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Research

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Gokaldas Exports (GOKEXP)

CMP: ₹917 | Target ₹1080(18%) | Target Period: 12 months | BUY

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Good Q2; focus on diversification to de-risk biz model

About the stock: Gokaldas Exports (Gokex), incorporated in 1979, is one of India's largest manufacturers and exporters of apparel, exporting it to 50+ countries. Its vertical integrated business model makes it a one stop destination for leading apparel brands. Following the acquisition of Atraco and Matrix, Gokex currently has over 34 production units that can produce about 90mn garments per annum (p.a)

Investment Rationale:

- **Retention strategy aided India business growing by 12%; sharing of tariff burden will put stress on the margins in the near term:** Gokex consolidated revenues grew by 6%YoY to Rs.984cr with India business revenues growing by 14% while Africa business revenues declining by 23% in Q2FY26. Gokex gave more importance to client retention by sharing tariff hike burden which helped to maintain revenues at around Rs.900-1000cr crore during the quarter. Sharing of the tariff burden had an impact of Rs.25cr on the profitability (Rs16cr on India operations and Rs9cr on Africa operations). Africa business witnessed a decline due to delayed orders in the advent of uncertainties related to renewal of AGOA act. With tariff rate in Africa standing lower at 10% (vs 20-30% for major textile exporting countries) and old AGOA act likely to continue for a year, order flow to Africa improved in last two months. Hence Africa revenue growth is expected to improve with better volumes (without tariff related concessions) in H2FY26. On the other hand, India operations might witness Rs45-50crore of tariff impact on profitability due to tariff hike concessions availed to US retailers in the near term. However, if additional penalty tariff hike of 25% is removed it will help in margin recovery in from Q4FY26.
- **Diversification is key risk mitigating measure in the medium to long run:** Gokex is focusing on diversifying its regional base to de-risk its business model reducing revenue contribution from US in the medium to long run. With UK FTA trade deal, there is an opportunity of incremental export of $1bn while deal signing with EU will provide an additional export opportunity of $2bn over the existing exports of $5bn. Imports from EU and UK grew by 9% and 8% respectively in the period of Jan-Aug,25. Management expects imports to EU and UK to further improve in the coming years due to competitive advantage over the exporting countries. Management targets revenue contribution from US to reduce to 60% with UK&EU contribution increasing close to 20% from current 13% in the coming years.
- **Scaling BTPL through increased utilisation:** Gokex is expecting Rs.1800crs revenues in its recent acquisition BTPL at peak utilisation and it expects the current EBITDA margin of 7-8% to scale to 13-14%. The minimum captive consumption limit is set at 33% while Gokex currently consumes ~50% of the BTPL's production.

Rating and Target Price: Gokex is focusing on diversifying operations and expanding export in other geographies to de-risk its business model in the long run. **We recommend BUY with price target of Rs.1080 (valuing at 25x average of FY27-28E EPS of Rs43.1).**

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenues	2222.2	2378.9	3864.2	31.9	3686.6	4616.2	5325.0	11.3
EBIDTA	264.1	270.0	373.4	18.9	345.9	507.3	630.6	19.1
EBIDTA Margins(%)	11.9	11.3	9.7		9.4	11.0	11.8	
Adjusted PAT	168.1	144.0	168.9	0.2	156.7	268.2	347.4	27.2
EPS (Rs.)	28.6	20.7	23.6		21.9	37.5	48.6	
PE (x)	33.0	40.4	38.8		41.8	24.4	18.9	
EV to EBIDTA (x)	20.2	23.5	18.5		19.0	12.8	10.0	
RoE (%)	21.7	12.0	9.4		7.3	11.4	13.1	
RoCE (%)	21.3	10.1	10.5		10.0	13.7	15.5	

Source: Company, ICICI Direct Research

gokaldas exports ltd.

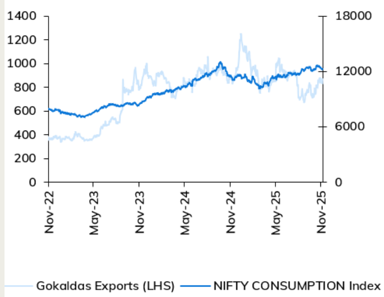
Particulars

Particular	Amount
Market Capitalisation (₹ crore)	6,553
Debt (FY25) -₹ crore	845
Cash (FY25) - ₹ crore	484
EV (Rs crore)	6,915
52 week H/L (₹)	1260 / 669
Equity capital (₹ crore)	35.7
Face value (₹)	5.0

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoters	9.4	9.4	9.2	9.2
FII	26.5	25.8	24.9	22.9
DII	37.0	36.8	37.2	38.9
Others	27.1	28.0	28.8	28.8

Price Chart



Key risks

- Slowdown in key export markets impacting demand.
- Disruption caused by global unrest might affect working capital.
- Increase in input prices to affect margins.

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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