RATING Not Rated | CMP INR 847 | TP NA

PL Capital
PRABHUDAS LILLADHER

Gokaldas Exports (GEXP IN)

Management Meet Update

June 29, 2026

Key Data	GOKL.BO | GEXP IN
BSE Code	532630
NSE Code	GOKEX
52-W High / Low	INR 975/ INR 532
Face Value	5.00
Sensex / Nifty	76,728/ 23,946
Market Cap	INR 62.14bn/ $657.5 mn
Shares Outstanding	73.3 mn
3M Avg. Daily Value	INR 526.9 mn

Shareholding Pattern (%)

Promoter's	9.15
Foreign	19.84
Mutual Funds	32.53
Domestic Institution	5.06
Public & Others	33.42
Promoter Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	23.3	44.8	12.4	(3.6)
Relative	23.4	42.7	21.7	0.8

Key Financials - Consolidated

Y/e Mar	FY23	FY24	FY25	FY26
Sales (INR mn)	20,661	21,927	35,780	39,876
EBITDA (INR mn)	2,891	2,827	4,239	3,564
Margin (%)	*14.0*	*12.9*	*11.8*	*8.9*
PAT (INR mn)	1,730	1,310	1,585	1,001
EV (INR mn)	70,545	70,545	70,545	70,545
Total Debt (INR mn)	1,544	8,049	8,452	12,732
C&C Eq. (INR mn)	240	1,273	1,662	1,359
EPS (INR)	28.6	21.6	22.4	13.7
Gr. (%)	*23.9*	*-24.7*	*3.8*	*-38.9*
DPS (INR)	0.0	0.0	0.0	0.0
Yield (%)	*0.0*	*0.0*	*0.0*	*0.0*
RoE (%)	*21.7*	*12.0*	*9.4*	*4.7*
RoCE (%)	*23.5*	*16.3*	*15.6*	*8.8*
EV/Sales (x)	3.4	3.2	2.0	1.8
EV/EBITDA (x)	24.4	25.0	16.6	19.8
PE (x)	29.6	39.3	37.9	62.0
P/BV (x)	5.79	4.2	2.9	2.9

External headwinds easing; growth levers intact

Quick Pointers

- Improved growth and margin outlook with reduced tariff-related uncertainties in India and Africa
- BTPL acquisition to strengthen vertical integration and support margin expansion

We recently interacted with the management of Gokaldas Exports Ltd (GEXP). The management remains constructive on the medium-term growth outlook, supported by improving demand trends across key export markets, ongoing capacity expansion across India and Africa, and continued progress on vertical integration initiatives. While FY26 profitability was impacted by tariff-related disruptions in the US market and uncertainty surrounding the African Growth and Opportunity Act (AGOA) extension, the management indicated that customer demand remains intact and order inflows continued to be healthy. The management expects growth momentum and margins to improve as tariff-related uncertainties normalize, pricing resets with customers, and utilization levels in Africa recover.

The management highlighted that the recently concluded India-UK FTA and duty-free US market access through Atraco's African operations are helping improve competitiveness against global players. Further, the integration of BRFL Textiles (BTPL) is expected to strengthen fabric sourcing capabilities and enhance supply-chain control. Despite near-term challenges arising from higher raw material costs, freight inflation and geopolitical uncertainties, the management remains focused on driving profitable growth through capacity additions, customer acquisitions, operational efficiencies and improving utilization across its manufacturing network. Not Rated.

Company background: Gokaldas Exports Ltd is one of India's largest apparel manufacturers and exporters, engaged in the design, development, manufacturing and export of a wide range of garments catering to men, women and children. The company serves as a strategic sourcing and manufacturing partner for several leading global fashion brands and retailers across North America, Europe, the UK and other international markets. Founded in 1979, the company has over 4 decades of experience in apparel manufacturing and operates an integrated business model encompassing design, product development, cutting, sewing, printing, washing and finishing. The company has expanded its global manufacturing footprint through the acquisition of Atraco Group, with manufacturing operations in Kenya and Ethiopia, and Matrix Clothing, which strengthened its presence in the knitwear segment and expanded its customer base in Europe and the UK. In addition, GEXP has been strengthening its backward integration capabilities through investments in fabric processing and textiles, including the commissioning of a fabric processing facility in Tamil Nadu and the proposed merger with BTPL. The company also operates in-house polyfill manufacturing, quilting and laundry facilities, providing additional manufacturing and processing capabilities across the apparel value chain.

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Key takeaways

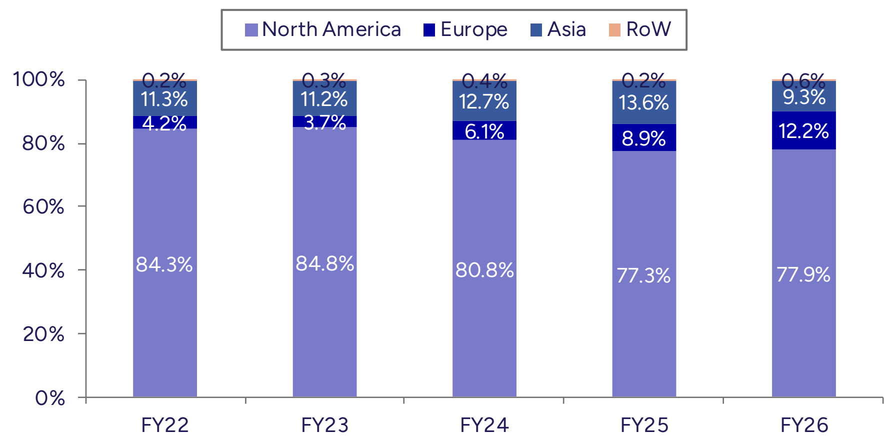
Demand environment stable, despite geopolitical headwinds

- The management indicated that even though order placements were impacted during FY26 due to uncertainty surrounding US reciprocal tariffs and AGOA renewal, demand from key customers remain intact and the company has been able to secure a healthy order book.
- GEXP expects growth momentum to improve as tariff-related uncertainties gradually normalize leading to reset of pricing with its customers, thereby improving margins.
- The management mentioned that H1FY27 orders were booked with reciprocal tariffs and sharper pricing. However, H2FY27 order book is building up well with the management anticipating better prices/margins as tariff-related discounts are likely to be discontinued.

FTA-led tailwinds to provide incremental opportunities

- The management highlighted that capitalizing on the incremental opportunities in the UK and Europe remains a key strategic priority but does not plan to deliberately scale down its exposure to the US.
- As per the management, major global brands/retailers want to increase weightage to India by 2030 as they look to reduce dependence on China.
- The recently concluded India-UK FTA and signing of FTA with the EU are expected to improve the competitiveness of Indian apparel exports by providing 12% duty advantage over China and bringing India on par with Bangladesh and Vietnam.
- Within India, ~75% of the exports are fulfilled by smaller players who face risks of disruptions in case of macro shocks, and global brands are now looking to consolidate the supplier base – a factor that is likely to cause shifting of market share toward large-scale players like GEXP.

Exhibit 1 : Exposure to US reduced gradually over FY22-26



Source: Company, PL

Capacity expansion underway across India and Africa

- In FY26, existing capacity of Indian and African operations stood at 52mn and 40mn pieces, respectively.
- The management highlighted that it incurred capex of INR1,700mn in FY26 and will be adding 12mn pieces of capacity in total with 7.5mn pieces in India and 4.5mn pieces in Africa. (Existing and projected capacity

numbers assume a certain size of garment and, hence, may vary depending on the actual size of garments produced).

- The management expects capex of INR1,200mn for setting up of 2 new capacities expected to be spread over FY27-28.

Tariff impact weighed on profitability in FY26

- The management highlighted that business was significantly impacted due to tariff-related disruption in its key US market with the overall impact of INR970mn being absorbed by the company to retain its market share.

- The management had previously mentioned that after adjusting for the tariff-related impact, consolidated EBITDA margin would have been ~13% versus the reported 10.7% in FY26. While the management doesn't expect it to fully recover immediately, is expects the margin to reach close to 12% in H2FY27.

Exhibit 2 : US reciprocal tariffs – Timeline

April 2, 2025	Announced a Reciprocal Tariff of 26% on India, with 10% baseline tariff starting April 5, 2025 and rest on April 9, 2025
April 5, 2025	**10% baseline tariff implemented on all trading partners (including India)**
April 9, 2025	90-day pause on implementing additional reciprocal tariff, with 10% baseline to continue to remain in effect
July 7, 2025	Extended 90-day pause till August 1, 2025
July 31, 2025	Additional reciprocal tariff to come into effect from August 7, 2025
August 6, 2025	Additional Penal Tariff of 25% Imposed for Russian Oil Purchase, with effect from August 27, 2025
August 7, 2025	**25% reciprocal tariffs on India's imports came into effect**
August 27, 2025	**An Additional Penal Tariff of 25% on India's imports came into effect, with an overall reciprocal tariff at 50%**
September 30, 2025	**African Growth and Opportunity Act (AGOA) benefits expired**
February 3, 2026	**Congress passed legislation to extend the AGOA program through December 31, 2026, effective from September 30, 2025**
February 6, 2026	**US-India Trade Deal. Additional Penal 25 percent tariff will be terminated from the next day**
February 20, 2026	**The Supreme Court rules against Trump's IEEPA tariffs**
February 24, 2026	**White House implements a new 10% tariff under Section 122 for 150 days**
March 11, 2026	The US Trade Representative announces Section 301 investigations forced labor practices & structural excess capacity

Source: Company, PL

Vertical integration aided by acquisition of BTPL

- The management highlighted that it views the acquisition of BTPL (expected to be completed in Q3FY27) as a strategic vertical integration into fabrics. BTPL is one of India's larger fabric processing companies with capabilities across knitted, woven, linen and yarn-dyed fabrics.

- Capacity utilization in FY26 stood at 50 lakh meter per month with installed capacity of 70 lakh meter per month. This capacity can be ramped up to 100 lakh meter per month with capex of INR600-700mn.

- The management expects BTPL to contribute INR6bn to the topline with 3-4% EBITDA margin in H2FY27. Going forward, BTPL is expected to reach INR15bn and INR18bn revenue with EBITDA margin of 12% and 13-14% in FY28 and FY29, respectively.

AGOA extension to drive African business growth

- GEXP acquired Atraco Group in FY24 for a consideration of US$55mn. The acquisition opened gates to the duty-free USA market via Kenya under the AGOA.

- Atraco has a capacity of 40mn pieces p.a. with FY26 volumes at 16mn pieces and ASP at INR420. African operations were disrupted up to FY26 due to uncertainty surrounding the AGOA extension. The same was extended till Dec'26 later and will continue to allow duty-free exports from Kenya to the US market. While further expectation is uncertain (but likely), the geography is expected to remain competitive with relatively lower tariff rates.

- The management expects African operations to pick up in FY27 with the AGOA extension overhang out of the picture and improved utilization.

Deleveraging balance sheet

- GEXP's working capital levels have been elevated mainly due to higher working capital requirements in Africa business and receivables at BTPL. The company plans to reduce these through a mix of improving customer mix, seeking better payment terms, working capital financing and other measures.

- In FY26, net debt stood at INR8.4bn. The company expects to generate ~INR3bn through internal accruals in FY27, which shall be more than enough to fund the capex.

- However, following the integration of BTPL, the company will assume ~INR3bn of debt on BTPL's balance sheet. Additionally, it is required to settle a consideration of ~INR4.8bn either through a combination of equity and cash or entirely via equity issuance. Consequently, the management expects consolidated debt to increase to ~INR8.5bn in FY27.

- The company expects to generate robust cash flows over FY28 and FY29, helping bring net debt below INR4bn by FY29.

Outlook

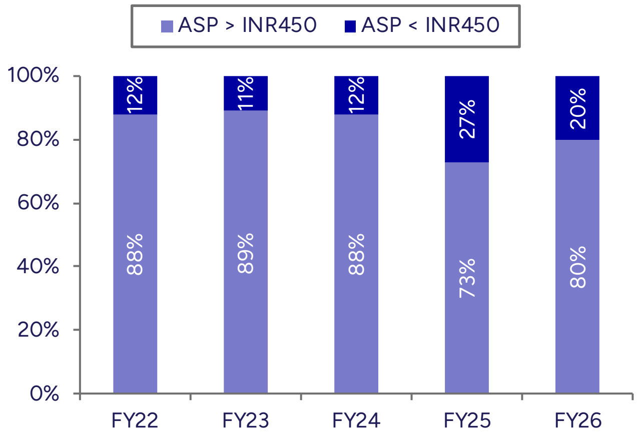
- GEXP is targeting 15% volume growth in India operations, accompanied by 2-3% of price revisions, in FY27. Similar revenue growth is anticipated in Africa, leading to consolidated growth expectations of more than 15%. Simultaneously, reduction of tariff-related discounts and operating leverage are expected to support margin improvement.

- Starting FY28, BTPL is expected to generate INR1.5bn in revenue (of which about 1/3rd will be internal), further boosting the growth prospects. As markets normalize by FY28, and BTPL acquisition gets completed, margins are expected to improve further.

- BTPL is expected to be EBITDA positive from H2FY27, contributing meaningfully from FY28. The acquisition will lead to additional depreciation and finance costs of ~INR850mn but may reduce effective tax rate due to accumulated losses.

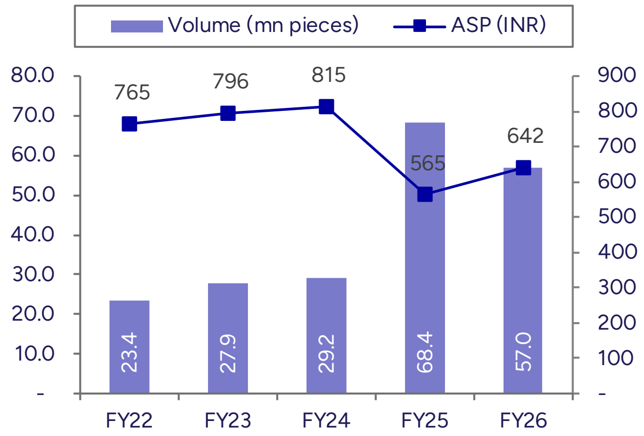
Story in Charts

Exhibit 3 : Contribution from low-value garments increased in FY25



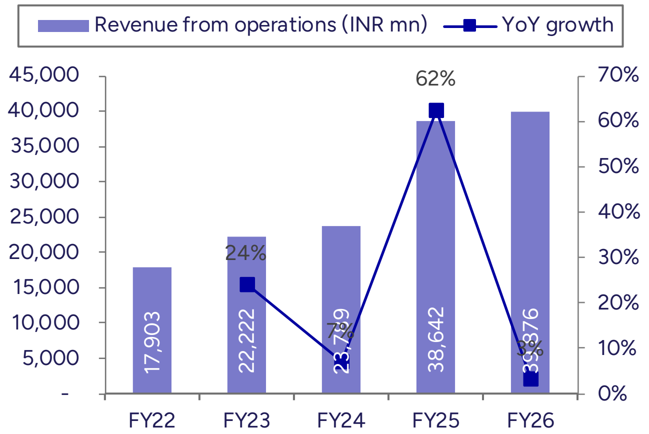
Source: Company, PL

Exhibit 4 : Subdued average selling price in FY25/FY26



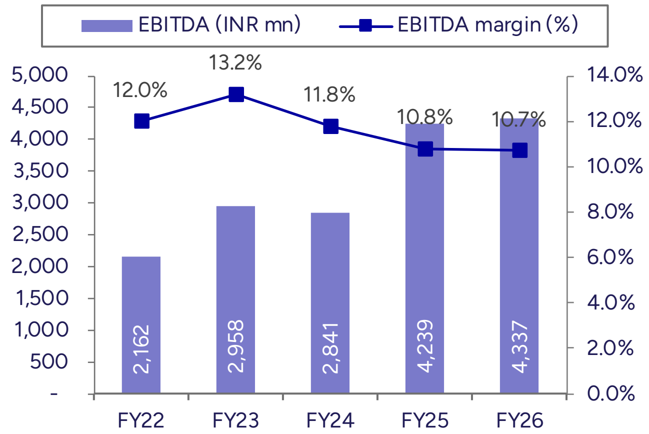
Source: Company, PL

Exhibit 5 : Tariff and AGOA uncertainties impact FY26 revenue growth



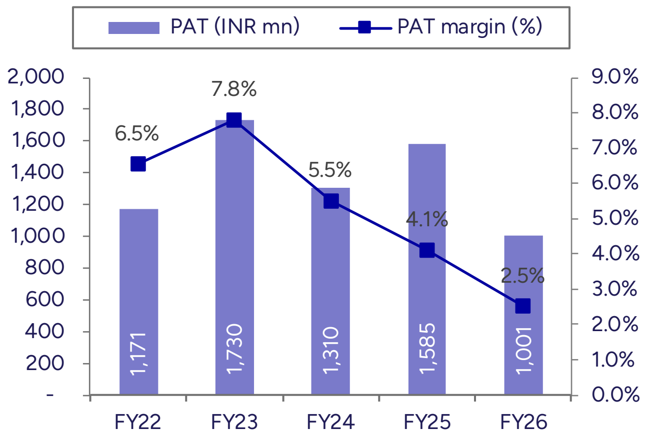
Source: Company, PL

Exhibit 6 : Margins contract due to tariff burden and low utilization



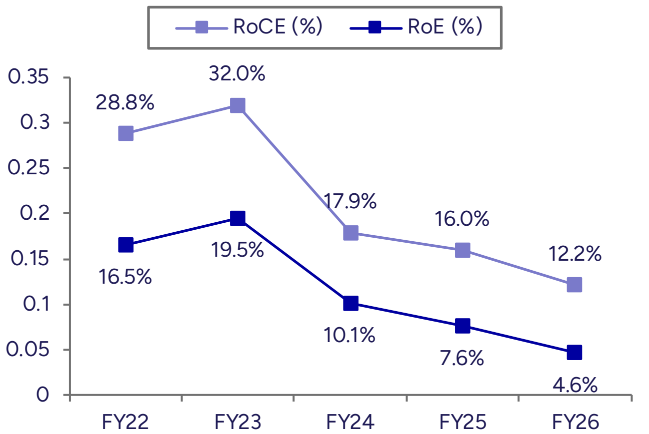
Source: Company, PL

Exhibit 7 : Elevated depreciation and finance cost dent profitability



Source: Company, PL

Exhibit 8 : Return ratios moderate over FY23-26



Source: Company, PL

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Pearl Global Industries	BUY	2070	1666

PL's Recommendation Nomenclature (Absolute Performance)

BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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