11,453	13,042	7.7	6.8	6.6	4.4	4.2	4.0
PDS	34,192	34,437	44,325	3.0	2.8	3.5	1.4	0.8	1.6
GHCL Textile	3,380	4,089	4,455	10.9	16.9	20.5	4.7	9.6	8.0
Ambika Cotton	1,920	2,579	2,650	14.0	15.3	15.4	8.3	10.0	10.1
Kusumgarh	1,388	2,472	2,509	20.8	30.5	26.8	7.9	17.2	16.2
Himatsingka Seide	6,296	6,213	6,245	15.7	14.2	9.1	6.7	0.8	2.3
Total	**2,36,970**	**2,65,007**	**2,98,950**	**10.0**	**12.4**	**12.9**	**4.6**	**6.3**	**7.2**

Source: Company, MOFSL

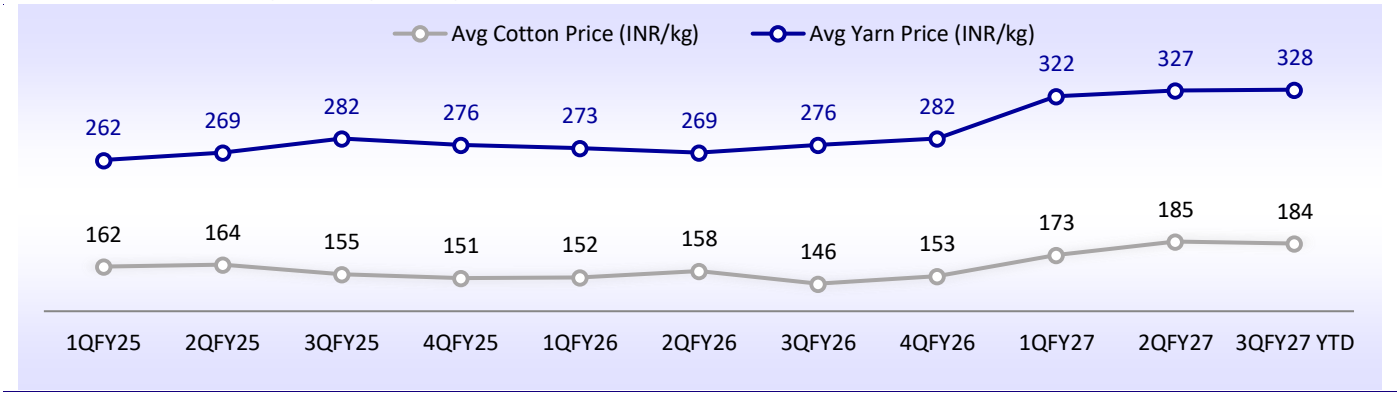
Exhibit 2: Textile players – Annual financial performance

	Revenue (INR m)			EBITDA Margin (%)			APAT Margin (%)		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
Gokaldas Export	23,789	38,642	39,876	10.7	9.6	8.9	5.5	4.1	2.5
Pearl Global	34,362	45,063	50,246	9.0	9.0	9.2	5.1	5.4	5.6
Arvind	77,378	83,288	93,032	10.9	10.2	10.8	4.3	4.3	4.4
KPR Mills	60,597	63,879	66,504	20.4	19.5	19.1	13.3	12.8	13.0
Indocount	35,571	41,514	41,413	15.7	12.9	9.5	9.5	6.0	3.1
Welspun Living	96,792	1,05,451	93,991	14.1	12.3	8.4	7.0	6.1	2.4
Trident	68,088	69,871	67,011	13.6	12.8	13.2	5.0	5.1	5.9
Vardhman Textiles	95,047	97,849	98,691	10.2	12.9	12.6	6.6	9.0	7.6
Sanathan Textile	29,572	29,986	38,112	7.7	8.8	7.5	4.8	5.4	2.0
Sangam India	26,480	28,430	31,900	7.7	7.9	9.7	1.4	0.9	2.7
Sportking India	23,760	25,240	24,960	8.8	10.6	11.5	2.9	4.3	4.8
Jindal worldwide	18,140	22,880	22,860	10.1	8.5	5.9	4.2	3.3	3.1
Garware tech	13,260	15,400	15,290	20.5	20.7	18.6	15.8	15.1	13.0
SP Appareal	10,870	13,950	15,790	14.5	13.5	13.4	8.3	6.8	6.4
Kitex	6,170	9,830	6,670	16.4	20.4	4.2	9.1	13.8	-1.9
Nitin Spinner	29,020	33,000	32,140	13.0	14.3	14.1	4.5	5.3	5.5
Filatex India	42,860	42,520	41,610	5.6	6.1	7.5	2.6	3.2	4.4
PDS	1,03,730	1,25,780	1,31,100	4.0	3.8	3.1	2.0	1.9	1.4
GHCL Textile	10,540	11,610	13,190	8.0	9.6	10.7	2.4	4.8	5.3
Ambika Cotton	8,230	7,020	7,810	13.5	15.0	14.6	7.7	9.4	9.2
Kusumgarh	4,679	8,057	6,757	28.2	22.8	25.2	18.0	13.5	13.0
Himatsingka Seide	28,415	27,782	25,151	21.0	18.5	14.5	4.0	6.1	2.5
Total	**8,47,349**	**9,47,042**	**9,64,103**	**11.5**	**11.2**	**10.3**	**5.7**	**5.8**	**4.8**

Source: Company, MOFSL

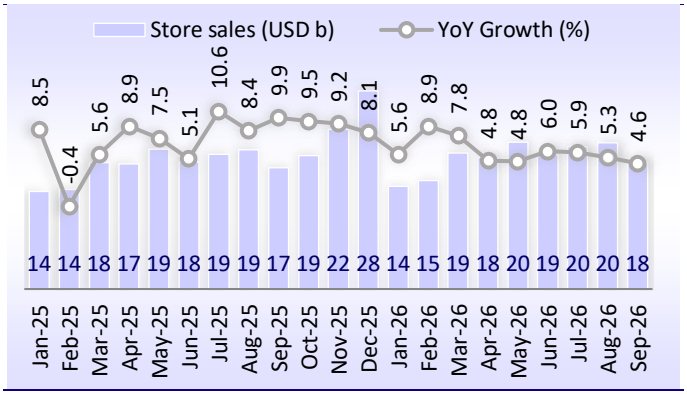
Key exhibits

Exhibit 3: Indian cotton prices – quarterly trend



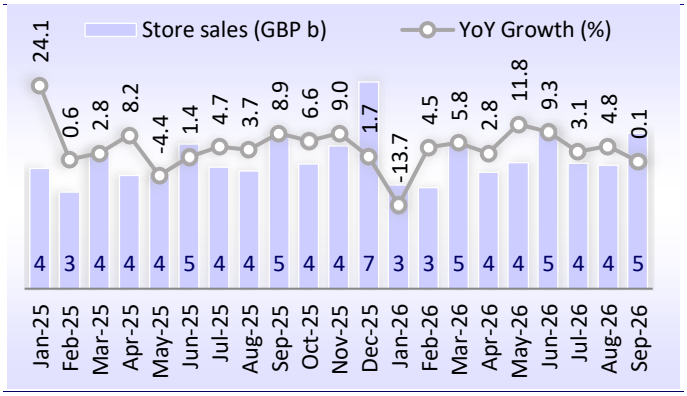
Source: Indexmundi, CAI, MOFSL

Exhibit 4: US retail store sales



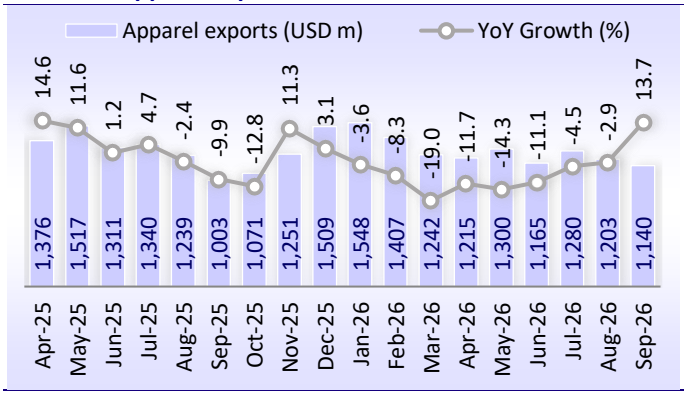
Source: Office of National Statistics, MOFSL

Exhibit 5: UK retail store sales



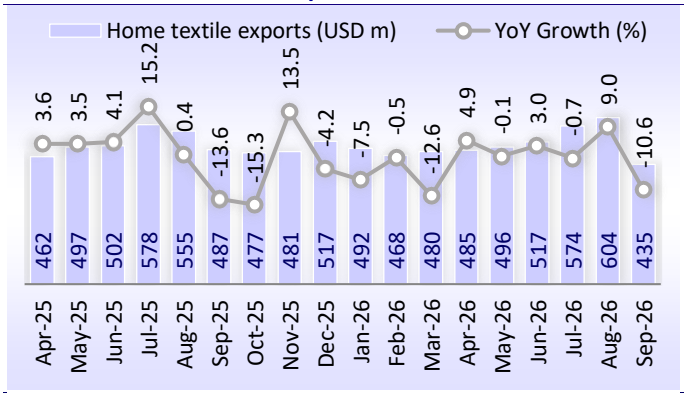
Source: Office of National Statistics, MOFSL

Exhibit 6: Apparel exports from India to the world



Source: Trade Analytics, MOFSL

Exhibit 7: Home Textiles exports from India to the world



Source: Trade Analytics, MOFSL

Exhibit 8: Exports from India to the world

USD m		Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Apr-Sep 26	% change
Textile and Apparel	World	2,933	3,059	2,909	3,172	3,119	3,081	18,274	2.1%
	YoY change (%)	-3%	-5%	0%	2%	5%	16%		
Apparel and Home Textile	World	1,700	1,797	1,682	1,854	1,668	1,575	10,276	-5.4%
	YoY change (%)	-7%	-11%	-7%	-3%	-7%	6%		
Other Textile	World	1,234	1,262	1,228	1,318	1,451	1,506	7,998	13.6%
	YoY change (%)	4%	5%	11%	9%	25%	29%		

Source: UN Comtrade, MOFSL

Exhibit 9: Apparel and HT imports to US, UK, and EU by month

USD m		India	China	Bangladesh	Pakistan	Vietnam	World	Clothing retail store sales
EU	Apr-Aug 25	2,962	14,492	9,124	2,756	2,184	**47,479**	
	Apr-Aug 26	2,676	16,700	8,576	2,627	2,373	**49,278**	
	% change	-9.6%	15.2%	-6.0%	-4.7%	8.7%	**3.8%**	~5%
	% contribution	5.4%	33.9%	17.4%	5.3%	4.8%	**100.0%**	
US	Apr-Sep 25	4,167	8,521	4,133	2,040	9,076	**48,269**	92,577
	Apr-Sep 26	3,307	8,596	4,060	1,992	9,129	**47,159**	97,523
	% change	-20.6%	0.9%	-1.8%	-2.4%	0.6%	**-2.3%**	5.3%
	% contribution	7.0%	18.2%	8.6%	4.2%	19.4%	**100.0%**	
UK	Apr-Aug 25	738	2,484	2,074	682	516	**10,060**	19,197
	Apr-Aug 26	700	2,375	1,969	628	538	**9,509**	20,435
	% change	-5.2%	-4.4%	-5.1%	-7.9%	4.2%	**-5.5%**	6.4%
	% contribution	7.4%	25.0%	20.7%	6.6%	5.7%	**100.0%**	

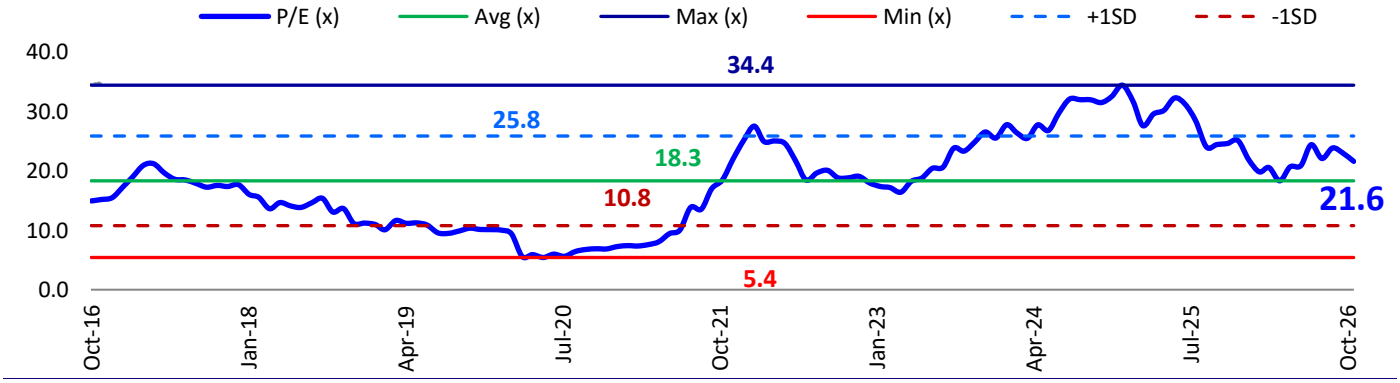
Source: Trademap, Otexa, UN Comtrade, MOFSL

Exhibit 10: Relative valuation comparison of textile companies

Companies	Mcap (INR b)	CMP (INR)	TP (INR)	Rating	Upside (%)	CAGR (FY26-28E)			P/E (X)			EV/EBITDA (X)		
						Revenue	EBITDA	EPS	FY26	FY27E	FY28E	FY26	FY27E	FY28E
Gokaldas Exports	52	714	1,000	BUY	40	20.8	30.9	72.9	49.5	23.7	17.8	16.3	11.8	9.4
Arvind	134	511	670	BUY	31	17.9	25.8	30.1	32.3	25.0	19.8	14.6	12.0	10.0
Pearl Global	126	1,368	1,600	BUY	17	21.4	33.7	39.7	45.3	31.3	23.2	27.9	20.3	16.4
KPR Mill	419	1,217	1,250	NEUTRAL	3	13.2	23.8	24.8	45.7	34.7	29.4	30.8	23.2	19.7
Indo Count Industries	109	550	635	BUY	15	26.9	52.2	100.4	85.6	28.0	21.3	31.0	16.3	13.0
Welspun Living	255	266	275	NEUTRAL	3	16.4	45.5	103.5	114.0	40.1	27.5	34.2	20.3	15.7
Trident	120	24	24	NEUTRAL	2	7.3	11.4	17.5	30.5	19.5	22.1	14.8	10.8	11.7
Vardhman Textile	150	527	570	NEUTRAL	8	10.3	24.5	26.7	20.2	11.0	12.6	13.6	7.6	8.4

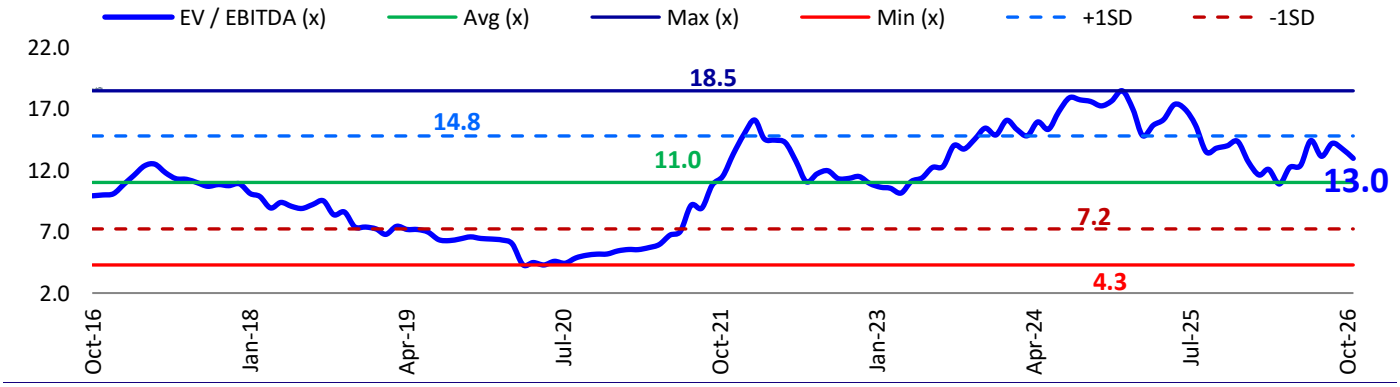
Source: Company, MOFSL

Exhibit 11: Textile coverage P/E



Source: Bloomberg

Exhibit 12: Textile coverage EV/EBITDA



Source: Bloomberg

Key takeaways from the management commentary

Gokaldas Exports

India business: Market share gains and capacity expansion to drive growth

- India revenue grew 10% YoY in 2QFY27 vs. industry growth of 1.2%, indicating market share gains. Management expects double-digit volume growth from FY28, supported by a strong order pipeline and European demand.
- Capacity is expected to reach 59m pieces by FY27-end, with 92-93% utilization in 3Q. Bhopal Phase 2 will add INR2b revenue potential, while Ranchi's 2,000-machine facility is expected to contribute INR4b from FY29. Debottlenecking could add 4-5% to existing facility revenues.

Africa business: Customer additions to support growth

- Africa revenue grew 32% YoY in 2QFY27. Management expects over 20% growth in FY28, supported by a strong order book and two new US and European customers from Apr'27.
- Capacity stands at 45m pieces, with 80-85% utilization expected. 2HFY27 revenue may moderate to USD50-55m due to customer concentration, while FY27 guidance remains USD110-120m.

BTPL: Integration and turnaround to drive profitability

- BTPL reported 2QFY27 revenue of INR1.7b with a marginal EBITDA loss. Revenue is expected to rise to INR2.2-2.25b in 3Q (EBITDA breakeven) and INR2.5-2.6b in 4Q (PBT breakeven).
- Merger completion is expected in 3QFY27. Accumulated losses of over INR6b offer potential tax benefits. Captive fabric consumption is targeted to increase from one-third to over 50% by FY29, strengthening customer stickiness.

Trade environment and order visibility: Improving sourcing competitiveness

- US tariff revisions, AGOA extension to Dec'28, and the India-UK trade agreement have improved sourcing competitiveness. The proposed India-EU FTA could provide further benefits, with impact expected after a six-month lag.
- Europe contributes 15% of revenue, targeted to reach 25% over 4-5 years. Retailer inventory discipline, shorter lead times, and supplier consolidation are improving FY28 order visibility.

Margins and outlook: Operating leverage to drive earnings growth

- Consolidated income grew 13% YoY in 2QFY27, while EBITDA rose 48%, driven by product mix and productivity. 2HFY27 margins should benefit from favorable FX (1.3-1.4%), withdrawal of customer discounts (~0.5%), and input cost pass-through.
- At optimal utilization, EBITDA margins could reach 13% in India and 10% in Africa and BTPL. Net debt declined to INR4.3b from INR5.5b in Mar'26. FY27-end guidance, including BTPL, stands at INR6.5-7b. Working capital is expected at ~75 days, with capex of INR1.5-1.75b in FY27 and over INR2b annually thereafter.

Exhibit 13: Financial performance

(INR m)	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	FY27E	FY28E	CAGR FY24-26	CAGR FY26-28E
Revenue	9,844	11,535	11,128	13.0%	-3.5%	23,789	38,642	39,876	47,929	57,490	29.5%	20.1%
EBITDA	646	1,125	1,048	62.2%	-6.8%	2,540	3,710	3,564	4,937	6,381	18.4%	33.8%
EBITDAM	6.6	9.8	9.4	285bp	-35bp	10.7	9.6	8.9	10.3	11.1	-175bp	215bp
APAT	81	443	412	410.0%	-6.9%	1,310	1,585	1,001	2,194	3,098	-12.6%	75.9%
APATM	0.8	3.8	3.7	290bp	-15bp	5.5	4.1	2.5	4.6	5.4	-300bp	290bp

Source: Company, MOFSL

Pearl Global

Strong financial performance driven by growth across geographies

- 2QFY27 revenue grew 37.2% YoY to INR18b, while adjusted EBITDA increased 51.1% to INR1,840m, with margins expanding 90bp to 10.2%.
- 1HFY27 revenue grew 31.1% to INR33.3b, with adjusted EBITDA rising 47.7% to INR3,480m and margins expanding 120bp to 10.5%. PAT increased 63.6% to INR2,250m.
- Shipments increased to 43.6m pieces in 1HFY27 from 37.1m in 1HFY26, reflecting strong volume growth.

India and Bangladesh: Capacity expansion and backward integration

- India capacity utilization stood at 68-69% in 1HFY27, with the Bihar facility ramp-up expected to drive improvement. Bangladesh added 7m pieces of annual capacity, currently operating at ~20% utilization, with optimal utilization expected over 6-8 months.
- The company approved INR2b for Bangladesh knitting and processing projects, taking the planned capex to INR3.5-3.75b. The processing unit is expected to commence operations by early 2028.
- India-UK FTA implementation and the proposed India-EU FTA are driving customer interest and sourcing opportunities across India and Bangladesh.

International operations: Diversified footprint supports customer wins

- Bangladesh continues to benefit from China+1 sourcing, while wage increases (BDT15,000-18,000) are expected to be partly offset by currency depreciation, productivity gains, and customer cost pass-through.
- Vietnam is witnessing growth in premium segments, while Indonesia is delivering strong growth from a lower base, supported by premium customers.

Order visibility: Strong pipeline supports FY27 growth

- The US contributes ~50% of revenue, with resilient consumer spending despite lean retailer inventories. Canada and the UK are witnessing strong growth, while European volumes are gradually improving.
- Management expects momentum to continue in 2HFY27, supported by a healthy 3Q order book, and remains confident of crossing INR60b revenue in FY27.

Margins and outlook: Operating leverage to drive profitability

- Management reiterated its FY30 EBITDA margin target of 12-14%, driven by improved pricing, cost optimization, and operating leverage.
- Working capital stood at 56 days, with receivable days rising to 50 from 30 due to quarter-end shipments. Normalization is expected in 3Q-4QFY27.
- FY27-FY30 capex is pegged at INR9-9.5b, including INR3.5-3.75b for backward integration in Bangladesh. CWIP of INR2.25b is expected to be capitalized in 2HFY27.

Exhibit 14: Financial performance

(INR m)	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	FY27E	FY28E	CAGR FY24-26	CAGR FY26-28E
Revenue	13,129	15,283	18,015	37.2%	17.9%	34,362	45,063	50,246	59,022	69,255	20.9%	17.4%
EBITDA	1,210	1,638	1,703	40.7%	4.0%	3,078	4,036	4,639	6,374	8,075	22.8%	31.9%
EBITDAM	9.2	10.7	9.5	25bp	-125bp	9.0	9.0	9.2	10.8	11.7	25bp	245bp
APAT	733	1,032	1,161	58.4%	12.5%	1,754	2,438	2,789	3,955	5,323	26.1%	38.2%
APATM	5.6	6.8	6.4	85bp	-30bp	5.1	5.4	5.6	6.7	7.7	45bp	215bp

Source: Company, MOFSL

Arvind

Revenue and overall performance

- Denim volumes grew 19% to 18m meters (highest in 17 quarters), woven volumes stood at 34m meters, and garmenting exceeded 11m pieces for the second consecutive quarter. AMD revenue grew 81% to INR8b, including INR2.6b from Dalco GFT.

Garmenting: Capacity expansion to accelerate growth

- Management expects stronger 2HFY27 performance, supported by seasonality, improved product mix, and incremental capacity, targeting ~15% annual revenue growth with potential to reach 25%.
- Phase I of the greenfield garmenting facility (INR750m capex; INR2.5b revenue potential) has commenced operations, focusing on knitted garments and essentials, with double-digit EBITDA margins targeted.

Denim: Premiumization and design innovation

- Denim growth is increasingly driven by differentiated, higher-value products, and design innovation. London and Amsterdam design hubs are expected to strengthen customer engagement and product development.
- Bangladesh operations have commenced, while initial denim deliveries from Egypt are expected in 3QFY27, diversifying manufacturing locations.

Advanced Materials: Strong growth visibility

- Human Protection and Composites continue to benefit from strong Tier-1, defense, and mobility demand, with utilization near full capacity in key categories.
- Dalco reported INR2.6b revenue, with margin pressure from petrochemical costs. Price increases accepted from Sep'26 should support recovery, while industrial growth is expected to improve in 2H as delayed capacities ramp up.

Margins and outlook: Input costs remain a key monitorable

- Higher cotton, petrochemical, and fuel costs are eroding gross margins by 75-100bp quarterly. Management is pursuing price increases, premiumization, and sourcing efficiencies to offset inflation.
- EBITDA margin expansion of ~50bp annually is targeted through automation, digitization, and operating leverage. Trade agreements could support export growth, with initial benefits expected in 4QFY27 and stronger contribution in FY28.

Balance sheet and capex

- Net debt declined INR950m QoQ to INR20.6b. Management expects working capital to normalize by Mar'27.
- 1HFY27 capex stood at INR3.7b, with FY27 spending expected above INR5b, including INR2b for advanced materials and INR1.2-1.5b for garmenting. CARE upgraded the credit rating to AA (Stable), while acquisition-related debt is expected to be repaid by May'27.

Exhibit 15: Financial performance

(INR m)	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	FY27E	FY28E	CAGR FY24-26	CAGR FY26-28E
Revenue	23,711	25,010	29,186	23.1%	16.7%	77,378	83,288	93,032	1,14,783	1,27,033	9.6%	16.9%
EBITDA	2,471	2,403	3,095	25.3%	28.8%	8,452	8,534	10,044	13,005	15,897	9.0%	25.8%
EBITDAM	10.4	9.6	10.6	20bp	100bp	10.9	10.2	10.8	11.3	12.5	-15bp	170bp
APAT	1,034	534	1,479	43.0%	176.6%	3,349	3,560	4,128	5,520	6,986	11.0%	30.1%
APATM	4.4	2.1	5.1	70bp	295bp	4.3	4.3	4.4	4.8	5.5	10bp	105bp

Source: Company, MOFSL

Indo Count

Core business: Strong growth visibility across markets

- The company achieved 60% of FY27 revenue guidance and ~49% of volume guidance, with 1H volumes at ~51m meters. Management expects to exceed FY27 revenue guidance of INR55b (core INR40b; new businesses INR15b).
- Healthy order visibility across the US and non-US markets supports growth. Management targets INR80b revenue in FY28 and doubling FY25 revenue by CY28, without major additional capex.
- Non-US markets, particularly the UK and EU, offer significant growth opportunities, with ~20% revenue growth expected. Non-US contribution is currently 30% and could increase as the US share declines from 70% to ~60%. The implementation of UK FTA has improved customer engagement, while the EU FTA remains awaited.

New businesses: Utility bedding and brands drive expansion

- Utility bedding and US branded businesses contribute ~two-thirds and one-third of new business revenue, respectively. Utility bedding facilities are operating at over 65% utilization, with full utilization targeted by CY28.
- Branded business contribution increased to 25% of new business revenue from 20% in 1Q, driven by Wamsutta, which has expanded beyond D2C into US retail. Management targets USD100m branded revenue by CY28.
- New business margins remain below core levels but are expected to converge over time.

Margins: Improved mix supports realizations

- FY27 EBITDA margin guidance stands at 13%, including other income, against ~15% for the core business. Improved realizations reflect operating efficiencies and higher value product mix.
- Cotton cost increases have been passed on to customers, while 4-5 months of inventory provides procurement visibility. Higher freight costs are also passed through under predominantly SOB/CIF arrangements.

Bhilad, capex, and outlook

- The Bhilad facility was impacted by flooding during 2Q, with assets and inventory insured; interim insurance payment has been approved.
- Net debt declined to INR5.18b, alongside improved working capital. Planned capex is INR2.5b over 12-18 months, of which INR400m was incurred in 1H. Existing capacities are sufficient for the INR80b FY28 target, with spinning capex expected to conclude by FY27-end.

Exhibit 16: Financial performance

(INR m)	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	FY27E	FY28E	CAGR FY24-26	CAGR FY26-28E
Revenue	10,621	12,070	16,727	57.5%	38.6%	35,571	41,514	41,413	50,944	60,763	7.9%	21.1%
EBITDA	1,037	1,434	2,330	124.8%	62.5%	5,590	5,372	3,920	5,910	8,288	-16.3%	45.4%
EBITDAM	9.8	11.9	13.9	415bp	205bp	15.7	12.9	9.5	11.6	13.6	-625bp	420bp
APAT	390	632	1,319	237.7%	108.6%	3,379	2,500	1,267	2,810	4,571	-38.8%	89.9%
APATM	3.7	5.2	7.9	420bp	265bp	9.5	6.0	3.1	5.5	7.5	-645bp	445bp

Source: Company, MOFSL

Welspun Living

Demand: Strong growth visibility across key markets

- US demand remains resilient, with mid-to-high single-digit growth expected; 60-70% of business is replenishment-led. UK and Europe are growing ~20%, supported by replacement demand and FTAs.
- UK offers significant opportunity in towels, bedding, and rugs, given its USD5-6b market and Pakistan's ~55% share. The New Zealand FTA also presents a growth opportunity, with the company targeting ~20% growth.

Home Textiles: Core business remains resilient

- Bed and bath businesses are growing steadily, with Welspun gaining share in towels despite a decline in India's overall share. Vapi floods impacted spinning and weaving, with an estimated INR1-1.5b revenue impact, partly mitigated by Anjar.
- Cotton inventory provides 4-5 months of coverage, while higher cotton and input costs are expected to be passed on to customers. Gross margins are expected to remain stable or expand from the current level of ~45%, depending on the product mix.

Pillows: Capacity ramp-up to drive growth

- Pillow business grew 2.4x YoY, with Ohio and Nevada facilities operating at 83% and 52% utilization, respectively. Management targets USD80-100m revenue at full utilization by FY29, with margins in low-teens and sustained double-digit growth.

Advanced textiles and flooring

- The advanced textiles business faces pressure from higher man-made fiber costs, but management targets double-digit growth and ~20% EBITDA margins over the next couple of years.
- Flooring grew 19%, supported by portfolio rationalization, improved customer mix, and cost optimization. Management targets sustainable low-double-digit margins and sees INR8-10b medium-to-long-term revenue potential.

Margins, balance sheet and outlook

- Tariff-related risks are considered fully mitigated, while ~90% of business is FOB, limiting freight exposure. Management targets double-digit revenue growth and 15-16% EBITDA margins over the medium term.
- Cash conversion cycle improved to 44 days from 82 days in FY26; a sustainable 55-60 days is expected. The company is net cash positive, with RoCE at 12.7% and a medium-term target of 14-15%.
- 1HFY27 capex stood at INR1.5b, with FY27 spending expected at INR4-5b, primarily toward debottlenecking existing facilities.

Exhibit 17: Financial performance

(INR m)	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	FY27E	FY28E	CAGR FY24-26	CAGR FY26-28E
Revenue	24,409	27,955	28,381	16.3%	1.5%	96,792	1,05,451	93,991	1,09,783	1,27,366	-1.5%	16.4%
EBITDA	1,533	3,211	3,380	120.4%	5.3%	13,689	12,985	7,932	13,206	16,790	-23.9%	45.5%
EBITDAM	6.3	11.5	11.9	565bp	40bp	14.1	12.3	8.4	12.0	13.2	-570bp	475bp
APAT	130	1,607	1,763	1257.9%	9.7%	6,809	6,384	2,234	6,353	9,255	-42.7%	103.5%
APATM	0.5	5.7	6.2	570bp	45bp	7.0	6.1	2.4	5.8	7.3	-465bp	490bp

Source: Company, MOFSL

Vardhman Textiles

Cotton Situation

- Global cotton prices rose to 79-82 US cents/lb, pushing domestic prices to INR64,000-65,000/candy. New-season prices are expected at INR64,000-66,000/candy, with production of 28-29m bales vs. consumption of 35-36m bales.
- Duty-free imports are extended until 31 Dec'26, though shipping delays of 35-50 days may limit benefits. CCI intervention remains unlikely, with prices ~INR9,000/quintal above MSP.

Spinning Business

- Spinning utilization remained near 100%, driven by improving yarn demand and realizations. Lower-cost cotton inventory (INR54,000-55,000/candy) also supported trading gains.
- Trading gains are expected to moderate with higher-cost procurement, while yarn prices should remain stable. Sustainable conversion spreads are estimated at USD0.80-0.90/lb vs. ~USD0.60/lb last year.
- Chinese demand remains strong, while Bangladesh accounts for 30-35% of India's yarn exports, with no meaningful demand disruption despite labor concerns.

Fabric Business

- Performance remained weak due to lower export volumes, pricing pressure, ~20% input cost inflation, and underutilization of processing capacity.
- Order visibility is improving, with recovery expected over 6-9 months. Processed fabric capacity has expanded over 25%, while utilization improved to ~80% from 70-75% in 2Q. Management targets 90-95%, offering ~25% volume growth potential.

Synthetic/Technical Textiles

- Performance fabrics utilization reached 35-40%, with breakeven at ~50%. Two customers have approved products and initial orders have commenced. Management expects operating profitability in 2HFY27 and 100% utilization over 6-8 months, followed by a shift toward higher-value coated fabrics.

Garment Business

- Garmenting generates INR1.5b revenue. Capacity is being doubled, EBITDA margin targeted to expand from 7-8% to 13-14%.

Capex and Long-term Outlook

- The 50-ton/day open-end spinning project is expected to commence operations in 6-7 months, adding ~8% capacity. Annual modernization capex remains INR4-5b, with no major spinning expansion planned over the next two years.
- Madhya Pradesh PM MITRA Park land allotment is delayed by 8-9 months, postponing major expansion decisions.
- Management targets 5-8% long-term revenue CAGR and 16-20% EBITDA margins, driven by value-added fabrics, garmenting, and operational efficiencies. Fabric recovery is expected over the next 6-9 months.

Exhibit 18: Financial performance

(INR m)	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	FY27E	FY28E	CAGR FY24-26	CAGR FY26-28E
Revenue	24,801	27,031	28,657	15.5%	6.0%	95,047	97,849	98,691	1,11,948	1,19,975	1.9%	10.3%
EBITDA	3,344	4,736	5,611	67.8%	18.5%	9,732	12,628	12,386	21,494	19,196	12.8%	24.5%
EBITDAM	13.5	17.5	19.6	610bp	205bp	10.2	12.9	12.6	19.2	16.0	230bp	345bp
APAT	1,870	3,098	3,570	90.9%	15.2%	6,316	8,833	7,453	13,661	11,971	8.6%	26.7%
APATM	7.5	11.5	12.5	490bp	100bp	6.6	9.0	7.6	12.2	10.0	90bp	245bp

Source: Company, MOFSL

Sanathan Textiles

Strong consolidated performance led by Punjab ramp-up and higher volumes

- Consolidated revenue grew 35.2% QoQ and over 120% YoY to INR18,040m, driven by higher volumes, realizations, and Punjab ramp-up.
- Sales volumes rose to 122,000 MT from 96,000 MT in 2QFY27, with Punjab contributing 64,000 MT and Silvassa 58,000 MT.
- EBITDA increased 43.2% QoQ and 144.9% YoY to INR1,540m, with EBITDA/ton improving 13% QoQ to INR12,725. PAT more than doubled QoQ to INR610m, with Punjab turning PAT-positive.

Punjab facility ramp-up to drive operating leverage and incremental capacity

- Punjab Phase 1 (700 TPD) operated at over 90% utilization vs. 76-77% in 1QFY27. Management targets 95-96% over the next two quarters.
- The first 250 TPD of Phase 2 is expected by Dec'26/Jan'27, with the full expansion to 900 TPD by Jun'27.
- Higher Punjab volumes and fixed-cost absorption supported EBITDA growth, while Silvassa maintained ~95% utilization.

Technical textiles expansion strengthens higher-value product mix

- Silvassa technical textiles capacity doubled to 18,000 MTPA from 9,000 MTPA, with production starting in Aug'26 and utilization reaching 94-95%.
- The expansion is expected to generate INR800-900m incremental FY27 revenue, with annualized potential of INR1,500-1,600m. Higher EBITDA/ton supports overall margins.
- Consolidated revenue mix stood at 87% polyester, 10% cotton, and 3% technical textiles, with strong demand for low-shrinkage yarn.

Growth outlook strengthened by capacity expansion and favorable demand trends

- FY27 revenue guidance increased to over INR60b from INR56-57b earlier, with EBITDA guidance above INR5.5b. Revenue targets stand at INR72-73b for FY28 and INR77-80b for FY29.
- Strong domestic demand and improving export competitiveness post the EU-India FTA are expected to support growth. Exports currently contribute 4-17% of Silvassa sales, with management targeting double-digit contribution.

Capital expenditure and balance sheet remain key execution priorities

- Capex is pegged at INR2b in FY27 and INR4b in FY28. The INR4b MP cotton-yarn project is targeted to commence production by CY27-end and stabilize by FY28-end.
- FY27-end gross and net debt are estimated at INR13.5b and INR11.5b, respectively. Management remains focused on procurement discipline, product mix, and working-capital management.

Exhibit 19: Financial performance

(INR m)	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	CAGR FY24-26
Revenue	8,180	13,347	18,040	120.5%	35.2%	29,572	29,986	38,112	13.5%
EBITDA	632	1,081	1,547	144.9%	43.1%	2,273	2,628	2,844	11.9%
EBITDAM	7.7	8.1	8.6	85bp	50bp	7.7	8.8	7.5	-20bp
APAT	201	238	612	204.3%	157.1%	1,413	1,605	774	-26.0%
APATM	2.5	1.8	3.4	95bp	160bp	4.8	5.4	2.0	-275bp

Source: Company, MOFSL

Sangam India

Overall performance

- Debtor days increased to 77 from 67 in March due to higher institutional/government sales (~INR2b in 1H) and longer export transit times. Management targets a reduction to March levels by FY27-end.
- Yarn contributes ~48% of revenue, with improving gross margins indicating better spreads.
- Order visibility stands at 45-60 days across divisions.

Segment-wise

- Yarn: Capacity is expected to increase by 60–70%, with 40–50% of incremental capacity used captively for denim, reducing external sourcing. The company currently faces yarn supply constraints.
- Denim/PV Fabrics: Denim utilization stood at 96-97%, with realization of INR170-175/meter. Raw material cost pass-through is easier in yarn than fabrics.
- Garments: Utilization improved to 37% from 22% YoY. FY27 utilization is targeted at 50-60%, with 2H witnessing an improvement. Garments contribute ~2% of revenue.

Capex

- Total capex of INR15b is planned over 2-3 years, with INR9b firmed up. Further details are expected over the next two quarters.
- Cotton yarn expansion entails INR6–6.2b investment and is expected to generate ~INR1.3b annual EBITDA, while increasing capacity by 60-70%.
- Renewable power contribution has increased to 35% from 10% last year, with targets of 50% by FY27-end and ~70% by 1QFY28. Pending commissioning is expected to add INR500–550m annual EBITDA.
- Capex will be funded 70–75% through debt. Net debt may reach ~INR15b by the end of the capex cycle. Promoters have committed INR1b equity infusion, of which INR250m has been received.

Outlook and Guidance

- PAT: FY27 PAT is expected to at least double YoY, with 1HFY27 PAT at INR940m. Management expects sequential improvement in 2H.
- Garments: FY27 utilization target stands at 50-60%.
- Leverage: Net debt/EBITDA may rise temporarily but is targeted at 3–3.5x over the longer term; net debt/equity is expected at 1–1.1x.
- Working capital: Debtor days are targeted to return to March levels by FY27-end, with operating cash flows expected to turn positive by Mar'27.
- Returns: Management aims to improve RoCE beyond 12-13%, with a desirable RoE target of 16-18%.

Exhibit 20: Financial performance

(INR m)	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	CAGR FY24-26
Revenue	7,862	8,604	10,453	33.0%	21.5%	26,480	28,430	31,900	9.8%
EBITDA	769	1,054	1,212	57.6%	15.0%	2,030	2,250	3,110	23.8%
EBITDAM	9.8	12.2	11.6	180bp	-65bp	7.7	7.9	9.7	210bp
APAT	231	410	534	130.9%	30.2%	380	270	860	50.4%
APATM	2.9	4.8	5.1	215bp	35bp	1.4	0.9	2.7	125bp

Source: Company, MOFSL

Sportking India

Industry & Demand

- Growth was driven by healthy export and domestic demand, improved realizations, and stable raw material costs.
- Exports were ~52% of 2QFY27 revenue; China (~60,000 tons) and Bangladesh (~45,000-50,000 tons) demand remains robust.
- A shift from polyester to cotton and blends is aiding demand. Domestic demand was soft but is expected to pick up post-Diwali.

Cotton Outlook

- Indian cotton has eased from ~INR70,000/candy to ~INR65,500/candy, against imported cotton at ~INR67,000/candy.
- Prices are expected to soften further as arrivals peak post-Diwali.

Spinning Business

- EBITDA margin stood at 19.8% in 2QFY27 vs 10.4% in 2QFY26, driven by demand, cost efficiencies, and stable cotton prices.
- Yarn-cotton spread was ~INR141/kg (vs ~INR133/kg in 1QFY27) and is expected to remain at INR130-145/kg for the next 3-4 months.
- Order book visibility extends through Mar'27, with 1H margins expected to sustain in 2HFY27. Capacity utilization stood at ~99%.

Greenfield Expansion

- The 150,000-spindle Odisha project (~INR10b capex) is on schedule, with commercial production expected in 30-40 days and completion by Mar'27.
- It is expected to add ~INR1.5-2.0b revenue in FY27 and ~INR12-13b in FY28, with margins ~4-6% above existing operations.
- Land is available for another 300K spindles. Phase 2 could be triggered in 6-8 months.

Cost Initiatives

- The solar power project has been commissioned and is expected to cut power costs by ~15%.
- Depreciation is expected at ~INR170m per quarter from the next quarter.

Balance Sheet

- Long-term debt is expected to peak at ~INR7.0-7.5b by Mar'27, with working capital below INR2b.
- Receivable days were unchanged at 58, with sales backed by 120-day LCs.

Corporate Developments

- The fabric and garment entity merger is expected within a couple of months, funded via non-convertible preferential shares and cash of up to INR250-300m.

Outlook

- FY28 revenue is expected to reach ~INR40b, with an assured 15% EBITDA margin and potential upside from Odisha utilization and FTA tailwinds.

Exhibit 21: Financial performance

	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	CAGR FY24-26
Revenue	6,274	7,037	7,811	24.5%	11.0%	23,760	25,240	24,960	2.5%
EBITDA	654	1,322	1,549	136.8%	17.1%	2,090	2,670	2,860	17.0%
EBITDAM	10.4	18.8	19.8	940bp	105bp	8.8	10.6	11.5	265bp
APAT	283	760	964	240.9%	26.8%	700	1,090	1,200	30.9%
APATM	4.5	10.8	12.3	785bp	155bp	2.9	4.3	4.8	185bp

Source: Company, MOFSL

SP Apparel

Overall

- Order book stands at INR4.5b for SP Apparels, INR1.75b for YBAPL, and GBP4.5m for SP UK, with order visibility improving as US tariff uncertainty eases.
- Capacity utilization stood at 74% across 5,700 machines, targeted at 80% in the near term and 80-85% by Mar'27.

Garment Division

- Export realization grew 14.5% YoY to INR162.9/piece, driven by better product mix and higher adult product share.
- US orders have resumed, supporting recovery from 3QFY27. New UK customer shipments have started, while a new US customer is expected from Feb'27.
- Sri Lanka has 1,700 machines across four factories; the fourth factory is expected to commence shipments from Apr'27.
- India and Sri Lanka are competitive with Bangladesh in value-added products, while Bangladesh retains an edge in basic products.

YBAPL and SP UK and Retail

- 2Q adjusted revenue grew 29.4% YoY to INR1.09b, with 7.6m pieces sold. New facilities are expected to reach full commercial production next quarter.
- SP UK revenue more than doubled to INR380m. EBITDA breakeven is expected in 3Q and profitability in 4Q.
- Retail remained EBITDA-positive for five consecutive quarters; online/D2C revenue grew 3x and 1H EBITDA expanded to INR5m.

Capex and Expansion

- Sri Lanka targets INR4b revenue in FY28, with plans to add 1–2 factories (~1,000 machines).
- India garment capacity will increase ~700 machines from 1QFY28. YBAPL's Salem facility is being scaled from 40 to 300 machines, targeting total capacity of 1,300-1,500 machines by Mar'27.
- Further expansion in India and Sri Lanka will depend on utilization and execution at existing facilities.

Outlook and Guidance

- FY27 revenue is expected at ~95% of the earlier INR20b guidance, with 2H exceeding 1H. FY28 revenue growth guidance stands at 10–15%, with garment EBITDA margin targeted at ~15%.
- YBAPL targets >20% growth in FY28. SP UK targets INR5b revenue over 3–5 years, with 50–100% growth over the next 2–3 years.
- Retail targets PBT profitability, with cash profitability expected within six months; store count is expected to reach 20–25 by end-2028.

Exhibit 22: Financial performance

	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	CAGR FY24-26
Revenue	4,273	4,011	4,522	5.8%	12.8%	10,870	13,950	15,790	20.5%
EBITDA	637	614	666	4.7%	8.6%	1,580	1,880	2,110	15.6%
EBITDAM	14.9	15.3	14.7	-15bp	-55bp	14.5	13.5	13.4	-115bp
APAT	347	249	371	6.8%	49.0%	900	950	1,010	5.9%
APATM	8.1	6.2	8.2	5bp	200bp	8.3	6.8	6.4	-190bp

Source: Company, MOFSL

Nitin Spinners

Industry & Demand

- Yarn demand remained healthy from importing countries and domestic players amid a stable tariff environment.
- Domestic cotton (~INR67,000-68,000/candy) remains at par with international prices (~USD0.80/lb), keeping Indian yarn competitive.
- Industry yarn spread was ~INR125-130/kg in 2QFY27 and have remained at similar levels.
- The import duty exemption on cotton is expected to continue, given the anticipated 4-5% decline in crop.

Financial Performance

- Revenue rose 29.6% YoY to INR9.85b, a third consecutive record; exports were ~68% of revenue.
- EBITDA margin was 17.8% (vs 13.1% in 2QFY26), flat QoQ; PAT rose 155% YoY to INR887m.
- Excluding trial-production losses, EBITDA margin would remain ~18.5%.
- Spinning utilization was >98% and woven fabric ~90%.

Capex & Expansion

- Partial trials have started across all segments; commercial production is expected by Dec'26.
- Spinning is expected to reach ~95% utilization by Mar'27, while finished fabric may take 8-9 months.
- The expansion is expected to add ~INR3.0-3.5b revenue in FY27 and ~INR10b in FY28.
- Renewable capacity will rise from 41MW to ~95MW, meeting ~50-55% of power needs.

Margin Outlook

- Management aims to sustain current margins within the 16-20% range, with RE power and scale offsetting rising dyes, chemicals, and freight costs.
- Woven fabric is expected to earn 16-18% margins.

Balance Sheet

- Term debt is expected to peak at ~INR14.4b by Mar'27, taking total debt to ~INR19.5b. The blended cost is estimated at ~6.5-6.75%, with ~2.5% interest subsidy.
- Receivables rose on higher export sales, with no extension of credit terms.
- Depreciation is expected to rise to ~INR530-540m per quarter from ~INR380m.

FY29 Outlook

- Revenue target is INR48-50b in FY29, aided by modernization capex of INR800m-1b in FY28 (~5% capacity addition).
- Garmenting is the next logical step, but no decision has been made.

Exhibit 23: Financial performance

	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	CAGR FY24-26
Revenue	7,601	8,750	9,852	29.6%	12.6%	29,020	33,000	32,140	5.2%
EBITDA	996	1,556	1,755	76.3%	12.8%	3,770	4,710	4,530	9.6%
EBITDAM	13.1	17.8	17.8	470bp	5bp	13.0	14.3	14.1	110bp
APAT	348	753	887	154.9%	17.8%	1,320	1,750	1,780	16.1%
APATM	4.6	8.6	9.0	440bp	40bp	4.5	5.3	5.5	100bp

Source: Company, MOFSL

Filatex

Overall Performance

- EBITDA/kg improved to INR9.79 vs INR8.67 in 1QFY27 and INR8.77 in 2QFY26, despite lower YoY volumes.
- Demand remained volatile due to crude price movements and logistics disruptions. India-UK, India-NZ, and proposed India-EU FTAs are expected to support exports and polyester yarn demand.

Segment-wise/Operations

- Polyester yarn: 2Q sales volume declined 8.3% YoY to 92,998 tons. Focus remains on improving the product mix, efficiency, and utilization.
- Dahej brownfield: INR2.35b capex is expected to add 55,000 tons of POY, FDY, and DTY capacity. ~67% has been commissioned, with balance FDY lines expected by 23rd Nov'26; incremental volumes are expected from 4QFY27.
- Ecosys: The INR3b textile-to-textile recycling project has a capacity of 27,000 tons. Depolymerization and purification commenced on 15th Nov, with polymerization expected by early Dec'26.
- Decathlon and A&E signed MOUs; H&M approved Filatex as a global supplier, and IKEA approved select products. Initial volume commitments stand at 7,000–8,000 tons, with discussions ongoing with 23 brands.

Capex and Expansion

- Renewable energy: The INR300m investment is expected to increase renewable power share from 26% to 55%, with supply expected from mid-Jan'27.
- Steam distribution: The full 65 tons/hour capacity is targeted by Jan-end, generating INR600-650m annual EBITDA savings from 4QFY27.
- Automation: Bright spinning automation has been completed; semi-dull section is expected by mid-Dec'26.
- Ecosys: The company plans two additional 150,000-ton plants in India and Vietnam by 1QCY29, subject to successful execution of the current project.

Outlook and Guidance

- Core business: EBITDA/kg is targeted at INR10-12. FY28 EBITDA may match or exceed FY22 levels, with margins of 11–12% vs 14–15% earlier.
- Dahej: FY27 incremental revenue may be below the earlier INR1.5-2b estimate due to delays. FY28 revenue target stands at ~INR4b.
- Ecosys: Commercial production is expected by 10–15 Dec'26, with 40–50% utilization in 4QFY27 and full utilization by mid-FY28. EBITDA breakeven is targeted in 4QFY27.
- Ecosys profitability: FY28 EBITDA guidance stands at INR850-900m, with minimum 30% EBITDA margin and chip-level margin of INR30–35/kg. Customer approvals may take 1–3 months.

Exhibit 24: Financial performance

(INR m)	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	CAGR FY24-26
Revenue	10,759	11,453	13,042	21.2%	13.9%	42,860	42,520	41,610	-1.5%
EBITDA	826	784	854	3.5%	9.0%	2,390	2,580	3,130	14.4%
EBITDAM	7.7	6.8	6.6	-110bp	-30bp	5.6	6.1	7.5	195bp
APAT	476	485	522	9.8%	7.6%	1,110	1,350	1,840	28.8%
APATM	4.4	4.2	4.0	-40bp	-25bp	2.6	3.2	4.4	185bp

Source: Company, MOFSL

PDS

Industry & Demand

- It recorded 2QFY27 revenue of INR44.3b (+30% YoY). 1H revenue rose 23% to INR78.8b, with GMV rising 12.5% to INR113.7b.
- Americas grew 54% in 2Q and 44% in 1H (~23% of business); 7 of the top 10 US retailers have opened accounts.
- Order book of INR56.7b (+13% YoY) gives around nine-month visibility; mid-teens growth is the target.

Financial Performance

- EBITDA rose 49% YoY to INR1.53b (3.5% margin, +66bp QoQ); gross margin held at 20%.
- PAT rose 44% YoY to INR700m (1.6% margin); 1H PAT was INR980m.
- Employee costs rose 17% QoQ to INR3.96b on preponed increments and should settle in 3QFY27.
- Other expenses rose 33% QoQ to INR3.4b on freight, licensing, and SaaS onboarding costs.
- It targets 50-70bp annual EBITDA margin expansion.

Balance Sheet

- Net cash stood at INR1.5b vs net debt of INR1.05b in Mar'26; net working capital improved to -5 days.
- Finance costs are expected to remain flat or decline after INR350m of debt prepayment.
- RoCE was 22% (28% excluding new verticals); interim dividend stood at INR2.2/share.

Strategic Initiatives

- The sourcing-as-a-service contract (~USD550m annual volume) with French retailer, along with a US contract, is expected to contribute ~INR20b in year-one GMV; this is not yet reflected in 1H.
- Investments in new verticals stood at INR340m in 1H (-53% YoY), targeting ~INR800m for FY27.

Segments

- Sourcing revenue grew 25% to INR75.4b (2.3% EBIT margin).
- Manufacturing revenue was flat at INR4.5b (5.8% EBIT margin). The Busana partnership is likely to lift profitability.
- Ted Baker's 1H revenue rose ~30% to INR2.7b, and the loss narrowed to INR110m from INR300m. Management is exploring a strategic tie-up and cost rationalization.

Outlook

- Management remains cautious; the US is expected to account for 40-50% of the business in 4-5 years.
- Minority interest (~39% of PAT) is expected to ease to ~25%.

Exhibit 25: Financial performance

	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	CAGR FY24-26
Revenue	34,192	34,437	44,325	29.6%	28.7%	1,03,730	1,25,780	1,31,100	12.4%
EBITDA	1,030	961	1,531	48.7%	59.3%	4,140	4,810	4,110	-0.4%
EBITDAM	3.0	2.8	3.5	45bp	65bp	4.0	3.8	3.1	-85bp
APAT	484	286	699	44.2%	144.4%	2,030	2,410	1,780	-6.4%
APATM	1.4	0.8	1.6	15bp	75bp	2.0	1.9	1.4	-60bp

Source: Company, MOFSL

GHCL Textile

Industry & Demand

- Domestic and export demand remained steady; buyers limited purchases to immediate needs after the sharp rise in cotton and yarn prices late in 2QFY27.
- UK and New Zealand FTAs are in force; the India-EU deal is expected to be operational in early 2027, with benefits visible in about a year.
- Exports were ~8% of revenue, of which 30-35% went to Bangladesh.

Cotton Outlook

- Domestic cotton rose from ~INR64,000 to INR69,000/candy during the quarter and has held at ~INR67,000, at par with global prices.

Financial Performance

- Revenue was INR4.46b (+31% YoY); EBITDA rose 141% YoY to INR920m (20.6% margin vs 11.2%).
- Adjusted PAT was INR560m (+249% YoY), excluding a ~INR270m exceptional loss from a warehouse fire; inventory was insured, with most of the loss expected to be recovered.
- 1H revenue rose 40% to INR8.56b and EBITDA rose 129% to INR1.62b.
- Net debt was INR480m (0.03x net debt-to-equity) after INR740m of debt repayment in 1H.

Spinning Business

- Capacity utilization was ~99%; fabric contribution rose to ~16.5% (vs 11% last year) and is expected to reach 16.5-17% by year-end.
- Yarn-cotton spread was ~INR173/kg in 2QFY27 vs INR160/kg in 1QFY27; 3QFY27 is expected to moderate to a level between the two quarters.
- 3QFY27 margins are expected to be close to 1QFY27 levels and 4QFY27 closer to 2QFY27 levels; 1H margins are largely sustainable.

Capex & Expansion

- Of the INR10.35b MOU commitment, INR6.75b has been invested. The knitting expansion (40 machines) is likely to be completed in 3QFY27, and the 11MW solar project (~INR320m) will be commissioned by end of 3Q, taking the green capacity to 76MW.
- An INR4.1b project adds 58,368 spindles and 5MW rooftop solar, with revenue of INR4.0-4.2b at 14-15% EBITDA margin; completion is expected by end of FY28, with full benefit expected in FY29.
- The PM Mitra processing project (~INR2.75-3.0b) is expected in FY30.
- Capital subsidy of ~INR1.45b is likely to be released.

Outlook

- FY28 revenue of ~INR18b is seen as likely, and the FY30 target of INR25b revenue at a 15-18% EBITDA margin remains unchanged.
- Garmenting is being viewed favorably; no buyback is planned.

Exhibit 26: Financial performance

	2QFY26	1QFY27	2QFY27	YoY	QoQ	FY24	FY25	FY26	CAGR FY24-26
Revenue	3,380	4,089	4,455	31.8%	8.9%	10,540	11,610	13,190	11.9%
EBITDA	368	691	913	148.0%	32.1%	840	1,110	1,410	29.6%
EBITDAM	10.9	16.9	20.5	960bp	360bp	8.0	9.6	10.7	270bp
APAT	160	394	358	123.9%	-8.9%	250	560	700	67.3%
APATM	4.7	9.6	8.0	330bp	-160bp	2.4	4.8	5.3	295bp

Source: Company, MOFSL

Exhibit 27: Gokaldas – One-year forward P/E

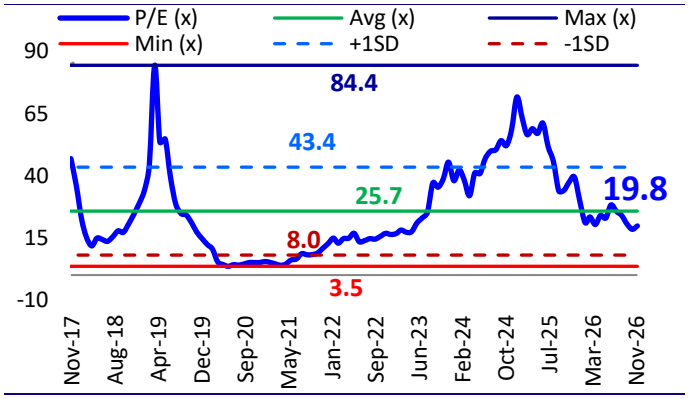


Exhibit 28: Gokaldas – One-year forward EV/EBITDA

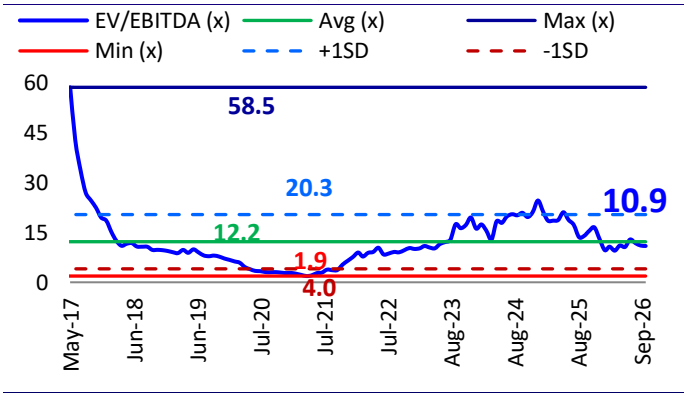


Exhibit 29: Arvind – One-year forward P/E

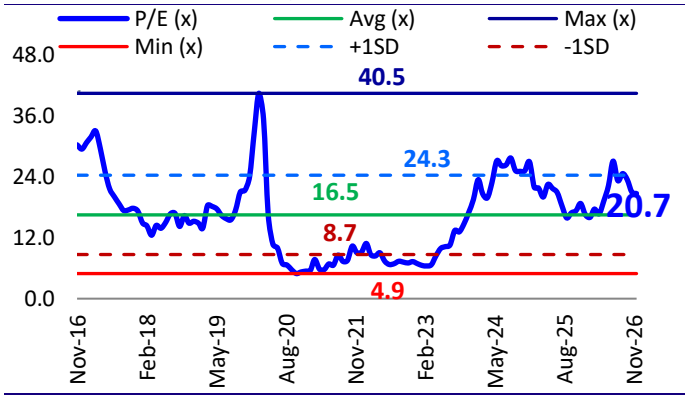


Exhibit 30: Arvind – One-year forward EV/EBITDA

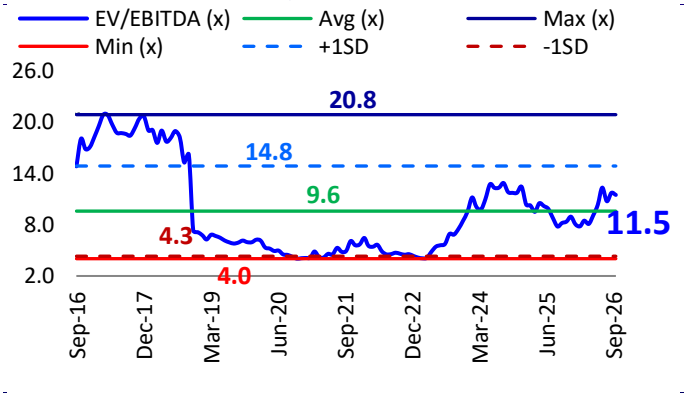


Exhibit 31: Pearl Global – One-year forward P/E

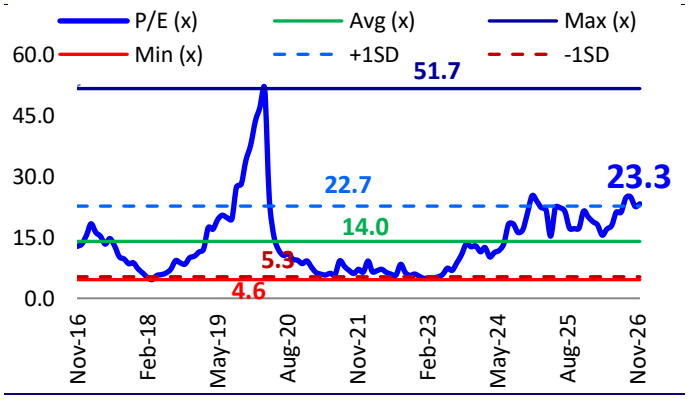


Exhibit 32: Pearl Global – One-year forward EV/EBITDA

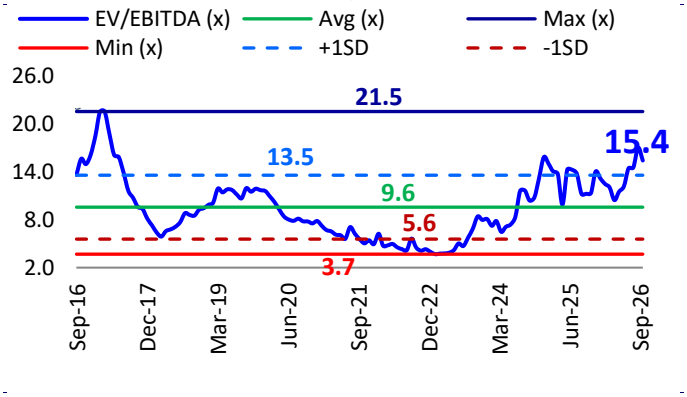


Exhibit 33: KPR Mill – One-year forward P/E

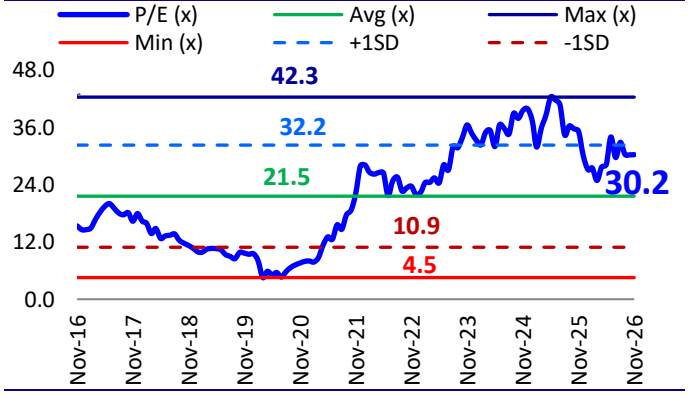
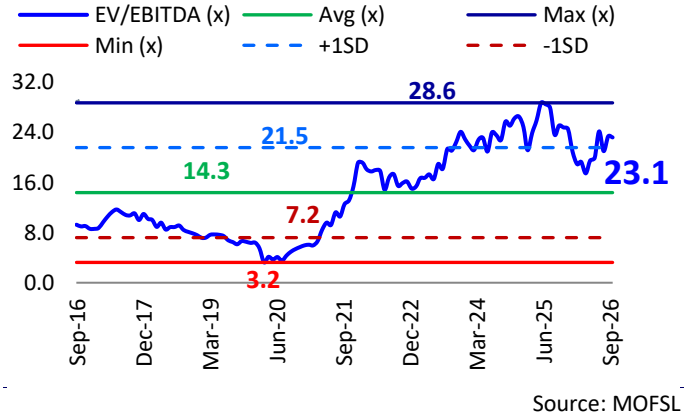


Exhibit 34: KPR Mill – One-year forward EV/EBITDA



Source: MOFSL

Source: MOFSL

Exhibit 35: Indo Count Industries – One-year forward P/E

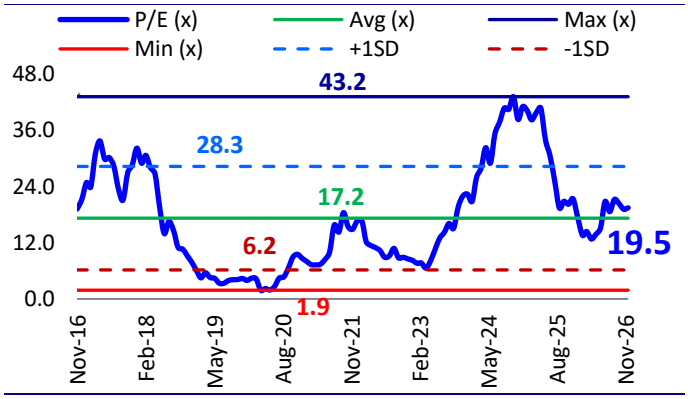


Exhibit 36: Indo Count Industries – One-year forward EV/EBITDA

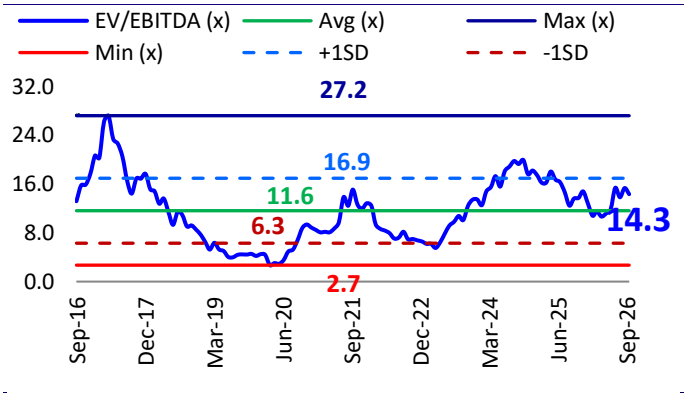


Exhibit 37: Welspun Living – One-year forward P/E

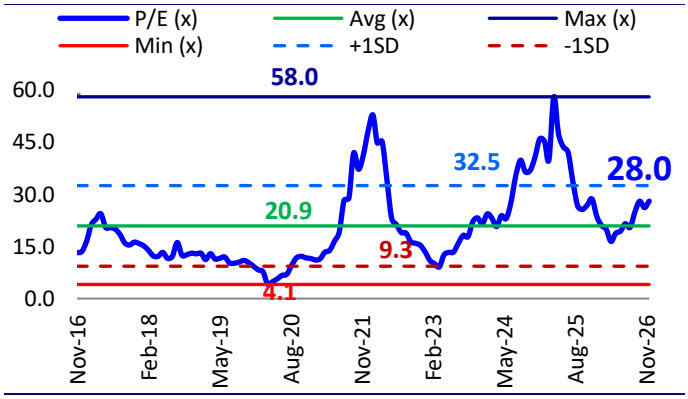


Exhibit 38: Welspun Living – One-year forward EV/EBITDA

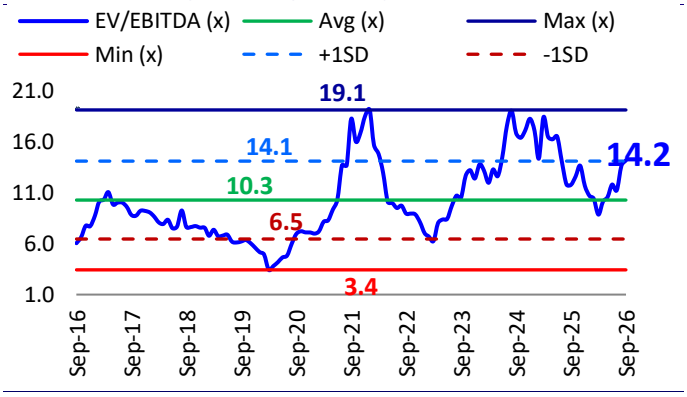


Exhibit 39: Trident – One-year forward P/E

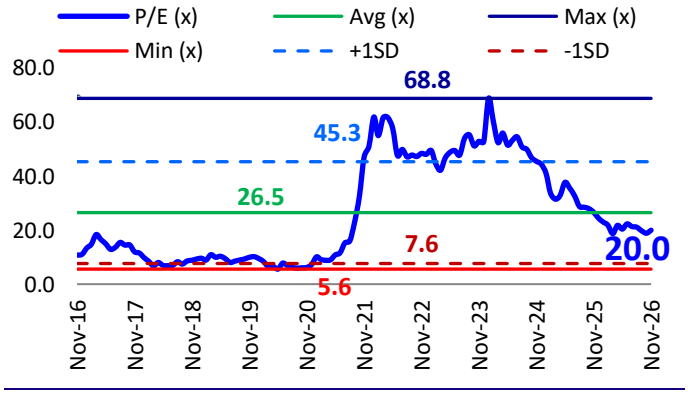


Exhibit 40: Trident – One-year forward EV/EBITDA

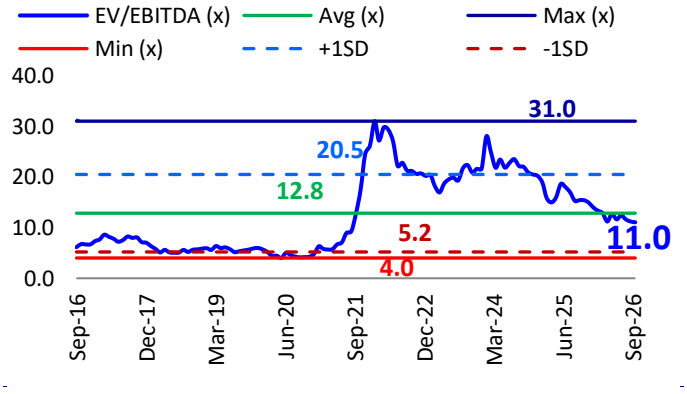


Exhibit 41: Vardhman Textile – One-year forward P/E

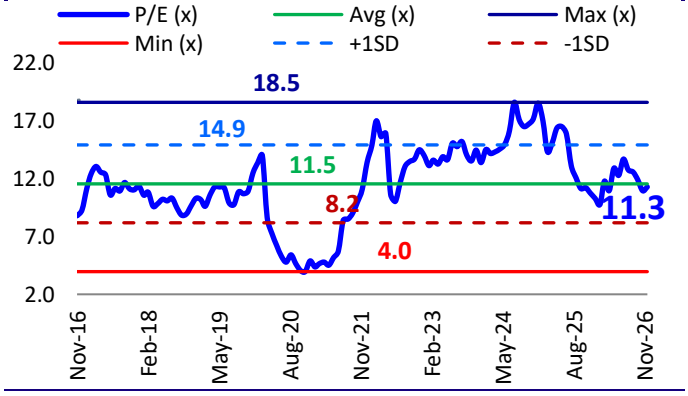
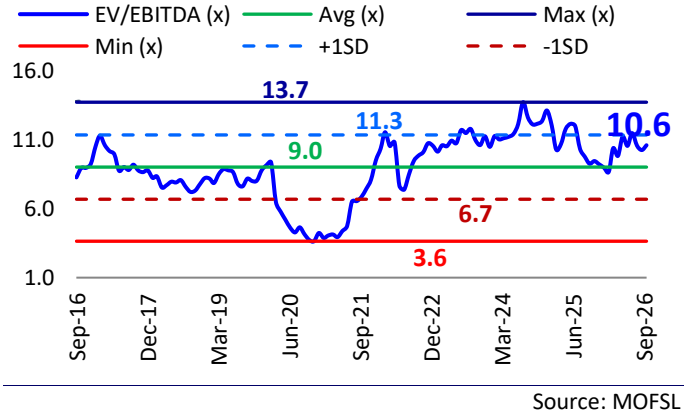


Exhibit 42: Vardhman Textile – One-year forward EV/EBITDA



Source: MOFSL

Source: MOFSL

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UNDER REVIEW	Rating may undergo a change
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