

September 19, 2025

Pearl Global Industries Limited: Update on Entity

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Long Term - Fund Based TL	73.49	73.49	[ICRA]A (Stable)
Short-term fund-based working capital facilities	210.00	210.00	[ICRA]A1
Short Term - Non-Fund Based	180.00	180.00	[ICRA]A1
Long term/ Short term - unallocated limits	41.66	41.66	[ICRA]A (Stable)/ [ICRA]A1
Total	505.15	505.15	

*Instrument details are provided in Annexure I

Rationale

Indian exporters have been navigating a turbulent trade environment, with recent tariff hikes by the US threatening to reshape long-standing business dynamics. The latest round of US tariffs, effective August 27, 2025, has added a punitive 25% duty on select Indian goods, pushing the effective tariff burden to 60-70% for some categories, combined with the pre-existing levies. This escalation places Indian exporters at a disadvantage compared to the competitors in East and Southeast Asia, which face lower tariff rates.

ICRA expects Pearl Global Industries Limited's (PGIL) business to be partly impacted by the turbulent trade environment, with most of its products falling under the higher tariff categories. PGIL, along with its subsidiaries, has its manufacturing base in India (Gurugram, Chennai and Bengaluru), Bangladesh, Vietnam, Indonesia and Guatemala with a capacity to manufacture 93 million units per annum. Direct exports to the US from the standalone Indian operations account for 12-14% of its consolidated revenues, exposing the company partly to the tariff-related uncertainties.

According to the management discussions, exports to the US, prior to the tariff imposition, were done both from India and from facilities located outside India. PGIL has started partially diverting manufacturing of the US orders to its overseas facilities. Meanwhile, the company's non-US orders are likely to be processed at its Indian facilities. Besides, implementation of trade agreement with the UK, supporting an increase in trade volumes to the UK is likely to further moderate the impact of the US tariff over the medium-to-long term.

ICRA notes these developments and their potential impact on revenues and financial flexibility of PGIL, as tariff burdens may be difficult to pass on to the downstream stakeholders. However, given the long relationship with the buyers, multi-country presence of its manufacturing units and lower sales to the US from the company's factories in India, the impact arising out of the reciprocal tariff is likely to be limited. PGIL's performance remained healthy in Q1 FY2026 with the entity generating consolidated revenues Rs.1,227.9 crore and an operating margin of 9.2%. The liquidity remains comfortable, supported by cash and liquid investments of around Rs. 500 crore as of August 31, 2025 and cushion in working capital facilities, which continues to support its credit profile and is likely to help the company withstand any near-term adverse impact of the ongoing situation. Nonetheless, ICRA will continue to monitor developments in this regard and take appropriate rating action, if necessary.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position and Rating sensitivities: [Click here](#)

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Apparel
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated operational and financial profiles of PGIL. The details of the subsidiaries (consolidated) are given in Annexure II

About the company

PGIL (including its subsidiaries), established in 1989 by Mr. Deepak Seth, manufactures readymade garments, across categories (knits/woven/denim/non-denim/outerwear) and segments (menswear, women wear as well as children's wear). The company (along with its subsidiaries) has its manufacturing base in India (Gurugram, Chennai and Bengaluru), Bangladesh, Vietnam, Indonesia and Guatemala, with a total capacity to manufacture ~93 million pieces of garments per annum. PGIL also has nine partnership factories as on March 31, 2024. PGIL is an approved vendor of renowned international brands and retailers like GAP, Kohl's, Macy's, Tommy Hilfiger, Ralph Lauren, among others.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	Q1 FY2026*
Operating income	3,441.0	4,506.7	1,227.9
PAT	169.1	230.0	65.6
OPBDIT/OI	10.7%	9.4%	9.2%
PAT/OI	4.9%	5.1%	5.3%
Total outside liabilities/Tangible net worth (times)	1.4	1.3	-
Total debt/OPBDIT (times)	1.6	1.8	-
Interest coverage (times)	3.7	3.7	4.1

Source: Company, ICRA Research; *Unaudited; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current ratings (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Sep 19, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based term loans	Long Term	73.49	[ICRA]A (Stable)	Nov-26-2024	[ICRA]A (Stable)	Aug-30-2023	[ICRA]A- (Stable)	Aug-11-2022	[ICRA]BBB+ (Stable)
				Sep-03-2024	[ICRA]A- (Stable)	-	-	-	-

Fund-based working capital facilities	Short Term	210.00	[ICRA]A1	Nov-26-2024	[ICRA]A1	Aug-30-2023	[ICRA]A2+	Aug-11-2022	[ICRA]A2
				Sep-03-2024	[ICRA]A2+	-	-	-	-
Non-fund-based	Short Term	180.00	[ICRA]A1	Nov-26-2024	[ICRA]A1	Aug-30-2023	[ICRA]A2+	Aug-11-2022	[ICRA]A2
				Sep-03-2024	[ICRA]A2+	-	-	-	-
Unallocated	Long Term / Short Term	41.66	[ICRA]A (Stable)/ [ICRA]A1	Nov-26-2024	[ICRA]A (Stable)/ [ICRA]A1	-	-	-	-
				Sep-03-2024	[ICRA]A-(Stable)/ [ICRA]A2+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - fund based term loans	Simple
Short-term fund-based working capital facilities	Very simple
Short term - non-fund based	Very simple
Long term/ short term - unallocated limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term - fund based term loans	FY2015	NA	FY2029	73.49	[ICRA]A (Stable)
NA	Short-term fund-based working capital facilities	NA	NA	NA	210.00	[ICRA]A1
NA	Short term - non-fund based	NA	NA	NA	180.00	[ICRA]A1
NA	Long term/ short term - unallocated limits	NA	NA	NA	41.66	[ICRA]A (Stable)/ [ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Norp Knit Industries Limited	99.99%	Full Consolidation
Pearl Apparel Fashions Limited [^]	100.00%	Full Consolidation
Pearl Global Kausal Vikas Limited	100.00%	Full Consolidation
Pearl Global Fareast Limited	100.00%	Full Consolidation
Pearl Global (HK) Limited	100.00%	Full Consolidation
SBUYS E-Commerce Limited	100.00%	Full Consolidation
Pearl Global USA, Inc	100.00%	Full Consolidation
Sead Apparels Private Limited	100.00%	Full Consolidation
Pearl GT Holdco Limited	80.00%	Full Consolidation

[^]liquidated in FY2023

Note: The consolidated financials of above-mentioned entities capture the financials of their respective subsidiaries, i.e. indirect/ step-subsiaries of PGIL (not listed in the table above).

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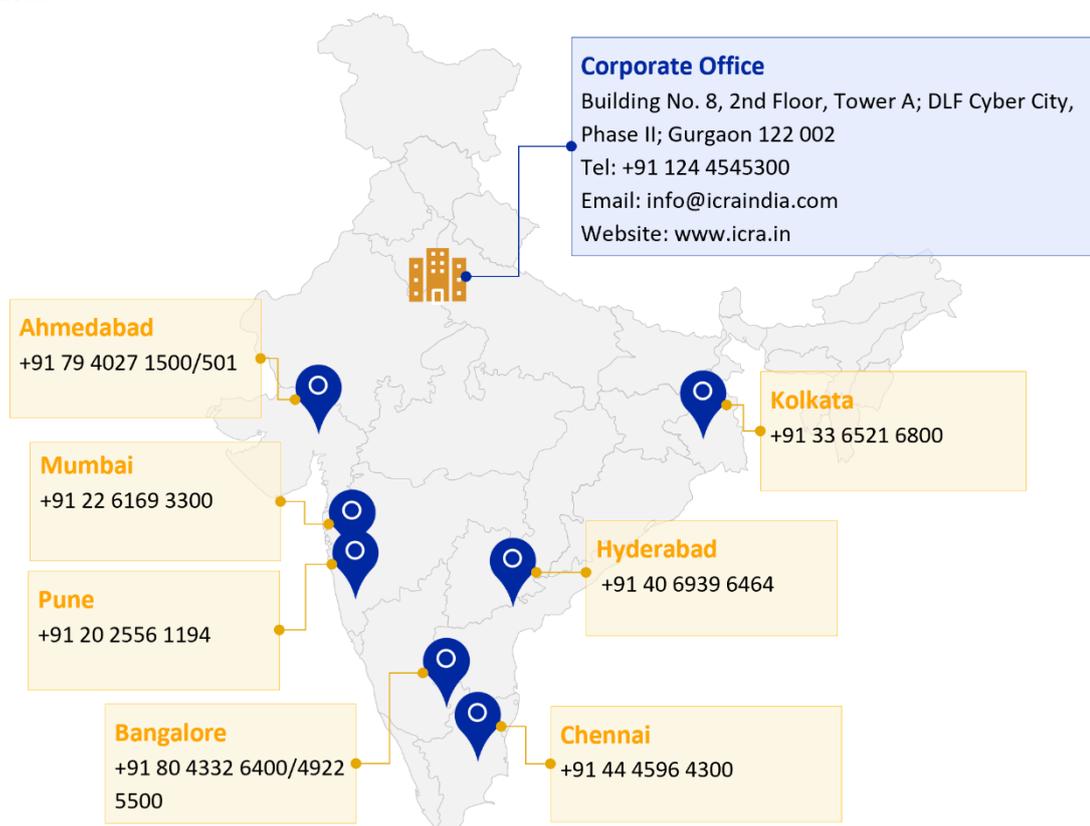
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