

# Gokaldas Exports | BUY

## In-line performance; long-term outlook intact

Gokaldas exports reported an EBITDA of INR973mn, broadly in-line with JMfe of INR1.01bn. EBITDA was up 30% YoY supported by productivity gains and robust cost management efforts. Revenue excluding the acquired entities increased by 20% YoY while Indian exports during the year grew by 9% YoY, indicating a gain in export market share. Key takeaways from the call are – a) company expects margin pressure in 2Q given a burden share of increased tariff and a seasonally weak quarter b) company expects recently imposed tariff on India to pose challenges in 2HFY26 – believes margins to be back to normal by early FY27 once additional costs are passed on to consumers c) revenue for acquired entities during the quarter came in at INR2.82bn with an EBITDA margin of 11% d) BTPL ramp-up remains on track; decision on BTPL merger to be announced soon. Even though near-term challenges persist, long-term outlook for the company remains stable given a) excellent execution (delivering good margins even in turbulent times) b) increasing addressable market with UK FTA in place c) Africa business to remain at an advantage with 10% tariff on Kenya and d) ongoing FTA negotiations with the EU-27 and bilateral discussions with the US. Given the near-term uncertainty, we revise our earnings downwards by 37% / 35% / 18% for FY26E / FY27E / FY28E. We roll-forward our target price to FY28E at a P/E multiple of 23x. Maintain BUY.

- **Margins expand given lower RM costs:** Consolidated revenue for the quarter came in at INR9.6bn, up 3% YoY. Excluding the acquisitions, Gokaldas Exports total revenue increased by 20% YoY while Indian exports during the year grew by 9% YoY, indicating a gain in export market share. Consol. EBITDA Margins came in at 10.2% vs 8.0% in 1QFY25 primarily on account of lower raw material costs vis-à-vis sales. Net debt as at end of 1Q stood at INR2.36bn, up INR780mn as compared to end of 4Q – driven by equity investment in BTPL, capex investments, and working capital.
- **Near-term challenges persist; long-term outlook stable:** The recently announced revised reciprocal tariff by the US on India is expected to pose a challenge in 2HFY26, as most of the order bookings for the next quarter are already closed. US brands are adopting various strategies for cost optimisation amidst the uncertain situation including a) raising end-retail prices (potentially dampening demand) b) absorbing part of the cost internally and c) negotiating discounts from manufacturers. Even though near-term challenges persist, long-term outlook for the company remains stable given a) excellent execution (delivering good margins even in turbulent times) b) increasing addressable market with UK FTA in place c) Africa business to remain at an advantage with 10% tariff on Kenya and d) ongoing FTA negotiations with the EU-27 and bilateral discussions with the US. Any positive outcome on the US-India trade deal might abate the near-term impact and turn out to be a growth driver for the company.
- **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 INR410mn incurred in 1Q. 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 3QFY26. In the long-term, sourcing diversification remains a key theme for global retailers, and India remains one of the top contenders.



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,020
Upside/(Downside)	36.2%
Previous Price Target	1,265
Change	-19.4%

### Key Data – GEXP IN

Current Market Price	INR749
Market cap (bn)	INR54.8/US\$0.6
Free Float	89%
Shares in issue (mn)	71.1
Diluted share (mn)	71.1
3-mon avg daily val (mn)	INR428.1/US\$4.9
52-week range	1,262/735
Sensex/Nifty	80,710/24,650
INR/US\$	87.8

### Price Performance

%	1M	6M	12M
Absolute	-19.6	-22.9	-18.8
Relative*	-16.9	-25.5	-21.0

\* To the BSE Sensex

### Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	23,789	38,642	41,433	47,609	55,035
Sales Growth (%)	7.1	62.4	7.2	14.9	15.6
EBITDA	2,540	3,710	3,761	4,890	6,110
EBITDA Margin (%)	10.7	9.6	9.1	10.3	11.1
Adjusted Net Profit	1,310	1,585	1,539	2,274	3,159
Diluted EPS (INR)	18.4	22.3	21.6	32.0	44.4
Diluted EPS Growth (%)	-18.9	21.0	-2.9	47.7	38.9
ROIC (%)	11.0	8.7	6.8	8.8	10.9
ROE (%)	12.0	9.4	7.1	9.7	12.1
P/E (x)	40.7	33.6	34.6	23.4	16.9
P/B (x)	4.1	2.6	2.4	2.2	1.9
EV/EBITDA (x)	23.0	14.8	14.8	11.4	9.1
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1

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

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
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Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## Key Concall takeaways

- 2Q outlook: Company expects margin pressure in 2Q given a burden share of increased tariff and a seasonally weak quarter. Africa business and Matrix are also expected to witness marginal dip in 2Q. However, order book for 2Q remains strong with order already placed for the quarter.
- Margin impact due to tariff uncertainty: Company expects recently imposed tariff on India to pose challenges in 2HFY26. However, company believes the impact to be transitory and expects margins to be back to normal by early FY27 given the increased would be passed on to the end-consumers. The impact (assuming an average tariff of ~20% across top exporting countries and 3x markup) on end-consumers could be to the tune of 7-8%.
- Geographic diversification of customers: Exports to EU increased to 13.4% in 1Q, up from 11.6% in 4Q. Company plans to diversify their business geographically and plans to be less dependent on one geography.
- Acquired entities performance: Revenue for acquired entities during the quarter came in at INR2.82bn with an EBITDA margin of 11%. Revenue from acquired entities declined YoY as there was a strike in Atraco in 4QFY24, which led to inventory buildup and inflated revenue in 1QFY25.
- BTPL: BTPL ramp-up remains on track with performance improving steadily. Company has paid INR73mn in cash so far for acquiring stake in BTPL. Remaining stake (~INR4.9bn), if acquired to be paid through equity. Company plans to announce its decision on BTPL merger soon. EBITDA potential for BTPL at ~INR2bn with 13-14% margin post stabilization.
- Current margins for acquired entities is at ~12%. Company expects consol EBITDA margins (including BTPL consolidation in FY27) to be ~16-17% by FY28.
- Capacity expansion remains on track with MP unit-2, Karnataka and Jharkhand facilities to come up in 3QFY26. The new units are expected to contribute INR3.25-3.5bn annually.
- There was a one-off capex incentive of ~INR90mn in 1QFY26.
- Company expects export incentives to be in the range of ~INR40mn per year for the next 4-5 years.
- Company expects acquired entities margins to grow by 2-2.5% going ahead.
- Company remains hopeful of renewal of AGOA treaty. In case it does not get renewed, company do not see any dip in volumes as customers remains comfortable sourcing from Kenya. Also, Kenya is in direct talks with US for an FTA.

**Exhibit 1. Consolidated financial performance****(INR mn)**

(INR mn)	1QFY26	1QFY26E	%Var	1QFY25	YoY %	4QFY25	QoQ %
<b>Net Sales</b>	<b>9,558</b>	<b>9,789</b>	<b>(2.4)</b>	<b>9,321</b>	<b>2.5</b>	<b>10,153</b>	<b>-5.9</b>
<b>Total income from operations</b>	<b>9,558</b>	<b>9,789</b>		<b>9,321</b>	<b>2.5</b>	<b>10,153</b>	<b>-5.9</b>
<b>Expenditure</b>	<b>8,585</b>	<b>8,771</b>	<b>(2.1)</b>	<b>8,572</b>	<b>0.2</b>	<b>8,928</b>	<b>-3.8</b>
Raw materials	4,424	4,936	(10.4)	4,833	-8.5	5,051	-12.4
Raw materials (% of sales)	46.3	50.4		51.8		49.7	
Gross margin (%)	53.7	49.6		48.2		50.3	
Staff cost	3,215	3,098	3.8	2,917	10.2	3,154	1.9
Staff costs (% of sales)	33.6	31.7		31.3		31.1	
Other expenses	946	736	28.5	822	15.0	723	30.8
Other expenses (% of sales)	9.9	7.5		8.8		7.1	
<b>EBITDA</b>	<b>973</b>	<b>1,018</b>	<b>(4.4)</b>	<b>750</b>	<b>29.8</b>	<b>1,225</b>	<b>-20.6</b>
EBITDA (%)	10.2	10.4		8.0		12.1	
Other income	214	180		76		195	
Depreciation	394	430	(8.4)	277	42.3	415	-5.2
<b>EBIT</b>	<b>793</b>	<b>768</b>	<b>3.2</b>	<b>549</b>	<b>44.4</b>	<b>1,005</b>	<b>-21.1</b>
Interest	225	230		188	19.6	215	4.7
<b>PBT</b>	<b>568</b>	<b>538</b>		<b>361</b>	<b>57.3</b>	<b>791</b>	<b>-28.1</b>
Tax	153	161		89		262	
Eff. Tax rate (%)	27.0	30.0		24.7		33.1	
XO items	-	-		-		-	
Share in profit/(loss) of associates							
<b>PAT- Reported</b>	<b>415</b>	<b>377</b>		<b>272</b>	<b>52.6</b>	<b>529</b>	<b>-21.5</b>
<b>PAT- Adjusted</b>	<b>415</b>	<b>377</b>	<b>10</b>	<b>272</b>	<b>52.6</b>	<b>529</b>	<b>-21.5</b>
<b>Diluted EPS (INR)</b>	<b>5.8</b>	<b>5.3</b>		<b>3.8</b>	<b>52.6</b>	<b>7.4</b>	<b>-21.5</b>

Source: Company, JM Financial

**Exhibit 2. Operational performance**

	1QFY26	1QFY26E	%Var	1QFY25	YoY %/bps	4QFY25	QoQ %/bps
Gross margin (%)	53.7	49.6	414.3	48.2	556	50.3	346
Staff cost as % of rev. (%)	33.6	31.7	198.7	31.3	235	31.1	258
Other exp. as % of rev. (%)	9.9	7.5	237.7	8.8	108	7.1	278
Currency (INR/USD)	85.6	85.6		83.4	2.6	86.7	-1.3

Source: Company, JM Financial

**Exhibit 3. Target price**

	FY28E
EPS (INR)	44.2
P/E multiple	23
<b>Fair value (INR/share)</b>	<b>1,020</b>

Source: JM Financial

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



Source: Bloomberg, JM Financial

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



Source: Bloomberg, JM Financial

## Exhibit 6. Change in estimates

	Unit	OLD			NEW			% Change		
		FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Sales	INR mn	45,040	54,171	58,113	41,433	47,609	55,035	-8.0%	-12.1%	-5.3%
EBITDA	INR mn	4,700	6,105	6,575	3,761	4,890	6,110	-20.0%	-19.9%	-7.1%
PAT	INR mn	2,464	3,466	3,815	1,539	2,274	3,159	-37.5%	-34.4%	-17.2%
EPS		34.6	48.7	53.6	21.5	31.8	44.2	-37.7%	-34.7%	-17.5%
Target Price	INR		1,265				1,020		-19.4%	
Rating			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	41,433	47,609	55,035
Sales Growth	7.1%	62.4%	7.2%	14.9%	15.6%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>23,789</b>	<b>38,642</b>	<b>41,433</b>	<b>47,609</b>	<b>55,035</b>
Cost of Goods Sold/Op. Exp	12,376	16,513	17,038	13,650	17,325
Personnel Cost	8,350	11,037	11,916	10,036	11,288
Other Expenses	523	7,382	8,719	19,034	20,311
<b>EBITDA</b>	<b>2,540</b>	<b>3,710</b>	<b>3,761</b>	<b>4,890</b>	<b>6,110</b>
EBITDA Margin	10.7%	9.6%	9.1%	10.3%	11.1%
EBITDA Growth	-6.2%	46.0%	1.4%	30.0%	25.0%
Depn. & Amort.	888	1,284	1,670	1,745	1,839
EBIT	1,652	2,426	2,091	3,145	4,272
Other Income	301	529	800	880	968
Finance Cost	363	774	906	911	922
PBT before Excep. & Forex	1,590	2,181	1,985	3,114	4,317
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	1,590	2,181	1,985	3,114	4,317
Taxes	280	595	445	840	1,159
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,310	1,585	1,539	2,274	3,159
<b>Adjusted Net Profit</b>	<b>1,310</b>	<b>1,585</b>	<b>1,539</b>	<b>2,274</b>	<b>3,159</b>
Net Margin	5.5%	4.1%	3.7%	4.8%	5.7%
Diluted Share Cap. (mn)	71.1	71.1	71.1	71.1	71.1
<b>Diluted EPS (INR)</b>	<b>18.4</b>	<b>22.3</b>	<b>21.6</b>	<b>32.0</b>	<b>44.4</b>
Diluted EPS Growth	-18.9%	21.0%	-2.9%	47.7%	38.9%
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	1,985	3,114	4,317
Depn. & Amort.	888	1,284	1,670	1,745	1,839
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-2,506	-3,046	-2,292	-2,555	-3,009
Others	0	0	0	0	0
Taxes Paid	-280	-595	-445	-840	-1,159
<b>Operating Cash Flow</b>	<b>-309</b>	<b>-176</b>	<b>917</b>	<b>1,464</b>	<b>1,989</b>
Capex	-3,781	-2,836	-1,652	-2,000	-2,000
Free Cash Flow	-4,089	-3,013	-735	-536	-11
Inc (-) / Dec in Investments	1,849	-3,380	0	0	0
Others	-3,184	6,408	71	532	31
<b>Investing Cash Flow</b>	<b>-5,116</b>	<b>192</b>	<b>-1,581</b>	<b>-1,468</b>	<b>-1,969</b>
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
<b>Financing Cash Flow</b>	<b>6,458</b>	<b>373</b>	<b>929</b>	<b>-32</b>	<b>-31</b>
<b>Inc / Dec (-) in Cash</b>	<b>1,034</b>	<b>388</b>	<b>265</b>	<b>-36</b>	<b>-11</b>
Opening Cash Balance	240	1,273	1,662	1,927	1,890
Closing Cash Balance	1,273	1,662	1,927	1,890	1,879

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	12,913	20,807	22,346	24,620	27,778
Share Capital	317	357	357	357	357
Reserves & Surplus	12,596	20,449	21,989	24,262	27,421
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	8,049	8,452	9,452	9,452	9,452
Def. Tax Liab. / Assets (-)	-408	-372	-372	-372	-372
<b>Total - Equity &amp; Liab.</b>	<b>20,554</b>	<b>28,887</b>	<b>31,427</b>	<b>33,700</b>	<b>36,859</b>
Net Fixed Assets	12,639	14,159	14,141	13,896	14,057
Gross Fixed Assets	9,270	13,215	14,215	16,215	18,215
Intangible Assets	5,870	5,838	5,838	5,838	5,838
Less: Depn. & Amort.	3,781	5,065	6,734	8,480	10,318
Capital WIP	1,280	170	822	322	322
Investments	1,591	4,971	4,971	4,971	4,971
Current Assets	12,773	15,871	18,209	20,933	24,160
Inventories	6,036	6,819	8,043	9,981	11,538
Sundry Debtors	3,525	4,288	4,827	5,547	7,053
Cash & Bank Balances	1,273	1,662	1,927	1,890	1,879
Loans & Advances	1,938	3,102	3,412	3,514	3,690
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	6,449	6,113	5,894	6,099	6,329
Current Liabilities	1,841	2,383	2,350	2,485	2,642
Provisions & Others	4,609	3,730	3,544	3,615	3,687
Net Current Assets	6,324	9,758	12,315	14,834	17,831
<b>Total - Assets</b>	<b>20,554</b>	<b>28,887</b>	<b>31,427</b>	<b>33,700</b>	<b>36,859</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.5%	4.1%	3.7%	4.8%	5.7%
Asset Turnover (x)	1.6	1.6	1.4	1.5	1.6
Leverage Factor (x)	1.4	1.5	1.4	1.4	1.3
RoE	12.0%	9.4%	7.1%	9.7%	12.1%

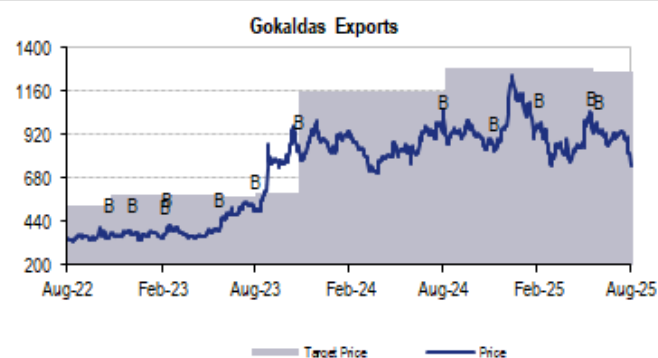
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	181.6	292.5	314.2	346.1	390.6
ROIC	11.0%	8.7%	6.8%	8.8%	10.9%
ROE	12.0%	9.4%	7.1%	9.7%	12.1%
Net Debt/Equity (x)	0.4	0.1	0.1	0.1	0.1
P/E (x)	40.7	33.6	34.6	23.4	16.9
P/B (x)	4.1	2.6	2.4	2.2	1.9
EV/EBITDA (x)	23.0	14.8	14.8	11.4	9.1
EV/Sales (x)	2.5	1.4	1.3	1.2	1.0
Debtor days	54	41	43	43	47
Inventory days	93	64	71	77	77
Creditor days	32	25	23	21	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

## Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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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.
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\* REITs refers to Real Estate Investment Trusts.

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