

Pearl Global Industries announces capacity expansion plans in South India

Commences new manufacturing capacity additions in Bangalore and Chennai to cater to growing global order book and to diversify its regional presence in India

NEW DELHI, JANUARY 19, 2015: Gurgaon-based home grown apparel manufacturer and exporter Pearl Global Industries Limited (PGIL) is undergoing capacity expansion in South India for a total investment of around Rs 17-20 crore, funded through internal accruals and a TUFS (Technology Upgradation Fund Scheme) loan.

“Creating direct employment for an additional 3,000 skilled workers, the expansion is in keeping with our long-term commitment to ‘Make in India’ as encouraged by our Honourable Prime Minister Narendra Modi. We are readying ourselves for an improving demand flow of orders from leading brands in advanced markets. We aim to leverage our new “lean manufacturing” capability over our existing fixed marketing and design overheads to further improve our EBITDA margins and return-on-capital ratios,” Vice Chairman and Managing Director Mr. Pulkit Seth informed.

With South India fast emerging as the new garment-manufacturing hub of India, the proposed capacity expansion is expected to help Pearl Global to reduce its geographic concentration risk by diversifying operations across North and South India. Another significant reason to move south is to gain a competitive edge to meet complex and diverse product design requirements of leading global retailers. “The Southern marketplace is known for certain fabrics. Besides, it has skilled and disciplined labour, higher output, lower wage cost, low attrition levels, low rejection and special expertise in wovens,” Mr. Seth added.

PRESS RELEASE

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Sector / SEO

Garment, Fashion, Apparels, Textile Manufacturing

Additional Resources Available:

Picture of Mr. Pulkit Seth; Logo of PGIL
For Download Link: Please send us an email with request to
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As of 16 January 2015 (BSE)

Price	Rs 237.05
Market Cap	Rs 513.54 crore
52-week High/Low	Rs 240/115.80

Markets	Code
BSE:	PGIL (532808)
NSE:	PGIL (ISIN: INE940H01014)

Short Business Description

Pearl Global Industries Limited is a well-diversified garment manufacturing company with a de-risked manufacturing base in the leading sourcing nations of India, Bangladesh and Indonesia.

The new facilities are expected to be instrumental in helping the company raise its cumulative production capacity by about 7% to 5.35 million pieces per month, through the addition of 1,250 machines to reach a total of 9,750 machines. "We are hopeful that this capacity increase, along with future ones, will significantly improve our industry ranking within the top 7 manufacturers out of India. With this capacity enhancement, we are poised to be a leading player amidst the exclusive club of market peers within the garment manufacturing space," Mr. Seth pointed out.

Before this expansion, PGIL's existing production capacity stood at 5 million pieces a month with 8,500 machines spread across India, Bangladesh and Indonesia. It plans to install 450 new machines in Bangalore, adding 150,000 garment pieces per month. Of these, 250 machines will become operational in February 2015, while remaining 200 will be made operational by May 2015. At Chennai, PGIL is installing additional capacity of 800 new machines, which will get commissioned by December 2015. The Company has taken a 60,000 sq. ft. facility in Peenya, Bangalore, on long term lease, while in Chennai it has acquired a contiguous land parcel measuring 4.72 acres, on which it has built a facility to manufacture an additional 200,000 pieces a month.

The Chennai facility provides PGIL the ability to keep adding on capacity into the future with minimal investment. Benefits of the increased expansion in Bangalore are expected to positively impact the company's books by FY2015-16, while the Chennai expansion benefits will reflect in FY2016-17. The capacities are expected to generate incremental revenues of Rs 100-150 crores, which will further enhance its EBITDA margin.

Global market trends are in favour of such a move by Pearl Global. With China's advantage in the garment business gradually eroding due to escalating wages and overheads, apparel manufacturing units in South Asia stand to gain from a natural shift of business towards them. This provides India a good business opportunity to improve its share of the global garment manufacturing business. Currently, India exports 25-30% of the textile goods to the global market and enjoys only 3.7% of the global apparel exports market share.

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About Pearl Global Industries Limited:

PGIL is well-diversified garment manufacturing company with a de-risked manufacturing base in the leading sourcing nations of India, Bangladesh and Indonesia. The Company is engaged in manufacturing and marketing of knits, woven and bottoms (basic and complex designs) across men, women and kids wear segments, providing a global supply chain solution for the fashion industry. The asset light and highly scalable business model rightly places the Company to quickly respond to changing global apparel demand trends. PGIL is an approved vendor to leading US, UK, Europe and Australian brands and retailers. The Company is listed on the Bombay Stock Exchange (BSE) (Scrip ID: PGIL; Code: 532808) and the National Stock Exchange (NSE) (Scrip ID: PGIL; ISIN: INE940H01014), with a market capitalisation of Rs 513.54~ crore as on 16th January 2015 (BSE data).

About DSIR:

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Dickenson Financial PR manages Investor Relations and Financial PR for Pearl Global Industries Limited. If you require further information or corporate access to Pearl Global Industries Limited, you may contact us and we shall be happy to make the arrangements.

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