

**Jul-Sep'26
Earning
Preview**

Textiles

October 06, 2026

Coverage Universe

Name of the Company	Rating	CMP (INR)	TP (INR)
Gokaldas Exports	BUY	672	953
K.P.R. Mill	Accumulate	1,074	1,259
Pearl Global Industries	BUY	1,267	1,500

Test of resilience as new US tariff threats emerge

Quick Pointers

- Ready-made garment players expected to post robust growth despite new uncertainties related to US tariffs
- Yarn spreads remain elevated, however rising input costs may limit the profitability

Indian ready-made garment (RMG) exporters enter the Q2 reporting season amid mixed operating conditions. Festive dispatches and the customary pre-holiday shipping cycle for Western retailers are supporting volumes, while the macro environment remains volatile. Escalating US tariff rhetoric, evolving reciprocal trade frameworks, and geopolitical developments have made brand purchasing teams more cautious on lead times and order commitments. Nevertheless, major apparel exporters such as PGIL, GEXP and KPR are expected to deliver double-digit growth, supported by steady demand during the quarter. India's garment exports declined 4% and 3% YoY in July and August 2026 respectively, an improvement from 12% decline seen in Q1FY27. Following tariff-related pressure on realizations and margins in the previous year, the garmenting companies are likely to report YoY improvement, as orders for the quarter were booked at lower tariff rates. We expect RMG players under our coverage to report YoY revenue/EBITDA/PAT growth of 12%/22%/21% in Q2FY27.

Demand environment for yarn has been healthy during the quarter. India's overall textile exports grew ~10% YoY in Apr-Aug'26 (Aug'26: +16%), despite a contraction in apparel exports, and we expect yarn players to report volume growth in Q2, supported by export demand, particularly from China. Profitability, however, remains the key swing factor. Cotton prices rose sharply in H1CY26 (Shankar-6 rose from average of ~INR55,000/candy in March 2026 to ~INR68,000/candy by September 2026). While Yarn spreads remain elevated compared to the previous year, they have moderated sequentially as the increase in cotton prices outpaced yarn price growth. Fabric players are more tied to the fortunes of garment exporters. Weak apparel exports (-9.1% YoY in Apr-Aug'26) constrain fabric volumes and limit pricing power, so we expect low- to mid-single-digit volume growth for woven and knitted fabric manufacturers. Fabric players had struggled to fully offset higher input costs through price hikes during Q1FY27. While they may continue facing supply-side cost pressures, they are likely to partially mitigate the impact on margins with additional price hikes during Q2FY27.

Pearl Global Industries (PGIL): PGIL's volumes are expected to 8.6% YoY, to 21.6mn pcs. We expect the blended realization to grow by 1.5% on YoY basis, close to INR670/pc. Accordingly, we estimate revenue of INR14,742mn at consolidated level, implying YoY growth of 12.3%. We expect EBITDA margin to improve by 30bps led by higher volume. The company has recently provided fresh growth targets for FY30, and we remain positive on PGIL's growth prospects. We continue to value the stock at 24x of Sep'28EPS with a TP of INR1,500/share. We have a 'BUY' rating on the stock.

Gokaldas Exports (GEXP): We expect GEXP to report a strong volume growth of 16.0% YoY, supported by recovery in Africa operations along with improved utilization in India operations. We estimate revenue to grow by 13.5% to INR11,174mn, with EBITDA margins improving to 9.4% compared to 6.6% in the previous year. We have a "BUY" rating on the stock, with a target price of INR953/share based on 20x of Sep'28EPS.

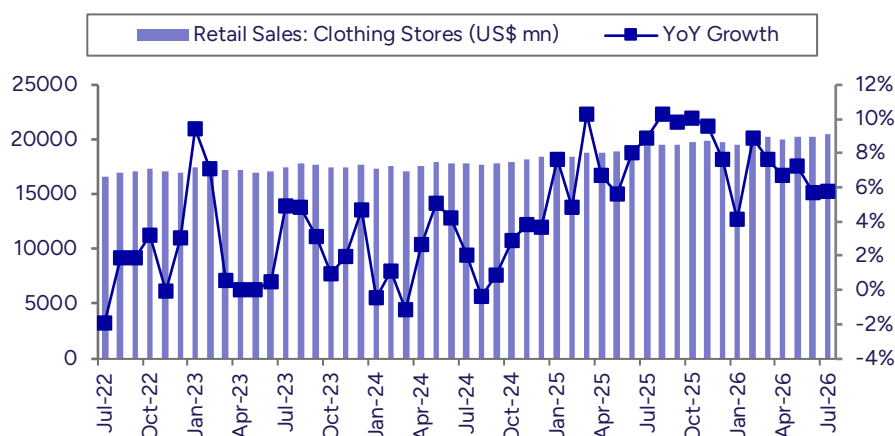
KPR Mill (KPR): During Q2FY27 KPR is expected to post a similar performance as Q1FY27 on revenue terms with steady growth in garments and sugar volumes. We expect the revenue to grow by 12.0% YoY. One-offs related to employee expenses and CSR in Q1FY27 weighed on margins. Accordingly, the EBITDA margins are expected to improve QoQ and YoY to 20.0% during the quarter. We have an 'Accumulate' rating on the stock with a SoTP based TP of INR 1,259/share.

US market

The US tariff framework has changed twice since our last preview. After the US Supreme Court invalidated the reciprocal tariffs in Feb'26, a temporary 10% Section 122 levy applied until it expired in Jul'26. It was replaced the same day by a Section 301 (forced-labor) duty of 10% on India, stacked on top of the MFN rate. The new Graham Act adds a second layer of uncertainty, as it gives the US President authority to impose tariffs on countries buying Russian energy, which is the same lever that took India's tariff to 50% in FY26. The India-US FTA talks continue, with textiles being discussed as a sector-specific issue, but we do not expect a conclusion in Q3.

This uncertainty is leading to additional cautiousness in buyer behavior and may impact the volumes in the coming quarters. However, most recent monthly US clothing stores sales showed YoY growth in the months of June and July 2026, indicating stability in demand sentiments. Clothing inventory showed modest growth during the period. Overall retail data indicates resilient demand in the US market.

Exhibit 1: Monthly US clothing and clothing accessory stores' sales stabilizing (retail)

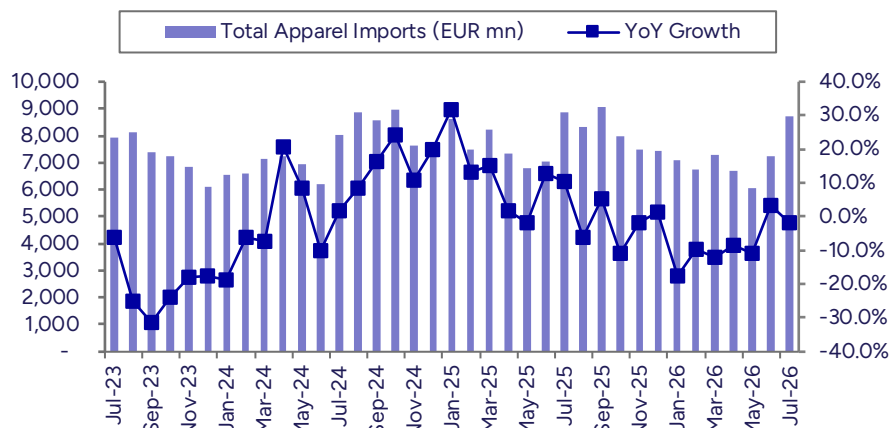


Source: US Census Bureau, PL

EU market

Latest available Eurostat data shows continued YoY decline in clothing sales (knitted + woven) during the first 7 months of CY26. The retail demand has stayed subdued, and retailers remain cautious on inventory, so we do not expect a demand-led upturn in Q2. The India-EU FTA, concluded on 27th Jan'26, will eliminate the ~12% duty on Indian apparel, but implementation is expected to take a year or more from signing. The benefit will therefore build over FY27-29 rather than in Q2FY27, even as sourcing discussions with Indian export houses are underway.

Exhibit 2: Monthly EU inventory levels continue to decline

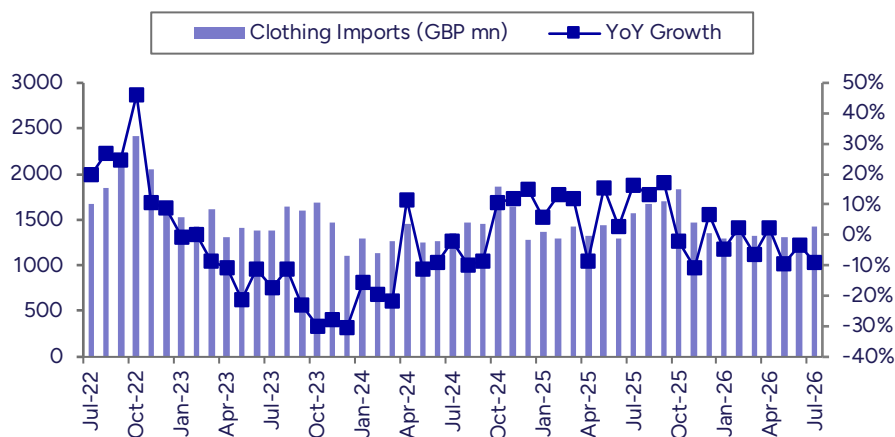


Source: Eurostat, PL

UK market

The India-UK CETA entered into force on 15th Jul'26, removing UK duties of up to 12% on Indian apparel across 1,143 textile tariff lines and leveling the playing field against duty-free competitors such as Bangladesh, Pakistan and Cambodia. With the agreement in force for only ~2.5 months of the quarter and retailers needing time to realign supply chains, we expect the impact to show up from H2FY27 rather than in Q2 numbers. The monthly clothing imports data also indicates a persistent decline in imports on a YoY basis, indicating continued near-term demand softness.

Exhibit 3: UK clothing imports (GBP mn) continue to decline



Source: ONS UK, PL

Exhibit 4: Q1FY27 Result Preview (INR mn)

Company Name		Q2FY27E	Q2Y26	YoY gr. (%)	Q1FY27	QoQ gr. (%)	Remark
Gokaldas Exports	Sales	11,174	9,844	13.5	11,535	(3.1)	We expect revenue to grow by 13.5% YoY, driven by volume growth of 16.0%. We expect EBITDA margins to improve to 9.4% compared to 6.6% in Q1FY27, primarily due to recovery in volumes. PAT is expected to recover as tariff-related uncertainty eases from the previous year
	EBITDA	1,045	646	61.8	1,125	(7.1)	
	Margin (%)	9.4	6.6	279 bps	9.8	-40 bps	
	PBT	538	187	187.4	628	(14.4)	
	Adj. PAT	379	81	369.3	443	(14.4)	
K.P.R. Mill	Sales	18,279	16,320	12.0	19,355	(5.6)	We expect revenue to grow by 12.0% YoY, driven by volume growth in garments and sugar. We expect EBITDA margin to improve both QoQ and YoY to 20.0%, supported by the normalization of one-off employee and CSR expenses. PAT is expected to grow by 11.0% YoY with PAT margins remaining stable YoY.
	EBITDA	3,656	3,142	16.3	3,748	(2.5)	
	Margin (%)	20.0	19.3	75 bps	19.4	63 bps	
	PBT	3,228	2,721	18.6	3,386	(4.7)	
	Adj. PAT	2,421	2,180	11.0	2,585	(6.4)	
Pearl Global Industries	Sales	14,742	13,129	12.3	15,283	(3.5)	We expect revenue to grow by 12.3% YoY, driven by volume growth of 8.6%. We expect EBITDA margins to improve by 30bps to 9.5%, primarily due to higher volumes. PAT growth is expected to be slower than EBITDA growth due to higher depreciation expenses related to newly commissioned capacities.
	EBITDA	1,401	1,210	15.7	1,638	(14.5)	
	Margin (%)	9.5	9.2	28 bps	10.7	-122 bps	
	PBT	940	794	18.5	1,223	(23.1)	
	Adj. PAT	799	733	9.0	982	(18.6)	

Source: Company, PL

Exhibit 5: Valuation Summary

Company Name	C/S	Rating	CMP (INR)	TP (INR)	Mcap (INR bn)	Sales (INR mn)				EBITDA (INR mn)				Adj. PAT (INR mn)				EPS (INR)				RoE (%)				PE (x)			
						FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E
Gokaldas Exports	C	BUY	672	953	49	39,876	46,507	58,196	66,435	3,564	4,447	6,582	8,374	1,001	1,524	2,788	4,168	13.7	20.8	38.1	56.9	4.7	6.8	11.4	14.9	49.1	30.2	17.6	11.8
K.P.R. Mill	C	Accumulate	1,074	1,265	367	66,504	74,613	83,772	91,781	12,673	14,793	16,309	19,077	8,665	9,768	10,649	12,579	25.4	28.6	31.2	36.8	16.2	16.0	15.3	15.8	42.4	37.1	34.2	29.0
Pearl Global Industries	C	BUY	1,267	1,500	117	50,246	59,087	67,668	81,300	4,639	6,258	8,015	10,420	2,766	3,732	4,947	6,603	29.9	40.4	53.6	71.5	21.1	23.2	25.3	27.3	42.3	32.1	23.6	17.7

Source: Company, PL C=Consolidated / S=Standalone

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Gokaldas Exports	BUY	953	695
2	K.P.R. Mill	Accumulate	1259	1115
3	Pearl Global Industries	BUY	1500	1274

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BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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