

Gokaldas Exports | BUY

Tariff impacted quarter; operationally above estimates

Gokaldas Exports reported consol. EBITDA of INR646mn, higher than JMfe of INR540mn. EBITDA was down ~7% YoY given higher staff costs (+14% YoY) partially offset by lower other expenses (-11% YoY). Key takeaways from the call are – 1) Company witnessed a tariff impact of ~INR120-150mn in 2Q (only ~1 month of ops were impacted) – ~INR150mn/month impact of current tariffs sustain 2) company is undergoing bilateral discussions with multiple clients – undertook a maximum tariff burden of 15% on some orders 3) Company believes 2H revenue for Africa business should exceed USD50mn given a) tariff advantage to Kenya even without AGOA, b) customers believe a trade deal between Kenya and US could come soon and c) Gokex has added new customers in Kenya with one customer already onboard 4) company expects US retailers to take any price hikes post the holiday season (to the tune of ~4-5%) depending on how the holiday season sales turn up. Near-term challenges persist but the long-term outlook for the company remains stable given a) excellent execution b) increasing addressable market with UK FTA in place c) Africa business to remain at an advantage with lower tariff on Kenya and d) ongoing FTA negotiations with the EU-27 and bilateral discussions with the US. Given the near-term uncertainty and incorporating BTPL consolidation in FY27, we revise our earnings by -58% / -9.6% / 3.5% for FY26E / FY27E / FY28E. Maintain BUY.

- **Margins squeeze given tariff impact:** Consolidated revenue for the quarter came in at INR9.8bn, up 6% YoY. Gokaldas Exports reported consol. EBITDA of INR646mn, higher than JMfe of INR540mn. EBITDA was down ~7% YoY given higher staff costs (+14% YoY) partially offset by lower other expenses (-11% YoY). Net debt as at end of 1HFY26 stood at INR2.44bn, up INR860mn during the half year – driven by equity investment in BTPL and capex investments in subsidiaries. Company witnessed a tariff impact of ~INR120-150mn in 2Q (only ~1 month of ops were impacted). In case the current tariff system persists, company expects ~INR150mn/month of impact going ahead. Company believes 3Q to be the worst effected quarter with revival in top-line and margins to be seen in 4Q as Africa business will kick in in 2H given strong order book.
- **Near-term challenges persist; long-term outlook stable:** Company is undergoing bilateral discussions with multiple clients. Given that ~20% is applicable to most competitor countries, only some degree of tariff burden will be there. On the additional 30% tariffs, company is doing partnerships with customers and has taken a maximum tariff burden of 15% on some orders. In case of 15% burden share, some part is also passed on to the suppliers of Gokaldas. Atraco revenue in 2QFY26 stood at INR1.48bn (EBITDA margin of negative 4-5%) compared to INR1.92bn in 2QFY25 (EBITDA breakeven). Company believes 2H revenue for Africa business should exceed USD50mn given a) tariff advantage to Kenya even without AGOA, b) customers believe a trade deal between Kenya and US could come soon and c) Gokex has added new customers in Kenya with 1 customer already onboarded. In the longer term, sourcing diversification is a key theme for all customers, and with a likely tariff rationalization, India would remain one of the top contenders among its Asian peers.
- **Cautious approach with capex; new expansions to aid capacity constraints:** The Company is cautious with capex spending in the near-term and had guided for a capex of INR1.5bn for FY26 with INR1.1bn incurred in 1HFY26. The ongoing capacity expansions in Madhya Pradesh (1,100 machines), Karnataka (750 machines) and Jharkhand (200 machines with 2 shifts) are expected to materialize in 2HFY26.

Financial Summary					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	23,789	38,642	40,124	54,843	63,879
Sales Growth (%)	7.1	62.4	3.8	36.7	16.5
EBITDA	2,540	3,710	2,648	5,793	7,266
EBITDA Margin (%)	10.7	9.6	6.6	10.6	11.4
Adjusted Net Profit	1,310	1,585	640	2,067	3,351
Diluted EPS (INR)	18.3	20.2	8.1	26.3	42.6
Diluted EPS Growth (%)	-18.9	21.0	-59.6	223.0	62.1
ROIC (%)	11.0	8.7	3.1	8.0	10.5
ROE (%)	12.0	9.4	3.0	8.3	11.2
P/E (x)	46.3	42.1	99.7	33.1	20.4
P/B (x)	4.7	3.2	3.1	2.4	2.1
EV/EBITDA (x)	28.4	18.6	25.2	11.7	9.1
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1

Source: Company data, JM Financial. Note: Valuations as of 11/Nov/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,150
Upside/(Downside)	32.0%
Previous Price Target	1,020
Change	12.8%

Key Data – GEXP IN

Current Market Price	INR871
Market cap (bn)	INR63.8/US\$0.7
Free Float	88.5%
Shares in issue (mn)	73.2
Diluted share (mn)	73.2
3-mon avg daily val (mn)	INR468.8/US\$5.3
52-week range	1,262/668
Sensex/Nifty	83,871/25,695
INR/US\$	88.6

Price Performance

%	1M	6M	12M
Absolute	10.3	-9.9	1.6
Relative*	8.5	-14.7	-3.7

* To the BSE Sensex

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

■ Key conference call takeaways:

- 3Q outlook: Company witnessed a tariff impact of ~INR120-150mn in 2Q (only ~1 month of ops were impacted). In case the current tariff system persists, company expects ~INR150mn/month. Company believes 3Q to be the worst effected quarter with revival in top-line and margins to be seen in 4Q as Africa business will kick in in 2H given strong order book.
- 50% tariff impact: Company is undergoing bilateral discussions with multiple clients. Given that ~20% is applicable to most competitor countries, only some degree of tariff burden will be there. On the additional 30% tariffs, company is doing partnerships with customers and has taken a maximum tariff burden of 15% on some orders. In case of 15% burden share, some part is also passed on to the suppliers of Gokaldas.
- Africa Business: Company believes 2H revenue for Africa business should exceed USD50mn given a) tariff advantage to Kenya even without AGOA, b) customers believe a trade deal between Kenya and US could come soon and c) Gokex has added new customers in Kenya with 1 customer already onboarded.
- Geographic diversification of customers: Exports to UK+EU at ~13-14% in 2Q which is expected to go up by 4-5% in the next 1 year. US revenue, which is currently at ~70% is expected to come down to below 60% - however, overall revenue from US will continue to increase. Company plans to diversify their business geographically and plans to be less dependent on one geography.
- Current order book for India business stands at ~INR9bn+ while Africa order book also remains strong at ~INR2.4-2.5bn.
- Atraco revenue in 2QFY26 stood at INR1.48bn (EBITDA margin of negative 4-5%) compared to INR1.92bn in 2QFY25 (EBITDA breakeven).
- Company expects US retailers to take any price hikes post the holiday season (to the tune of ~4-5%) depending on how the holiday season sales turn up.
- Volumes and ASP:
- **2QFY26**
 - Gokex: 7.97mn pcs @ ASP of INR826
 - Atraco: 3.29mn pcs @ ASP of INR445
 - Matrix: 1.69mn pcs @ ASP of INR600
 - Consol: 12.97mn pcs @ ASP of INR700
- **1HFY26**
 - Gokex: 7.97mn pcs @ ASP of INR847
 - Atraco: 3.29mn pcs @ ASP of INR445
 - Matrix: 1.69mn pcs @ ASP of INR600
 - Consol: 12.97mn pcs @ ASP of INR700

Exhibit 1. Consolidated financial performance (INR mn)

(INR mn)	2QFY26	2QFY26E	%Var	2QFY25	YoY %	1QFY26	QoQ %	1HFY26	1HFY25	YoY%
Net Sales	9,844	9,000	9.4	9,290	6.0	9,558	3.0	19,401	18,611	4.2%
Total income from operations	9,844	9,000		9,290	6.0	9,558	3.0	19,401	18,611	4.2%
Expenditure	9,197	8,460	8.7	8,595	7.0	8,585	7.1	17,782	17,166	3.6%
Raw materials	5,134	4,353	17.9	4,832	6.2	4,424	16.0	9558	9665	-1.1%
Raw materials (% of sales)	52.2	48.4		52.0		46.3		49.3	51.9	
Gross margin (%)	47.8	51.6		48.0		53.7		50.7	48.1	
Staff cost	3,259	3,168	2.9	2,858	14.1	3,215	1.4	6474	5774	12.1%
Staff costs (% of sales)	33.1	35.2		30.8		33.6		33.4	31.0	
Other expenses	804	939	(14.3)	905	-11.1	946	-15.0	1,750	1,727	1.3%
Other expenses (% of sales)	8.2	10.4		9.7		9.9		9.0	9.3	
EBITDA	646	540	19.7	696	-7.1	973	-33.6	1,619	1,445	12.0%
EBITDA (%)	6.6	6.0		7.5		10.2		8.3	7.8	
Other income	190	170		128		214		403	204	
Depreciation	426	394	8.1	288	48.0	394	8.2	820	564	45.2%
EBIT	410	316	29.7	536	-23.5	793	-48.3	1,203	1,085	10.9%
Interest	223	250		180	23.8	225	-1.0	448	368	21.7%
PBT	187	66		356	-47.4	568	-67.0	755	717	5.3%
Tax	106	17		74		153		260	164	
Eff. Tax rate (%)	56.8	25.0		20.9		27.0		34.4	22.8	
XO items	-	-		-		-		0	0	
Share in profit/(loss) of associates										
PAT- Reported	81	50		282	-71.3	415	-80.5	496	553	-10.5%
PAT- Adjusted	81	50	63	282	-71.3	415	-80.5	496	553	-10.5%
Diluted EPS (INR)	1.1	0.7		3.9	-71.3	5.8	-80.5	6.9	7.7	-10.5%

Source: Company, JM Financial

Exhibit 2. Operational performance

	2QFY26	2QFY26E	%Var/bps	2QFY25	YoY %/bps	1QFY26	QoQ %/bps	1HFY26	1HFY25	YoY%
Gross margin (%)	47.8	51.6	(378.8)	48.0	(14)	53.7	(587)	50.7	48.1	5.6%
Staff cost as % of rev. (%)	33.1	35.2	(209.2)	30.8	235	33.6	(53)	33.4	31.0	7.6%
Other exp. as % of rev. (%)	8.2	10.4	(226.0)	9.7	(157)	9.9	(172)	9.0	9.3	-2.8%
Currency (INR/USD)	87.3	87.2		83.8	4.2	85.6	2.0	86.45	83.6	3.4%

Source: Company, JM Financial

Exhibit 3. Target Price

	FY28E
EPS (INR)	43
P/E multiple	27
Fair value (INR/share)	1,150

Source: JM Financial

Exhibit 4. Gokaldas Exports: 1yr forward P/E valuation



Source: JM Financial, Bloomberg

Exhibit 5. Gokaldas Exports: 1yr forward EV/EBITDA valuation



Exhibit 6. Change in estimates

	Unit	OLD			NEW			% Change		
		FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Sales	INR mn	41,433	47,609	55,035	40,124	54,843	63,879	-3.2%	15.2%	16.1%
EBITDA	INR mn	3,761	4,890	6,110	2,648	5,793	7,157	-29.6%	18.5%	17.1%
PAT	INR mn	1,539	2,274	3,159	640	2,067	3,285	-58.4%	-9.1%	4.0%
EPS		21.6	32.0	44.4	9	29	46	-58.5%	-9.6%	3.5%
Target Price	INR			1,020			1,150			12.8%
Rating				BUY			BUY			BUY

Source: JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	23,789	38,642	40,124	54,843	63,879
Sales Growth	7.1%	62.4%	3.8%	36.7%	16.5%
Other Operating Income	0	0	0	0	0
Total Revenue	23,789	38,642	40,124	54,843	63,879
Cost of Goods Sold/Op. Exp	12,376	23,923	17,007	13,875	15,742
Personnel Cost	8,350	14,852	11,636	10,036	11,288
Other Expenses	523	-3,843	8,834	25,140	29,583
EBITDA	2,540	3,710	2,648	5,793	7,266
EBITDA Margin	10.7%	9.6%	6.6%	10.6%	11.4%
EBITDA Growth	-6.2%	46.0%	-28.6%	118.8%	25.4%
Depn. & Amort.	888	1,284	1,492	2,363	2,571
EBIT	1,652	2,426	1,156	3,430	4,695
Other Income	301	529	800	880	968
Finance Cost	363	774	971	1,353	1,364
PBT before Excep. & Forex	1,590	2,181	984	2,957	4,298
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	1,590	2,181	984	2,957	4,298
Taxes	280	595	344	890	948
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,310	1,585	640	2,067	3,351
Adjusted Net Profit	1,310	1,585	640	2,067	3,351
Net Margin	5.5%	4.1%	1.6%	3.8%	5.2%
Diluted Share Cap. (mn)	78.6	78.6	78.6	78.6	78.6
Diluted EPS (INR)	16.7	20.2	8.1	26.3	42.6
Diluted EPS Growth	-18.9%	21.0%	-59.6%	223.0%	62.1%
Total Dividend + Tax	61	68	71	71	71
Dividend Per Share (INR)	0.8	0.9	0.9	0.9	0.9

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,590	2,181	984	2,957	4,298
Depn. & Amort.	888	1,284	1,492	2,363	2,571
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-2,506	-3,046	-3,196	-3,839	-3,396
Others	0	0	0	0	0
Taxes Paid	-280	-595	-344	-890	-948
Operating Cash Flow	-309	-176	-1,064	591	2,525
Capex	-3,781	-2,836	-1,543	-2,000	-2,000
Free Cash Flow	-4,089	-3,013	-2,606	-1,409	525
Inc (-) / Dec in Investments	1,849	-3,380	-720	-750	0
Others	-3,184	6,405	71	305	831
Investing Cash Flow	-5,116	189	-2,191	-2,445	-1,169
Inc / Dec (-) in Capital	14	40	9	27	0
Dividend + Tax thereon	-61	-68	-71	-71	-71
Inc / Dec (-) in Loans	6,504	404	2,500	2,500	1,000
Others	0	0	0	39	40
Financing Cash Flow	6,458	376	2,437	2,495	969
Inc / Dec (-) in Cash	1,034	388	-817	641	2,325
Opening Cash Balance	240	1,273	1,662	844	1,486
Closing Cash Balance	1,273	1,662	844	1,486	3,811

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	12,913	20,807	21,456	28,322	31,673
Share Capital	317	357	366	393	393
Reserves & Surplus	12,596	20,449	21,089	27,929	31,280
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	8,049	8,452	10,952	13,452	14,452
Def. Tax Liab. / Assets (-)	-408	-372	-372	-372	-372
Total - Equity & Liab.	20,554	28,887	32,036	41,403	45,753
Net Fixed Assets	12,639	14,159	14,209	18,346	16,975
Gross Fixed Assets	9,270	13,215	14,715	21,215	22,415
Intangible Assets	5,870	5,838	5,838	5,838	5,838
Less: Depn. & Amort.	3,781	5,065	6,557	8,920	11,491
Capital WIP	1,280	170	213	213	213
Investments	1,591	4,971	5,691	6,441	6,441
Current Assets	12,773	15,871	17,472	22,510	28,518
Inventories	6,036	6,819	7,849	9,532	11,384
Sundry Debtors	3,525	4,288	5,057	7,212	8,400
Cash & Bank Balances	1,273	1,662	844	1,486	3,811
Loans & Advances	1,938	3,102	3,722	4,280	4,922
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	6,449	6,113	5,336	5,894	6,180
Current Liabilities	1,841	2,383	1,979	2,705	3,150
Provisions & Others	4,609	3,730	3,357	3,189	3,030
Net Current Assets	6,324	9,758	12,136	16,616	22,338
Total - Assets	20,554	28,887	32,036	41,403	45,753

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.5%	4.1%	1.6%	3.8%	5.2%
Asset Turnover (x)	1.6	1.6	1.3	1.5	1.5
Leverage Factor (x)	1.4	1.5	1.4	1.5	1.5
RoE	12.0%	9.4%	3.0%	8.3%	11.2%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	180.7	264.7	273.0	360.4	403.0
ROIC	11.0%	8.7%	3.1%	8.0%	10.5%
ROE	12.0%	9.4%	3.0%	8.3%	11.2%
Net Debt/Equity (x)	0.4	0.1	0.2	0.2	0.1
P/E (x)	46.3	42.1	99.7	33.1	20.4
P/B (x)	4.7	3.2	3.1	2.4	2.1
EV/EBITDA (x)	28.4	18.6	25.2	11.7	9.1
EV/Sales (x)	3.0	1.8	1.8	1.3	1.1
Debtor days	54	41	46	48	48
Inventory days	93	64	71	63	65
Creditor days	32	25	19	20	20

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
5-Jun-25	Buy	1,265	0.0
6-Aug-25	Buy	1,020	-19.4

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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