

CMP: INR 962
Rating: Hold
Target Price: INR 1,040
Stock Info

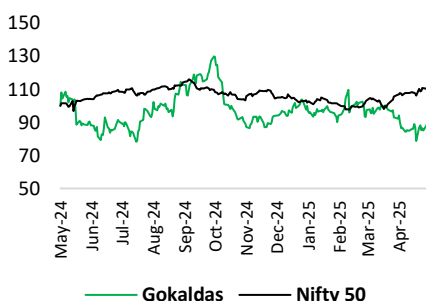
BSE	532630
NSE	GOKEX
Bloomberg	GEXP:IN
Reuters	GOKL.NS
Sector	TEXTILES
Face Value (INR)	5
Equity Capital (INR cr)	36
Mkt Cap (INR cr)	6,871
52w H/L (INR)	1,128/ 492
Avg Daily Volume (in 000')	302.7

Shareholding Pattern %
(As on March 2025)

Promoters	9.38
FII	25.79
DII	30.14
Public & Others	34.6

Stock Performance (%)

	1m	3m	12m
Gokaldas	13.7	2.06	16.5
Nifty 50	1.83	8	9.9

GEL vs Nifty 50

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Gokaldas Exports delivered a solid performance in Q4FY25, with strong revenue growth driven by acquisitions and export demand recovery, though margins faced pressure from cost volatility. Revenue surged 25% YoY to INR 1,015 Cr (+2.8% QoQ), exceeding our estimate of INR 959 Cr by 6%. Gross Margin contracted 331 bps QoQ to 50% (46 bps YoY). EBITDA grew 44.11% YoY to INR 120 Cr (+22.1% QoQ), missing our estimate of INR 104 Cr by 8%, due to input cost volatility and adverse FX movements. EBITDA Margin increased by 180 bps QoQ to 11.81% (+157 bps YoY), beating our estimate of 10.8%. PAT rose 19.37% YoY to INR 53 Cr (+5.01% QoQ), beating our estimate of INR 51 Cr by 4%.

Effect of acquisitions: The acquisitions of Atraco and Matrix significantly boosted consolidated revenue, contributing to a 63% YoY total income growth to INR 3,915 Cr for FY25. Excluding acquisitions, revenue grew a healthy 19% YoY, outpacing the 10% growth in Indian exports, indicating market share gains.

Capacity Expansion: Gokaldas is on track to operationalize new units in Madhya Pradesh, Karnataka, and Jharkhand by Q3FY26. These units will add INR 325-350 Cr in incremental annual revenue, enhancing capacity to meet rising demand.

Guidance: Gokaldas targets 15% consolidated revenue growth in FY26 (12-15% for acquired entities), expects 2-3% EBITDA margin pressure in H1FY26 due to tariff-related cost-sharing, but remains confident of achieving 12-13% margins beyond FY26, driven by operational efficiencies and full capacity utilization across all units by H2FY25 to improve ROCE over two years.

Valuation & Outlook:

We assign a target price of INR 1040, valued at a P/E multiple of 40x the FY26E EPS of INR 26, with a 'Hold' rating and an upside of 8.11%. The company is well-positioned to capitalize on global apparel market shifts, supported by India's strong textile ecosystem, low labor costs, and favorable trade agreements. Near-term tariff uncertainties and US demand softness pose challenges, but the company's proactive diversification, capacity expansion, and robust customer relationships ensure strong long-term growth prospects.

INR Mn	FY24	FY25	FY26E	FY27E
Revenue	23,789	38,642	44,439	51,105
Growth	6.24%	62.44%	15.00%	15.00%
EBITDA	2,841	4,239	4,497	5,163
EBITDA M	11.8%	10.8%	10.0%	11.0%
PAT	1,310	1,585	1,791	2,163
EPS (INR)	20.7	22.2	25.1	30.3
RoE	10.1%	7.6%	7.9%	8.7%
RoCE	10.5%	12.2%	12.5%	13.5%
P/E (x)	46.6	43.4	38.4	31.8
EV/EBITDA (x)	23.5	17.3	16.1	14.0
Net D/E (x)	-0.1	-0.4	0.3	0.1
P/BV (x)	6.9	5.3	3.3	3.0

Source: Company & Arihant Research

INR Cr (Consolidated)	Q4FY25	Q3FY25	Q4FY24	Q-o-Q	Y-o-Y
Net Revenue	1015	988	812	2.79%	24.98%
Raw Material Costs	505	459	400	10.12%	26.15%
Gross Profit	510	529	412	-3.56%	23.83%
<i>Gross Margin</i>	<i>50.25%</i>	<i>53.56%</i>	<i>50.72%</i>	<i>-331bps</i>	<i>-46bps</i>
Employee costs	315	334	242	-5.50%	30.31%
Job Work Charges	4	7	3	-47.02%	16.24%
Other Expenses	71	90	83	-20.96%	-14.87%
EBITDA	120	98	83	22.21%	44.11%
<i>EBITDA margin %</i>	<i>11.81%</i>	<i>9.93%</i>	<i>10.24%</i>	<i>188bps</i>	<i>157bps</i>
Other Income	20	13	6	50.04%	251.59%
Depreciation	42	30	27	36.44%	51.33%
EBIT	98	81	61	21.33%	59.66%
Finance costs	21	19	20	12.12%	9%
Gain/ Loss on account of foreign exchange fluctuations (net)	3	6	1	-54.66%	109%
PBT	79	67	43	17.42%	84.12%
Tax Expense	26	17	-1	54.23%	-2043%
<i>Effective tax rate %</i>	<i>33.13%</i>	<i>25.22%</i>	<i>-3.14%</i>	<i>791bps</i>	<i>3627bps</i>
PAT	53	50	44	5.01%	19.37%
<i>PAT margin %</i>	<i>5.21%</i>	<i>5.10%</i>	<i>5.45%</i>	<i>11bps</i>	<i>-24bps</i>
Basic EPS (INR)	7.40	7.04	7.23	5.11%	2.35%

Source: Company & Arianth Research

Integration Progress: The company successfully integrated Atraco and Matrix, overcoming legacy headwinds. Improved performance across all business units, including acquired entities, underscores operational efficiency.

Strategic Investments: The investment in Bombay Rayon Fashions Limited is progressing well, with capacity utilization rising from 15-20% to over 50%. This strengthens vertical integration, enabling cost-efficient and high-quality delivery.

Diversification: Gokaldas is actively diversifying into the EU and UK markets, with EU exports reaching 12% in Q4FY25. The India-UK FTA, offering a 12% duty advantage, positions India competitively against Bangladesh, potentially adding \$1 Bn in exports.

AGOA Uncertainty: The African Growth and Opportunities Act, enabling duty-free exports from Kenya, expires in September 2025. While negotiations for an extension or a US-Kenya FTA are ongoing, Gokaldas is securing orders assuming no extension, mitigating potential margin impacts.

US Market: A surge in US apparel imports in Q1CY25 (11% growth to \$20 Bn) reflected inventory rebuilding before new tariffs. However, the US's 10% reciprocal tariff (paused for 90 days from April 9, 2025) and China's 30% tariff may dampen demand in H1FY26, impacting order books.

Consolidated Statement of Profit and Loss (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	22,222	23,789	38,642	44,439	51,105
Total Income	22,472	24,090	39,172	44,968	51,634
Total Expense	19,514	21,249	34,933	40,471	46,471
EBITDA	2,958	2,841	4,239	4,497	5,163
Depreciation and amortization expenses	718	888	1,284	1,384	1,484
EBIT	2,241	1,953	2,955	3,113	3,679
Interest expense	257	363	774	874	974
Exceptional item	-61	-	-	-	1
PBT	1,983	1,590	2,181	2,238	2,705
Tax expense	314	280	595	448	541
PAT	1,730	1,310	1,585	1,791	2,163
Basic earnings per share	28.55	20.66	22.18	25.06	30.27

Consolidated Balance Sheet (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Non Current Assets					
Property, plant and equipment	1,661	3,762	6,196	7,196	8,196
Capital work-in-progress	1,079	1,280	170	370	570
Right of Use Asset	1,125	1,728	1,955	2,155	2,355
Other intangible assets	11	5,870	5,838	5,841	5,844
Financial assets	282	405	2,234	2,244	2,254
Deferred tax assets	306	408	372	472	572
Non-current tax assets (net)	41	12	27	29	31
Other non-current assets	116	80	154	159	164
Total non-current assets	4,622	13,545	16,945	18,465	19,985
Current assets					
Inventories	2,930	6,036	6,819	6,500	6,501
Financial assets	5,049	6,466	9,535	10,259	11,191
Other current assets	819	1,364	2,073	2,573	3,073
Total current assets	8,798	13,866	18,427	19,332	20,765
Total assets	13,420	27,411	35,372	37,796	40,749
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	303	317	357	357	357
Other equity	8,560	12,596	20,449	22,240	24,403
Total equity	8,863	12,913	20,807	22,598	24,761
LIABILITIES					
Non-current liabilities					
Financial liabilities	964	4,215	4,604	5,304	6,004
Borrowings	96	2,810	3,073	3,573	4,073
Lease liabilities	868	1,405	1,531	1,731	1,931
Provision for employee benefits	135	150	202	182	162
Total non-current liabilities	1,099	4,365	4,806	5,486	6,166
Current liabilities					
Financial liabilities	2,897	9,317	8,509	8,537	8,647
Other current liabilities	122	256	579	579	579
Provision for employee benefits	440	560	597	597	597
Current tax liability	-	-	74	-	-
Total current liabilities	3,459	10,133	9,759	9,713	9,823
Total equity and liabilities	13,420	27,411	35,372	37,796	40,749

Source: Company & Arihant Research

Consolidated Statement Cash Flow Statement (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	1,983	1,590	2,181	2,238	2,704
Adjustment for:					
Tax	-385	-280	-595	-448	-541
Depreciation	718	888	1,284	1,384	1,484
Other Expenses	-	-	-	-	-
Finance Costs	257	363	774	874	974
Cash from operation	2,580	2,561	3,644	4,049	4,622
Working capital changes	1,108	2,001	-3,904	935	-892
Net Cash generated /(used) from operation	3,688	4,562	-260	4,984	3,730
Cash from Investing					
Purchase of PP&E	-1,354	-9,651	-2,803	-2,787	-2,887
Proceeds from sale PP&E	90	-	-	-	-
Investment in bank deposits	-553	-	-	-	-
Redemption of bank deposits	610	-	-	-	-
Investment in mutual Fund Units	-3,650	-160	-1,880	-117	-117
Proceeds from sale of mutual fund units	1,914	-	-	-	-
Finance Income	30	-	-	-	-
Cash generated /(used) from Investing	-2,913	-9,811	-4,683	-2,904	-3,004
Cash from Financing					
Prceeds from Issue of Shares	43	2,741	6,308	-	-
Short Term borrowings	4,148	3,266	441	680	680
Repayment of Short term borrowings	-4,426	-	-	-	-
Payment of other liabilities and lease liabilities	-421	-	-	-	-
Finance Costs	-98	-363	-774	-874	-974
Cash generated / (used) from Financing	-754	5,644	5,975	-194	-294
Cash Generated during the year	21	395	1,031	1,885	431
Opening Balance	127	147	543	1,574	3,459
Closing Blance	147	543	1,574	3,459	3,891

Ratios	FY23	FY24	FY25	FY26E	FY27E
Growth					
Revenue growth	24.1%	7.1%	62.4%	15.0%	15.0%
EBITDA Growth	36.8%	-4.0%	49.2%	6.1%	14.8%
EBIT Growth	42.5%	-12.8%	51.3%	0.0%	0.0%
Net Profit Growth	342.0%	47.7%	-24.3%	21.1%	13.0%
Profitability					
EBITDA Margin	13.2%	11.8%	10.8%	10.0%	11.0%
EBIT Margin	9.4%	5.1%	6.6%	0.0%	#DIV/0!
Net Profit Margin	7.8%	5.5%	4.1%	4.0%	4.2%
ROE	19.5%	10.1%	7.6%	7.9%	8.7%
ROCE	34.7%	10.5%	12.2%	12.5%	13.5%
Per Share Data (INR)					
Basic EPS	28.55	20.66	22.18	25.06	30.27
BVPS	116.9	139.8	180.7	291.1	316.2
Gearing Ratio (x)					
Net Debt/Equity	(0.4)	0.3	0.1	0.0	0.0
Net Debt/EBITDA	(1.1)	1.4	0.4	0.1	0.1
Interest Coverage Ratio	8.9	5.4	3.8	3.6	3.8
Efficiency Ratios					
Inventory Days	113	144	122	102	82
Receivable Days	19	37	37	29	19
Payable Days	31	43	40	37	31
Cash Conversion cycle	100	139	119	94	71
Valuation					
P/E	32.3	44.6	43.4	38.4	31.8
P/BV	7.9	6.6	5.3	3.3	3.0
EV/EBITDA	18.9	22.6	16.7	15.4	13.4
EV/Sales	2.5	2.7	1.8	1.5	1.3

Source: Company & Arihant Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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