BUY

Pearl Global Industries

Stars are aligned; initiate with BUY

Textiles ▸ Initiating Coverage ▸ **August 20, 2026**

CMP (Rs): 2,425 | TP (Rs): 2,800

We initiate coverage on Pearl Global (PGIL) with BUY and TP of Rs2,800 (implying ~15% upside), on the back of 1) PGIL's exposure in key exporting nations (Bangladesh, India, Vietnam) ensuring business continuity despite headwinds (steep tariffs, FTA window expiry, etc); 2) PGIL reporting one of the highest capacity adds (up ~30% by FY29E vs FY26 levels) in the garmenting space, implying ~12% volume CAGR over FY26-29E; 3) margin expansion led by relief from one-off costs (tariff burden share/start-up costs, in FY26) and breakeven at gestational units, along with efficiency investments paying off; 4) robust balance sheet, which allows PGIL to self-fund growth opportunities. Further, we see its ROIC improving to 35%/38%/40% in FY27E/28E/29E, respectively, from 31% in FY26. We expect FY26-29E revenue/EBITDA/APAT CAGR of ~13%/~22%/~27%. Further, given the recent sharp rise in stock price, PGIL trades at ~26x 1YF PER (~50% premium to 3Y mean of ~18x). We still value the stock at 24x on 1HFY29E EPS, given 1) catalysts that can lift its India operations' capacity utilization, 2) adequate capex ensuring growth, and 3) best-in-class return profile.

Presence across key exporting nations – PGIL's enviable moat

Unlike peers, PGIL saw its EBITDA margin improving in FY26, a year inflicted with US tariffs/ME crisis. A primary reason for its outperformance is its multi-geography asset base in key exporting nations that allows PGIL to dilute the impact of unfavorable tariffs, rising labor costs, or political instability in a particular geography. Further, the multi-geo base enables the company to diversify its product portfolio based on the geography's strength – eg supplying cotton knit garments from India or synthetic jackets from Vietnam which helps increase wallet share/ASP or add customers.

Growth backed by surge in volume

PGIL is on track to increase its capacity by 30% to ~130mn pieces by FY29E – one of the highest among peers. As existing (particularly, India) and new capacities ramp up, we expect PGIL to log 12% volume CAGR over FY26-29E. Given the already elevated ASP levels, we estimate a meagre ~1% FY26-29E CAGR, which implies 13% revenue CAGR.

Margin expansion on the cards

We expect EBITDA margin to expand by 230bps (vs FY26 levels) and reach 11.5% in FY29E. Key growth levers: 1) relief from one-off costs seen in FY26 (such as ~Rs360mn tariff, ~Rs130mn startup losses); 2) Bihar and Guatemala operations reaching breakeven and Indonesia operations turning profitable; 3) efficiency gains from the in-house Bangladesh laundry facility and renewable energy capacities.

Healthy balance sheet; set for accelerated capex (including inorganic)

PGIL keeps a tight grip on working capital (a ~1.5-month cash cycle) and a comfortable net debt-to-EBITDA of ~0.4x as of FY26. We estimate total capex of ~Rs5bn over FY27-29 vs cumulative OCF of >Rs18bn, aiding PGIL in turning net cash positive, at ~Rs5.5bn by FY29. This enables PGIL to self-fund future capex or adopt the inorganic route.

Target Price – 12M	Sep-27
Change in TP (%)	**NA**
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	15.5

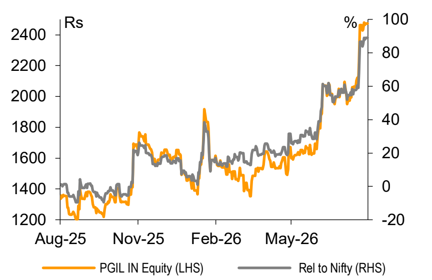
Stock Data	**PGIL IN**
52-week High (Rs)	2,572
52-week Low (Rs)	1,178
Shares outstanding (mn)	46.2
Market-cap (Rs bn)	112
Market-cap (USD mn)	1,170
Net-debt, FY27E (Rs mn)	1,146.4
ADTV-3M (mn shares)	0.1
ADTV-3M (Rs mn)	375.6
ADTV-3M (USD mn)	3.9
Free float (%)	38.9
Nifty-50	24,078.3
INR/USD	95.8

Shareholding, Jun-26	
Promoters (%)	61.1
FPIs/MFs (%)	6.8/19.2

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	18.8	51.1	78.7
Rel. to Nifty	20.1	48.2	85.4

1-Year share price trend (Rs)



Pearl Global Industries: Financial Snapshot (Consolidated)

Y/E Mar (mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	45,063	50,246	59,187	66,800	72,909
EBITDA	4,036	4,639	6,111	7,568	8,401
Adj. PAT	2,438	2,789	3,761	4,991	5,699
Adj. EPS (Rs)	53.1	60.4	81.5	108.2	123.5
EBITDA margin (%)	9.0	9.2	10.3	11.3	11.5
EBITDA growth (%)	31.1	14.9	31.7	23.8	11.0
Adj. EPS growth (%)	31.8	13.9	34.9	32.7	14.2
RoE (%)	24.9	21.3	23.3	25.1	23.4
RoIC (%)	33.0	31.4	34.5	38.4	40.2
P/E (x)	44.9	40.3	29.8	22.4	19.6
EV/EBITDA (x)	28.1	24.5	18.5	14.5	12.7
P/B (x)	9.6	7.7	6.3	5.1	4.2
FCFF yield (%)	0.6	1.8	2.8	5.0	6.2

Source: Company, Emkay Research

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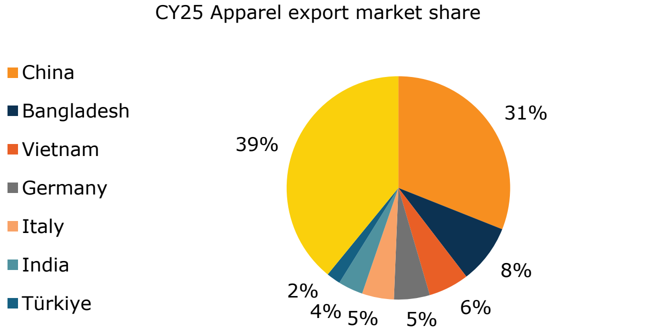
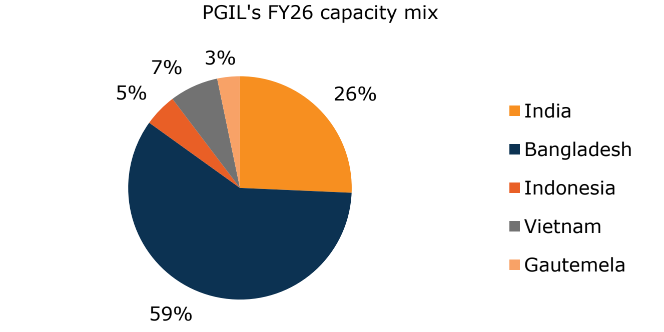
Story in charts

Exhibit 1: Among the top apparel exporting nations; Bangladesh, Vietnam, and India collectively contribute ~18% market share…



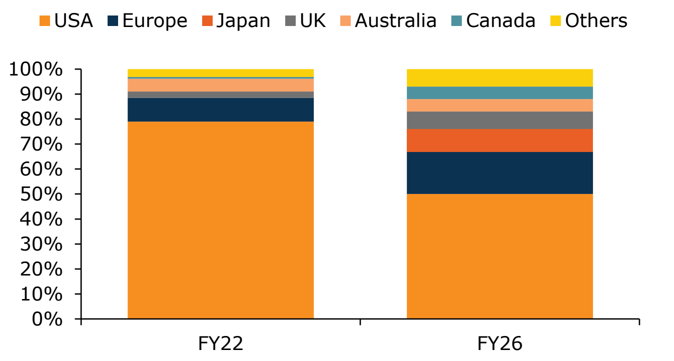
Source: Company, Emkay Research

Exhibit 2: …PGIL has >90% of its capacity in the three nations



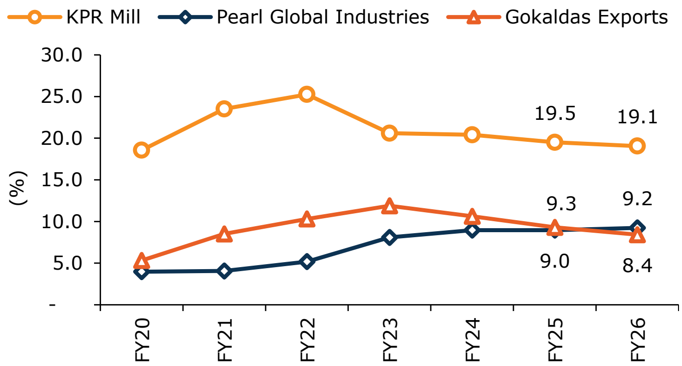
Source: Company, Emkay Research

Exhibit 3: Such spread has allowed PGIL to cut US exposure, from ~80% (in FY22) to ~50% (in FY26)…



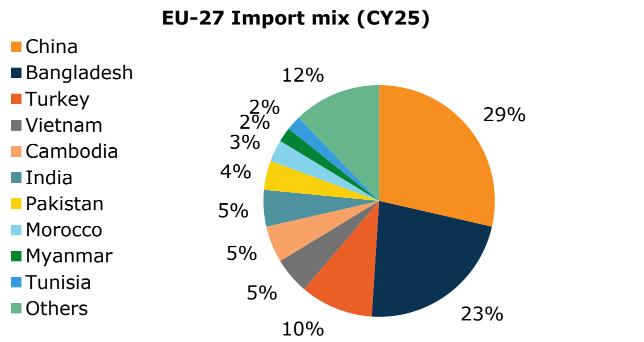
Source: Company, Emkay Research

Exhibit 4: …and maintain margin through FY26 while peers saw contraction



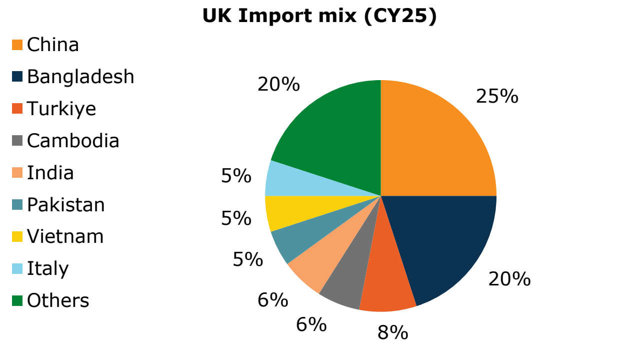
Source: Company, Emkay Research

Exhibit 5: India has huge headroom to capture market share in the EU…



Source: Industry, Emkay Research

Exhibit 6: …and in the UK



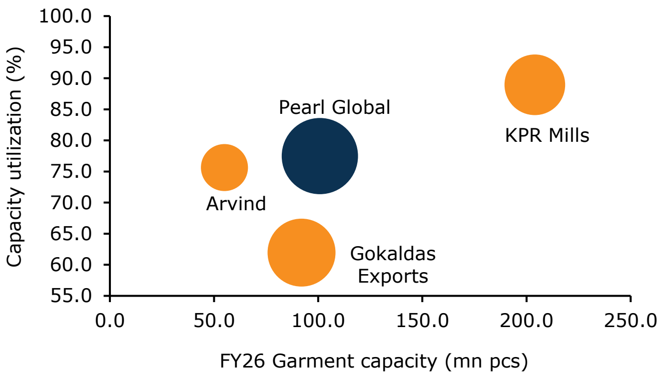
Source: Industry, Emkay Research

Exhibit 7: Given its multi-geo presence, PGIL stands at an advantage to gain market share in EU/UK markets, leveraging its operations in India and Bangladesh, which fall under the same duty structure

From \ To	US pre-tariff (MFN)	US post-tariff (Jul-26)	EU	Japan	UK	Canada
China	16.5-32%	~36.5-52%	~12%	~9-13%	~12%	~16-18%
Bangladesh	16.5-32%	~26.5-42%	0%	0%	0%	0%
Vietnam	16.5-32%	~29-44.5%	0-3%	0%	0-3%	0%
Ethiopia	16.5-32%	~26.5-42%	0%	0%	0%	0%
Kenya	16.5-32%	~26.5-42%	0%	~7-13%	0%	~16-18%
Indonesia	16.5-32%	~26.5-42%	~12%	0%	~9.6%	~16-18%
India	16.5-32%	~26.5-42%	~12%→0%	0%	0%	~16-18%

Source: Industry, Emkay Research; Note: US MFN ranges from ~16.5% (cotton apparel) to ~32% (MMF apparel). From 24-Jul-26, US post-tariff = MFN + Section 301 "forced labor" duty of 10% (India, Bangladesh, Indonesia, Cambodia, Guatemala, Sri Lanka, Pakistan, UK) or of 12.5% (Vietnam, China and 36 others), additive to MFN and any pre-existing Section 301 duty (China attracts a further 7.5%). USTR has directed tariff-rate quotas (TRQs) for Bangladesh, Cambodia, Indonesia, and Malaysia, calibrated to each economy's purchases of US cotton and textile inputs, allowing a defined volume of apparel to enter free of the Section 301 duty; these are not yet operational (initial three-year duration once established). India's UK duty is already 0% following FTA coming into force; India's EU duty falls to 0% once the FTA is ratified by the EU parliament (expected within 12-15 months)

Exhibit 8: PGIL combines scale with higher realization among listed peers…



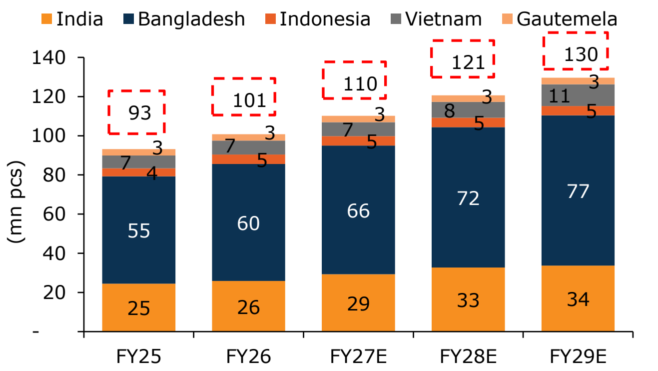
Source: Company, Emkay Research; Note: Bubble sizes are based on FY26 garment revenues

Exhibit 9: …and is adding the ~30mn pieces capacity by FY29E

Particulars	FY26	Upcoming capacity
Pearl Global	100.8mn pcs	130mn pcs by FY29E
KPR Mills	204mn pcs	252mn pcs by 1HFY28
Arvind	55mn pcs	62mn pcs by FY28E
Gokaldas Exports	92mn pcs	104mn pcs by FY27E

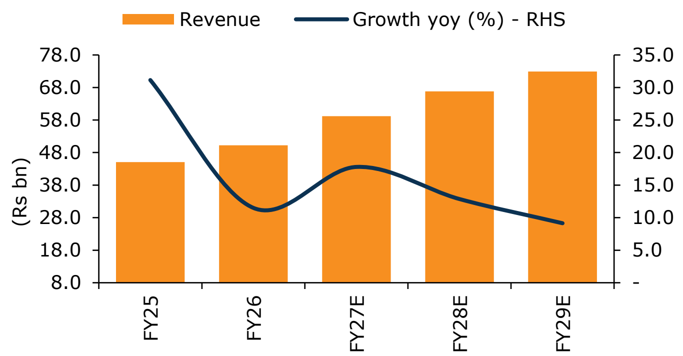
Source: Company, Emkay Research

Exhibit 10: We estimate PGIL will add capacity at Bangladesh, India, and Vietnam, thus improving its total capacity to ~130mn pcs by FY29E…



Source: Company, Emkay Research

Exhibit 11: …this would drive ~12% volume CAGR as utilization improves to >80%, translating into ~13% revenue CAGR over FY26-29E



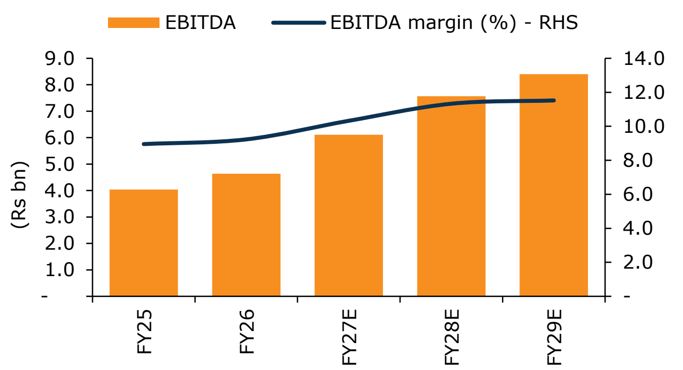
Source: Company, Emkay Research

Exhibit 12: PGIL has been a consistent performer in terms of delivering on guidance; hence, we believe it will meet its FY28 target too

Guidance	What was said	When guided	Outcome	Verdict
Revenue CAGR	15-20% over 3-4 years	FY23	FY23-26 CAGR of ~17%	Met guidance
Revenue CAGR (reset)	12-14% in the medium-term	FY25	FY25: +31%; FY26: +11.5%	Beat guidance
Revenue scale	Rs60bn by FY28	FY23 (Feb-24 analyst meet)	~Rs50bn in FY26; now guiding to surpass	On track with guidance
Installed capacity	~100mn pieces	FY24-25	~101mn reached in FY26	Beat (ahead of schedule) guidance
Installed capacity	120-130mn pieces by FY28	FY25	~101mn as of FY26	On track with guidance
Volume growth	12-14% CAGR	FY25	FY25: +31%; FY26: +5% (tariff-hit)	Mixed
Asset-light mix	Scale partnerships to ~80:20	FY23	Partner share: ~3% (FY22) to ~25% (FY26)	Met guidance
RoCE discipline	15-20% hurdle on every project	FY23	ROCE: ~18-20% sustained	Met guidance
Leverage	De-levered, keep balance sheet light	FY23	Net debt-to-EBITDA: 3.5x (FY22) to ~0.4x (FY26)	Beat guidance
Working capital	Tighten the cash cycle	FY23-24	Cash Conversion Cycle: ~67 days (FY21) to ~40-43 days (FY26)	Beat guidance
Dividend	≥20% of consolidated PAT	FY24	22.8% (FY25) ~25% (FY26, record DPS)	Met guidance
EBITDA margin	12-13% in the medium-term	FY25-26	~11.8% by FY29E on our estimates	On track with guidance
Guatemala/Bihar	Breakeven in FY27	FY26	Pending	On track with guidance
Indonesia	Profitable in FY27	FY26	Pending	On track with guidance
FY27 capex	Rs2-2.5bn, self-funded	FY26	Pending	On track with guidance

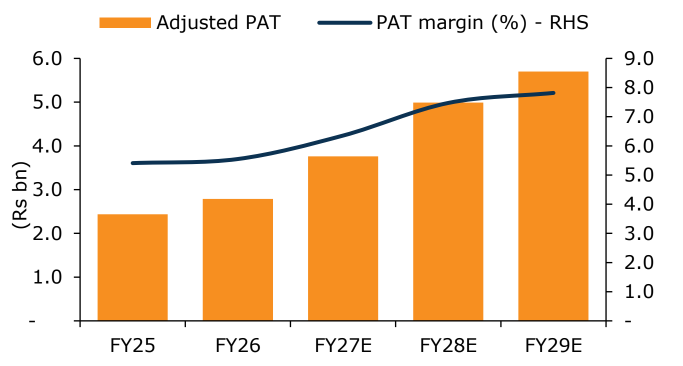
Source: Company, Emkay Research

Exhibit 13: We expect EBITDA to grow ~22% over FY26-29E, with margin expanding to 11.5% by FY29E



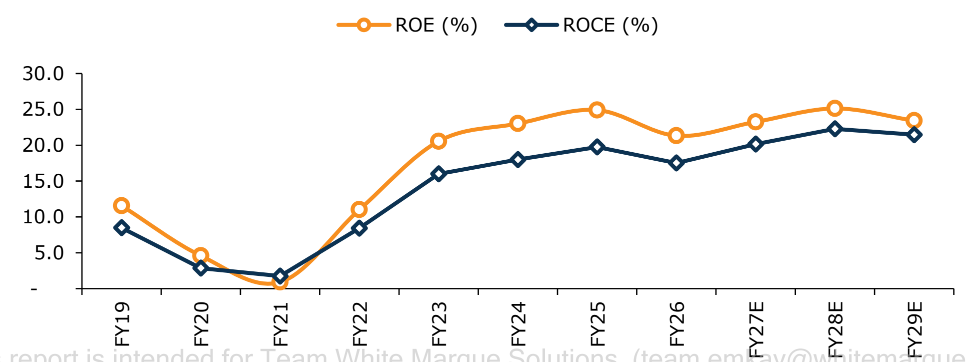
Source: Company, Emkay Research

Exhibit 14: We expect APAT to reach Rs5.7bn by FY29E, at ~27% CAGR over FY26-29E



Source: Company, Emkay Research

Exhibit 15: We expect ROE/ROCE to reach ~23%/~22% by FY29E



Source: Company, Emkay Research

Investment Thesis

Presence across key exporting nations – PGIL's enviable moat

Unlike peers, PGIL saw its EBITDA margin improving in FY26, a year inflicted with US tariffs/ME crisis. A primary reason for its outperformance is its multi-geography asset base in key exporting nations that allows PGIL to dilute the impact of unfavorable tariffs, rising labor costs, or political instability in a particular geography. Further, the multi-geo base enables the company to diversify its product portfolio based on the geography's strength – eg supplying cotton knit garments from India or synthetic jackets from Vietnam which helps increase wallet share/ASP or add customers.

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Healthy balance sheet; set for accelerated capex (including inorganic)

PGIL keeps a tight grip on working capital (a ~1.5-month cash cycle) and a comfortable net debt-to-EBITDA of ~0.4x as of FY26. We estimate total capex of ~Rs5bn over FY27-29 vs cumulative OCF of >Rs18bn, aiding PGIL in turning net cash positive, at ~Rs5.5bn by FY29. This enables PGIL to self-fund future capex or adopt the inorganic route.

Exhibit 16: DuPont analysis

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PAT/PBT (%)	60.3	71.2	40.7	71.6	77.2	91.3	91.2	90.2	86.2	85.9	85.8
PBT/EBIT (%)	133.4	125.5	69.0	93.0	85.9	78.8	81.4	82.1	84.8	88.3	90.0
EBIT/Sales (%)	3.5	1.5	1.1	3.4	6.5	7.1	7.3	7.5	8.7	9.9	10.1
Asset Turnover (x)	6.5	4.3	3.2	5.2	5.0	4.4	4.8	4.5	4.3	4.3	4.3
Assets/Equity (x)	0.6	0.8	0.9	0.9	1.0	1.0	1.0	0.9	0.8	0.8	0.7
ROE (%)	**11.6**	**4.6**	**0.9**	**11.0**	**20.6**	**23.0**	**24.9**	**21.3**	**23.3**	**25.1**	**23.4**

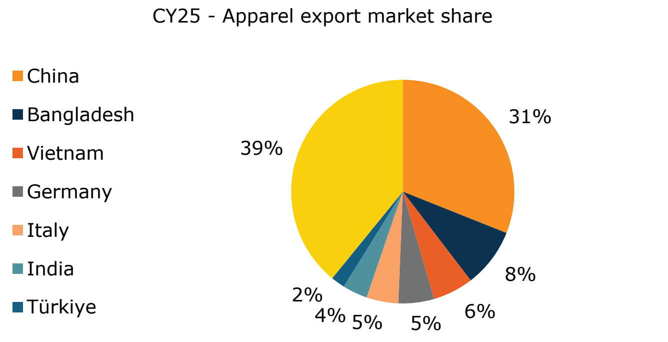
Source: Company, Emkay Research

Presence across key exporting nations – PGIL's enviable moat

Diversified across geographies and end-markets

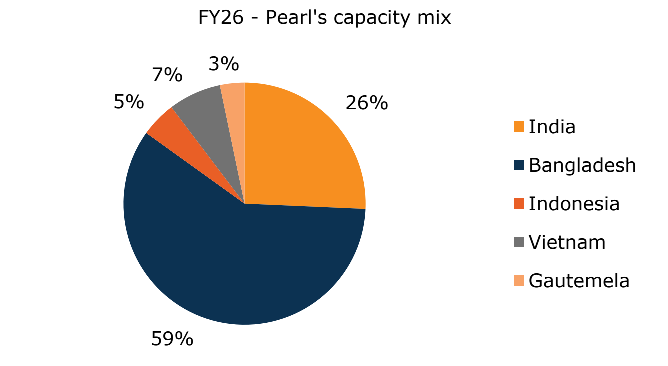
- PGIL manufactures ready-made garments for global brands from five countries, and this spread across the major sourcing nations is its biggest structural advantage
- In CY25, Bangladesh, Vietnam, and India together held ~18% of global apparel exports, and PGIL has >90% of its capacity spread across these three countries, a distinct competitive edge against listed peers.
- This multi-country base is the core of PGIL's risk mitigation, protecting it against tariffs, trade actions, or local disruptions in any one country, as production and orders can be routed through another.

Exhibit 17: Among top apparel-exporting nations, Bangladesh, Vietnam, and India collectively contribute ~18% market share…



Source: Company, Emkay Research

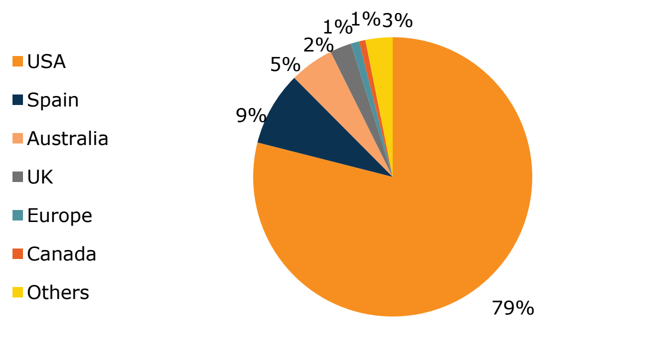
Exhibit 18: …PGIL has >90% of its capacity in the three nations



Source: Company, Emkay Research

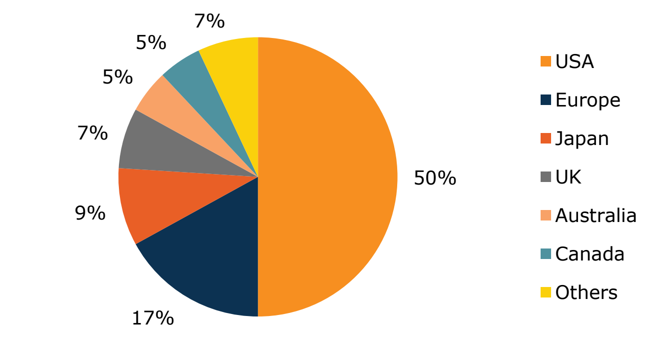
- The same diversification runs through its end-markets, with US exposure cut sharply from ~80% of sales in FY22 to ~50% in FY26, and the balance spread across Europe (~17%), Japan (~9%), the UK (~7%), and Australia and Canada at ~5% each.

Exhibit 19: PGIL's export mix in FY21…



Source: Company, Emkay Research

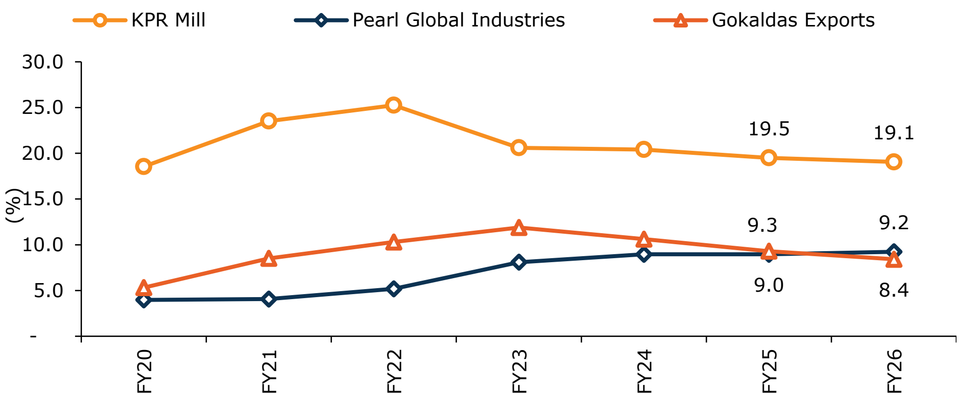
Exhibit 20: …and in FY26



Source: Company, Emkay Research

- The company's FY26 show is a testament to this diversified model, as the India-specific US tariff hit was absorbed at the group level and consolidated margin held firm, while peers like Gokaldas and KPR saw their margin contract.

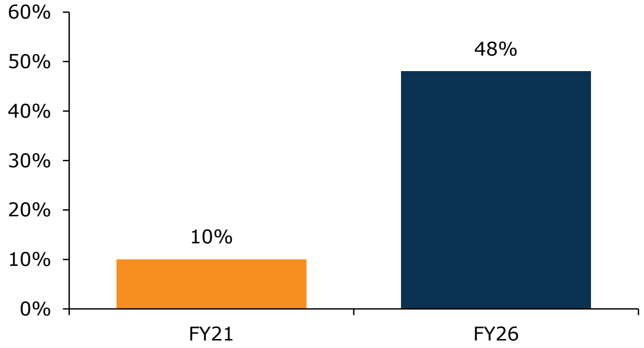
Exhibit 21: PGIL maintained its margin through FY26, while margin of peers contracted



Source: Company, Emkay Research

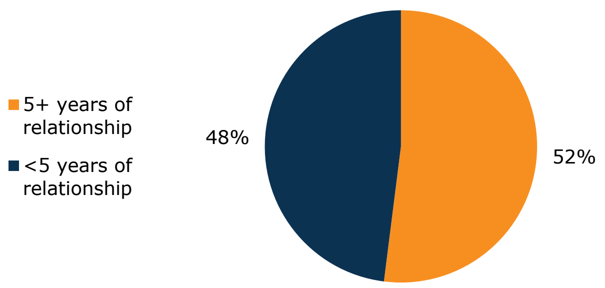
- The revenue from customers added in the last five years rose from ~10% in FY21 to ~48% in FY26, reflecting PGIL's ability to transform new wins into sticky relationships.

Exhibit 22: Revenue from clients added in the last five years has risen from ~10% to ~48%...



Source: Company, Emkay Research

Exhibit 23: ...with long-standing relationships still contributing ~52% of the total revenue



Source: Company, Emkay Research

US tariffs create a level playing field, eliminating India's disadvantage

- US clothing tariffs have changed three times in a year: first, the country-by-country reciprocal tariffs (which briefly pushed India to ~50%), then a flat ~10% surcharge for 150 days, and now duties under Section 301.
- Under Section 301, the rate is similar for all the major low-cost countries, at ~10-12.5%; so, India no longer carries a special penalty and now competes with Bangladesh and Vietnam for US deals on a level playing field.

Exhibit 24: PGIL stands at an advantage given its presence in both India and Bangladesh, which fall under the same duty structure

From \ To	US pre-tariff (MFN)	US post-tariff (Jul-26)	EU	Japan	UK	Canada
China	16.5-32%	~36.5-52%	~12%	~9-13%	~12%	~16-18%
Bangladesh	16.5-32%	~26.5-42%	0%	0%	0%	0%
Vietnam	16.5-32%	~29-44.5%	0-3%	0%	0-3%	0%
Ethiopia	16.5-32%	~26.5-42%	0%	0%	0%	0%
Kenya	16.5-32%	~26.5-42%	0%	~7-13%	0%	~16-18%
Indonesia	16.5-32%	~26.5-42%	~12%	0%	~9.6%	~16-18%
India	16.5-32%	~26.5-42%	~12%→0%	0%	0%	~16-18%

Source: Industry, Emkay Research; Note: US MFN ranges from ~16.5% (cotton apparel) to ~32% (MMF apparel). From 24-Jul-26, US post-tariff = MFN + Section 301 "forced labor" duty of 10% (India, Bangladesh, Indonesia, Cambodia, Guatemala, Sri Lanka, Pakistan, UK et al) or 12.5% (Vietnam, China and 36 others), additive to MFN and any pre-existing Section 301 duty (China attracts a further 7.5%). USTR has directed tariff-rate quotas (TRQs) for Bangladesh, Cambodia, Indonesia, and Malaysia, calibrated to each economy's purchases of US cotton and textile inputs, allowing a defined volume of apparel to enter free of the Section 301 duty; these are not yet operational (initial three-year duration once established). India's UK duty is already 0% following FTA coming into force; India's EU duty falls to 0% once the FTA is ratified by the European Parliament (expected within 12-15 months).

- The total duty is still meaningful, because the ~10-12.5% duty u/s 301 is in addition to the existing MFN duty; notably, this has narrowed the tariff gap between countries.
- As shipments are on FOB terms, the duty is borne by the importing customer rather than PGIL, though it puts pressure on the industry, per Management.
- India and Bangladesh each have their own strength: Bangladesh is cheaper on labor (~$115-135 a month vs India's ~$150-270), while India ships faster (50-70 days vs 90-120) and has a more accomplished local supply chain.

Exhibit 25: Benchmarking India vs major textile and apparel producing nations

Cost element	India	China	Bangladesh	Vietnam	Ethiopia	Kenya
Cost of Labor ($/month)	$150-270	$320-520	$113-133	$250-470	$30-70	~$125-130
Labor Skills	Medium	High	Medium	Medium-to-High	Low	Low-to-Medium
Electricity (USD/kWh)	~$0.108	$0.088-0.120	~$0.100	~$0.080	$0.014-0.022	~$0.19
Lead Time (no of days)	50-70	30-50	90-120	50-70	90-120	60-90
Cost of Debt (WC Loan rate)	9-12%	3-4%	12-14%	6-8%	12-15%	14-18%
Textile Integration	High	High	Medium	Low-to-Medium	Low	Low

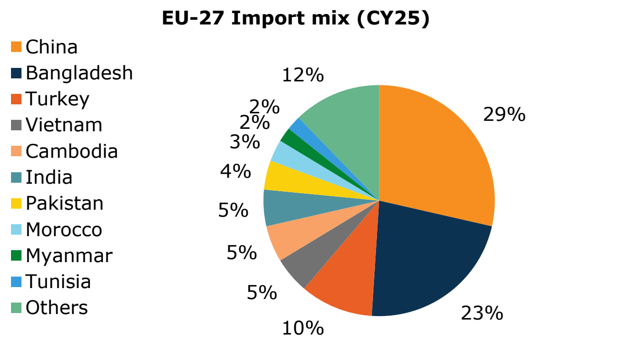
Source: Industry, Emkay Research

- The tariff change does not favor one over the other, and PGIL, with ~85% of its capacity across the two, wins the order anyway.
- Section 301 also makes forced labor and ESG compliance a condition of selling to the US; this helps big, audited suppliers like PGIL and hurts small single-country ones.
- Lastly, PGIL's Guatemala facility offers an additional hedge, with ~1-week shipping to the US and 0% duty-advantage, an option unavailable to peers.

India remains the laggard, and the biggest opportunity

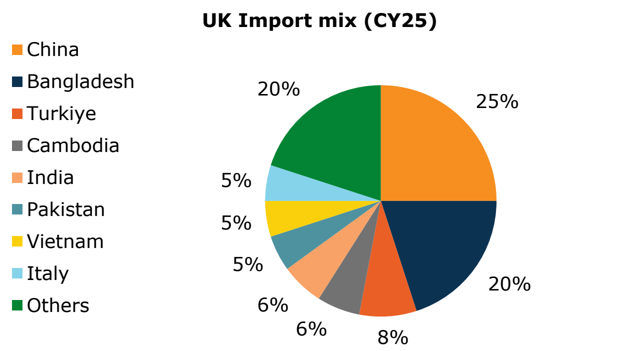
- On a standalone basis, India has been the laggard in PGIL's portfolio, earning 5-6% EBITDA margin over the last 3Y as against peers like Gokaldas with ~10% EBTIDA margin.
- This margin drag stems from lower utilization, as India paid ~12% duty to the EU and UK, while Bangladesh shipped duty-free; this made India unattractive for the European market.
- Hence, the US accounted for ~50% of India's export volumes in FY26, and the tariff uncertainty led to ~16% decline in volumes.
- With the India-UK FTA effective 15-Jul-26 and the India-EU deal expected by early CY27, that duty gap now closes. India becomes a viable base for exporting to Europe, where it currently supplies only ~5% of EU imports as against Bangladesh's ~23%.
- Management is already seeing traction, and expects a significant jump in the UK business by end-FY27; it is enhancing India factory readiness while strengthening compliance standards ahead of the EU FTA.
- We expect utilization to recover on this fresh demand and see scope for India's margin to close the gap with Gokaldas's ~10%, driven by operating leverage.

Exhibit 26: India has huge headroom to capture market share in the EU…



Source: Industry, Emkay Research

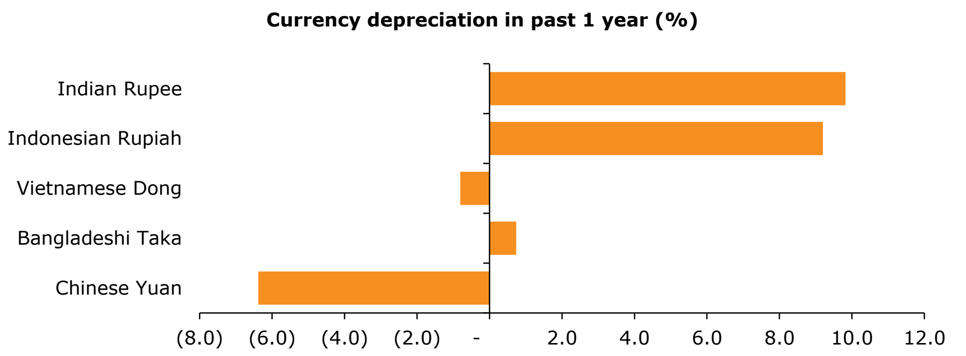
Exhibit 27: …as well as in the UK



Source: Industry, Emkay Research

- With the rupee depreciating ~10% over the past year, PGIL's India operations gain further, as Indian goods turn even more competitive in dollar markets.
- Lastly, India's position further strengthens from CY29, when Bangladesh's duty-free EU access expires, leaving PGIL able to supply Europe from either country.

Exhibit 28: Rupee depreciation should help Indian garment exporters turn more competitive in FY27



Source: Bloomberg, Emkay Research; Note: Benchmarked against the US$

Vendor consolidation by brands to favor PGIL

- Alongside these trade shifts, global brands are reshaping their supply chains with fewer vendors, fewer countries, and stricter compliance, all at once.
- Global retailers are acting on this, with H&M trimming its vendor base, Inditex moving to source-only from ESG-compliant suppliers across its ~50 markets (100% targeted by CY30), and Carter's shifting to 75% sourcing from India, Vietnam, Bangladesh, and Cambodia by CY26 (from 60% China in CY25).

Exhibit 29: Major US retailers remain confident about demand but prefer to maintain a tight inventory due to the volatile environment

Company	Demand Outlook	Inventory	Sourcing
H&M	• US demand remains strong • Muted demand and weak consumer sentiment in Central Europe	• Targets inventory of 44-51 days (vs ~55 days in CY25)	• Consolidating vendor base • Increasing near-sourcing for fast fashion
Inditex (Zara, Bershka, etc)	• US market demand remains strong; plans to add 110 stores • Positive response to spring/summer collections across regions in Europe	• Trying to shorten procurement cycle, coupled with lead time	• Diversified supplier base across 50 markets • Prioritizing ESG-compliant suppliers by CY30 (aims for 100% by CY30 vs ~88% in CY25)
Carter's	• Strong Q1CY26 growth; demand softened in April • Pricing to offset volume moderation	• Inventory turns are ~4-5 months • Eliminated 20-30% of product SKUs to improve speed-to-market	• Targets 75% sourcing from Vietnam, Cambodia, Bangladesh, and India in CY26 (vs 60% from China in CY25).

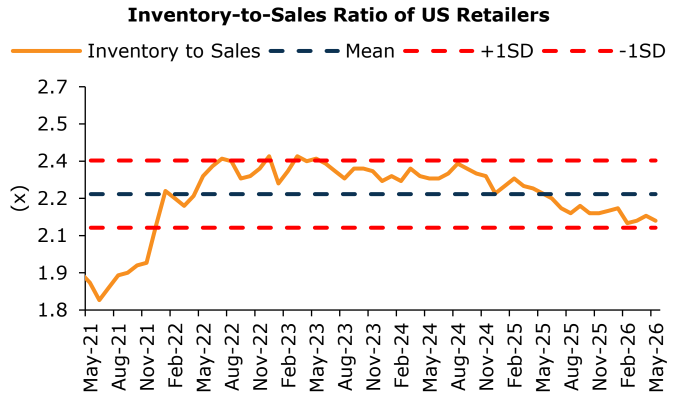
Source: Company, Emkay Research

- Vendor consolidation offers growth opportunity to PGIL even if overall demand is flat, as it can absorb the volume that brands pull away from smaller vendors.
- PGIL is the clear winner here, adding several big-name clients; in the past five years, such clients contributed ~48% to revenue.
- PGIL still holds only low single-digit share, even from its largest client's spend; hence, we believe it has a long growth runway.
- PGIL's right-to-win comes from designing as well as making, rather than just stitching to order, as brands increasingly aim for a few deep relationships and end-to-end partners.

Demand steady; a restocking cycle should help in the near term

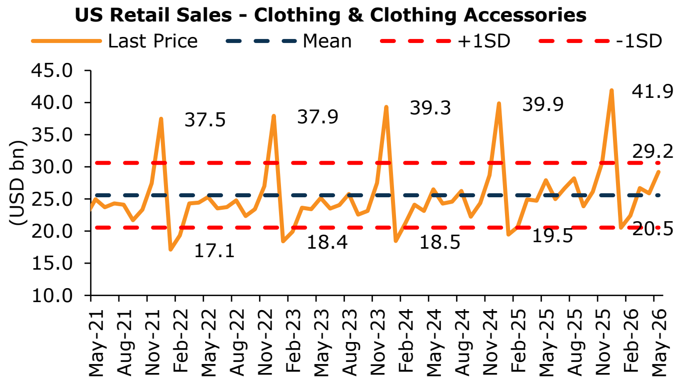
- US retailers remain confident on sales (Exhibit 31), with caution on inventory rather than demand, as inventory-to-sales is down from ~2.4x in Aug-22 to ~2.1x (near -1SD) in May-26.
- Clothing sales rose to $29.2bn in May-26 (up 5% yoy), well above the $25.6bn mean and approaching the +1SD level of $30.6bn.
- Management corroborated this in its 1QFY27 commentary, noting that with the tariff overhang lifting, customer confidence has translated into a better order book.

Exhibit 30: Inventory-to-sales of US retailers at -1SD should...



Source: Bloomberg, Emkay Research

Exhibit 31: ...push customers to place fresh orders with rising store sales



Source: Bloomberg, Emkay Research

Growth backed by surge in volume

PGIL's business model dynamics

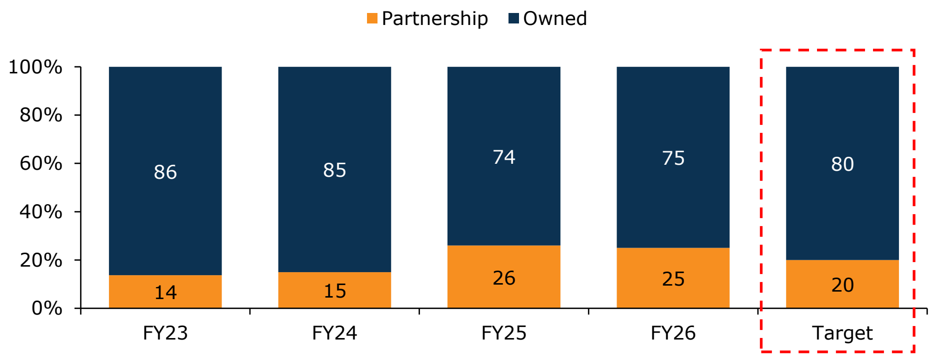
- PGIL operates 25 manufacturing units across five countries—India, Bangladesh, Vietnam, Indonesia, and Guatemala—with ~101mn pieces of installed capacity as of FY26.
- These comprise 16 owned units and 9 partnership facilities, a hybrid structure that sets PGIL apart from peers who typically manufacture through fully owned plants like Arvind.

Exhibit 32: PGIL's has a ~101mn pcs garmenting capacity spread across 5 nations

Source: Company, Emkay Research

- Per the partnership model, the partner funds the building and civil structure, while PGIL provides the working capital and runs the operation, supplies design and fabric, deploys an on-site execution team, and contracts output on a per-piece basis.
- Over FY22-26, partnership share has accordingly risen ~14% of capacity in FY23 to ~25% in FY26, with Management steering to a ~80:20 owned-to-partner mix.

Exhibit 33: Currently, ~25% of the capacity is under the partnership model, and the company targets an owned-to-partner mix of 80:20

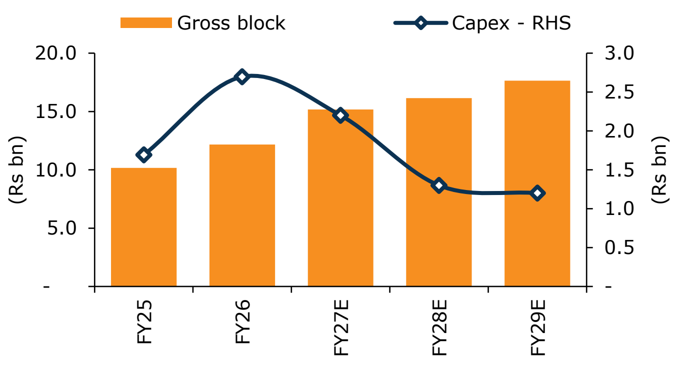


Source: Company, Emkay Research

On track to achieve ~130mn pieces capacity by FY29E

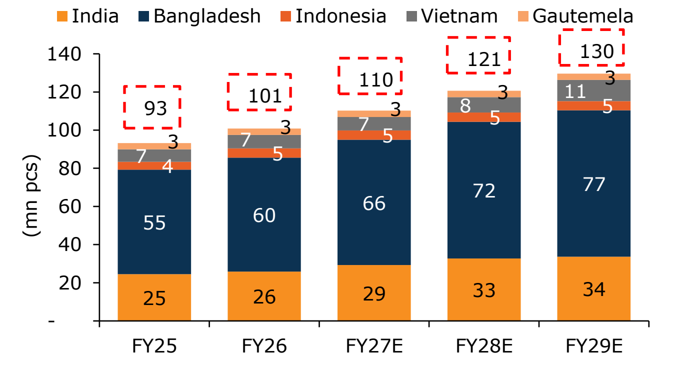
- Management envisages capacity of 120-130mn pieces by FY28, up from ~101mn in FY26, sufficient to ship over 100mn pieces annually and support its stated ambition of surpassing Rs60bn of revenue by FY28.
- We build in ~130mn pieces by FY29E, funded by capex of Rs2.2bn/Rs1.3bn/Rs1.2bn in FY27E/FY28E/FY29E, via internal accruals.
- Among geographies, we see Bangladesh takes the largest share, with a new owned unit completing in 1HFY27 (~Rs1.1bn allocated) adding ~6mn pieces (pcs), followed by incremental ~11mn pcs through FY28-29, as it remains the lowest-cost, highest-productivity base.
- In India, the Bihar (Muzaffarpur) plant is ramping up well (with 500 of the 900 planned machines installed, adding ~1.4mn pcs in FY27, with another ~2.4mn pcs in FY28 as it moves to a second shift, which requires almost no fresh capex.
- PGIL has also secured land in Madhya Pradesh, as part of its shift to lower-cost Tier-2/3 locations such as Bihar, Odisha, and MP, where we expect ~4mn pcs to be added in partnership format.
- In Vietnam, the company has secured land to build an owned greenfield unit during FY28-29, adding ~4mn pieces of higher-value outerwear capacity and converting what is currently a largely partner-run operation.
- We expect Indonesia and Guatemala to be flat on capacity, with focus on lifting utilization, rather than adding lines.
- Of the total capex, ~2/3rd is growth capex and the balance on maintenance and efficiency (in-house Bangladesh laundry and solar installations).

Exhibit 34: We estimate PGIL to spend ~Rs4.7bn in capex over FY26-29E…



Source: Company, Emkay Research

Exhibit 35: …to add capacities at Bangladesh, India, and Vietnam, increasing total capacity to ~130mn pcs by FY29E

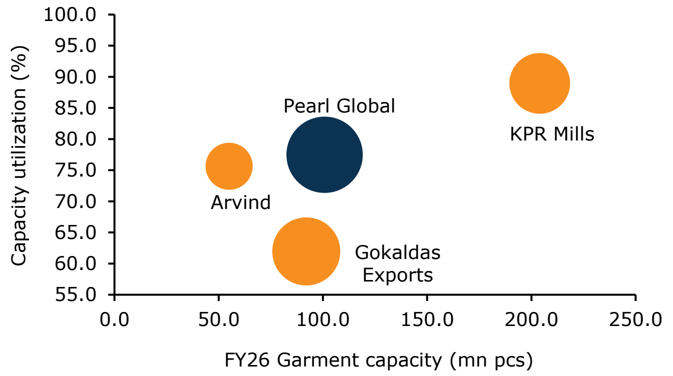


Source: Company, Emkay Research

Best placed among peers; capacity-led volume growth to drive 13% revenue CAGR over FY26-29E

- Among listed peers, PGIL combines scale with higher realization, operating ~101mn pcs at ~Rs633/piece (second highest in the peer set) to deliver ~Rs50bn of revenue.
- Building on this, we see PGIL as the best pick among garmenting peers, given the 2nd highest pace of capacity addition at ~30mn pieces by FY29E as against ~12mn at Gokaldas by FY27E and ~7mn at Arvind by FY28E, positioning it to gain share.

Exhibit 36: PGIL combines scale with higher realization among listed peers...



Source: Company, Emkay Research; Note: Bubble sizes are based on FY26 garment revenues

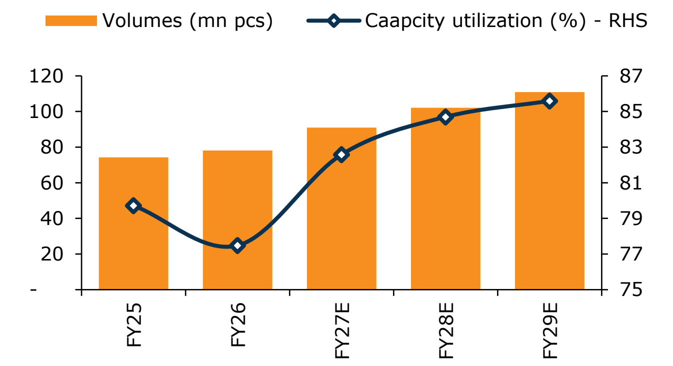
Exhibit 37: ...and is adding ~30mn pieces by FY29E

Particulars	FY26	Upcoming capacities
Pearl Global	100.8mn pcs	130mn pcs by FY29E
KPR Mills	204mn pcs	252mn pcs by 1HFY28
Arvind	55mn pcs	62mn pcs by FY28E
Gokaldas Exports	92mn pcs	104mn pcs by FY27E

Source: Company, Emkay Research

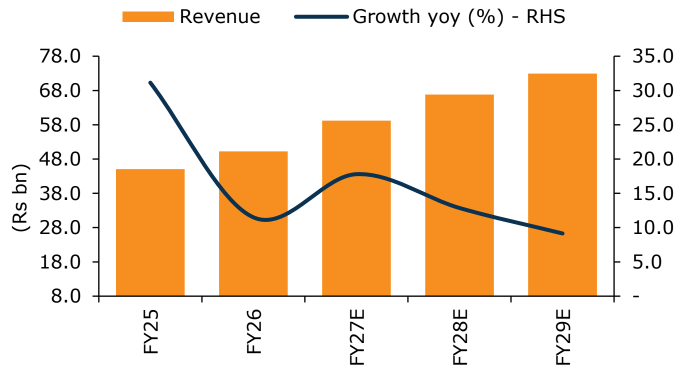
- Historically, growth at PGIL has been volume-led, with volume CAGR of ~15% over FY23-26, to deliver ~17% revenue growth.
- We see this trend continuing, as the expansion drives a ~12% volume CAGR over FY26-29E while utilization improves, aided by the FTAs and normalizing tariffs. Accordingly, we bake in marginal realization growth and expect ~13% revenue CAGR over FY26-29E.

Exhibit 38: We expect ~12% volume CAGR over FY26-29E with utilization improving to >80%...



Source: Company, Emkay Research

Exhibit 39: ...leading to 13% revenue CAGR over the same period



Source: Company, Emkay Research

Margin expansion on the cards

Margin expansion on track; FY26 masked by one-offs

- Prior to FY22, PGIL's EBITDA margin was less than 5%, with a ~60-day cash conversion cycle and net debt-to-EBITDA of ~4x.
- Since then, PGIL's revenue CAGR has been ~17% over FY22-26, at ~Rs50bn, with adjusted PAT CAGR of at ~46% over the same period.
- EBITDA margin has risen every year, from 5.2% in FY22 to 9.2% in FY26, as scale, better mix, and higher utilization played through.
- This was delivered even while absorbing a ~Rs360mn US-tariff hit and ~Rs130mn of Bihar/Guatemala startup losses in FY26; stripping those, underlying margin is >10%.
- Over FY26-29E, we see margin expansion on the back of 1) operating leverage-led margin expansion in India operations, 2) Bihar and Guatemala reaching breakeven and Indonesia turning profitable, and 3) efficiency gains from the in-house Bangladesh laundry and power savings

Operating leverage-led margin expansion in India operations

- Among listed peers, PGIL is improving its India unit economics. Its realization CAGR has been ~9.1% over FY22-26 (from Rs474 to Rs672), while Gokaldas has seen a 4.1% decline and Arvind saw 3.3% realization CAGR over the same period.
- FY22-26 EBITDA-per-piece CAGR has been ~17.4% (from Rs21 to Rs40) as against decline of ~6.3% at Gokaldas and of ~5.6% at Arvind, reflecting a shift toward higher-value product.
- Despite this, PGIL's India business still earns only ~5-6% EBITDA margin as against Gokaldas's ~10.4%, and Rs40 of EBITDA per piece against Rs68, quantifying the remaining headroom.
- This margin differential is largely a function of volumes, PGIL's India volumes growth fell at ~4.9% pa (from 20mn to 16mn pieces) hit by US tariffs; on the other hand, Gokaldas grew ~15.5%.
- This volume shortfall shows up directly in capital efficiency, with India asset turns falling from 4.2x (FY22) to 2.9x (FY26); and this should reverse as duties normalize and FTAs take effect.
- Even through the disruption, PGIL's India cash conversion cycle of ~69 days remains materially tighter than Gokaldas's ~100 days, underlining the working-capital discipline.
- As India operations scaleup, we see PGIL closing most of the margin gap with Gokaldas, as EBITDA margin has been strengthening over the last three years even while facing volume decline.

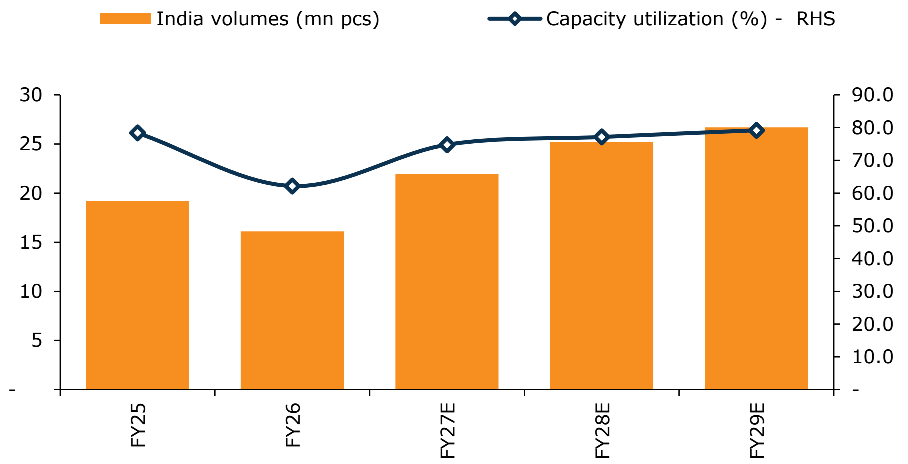
Exhibit 40: Per-piece unit economics vs peers, standalone (India) operations

Garment Unit Schedule (Rs/piece)	FY22	FY23	FY24	FY25	FY26	FY22-26 CAGR (%)
Garments Volume (mn pieces)						
Arvind	37	33	32	37	42	3.0
Gokaldas Exports (SA)	23	28	29	33	41	15.5
Pearl Global (SA)	20	20	16	19	16	(4.9)
Realization						
Arvind	403	496	464	430	459	3.3
Gokaldas Exports (SA)	778	793	738	746	657	(4.1)
Pearl Global (SA)	474	555	596	623	672	9.1
EBITDA						
Arvind	25	8	32	11	20	(5.6)
Gokaldas Exports (SA)	89	96	88	74	68	(6.3)
Pearl Global (SA)	21	37	27	32	40	17.4
EBITDA Margin (%)						
Arvind	6.2	1.7	7.0	2.6	4.3	
Gokaldas Exports (SA)	11.4	12.1	11.9	9.9	10.4	
Pearl Global (SA)	4.4	6.7	4.5	5.1	5.9	
Asset Turns						
Gokaldas Exports (SA)	3.8	4.4	3.9	3.9	3.0	
Pearl Global (SA)	4.2	4.4	3.2	3.6	2.9	
Cash Conversion Days (no of)						
Gokaldas Exports (SA)	83	57	74	82	100	
Pearl Global (SA)	62	40	45	46	69	

Source: Company, Emkay Research

- We expect India volume CAGR of ~18% over FY26-29E off a depressed base, with utilization scaling to ~79% by FY29E even as capacity expands.

Exhibit 41: We believe India operations will scale up, to ~27mn pcs by FY29E

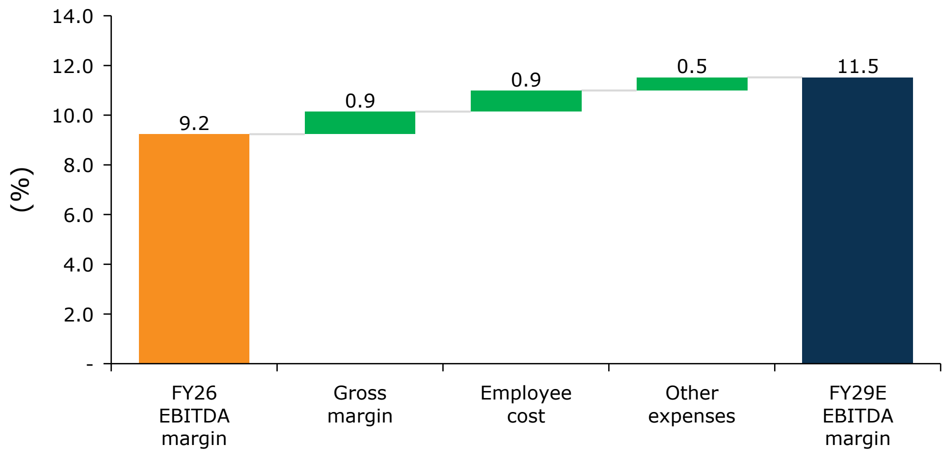


Source: Company, Emkay Research

Maturing units, efficiency gains to drive margin expansion

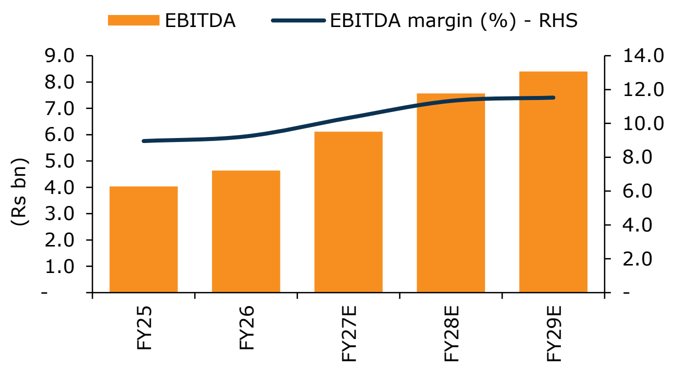
- Management has given guidance for Bihar and Guatemala reaching breakeven in FY27 and Indonesia turning profitable the same year, reversing the ~Rs130mn drag they imposed in FY26.
- Indonesia runs at only ~46% utilization and offers volume upside, as it can support materially higher output once demand fills.
- The in-house Bangladesh laundry lifts margins by replacing outsourced washing, thus cutting cost per piece. Further, PGIL's investments in solar capacities now meet ~35% of the power needs of India operations, aiding cost savings.
- We therefore see EBITDA margin reaching ~11.5% by FY29E, an expansion of ~230bps over FY26-29E, with PAT CAGR of ~27%, double the revenue CAGR.

Exhibit 42: We expect PGIL's EBITDA margin to expand to 11.5% by FY29E on the back of the above-mentioned levers



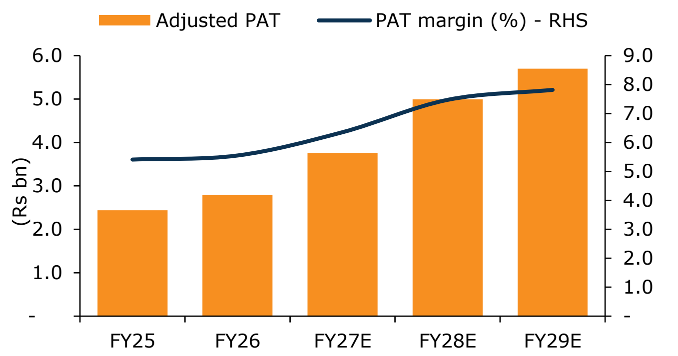
Source: Company, Emkay Research

Exhibit 43: As a result, EBITDA CAGR stands at ~22% over FY26-29E...



Source: Company, Emkay Research

Exhibit 44: ...with PAT CAGR at ~27% over the same period



Source: Company, Emkay Research

Healthy balance sheet; set for accelerated capex (including inorganic)

A tight working-capital cycle and healthy balance sheet

- PGIL has strengthened receivables management by factoring in or insuring ~98-99% of receivables, largely on a non-recourse basis, so collection risk sits with the financier rather than the company.
- Tighter collection processes, disciplined inventory, and payables management have improved efficiency across the working-capital chain.
- As a result, the cash-conversion cycle has compressed from ~63 days (FY22) to ~43 days (FY26), with receivable days down to ~30 from ~49 in FY22.

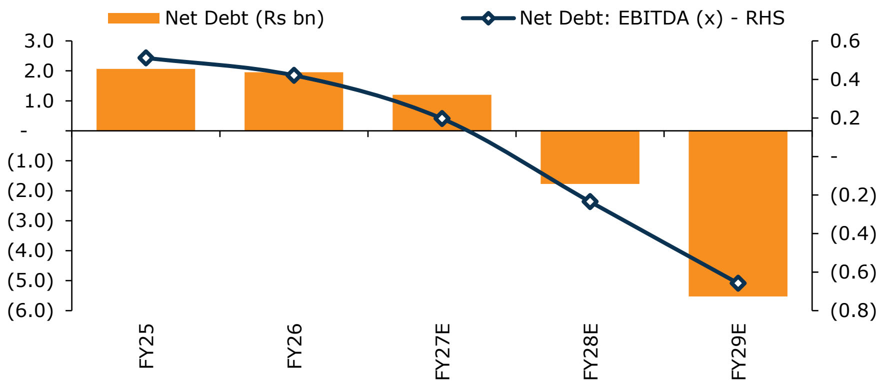
Exhibit 45: PGIL has significantly improved its number of cash conversion days over FY19-26; we expect these to be stable at 43 days over FY26-29E

Particulars (no of days)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Inventory Days	49	57	68	73	59	53	57	64	64	64	64
Receivable Days	46	48	59	49	24	28	26	30	30	30	30
Payable Days	38	39	60	59	45	52	45	51	51	51	51
Cash Conversion Days	**58**	**66**	**67**	**63**	**38**	**30**	**38**	**43**	**43**	**43**	**43**

Source: Company, Emkay Research

- We estimate total capex of ~Rs5bn over FY27E-29 against cumulative operating cash flows of >Rs18bn, implying free cash generation of >Rs13bn over the same period.
- The balance sheet turning net-cash from FY28E and reaching ~Rs5.5bn by FY29E opens optionality for a higher payout, buybacks, or a potential acquisition for PGIL.

Exhibit 46: We expect margin expansion to further strengthen the balance sheet, with the company turning net cash positive by FY28E



Source: Company, Emkay Research

Management's track record underwrites the recovery

- The best test of a management team is its record against its own guidance; based on this, PGIL scores well; whether it is growth, capacity, the asset-light shift, the balance sheet, or dividend, it has met or overachieved on guidance.

Exhibit 47: PGIL has been a consistent performer in terms of delivering guidance; we believe it will meet its FY28 target too

Guidance	What was said	When guided	Outcome	Verdict
Revenue CAGR	15-20% over 3-4 years	FY23	FY23-26 CAGR of ~17%	Met guidance
Revenue CAGR (reset)	12-14% in the medium term	FY25	FY25: +31%; FY26: +11.5%	Beat guidance
Revenue scale	Rs60bn by FY28	FY23 (Feb-24 analyst meet)	~Rs50bn in FY26; now guiding to surpass	On track with guidance
Installed capacity	~100mn pieces	FY24-25	~101mn reached in FY26	Beat (ahead of schedule) guidance
Installed capacity	120-130mn pieces by FY28	FY25	~101mn as of FY26	On track with guidance
Volume growth	12-14% CAGR	FY25	FY25: +31%; FY26: +5% (tariff-hit)	Mixed
Asset-light mix	Scale partnerships to ~80:20	FY23	Partner share: ~3% (FY22) to ~25% (FY26)	Met guidance
RoCE discipline	15-20% hurdle on every project	FY23	ROCE: ~18-20% sustained	Met guidance
Leverage	De-levered, keep balance sheet light	FY23	Net debt-to-EBITDA: 3.5x (FY22) to ~0.4x (FY26)	Beat guidance
Working capital	Tighten the cash cycle	FY23-24	Cash Conversion Cycle: ~67 days (FY21) to ~40-43 days (FY26)	Beat guidance
Dividend	≥20% of consolidated PAT	FY24	22.8% (FY25) ~25% (FY26, record DPS)	Met guidance
EBITDA margin	12-13% in the medium term	FY25-26	~11.8% by FY29E on our estimates	On track with guidance
Guatemala/Bihar	Breakeven in FY27	FY26	Pending	On track with guidance
Indonesia	Profitable in FY27	FY26	Pending	On track with guidance
FY27 capex	Rs2-2.5bn, self-funded	FY26	Pending	On track with guidance

Source: Company, Emkay Research

- The one target that has slipped is the headline double-digit EBITDA margin, first flagged for "the coming quarters" in FY23 and still ~9.2% reported in FY26.
- Even here the shortfall is explained by one-offs; adjusted for the FY26 tariff and startup costs, the margin has effectively crossed 10%.
- Most of the improvement followed PGIL's shift from a founder-run to a professionally managed company from 2019, with a clear split between promoters and day-to-day management.

Exhibit 48: KMP behind the shift toward professionalizing Pearl Global

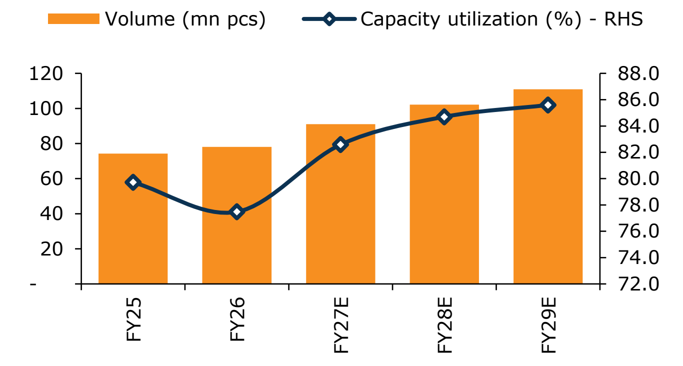
Name	Position	Joined	Experience
Pallab Banerjee	Managing Director	2019	Over 30 years in apparel, including ~two decades at Gap Inc as VP Global Sourcing and Head of Gap India
Sanjay Gandhi	Group CFO	2019	Over 20 years across Sterlite, Toshiba, Kalyani Group, EIH, and Olam; Chartered Accountant

Source: Company, Emkay Research

Financial analysis

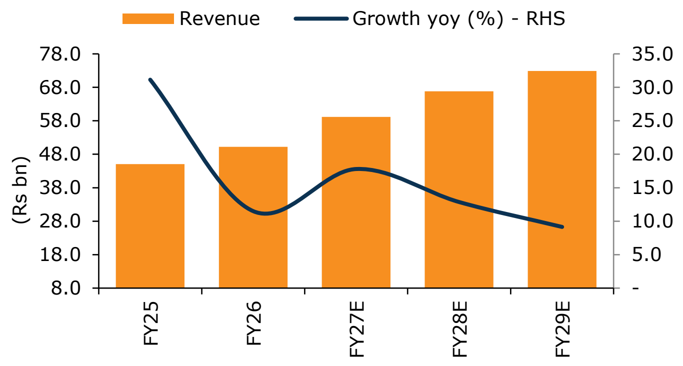
- We expect PGIL to record revenue CAGR of ~13% over FY26-29E to ~Rs73bn, led by ~12% volume CAGR over the same period and a marginal ~1% realization improvement.

Exhibit 49: We expect volume at ~111mn pcs by FY29E, as capacity utilization steers toward ~86%



Source: Company, Emkay Research

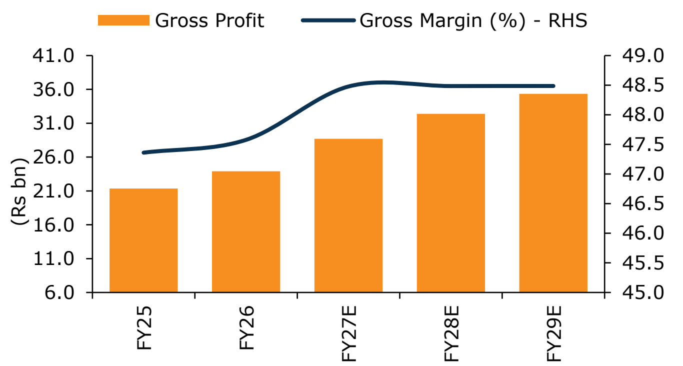
Exhibit 50: As a result, we see revenue CAGR at 13% over FY26-29E



Source: Company, Emkay Research

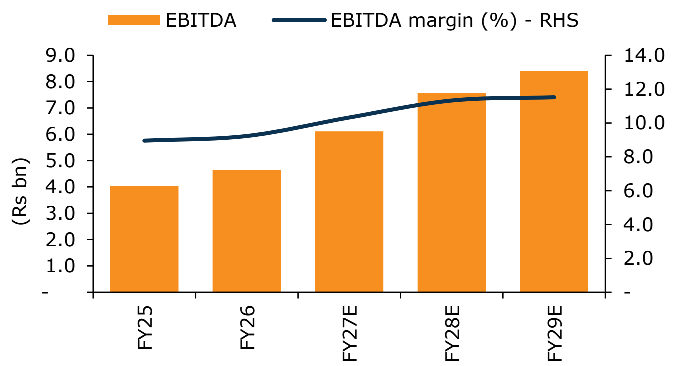
- Within this, Bangladesh remains the largest contributor, supported by new capacity and steady >85% utilization, while India recovers from a low ~62% utilization as tariffs normalize and the FTAs take effect.
- We expect gross margin to be steady at 48.5% on cost-plus pricing, so margin gains accrue on account of operating leverage rather than pricing.
- We project ~22% EBITDA CAGR over FY26-29E, with margin expansion of ~230bps, led by 1) relief from one-off costs seen in FY26, ie tariff (Rs360mn) and startup drags (Rs130mn); 2) breakeven at Bihar and Guatemala and profitability at Indonesia; and 3) operating leverage and efficiency capex (in-house laundry, solar).

Exhibit 51: We expect gross margin to be stable at 48.5%...



Source: Company, Emkay Research

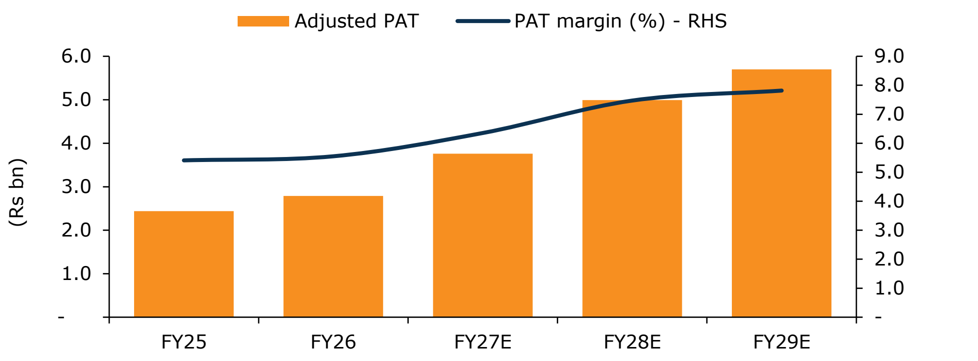
Exhibit 52: ...with EBITDA CAGR expected at 22% over FY26-29E and margin of 11.5% by FY29E



Source: Company, Emkay Research

- Our estimates factor in a 12% cost of debt and a stable ~15% tax rate, driving ~27% adjusted PAT CAGR over FY26-29E.

Exhibit 53: We expect APAT to reach Rs5.7bn by FY29E, at ~27% CAGR over FY26-29E



Source: Company, Emkay Research

- We expect a stable working-capital cycle of ~43 days, with inventory at ~64 days, receivables at ~30 days, and payables at ~51 days.

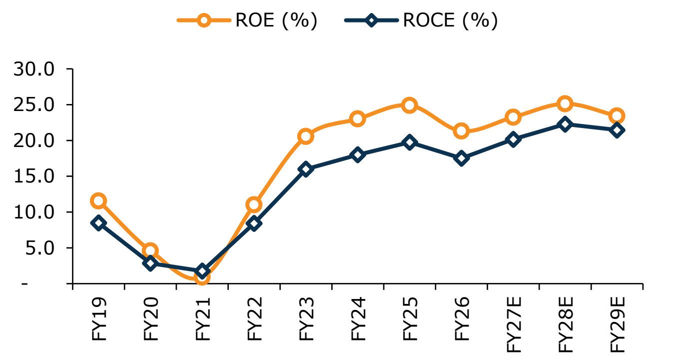
Exhibit 54: PGIL has significantly improved the number of cash conversion days over FY19-26; we expect it to be stable at 43 days

Particulars (no of days)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Inventory Days	49	57	68	73	59	53	57	64	64	64	64
Receivable Days	46	48	59	49	24	28	26	30	30	30	30
Payable Days	38	39	60	59	45	52	45	51	51	51	51
Cash Conversion Days	**58**	**66**	**67**	**63**	**38**	**30**	**38**	**43**	**43**	**43**	**43**

Source: Company, Emkay Research

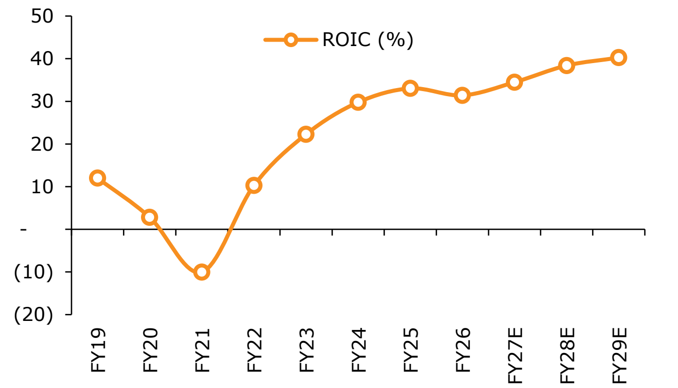
- We expect ROE to sustain ~23% and ROCE to improve to ~22% by FY29E on margin expansion, with ROIC increasing to ~40% as the asset-light mix deepens.

Exhibit 55: We expect ROE/ROCE to reach 23%/22% by FY29E…



Source: Company, Emkay Research

Exhibit 56: … with ROIC reaching ~40% by FY29E

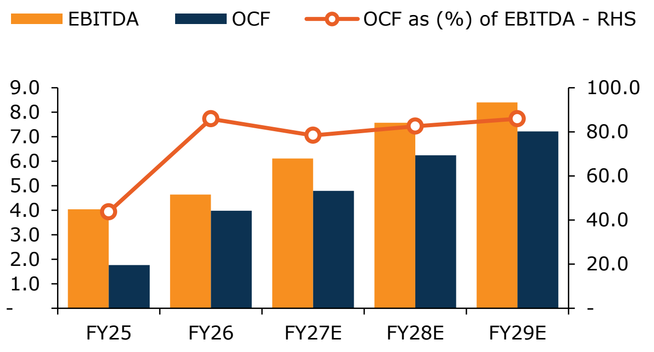


Source: Company, Emkay Research

Cashflow analysis

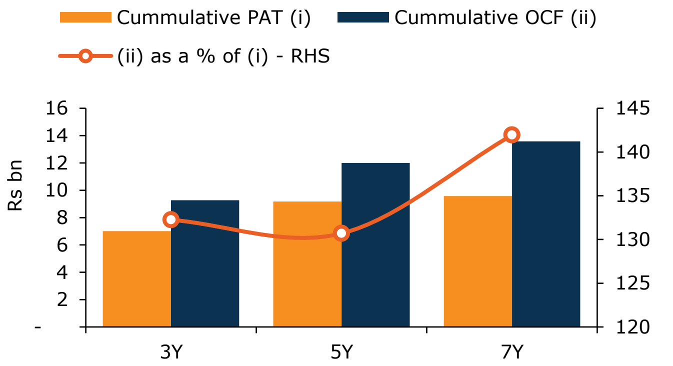
- **FCF generation:** PGIL generated cumulative OCF of ~Rs12.0bn over FY22-26, against which it spent ~Rs5.7bn on capex, leaving cumulative FCF of ~Rs6.3bn despite the step-up in capacity spend and FY26 tariff drag.
- **FCF deployment:** Of this Rs6.3bn, ~Rs3.1bn was used for interest servicing, ~Rs1.6bn toward lease repayment, and ~Rs1.4bn of dividends. This was supplemented by ~Rs3.1bn of net incremental borrowings, ~Rs1.6bn from equity issuance, ~Rs0.8bn of interest and dividend income received, and ~Rs0.4bn of net investments.
- **FCF expectation:** We expect cumulative OCF of ~Rs18.2bn over FY27E-29E, against which we factor ~Rs3.0bn of capex, ~Rs1.7bn of lease addition and ~Rs2.4bn of dividends, leaving ~Rs8.6bn of surplus cash after ~Rs2.5bn of interest servicing.
- **Earnings quality:** Over FY22-26, PGIL reported cumulative PAT of ~Rs9.0bn against cumulative OCF of ~Rs12.0bn (~1.3x of PAT), and we expect OCF/EBITDA conversion holds at ~79-87% over FY26-29.

Exhibit 57: FCF trends



Source: Company, Emkay Research

Exhibit 58: Profits and OCF trends, in phases



Source: Company, Emkay Research

Exhibit 59: Contingent liabilities

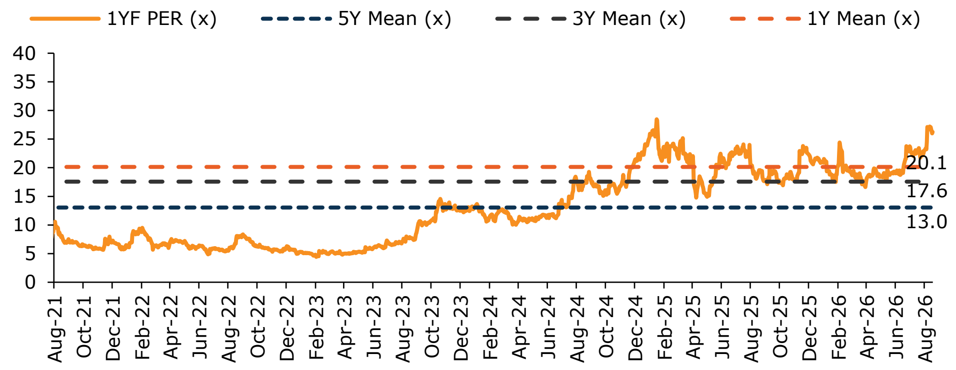
Particulars (Rs mn)	FY22	FY23	FY24	FY25	FY26
Bank guarantees undertaken	21	-	-	-	-
Letter of credit	1,463	1,547	1,796	2,861	2,549
Disputed income tax	0	0	0	0	0
Contingent Liabilities	**1,485**	**1,547**	**1,797**	**2,861**	**2,549**
As a % of net worth	24.8	21.4	22.4	24.8	17.5
Particulars (Rs mn)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Remuneration to KMP	**60**	**62**	**129**	**277**	**218**
As a % of PBT (ex - exceptional items)	7.6	3.8	6.7	10.6	7.0
Auditors' remuneration	**13**	**19**	**21**	**23**	**26**
As a % of PBT (ex - exceptional items)	1.7	1.2	1.1	0.9	0.8

Source: Company, Emkay Research; Note: The high proportion of Letters of Credit (LCs) within contingent liabilities is largely a function of PGIL's business model and trade practices, and is therefore not unusual for the company

Valuation and outlook

- We initiate coverage on PGIL with BUY and PER of 24x on 2QFY29E EPS, arriving at target price of Rs2,800, implying upside of ~16%.
- Our multiple sits at a premium to PGIL's 5Y history, which we see justified by an improving return profile, a balance sheet turning net cash, and future earnings growth.
- Partner-funded capacity lets PGIL expand with minimal fresh capital, and the same dynamic keeps ROE steady at 23-25% while ROCE improves toward ~22%, with ROIC rising from ~31% in FY26 to ~40% by FY29E, comfortably above the cost of capital.
- Reinforcing this, the balance sheet turns net cash from FY28E that not only supports the rating but also opens optionality for higher payouts or inorganic growth.
- On earnings, we expect 27% PAT CAGR over FY26-29E, given the relief from one-offs seen in FY26, loss-making units reaching breakeven, and operating leverage building up.
- The market has re-rated PGIL upward in a gradual manner, as earnings became steadier with better spread across markets. Its 1YF PER has averaged at ~13x over five years, ~18x over three years, and ~20x over the past year.
- At the CMP, the stock trades at ~26x on 1YF PER basis. Our 24x target multiple is above the recently established trading band (1Y mean) and the 3Y average, reflecting our expectation of a structurally better return profile and stronger earnings visibility.

Exhibit 60: At CMP, PGIL trades at ~26x 1YF PER; at around 10% premium to our target multiple of 24x



Source: Company, Bloomberg, Emkay Research

Exhibit 61: Valuation snapshot

Units	Valuation	FY28E	FY29E
Rs mn	APAT	4,991	5,699
Rs mn	2QFY29E APAT		5,345
(x)	Target PER		24
Rs mn	**Equity Value**		**128,287**
mn	No of Shares		46
Rs/sh	**Target Price**		**2,800**
Rs/sh	CMP		2,425
(%)	Upside		15.5

Source: Company, Emkay Research

- We believe the premium is warranted by PGIL's demonstrated performance track record, visible margin expansion as loss-making units move toward breakeven, and improving capital efficiency, which should support a sustained re-rating as earnings compound.
- Note: the Board has recommended a 1:1 bonus issue, subject to shareholder approval; our estimates and target price are on a pre-bonus basis.

Key Risks

- **US demand slowdown:** The US still accounts for ~50% of revenue, so a slowdown in US consumer spending, a sharper retail inventory correction, or renewed macro weakness would weigh on order volumes, utilization, and margins. The risk is amplified by the concentration of demand in a handful of large US accounts.
- **Adverse trade-policy or relief from tariff:** Our thesis leans on the levelling of US tariffs and the removal of the EU/UK duty gap under the new FTAs. A reimposition of penal tariff by the US, fresh trade action, or slippage in EU ratification (expected 1HCY27) would defer the India recovery and could revive the tariff burden-sharing seen in FY26.
- **Execution risk in capacity ramp-up.** PGIL is scaling capacity toward 120-130mn pieces by FY28 across new Bangladesh units, Bihar, and a Vietnam greenfield, alongside the Guatemala and Indonesia turnarounds. Delays in commissioning, a slower utilization ramp-up, or failure of the loss-making units to reach breakeven on schedule would undercut both volume and margin-recovery legs of our forecast.

About the company

Pearl Global Industries (PGIL), founded in 1987 by Dr Deepak Seth as a single 6,000-shirt export order, is one of India's largest listed ready-made-garment (RMG) manufacturer-exporters today, running an integrated, design-to-delivery platform that shipped ~78mn pieces and crossed Rs50.3bn of consolidated revenue in FY26. It operates a hybrid, asset-light footprint of 25 manufacturing units (16 owned, 9 partnership) across five countries—India, Bangladesh, Vietnam, Indonesia, and Guatemala—with ~101mn pieces of installed capacity, supported by design and merchandising offices in New York, Hong Kong, London, Spain, and Dubai. Rather than a pure cut-and-sew job-worker, PGIL offers full-package (FOB) capability spanning design, fabric sourcing, manufacturing and shipment across a mass-to-premium portfolio of knits, wovens, denim, outerwear, activewear, sleepwear, and kidswear (wovens ~73% of revenue), earning a blended ~Rs640/piece. It supplies marquee global brands, including PVH, Kohl's, Inditex, GAP, Macy's, and Ralph Lauren, with the top-5 clients at ~60% of revenue, and has intentionally de-risked its geographic mix from ~80% for only US in FY21 to ~50% for US at present.

Exhibit 62: Manufacturing facilities

Location	No of Units		Capacity Utilization % (Blended) FY26	Annual Capacity as on FY26	Specialization
	In-House	Partnership			
India	8	-	62.0%	25.9 mn pieces p.a.	Woven and Knit products including Top, Bottoms and dresses, women's fashion wear, men's wear and kid's wear
Bangladesh*	4	5	85.0%	59.7 mn pieces p.a.	Woven, knits, denim, sleepwear and loungewear, active wear & athleisure, tops and bottoms for men, women and kids
Vietnam	1	4	80.0%	7.1 mn pieces p.a.	Outerwear and jackets including down jackets, woolen jackets and coats, seam sealed jackets, puffers, parkas, blazers, anoraks, swimming trunks, and synthetic bottoms
Indonesia	2	-	47.0%	4.8 mn pieces p.a.	Women's professional wear, performance wear, activewear, Woven tops & dresses, sleepwear and loungewear
Guatemala	1	-	90.0%	3.3 mn pieces p.a	Polos, heavy weight knits, light weight knits
Total	**16**	**9**	**77.0%**	**100.8 mn pieces p.a.**	-

Source: Company, Emkay Research

Exhibit 63: Management profile

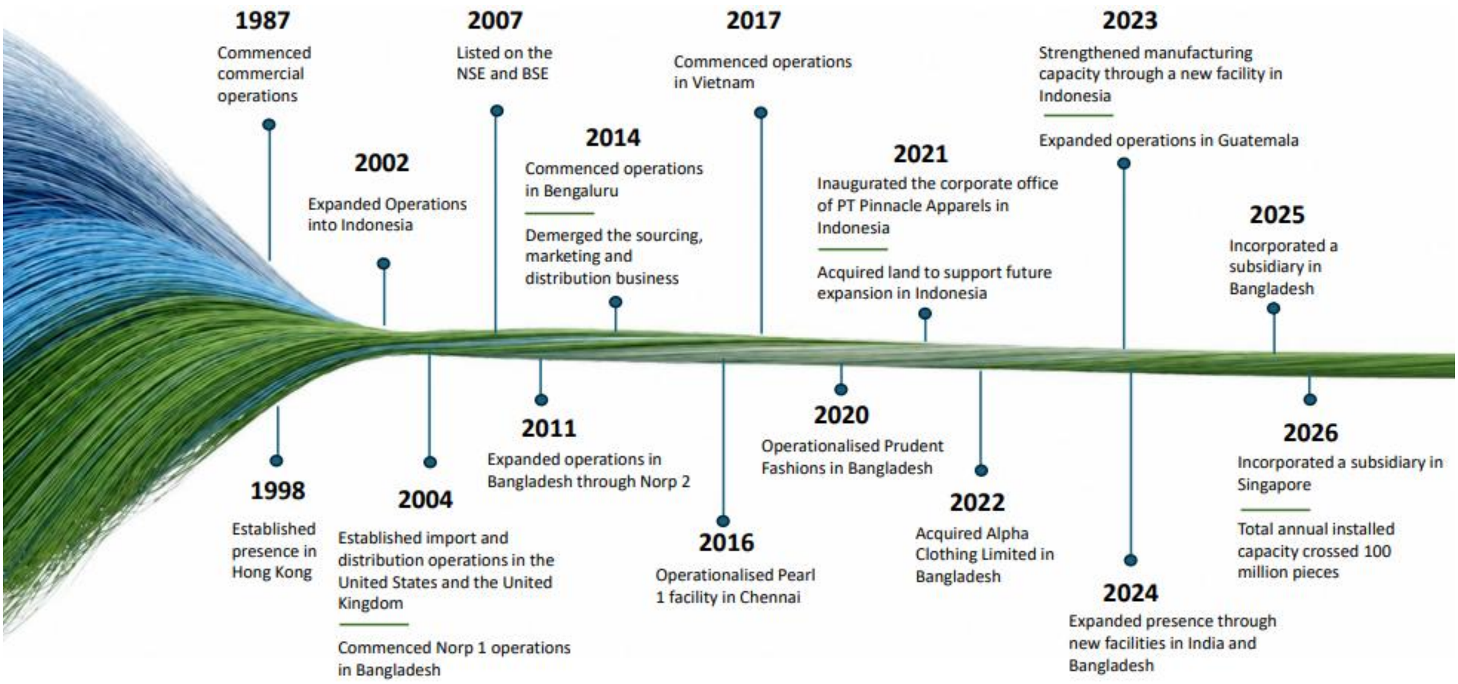
Name	Designation	Background
Dr Deepak Kumar Seth	Chairman	Founded PGIL in 1987 with a single export order of 6,000 shirts and built it into a multinational apparel platform. Economics graduate (St Stephen's, Delhi) and MBA (JBIMS, Mumbai). Also associated with PDS and Pearl Academy; recipient of the Udyog Ratna award from the Government of Haryana.
Pulkit Seth	Vice Chairman	Shapes global strategy and expansion, with >20 years in apparel. Closely involved in building the international manufacturing footprint and customer relationships. Bachelor's in Business Management, NYU Stern.
Shifalli Seth	Non-Executive Director	Contributes to strategy and governance; long association with the group and actively involved with Pearl Academy. Bachelor's degree, University of Bradford.
Pallab Banerjee	Managing Director	Leads global operations and strategy. Over three decades in apparel, including nearly two decades at Gap Inc, where he was Vice President and headed Gap India, giving PGIL a direct read on global buyer sourcing decisions. Bachelor's (University of Delhi), Diploma in Apparel Marketing & Merchandising (NIFT).
Sanjay Gandhi	Group CFO	Joined 2019; oversees global finance, treasury, and investor relations, and drove the working-capital discipline, capital-allocation framework, and de-leveraging. Chartered Accountant with >20 years across Sterlite, Toshiba, Kalyani Group, EIH, and Olam.

Source: Company, Emkay Research

Exhibit 64: PGIL's geographical presence

Source: Company, Emkay Research

Exhibit 65: Evolution of PGIL over the years



Source: Company, Emkay Research

Exhibit 66: Robust customer portfolio

Tommy Hilfiger	Calvin Klein	Carhatt	Bershka	Ann Taylor	GAP
Old Navy	American Eagle Outfitters	Ralph Lauren	Chico's	Next	Loft
WHBM	Zara	Muji	Mango	Kohl's	Macy's
Ross	Aerie	Walmart	Nordstrom	Belk	JC Penny
Bass Pro Shops	Talbots	Target Australia	Kmart Australia	Levi's	Aritzia
	Primark	T J Maxx	Big W		

Source: Company, Emkay Research

Pearl Global Industries: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**45,063**	**50,246**	**59,187**	**66,800**	**72,909**
Revenue growth (%)	31.1	11.5	17.8	12.9	9.1
EBITDA	**4,036**	**4,639**	**6,111**	**7,568**	**8,401**
EBITDA growth (%)	31.1	14.9	31.7	23.8	11.0
Depreciation & Amortization	752	873	964	986	1,021
EBIT	**3,284**	**3,766**	**5,147**	**6,582**	**7,380**
EBIT growth (%)	34.8	14.7	36.7	27.9	12.1
Other operating income	-	-	-	-	-
Other income	336	371	388	447	535
Financial expense	992	1,032	1,170	1,217	1,269
PBT	**2,628**	**3,105**	**4,365**	**5,812**	**6,645**
Extraordinary items	46	(12)	0	0	0
Taxes	366	393	655	872	997
Minority interest	176	76	51	51	51
Income from JV/Associates	0	0	0	0	0
Reported PAT	**2,483**	**2,777**	**3,761**	**4,991**	**5,699**
PAT growth (%)	42.0	11.8	35.4	32.7	14.2
Adjusted PAT	**2,438**	**2,789**	**3,761**	**4,991**	**5,699**
Diluted EPS (Rs)	**53.1**	**60.4**	**81.5**	**108.2**	**123.5**
Diluted EPS growth (%)	31.8	13.9	34.9	32.7	14.2
DPS (Rs)	**5.5**	**13.1**	**14.5**	**16.3**	**21.6**
Dividend payout (%)	**10.2**	**21.7**	**17.8**	**15.1**	**17.5**
EBITDA margin (%)	9.0	9.2	10.3	11.3	11.5
EBIT margin (%)	7.3	7.5	8.7	9.9	10.1
Effective tax rate (%)	13.9	12.6	15.0	15.0	15.0
NOPLAT (pre-IndAS)	**2,827**	**3,290**	**4,375**	**5,595**	**6,273**
Shares outstanding (mn)	46	46	46	46	46

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	230	231	231	231	231
Reserves & Surplus	11,327	14,367	17,515	21,754	26,455
Net worth	**11,557**	**14,598**	**17,746**	**21,986**	**26,686**
Minority interests	(92)	(218)	(269)	(320)	(371)
Non-current liab. & prov.	5	0	0	0	0
Total debt	**7,730**	**9,428**	**9,774**	**10,167**	**10,612**
Total liabilities & equity	**19,219**	**23,823**	**27,266**	**31,847**	**36,942**
Net tangible fixed assets	4,134	4,793	6,543	6,615	6,951
Net intangible assets	27	22	22	22	22
Net ROU assets	2,327	2,578	2,865	2,787	2,920
Capital WIP	440	1,132	330	650	360
Goodwill	223	241	241	241	241
Investments [JV/Associates]	800	906	906	906	906
Cash & equivalents	**5,664**	**7,474**	**8,628**	**11,998**	**16,194**
Current assets (ex-cash)	12,017	14,854	17,149	19,103	20,671
Current Liab. & Prov.	6,739	8,624	9,865	10,922	11,771
NWC (ex-cash)	**5,278**	**6,230**	**7,284**	**8,181**	**8,900**
Total assets	**19,219**	**23,823**	**27,266**	**31,847**	**36,942**
Net debt	2,066	1,955	1,146	(1,831)	(5,582)
Capital employed	19,219	23,823	27,266	31,847	36,942
Invested capital	**9,662**	**11,286**	**14,089**	**15,058**	**16,114**
BVPS (Rs)	251.6	316.3	384.6	476.4	578.3
Net Debt/Equity (x)	0.2	0.1	0.1	(0.1)	(0.2)
Net Debt/EBITDA (x)	0.5	0.4	0.2	(0.2)	(0.7)
Interest coverage (x)	3.6	4.0	4.7	5.8	6.2
RoCE (%)	**19.8**	**17.5**	**20.2**	**22.3**	**21.5**

Source: Company, Emkay Research

Cash flows

Y/E Mar (mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	2,673	3,093	4,365	5,812	6,645
Others (non-cash items)	-	-	-	-	-
Taxes paid	(316)	(398)	(655)	(872)	(997)
Change in NWC	(2,052)	(1,206)	(1,053)	(897)	(720)
Operating cash flow	**1,764**	**3,983**	**4,791**	**6,246**	**7,219**
Capital expenditure	(1,110)	(1,952)	(1,625)	(725)	(625)
Acquisition of business	-	-	-	-	-
Interest & dividend income	-	-	-	-	-
Investing cash flow	**(1,035)**	**(1,580)**	**(1,625)**	**(725)**	**(625)**
Equity raised/(repaid)	1,504	66	57	0	0
Debt raised/(repaid)	983	1,352	0	0	0
Payment of lease liabilities	(391)	(472)	(575)	(575)	(575)
Interest paid	(831)	(802)	(824)	(824)	(824)
Dividend paid (incl tax)	(254)	(604)	(669)	(752)	(998)
Others	0	0	0	0	0
Financing cash flow	**1,011**	**(459)**	**(2,012)**	**(2,151)**	**(2,397)**
Net chg in Cash	1,740	1,944	1,154	3,370	4,197
OCF	1,764	3,983	4,791	6,246	7,219
Adj. OCF (w/o NWC chg.)	3,816	5,189	5,844	7,143	7,939
FCFF	654	2,031	3,166	5,521	6,594
FCFE	(338)	999	1,996	4,305	5,325
OCF/EBITDA (%)	43.7	85.9	78.4	82.5	85.9
FCFE/PAT (%)	(13.6)	36.0	53.1	86.2	93.4
FCFF/NOPLAT (%)	**23.1**	**61.7**	**72.4**	**98.7**	**105.1**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	44.9	40.3	29.8	22.4	19.6
EV/CE(x)	5.9	4.8	4.1	3.5	2.9
P/B (x)	9.6	7.7	6.3	5.1	4.2
EV/Sales (x)	2.5	2.3	1.9	1.6	1.5
EV/EBITDA (x)	28.1	24.5	18.5	14.5	12.7
EV/EBIT(x)	34.5	30.2	22.0	16.7	14.4
EV/IC (x)	11.7	10.1	8.0	7.3	6.6
FCFF yield (%)	0.6	1.8	2.8	5.0	6.2
FCFE yield (%)	(0.3)	0.9	1.8	3.8	4.8
Dividend yield (%)	0.2	0.5	0.6	0.7	0.9
DuPont-RoE split					
Net profit margin (%)	5.4	5.6	6.4	7.5	7.8
Total asset turnover (x)	3.1	2.6	2.6	2.5	2.3
Assets/Equity (x)	1.5	1.5	1.4	1.3	1.3
RoE (%)	**24.9**	**21.3**	**23.3**	**25.1**	**23.4**
DuPont-RoIC					
NOPLAT margin (%)	6.3	6.5	7.4	8.4	8.6
IC turnover (x)	5.3	4.8	4.7	4.6	4.7
RoIC (%)	**33.0**	**31.4**	**34.5**	**38.4**	**40.2**
Operating metrics					
Core NWC days	42.8	45.3	44.9	44.7	44.6
Total NWC days	**42.8**	**45.3**	**44.9**	**44.7**	**44.6**
Fixed asset turnover	6.7	6.5	6.2	6.2	6.3
Opex-to-revenue (%)	38.4	38.3	38.2	37.2	37.0

Source: Company, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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