

Gokaldas Exports | BUY

Well-placed amidst tariff uncertainty

We recently hosted the management of Gokaldas Exports for an investor roadshow, represented by Mr. Siva Ganapathi (Vice Chairman and MD) and Mr. Sathyamurthy (CFO). The management provided insights on the demand scenario and future outlook for the company in a situation of tariff uncertainty. Company expects near-term (2-2.5 quarters) challenges as higher costs will be borne by suppliers and retailers simultaneously. Though, this additional cost is expected to be passed on to the end-customers eventually, leading to a recovery in margins in 2HFY26. Company also witnessed some impact in order book for 2QFY26 but expects it to recover post some clarity on tariffs in July (end of 90-day pause). Company believes that in a case where tariffs sustain at 10%, additional costs will be shared amongst retailer, supplier (Indian exporters) and end-consumers. Even if tariffs are reinstated to the initial levels with India at ~26%, Indian players remain well-placed given higher tariffs to be faced by other countries like Vietnam, China, Bangladesh etc. In both these situations, additional cost is expected to be passed on to the end-consumer over time. Company plans to take a decision on BTPL merger soon. If approved, merger is expected to be completed in next year. The longer term seems favourable with a continuing shift of global sourcing away from China given higher tariffs, supplier consolidation towards efficient and well capitalized players, and supply-side instabilities in several countries. Gokaldas exports remain our top pick in the textile space. Re-iterate BUY.

- **Margin pressure near-term:** Given the on-going tariff uncertainty, company expects near-term challenges as higher tariffs may raise retail prices and dampen demand, though this cost will eventually be passed on to the end-customers. If reinstated, tariffs could impact consumer demand in 2HCY25. Company also witnessed some impact in order book for 2QFY26 but expects it to be plugged post some clarity on tariffs in July (end of 90-day pause). Margins are expected to decline to the tune of 2-2.5% in the next 2 quarters but company expects recovery in 2HFY26.
- **Company remains well-placed in the long-term:** Company believes that in a case where tariffs sustain at 10%, additional costs will be shared amongst retailer, suppliers (Indian exporters) and end-consumers. This might impact margins in the short-term but the long-term margin outlook remains stable. Also, if India-US BTA comes through, it can be a big boost to the margins for the whole sector as existing ad-valorem tariffs on textiles ranging from ~14% to 32% will come down to zero. Even if tariffs are reinstated to the initial levels with India at ~26%, Indian players remain well-placed given higher tariffs to be faced by other countries like Vietnam, China, Bangladesh etc.
- **New expansions to aid capacity constraints:** The company is working on expanding production capacities with on-going investments – 1) construction of unit II in MP (revenue potential ~1.75bn) 2) Karnataka unit (revenue potential ~1.3bn) and 3) Incremental unit in Ranchi with additional 200 machines with 2 shifts (revenue potential ~550mn). Company plans to take a decision on BTPL merger soon. If approved, merger is expected to be completed in FY27. Strategic investment in BTPL allows the company to derive utmost benefit through vertical integration into critical raw materials, with expected standalone peak revenue at INR15bn+.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	23,789	38,642	45,040	54,171	58,113
Sales Growth (%)	7.1	62.4	16.6	20.3	7.3
EBITDA	2,540	3,710	4,700	6,105	6,575
EBITDA Margin (%)	10.7	9.6	10.4	11.3	11.3
Adjusted Net Profit	1,310	1,585	2,464	3,466	3,815
Diluted EPS (INR)	18.4	22.3	34.6	48.7	53.6
Diluted EPS Growth (%)	-18.9	21.0	55.4	40.7	10.1
ROIC (%)	11.0	8.7	11.1	13.9	13.4
ROE (%)	12.0	9.4	11.2	13.9	13.3
P/E (x)	51.3	42.4	27.3	19.4	17.6
P/B (x)	5.2	3.2	2.9	2.5	2.2
EV/EBITDA (x)	28.5	18.6	14.6	11.1	10.3
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1

Source: Company data, JM Financial. Note: Valuations as of 05/Jun/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,265
Upside/(Downside)	33.9%
Previous Price Target	1,265
Change	0.0%

Key Data – GEXP IN

Current Market Price	INR945
Market cap (bn)	INR68.9/US\$0.8
Free Float	89%
Shares in issue (mn)	71.1
Diluted share (mn)	71.1
3-mon avg daily val (mn)	INR430.0/US\$5.0
52-week range	1,262/727
Sensex/Nifty	80,998/24,620
INR/US\$	85.9

Price Performance

%	1M	6M	12M
Absolute	8.8	-2.5	24.7
Relative*	8.5	-1.6	14.5

* To the BSE Sensex

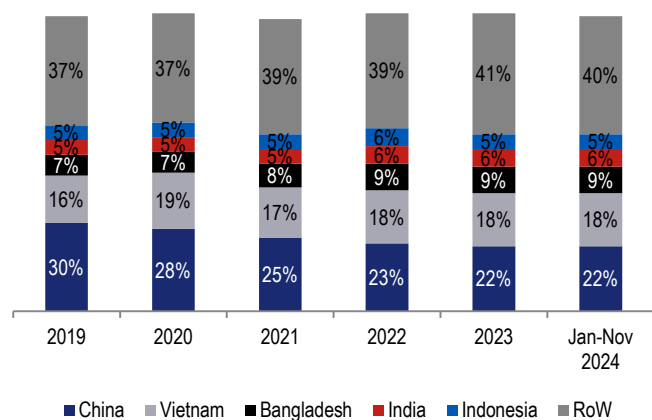
JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet and Visible Alpha

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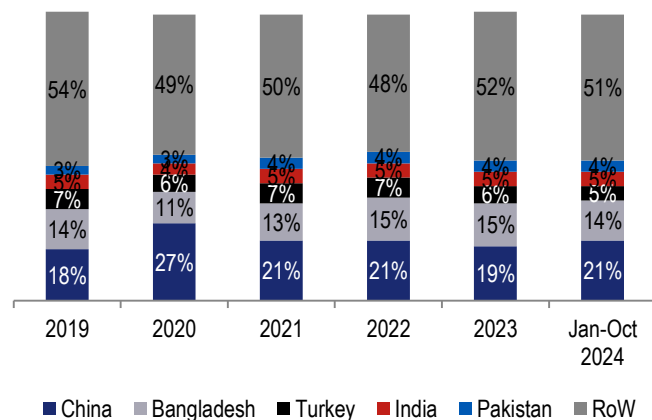
Exhibit 1. Target price

	FY27E
EPS (INR)	48.5
P/E multiple	26
Fair value (INR/share)	1,265

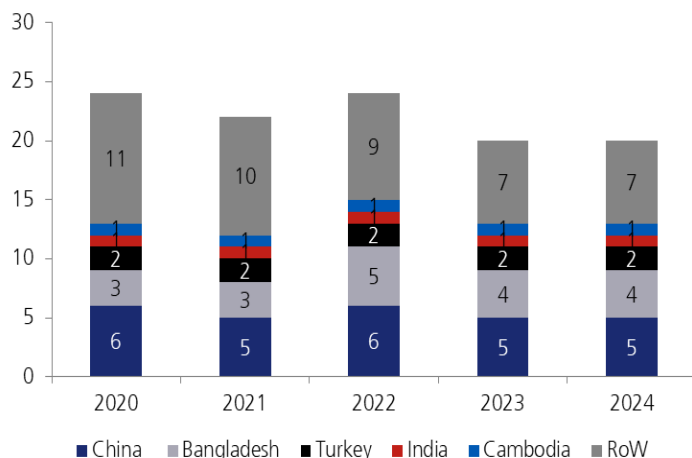
Source: JM Financial

Exhibit 2. Major exporting countries to US

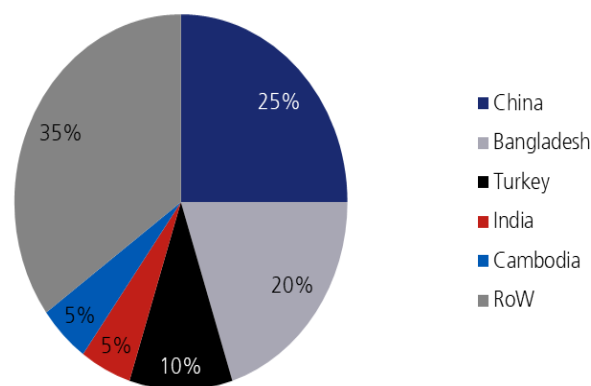
Source: Industry, JM Financial

Exhibit 3. Major exporting countries to EU

Source: Industry, JM Financial

Exhibit 4. UK Apparel imports (USD bn)

Source: Gokaldas Exports, JM Financial

Exhibit 5. China dominates UK apparel imports

Source: Gokaldas Exports, JM Financial , Note : CY24

Exhibit 6. Gokaldas Exports: 1yr forward P/E valuation



Source: Bloomberg, JM Financial

Exhibit 7. Gokaldas Exports: 1yr forward EV/EBITDA valuation



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	23,789	38,642	45,040	54,171	58,113
Sales Growth	7.1%	62.4%	16.6%	20.3%	7.3%
Other Operating Income	0	0	0	0	0
Total Revenue	23,789	38,642	45,040	54,171	58,113
Cost of Goods Sold/Op. Exp	12,376	17,685	18,993	18,058	19,016
Personnel Cost	8,350	11,037	12,570	10,838	12,124
Other Expenses	523	6,211	8,777	19,170	20,397
EBITDA	2,540	3,710	4,700	6,105	6,575
EBITDA Margin	10.7%	9.6%	10.4%	11.3%	11.3%
EBITDA Growth	-6.2%	46.0%	26.7%	29.9%	7.7%
Depn. & Amort.	888	1,284	1,513	1,680	1,839
EBIT	1,652	2,426	3,187	4,426	4,737
Other Income	301	529	600	600	660
Finance Cost	363	774	793	803	786
PBT before Excep. & Forex	1,590	2,181	2,993	4,222	4,611
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	1,590	2,181	2,993	4,222	4,611
Taxes	280	595	529	756	796
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,310	1,585	2,464	3,466	3,815
Adjusted Net Profit	1,310	1,585	2,464	3,466	3,815
Net Margin	5.5%	4.1%	5.5%	6.4%	6.6%
Diluted Share Cap. (mn)	71.1	71.1	71.1	71.1	71.1
Diluted EPS (INR)	18.4	22.3	34.6	48.7	53.6
Diluted EPS Growth	-18.9%	21.0%	55.4%	40.7%	10.1%
Total Dividend + Tax	61	71	71	71	71
Dividend Per Share (INR)	0.9	1.0	1.0	1.0	1.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,590	2,181	2,993	4,222	4,611
Depn. & Amort.	888	1,284	1,513	1,680	1,839
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-2,506	-3,046	-544	-2,470	-3,340
Others	0	0	0	0	0
Taxes Paid	-280	-595	-529	-756	-796
Operating Cash Flow	-309	-176	3,433	2,676	2,313
Capex	-3,781	-2,836	-3,152	-2,000	-2,000
Free Cash Flow	-4,089	-3,013	281	676	313
Inc (-) / Dec in Investments	1,849	-3,380	0	0	0
Others	-3,184	6,408	71	32	31
Investing Cash Flow	-5,116	192	-3,081	-1,968	-1,969
Inc / Dec (-) in Capital	14	40	0	0	0
Dividend + Tax thereon	-61	-71	-71	-71	-71
Inc / Dec (-) in Loans	6,504	404	-1,000	0	0
Others	0	0	0	39	40
Financing Cash Flow	6,458	373	-1,071	-32	-31
Inc / Dec (-) in Cash	1,034	388	-719	676	313
Opening Cash Balance	240	1,273	1,662	943	1,619
Closing Cash Balance	1,273	1,662	943	1,619	1,932

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	12,913	20,807	23,271	26,737	30,552
Share Capital	317	357	357	357	357
Reserves & Surplus	12,596	20,449	22,913	26,380	30,195
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	8,049	8,452	7,452	7,452	7,452
Def. Tax Liab. / Assets (-)	-408	-372	-372	-372	-372
Total - Equity & Liab.	20,554	28,887	30,351	33,817	37,632
Net Fixed Assets	12,639	14,159	15,797	16,118	16,279
Gross Fixed Assets	9,270	13,215	15,215	17,215	19,215
Intangible Assets	5,870	5,838	5,838	5,838	5,838
Less: Depn. & Amort.	3,781	5,065	6,578	8,257	10,096
Capital WIP	1,280	170	1,322	1,322	1,322
Investments	1,591	4,971	4,971	4,971	4,971
Current Assets	12,773	15,871	16,741	20,301	23,633
Inventories	6,036	6,819	7,948	9,560	10,255
Sundry Debtors	3,525	4,288	4,748	5,710	7,351
Cash & Bank Balances	1,273	1,662	943	1,619	1,932
Loans & Advances	1,938	3,102	3,102	3,412	4,094
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	6,449	6,113	7,158	7,572	7,250
Current Liabilities	1,841	2,383	3,055	3,674	3,547
Provisions & Others	4,609	3,730	4,103	3,898	3,703
Net Current Assets	6,324	9,758	9,583	12,729	16,382
Total - Assets	20,554	28,887	30,351	33,817	37,632

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.5%	4.1%	5.5%	6.4%	6.6%
Asset Turnover (x)	1.6	1.6	1.5	1.7	1.6
Leverage Factor (x)	1.4	1.5	1.3	1.3	1.2
RoE	12.0%	9.4%	11.2%	13.9%	13.3%

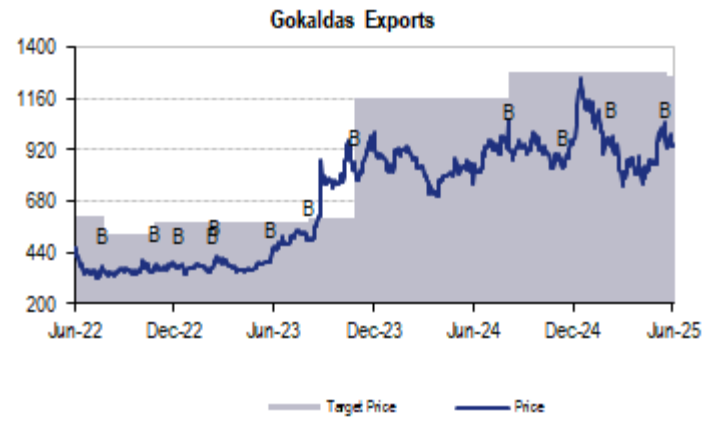
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	181.6	292.5	327.2	375.9	429.6
ROIC	11.0%	8.7%	11.1%	13.9%	13.4%
ROE	12.0%	9.4%	11.2%	13.9%	13.3%
Net Debt/Equity (x)	0.4	0.1	0.1	0.0	0.0
P/E (x)	51.3	42.4	27.3	19.4	17.6
P/B (x)	5.2	3.2	2.9	2.5	2.2
EV/EBITDA (x)	28.5	18.6	14.6	11.1	10.3
EV/Sales (x)	3.0	1.8	1.5	1.3	1.2
Debtor days	54	41	38	38	46
Inventory days	93	64	64	64	64
Creditor days	32	25	28	28	25

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
17-Nov-21	Buy	400	
24-Jan-22	Buy	540	35.0
2-May-22	Buy	610	13.0
25-Jul-22	Buy	530	-13.1
28-Oct-22	Buy	585	10.4
13-Dec-22	Buy	585	0.0
13-Feb-23	Buy	585	0.0
16-Feb-23	Buy	585	0.0
29-May-23	Buy	580	-0.8
8-Aug-23	Buy	600	3.5
31-Oct-23	Buy	1,160	93.1
8-Aug-24	Buy	1,285	10.8
13-Nov-24	Buy	1,285	0.0
10-Feb-25	Buy	1,285	0.0
22-May-25	Buy	1,265	-1.6

Recommendation History



APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

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