ArihantCapital Generating Wealth

Q1FY26 Result Update
07th Aug 2025

Gokaldas Exports Ltd.

CMP: INR 714

Rating: Accumulate

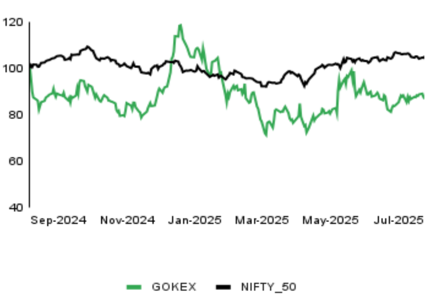
Target Price: INR 812

Stock Info	
BSE	532630
NSE	GOKEX
Bloomberg	GEXP:IN
Reuters	GOKL.NS
Sector	TEXTILES
Face Value (INR)	5
Equity Capital (INR cr)	36.55
Mkt Cap (INR cr)	5,249
52w H/L (INR)	1,262/ 690
Avg Daily Volume (in 000')	309

Shareholding Pattern % *(As on June 2025)*	
Promoters	9.17
FII	24.88
DII	37.17
Public & Others	28.78

Stock Performance (%)	1m	3m	12m
Gokaldas	(20.6)	(22.7)	(32.2)
Nifty 50	(3.5)	0.8	2.42

GEL vs Nifty 50



Abhishek Jain
abhishek.jain@arihantcapital.com
022 67114871

Deepali Kumari
deepali.kumari@arihantcapital.com
022 67114873

Aman Jain
022 67114865

Gokaldas Exports delivered a mixed Q1FY26 performance as margin expansion from internal efficiencies was offset by muted revenue traction amid external headwinds like tariffs and soft demand. Revenue grew 2.54% YoY to INR 955.79 Cr (-5.86% QoQ), missing our estimate by 2.3%, while Gross Margin expanded 556 bps YoY to 53.71%, beating expectations. EBITDA rose 29.36% YoY to INR 97.29 Cr but declined QoQ and missed estimates by 10.6%, with EBITDA Margin at 10.18%. PAT grew 49.93% YoY to INR 41.47 Cr but fell 21.54% QoQ, trailing our estimate by 14.2%.

BGPL Acquisition: A key strategic initiative is the acquisition of the BGPL fabric processing unit. This move is aimed at strengthening vertical integration, which is anticipated to improve turnaround times, quality, and margins. The acquisition is being funded through a mix of cash and equity, without taking on additional debt.

Capacity Expansion: Gokaldas is expanding its manufacturing capacity by adding three new factories in India and 500 machines to an existing facility in Africa, with these expansions expected to be operational in the coming quarters.

Strategic Response to Tariffs: To mitigate the tariff challenges, the company is focusing on cost optimization and leveraging the favorable position of its African operations. It is also actively expanding its presence in the UK and European markets, capitalizing on trade agreements like the India-UK FTA.

Valuation & Outlook: We assign a TP of INR 812 valued at a P/E multiple of 32x the FY27E EPS of INR 25.4, and a 'Accumulate' rating. Post the 50% tariff announcement, we expect near-term margin compression to persist through Q2 FY26, with a possible overhang into H2 FY26, as the full impact of customer-level discounting plays out**.** The company anticipates continued margin challenges in Q2 FY26 due to customer tariff discounts, with potential impact extending to H2 FY26. However, the company is focused on cost optimization and productivity gains. From FY27 onwards, tariffs are expected to stabilize, leading to improved margins and a return to normal returns on investment. Strategic investments like the BTPL acquisition are expected to enhance margins through vertical integration significantly. The company aims to increase its combined group Return on Capital from the current 12% to 16-17% by FY28, targeting 20% by the end of the decade, prioritizing growth despite interim ROC impacts from new investments.

INR Mn	FY23	FY24	FY25	FY26E	FY27E
Revenue	22,392	23,789	38,642	41,734	46,742
Growth	*25.07%*	*6.24%*	*62.44%*	*8.00%*	*12.00%*
EBITDA	2,958	2,841	4,239	4,226	4,727
EBITDA M	*13.2%*	*11.8%*	*10.8%*	*10.0%*	*11.0%*
PAT	1,730	1,310	1,585	1,574	1,814
EPS (INR)	28.6	20.7	22.2	22.0	25.4
RoE	19.5%	10.1%	7.6%	7.0%	7.5%
RoCE	34.7%	10.5%	12.2%	11.5%	11.9%
P/E (x)	33.7	46.6	43.4	43.7	37.9
EV/EBITDA (x)	19.8	23.5	17.3	17.1	15.4
Net D/E (x)	0.6	-0.1	-0.4	0.3	0.1
P/BV (x)	8.2	6.9	5.3	3.3	3.1

Source: Company & Arihant Research

INR Cr (consolidated)	Q1FY26	Q4FY25	Q1FY25	Q-o-Q	Y-o-Y
Net Revenue	**955.79**	**1015.34**	**932.13**	***-5.86%***	***2.54%***
Raw Material Costs	442.39	505.11	483.29	*-12.42%*	*-8.46%*
Gross Profit	513.39	510.22	448.84	*0.62%*	*14.38%*
Gross Margin	*53.71%*	*50.25%*	*48.15%*	*346bps*	*556bps*
Employee costs	321.51	315.38	291.65	*1.94%*	*10.24%*
Job Work Charges	4.53	3.91	4.30	*15.94%*	*5.40%*
Other Expenses	90.06	71.02	77.68	*26.80%*	*15.93%*
EBITDA	**97.29**	**119.91**	**75.21**	***-18.86%***	***29.36%***
EBITDA margin %	*10.18%*	*11.81%*	*8.07%*	*-163bps*	*211bps*
Other Income	21.38	19.52	7.60	*9.51%*	*181.29%*
Depreciation	39.38	41.52	27.67	*-5.17%*	*42.32%*
EBIT	**79.30**	**97.91**	**55.14**	***-19.01%***	***43.81%***
Finance costs	22.49	21.49	18.80	*4.67%*	*20%*
Gain/ Loss on account of foreign exchange fluctuations (net)	0.00	2.63	0.24	*-100.00%*	*-100%*
PBT	**56.81**	**79.05**	**36.59**	***-28.14%***	***55.27%***
Tax Expense	15.33	26.19	8.92	*-41.46%*	*72%*
Effective tax rate %	*26.99%*	*33.13%*	*24.39%*	*-614bps*	*260bps*
PAT	**41.47**	**52.86**	**27.66**	***-21.54%***	***49.93%***
PAT margin %	*4.34%*	*5.21%*	*2.97%*	*-87bps*	*137bps*
EPS (INR)	**5.73**	**7.40**	**3.92**	***-22.57%***	***46.17%***

Source: Company & Arihant Research

Market Diversification: The company is actively working to reduce its dependence on the US market by growing its presence in the UK and Europe. The UK market is showing strong growth, with some customers expanding at 80-90%.

Customer Discounting: The company confirmed that average customer discounts were 2.5% in Q1 and are expected to be the same in Q2. They have decided not to offer any discounts in the second half of the year, but this is subject to the tariff situation.

Cautious Capex: In a move to conserve cash in a volatile geopolitical environment, the company has decided to pause further capital expenditure for the time being.

Long-Term Growth Strategy: Despite a short-term decline in ROCE due to new investments not yet generating revenue, the company has consciously prioritized growth. This strategy, combined with a conservative stance on debt, is seen as a way to navigate volatile times and position the company for long-term success.

Impact of Tariff on Pricing Strategy: Currently the cost hike due to tariff is absorbed by the supply chain only and there has been no price hike for the customers till now. Tariff clarity will help better in decision making, but if the tariff remains anything at or above 20% it will force the company to pass on some part of the cost onto its customers.

Consolidated Statement of Profit and Loss (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	**22,222**	**23,789**	**38,642**	**41,734**	**46,742**
Total Income	22,472	24,090	39,172	42,263	47,271
Total Expense	19,514	21,249	34,933	38,037	42,544
EBITDA	**2,958**	**2,841**	**4,239**	**4,226**	**4,727**
Depreciation and amortisation expenses	718	888	1,284	1,384	1,484
EBIT	**2,241**	**1,953**	**2,955**	**2,842**	**3,243**
Interest expense	257	363	774	874	974
Exceptional item	-61	-	-	-	1
PBT	**1,983**	**1,590**	**2,181**	**1,968**	**2,269**
Tax expense	314	280	595	394	454
PAT	**1,730**	**1,310**	**1,585**	**1,574**	**1,814**
Basic earnings per share	**28.55**	**20.66**	**22.18**	**22.03**	**25.39**

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	10,043	10,626
Other current assets	819	1,364	2,073	2,573	3,073
Total current assets	**8,798**	**13,866**	**18,427**	**19,115**	**20,199**
Total assets	**13,420**	**27,411**	**35,372**	**37,580**	**40,184**
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	303	317	357	357	357
Other equity	8,560	12,596	20,449	22,024	23,838
Total equity	**8,863**	**12,913**	**20,807**	**22,381**	**24,195**
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**	**37,580**	**40,184**

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	1,968	2,268
Adjustment for:					
Tax	-385	-280	-595	-394	-454
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	3,833	4,273
Working capital changes	1,108	2,001	-3,904	935	-892
Net Cash generated /(used) from operation	**3,688**	**4,562**	**-260**	**4,767**	**3,381**
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	0	0
Short Term borrowings	4,148	3,266	441	680	680
Repayment of Short-term borrowings	-4,426	-	-	-	-
Payment of other liabilties 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**	**1,669**	**82**
Opening Balance	**127**	**147**	**543**	**1,574**	**3,243**
Closing Blance	**147**	**543**	**1,574**	**3,243**	**3,325**

Ratios	FY23	FY24	FY25	FY26E	FY27E
Growth					
Revenue growth	24.1%	7.1%	62.4%	8.0%	12.0%
EBITDA Growth	36.8%	-4.0%	49.2%	-0.3%	11.8%
EBIT Growth	42.5%	-12.8%	51.3%	0.0%	0.0%
Net Profit Growth	342.0%	47.7%	-24.3%	21.1%	-0.7%
Profitability					
EBITDA Margin	13.2%	11.8%	10.8%	10.0%	11.0%
EBIT Margin	9.4%	5.1%	7.1%	0.0%	#DIV/0!
Net Profit Margin	7.8%	5.5%	4.1%	3.8%	3.9%
ROE	19.5%	10.1%	7.6%	7.0%	7.5%
ROCE	34.7%	10.5%	12.2%	11.5%	11.9%
Per Share Data (INR)					
Basic EPS	28.55	20.66	22.18	22.03	25.39
BVPS	116.9	139.8	180.7	291.1	313.2
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	0.2
Interest Coverage Ratio	8.9	5.4	3.8	3.3	3.3
Efficiency Ratios					
Inventory Days	113	144	122	114	95
Receivable Days	19	37	37	31	21
Payable Days	31	43	40	41	36
Cash Conversion cycle	100	139	119	103	80
Valuation					
P/E	33.7	46.6	43.4	43.7	37.9
P/BV	8.2	6.9	5.3	3.3	3.1
EV/EBITDA	19.8	23.5	17.3	17.1	15.4
EV/Sales	2.6	2.8	1.9	1.7	1.6

Source: Company & Arihant Research

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park	Arihant House
Building No. 10, 1st Floor	E-5 Ratlam Kothi
Andheri Ghatkopar Link Road	Indore - 452003, (M.P.)
Chakala, Andheri (E)	Tel: (91-731) 3016100
Mumbai – 400093	Fax: (91-731) 3016199
Tel: (91-22) 42254800	
Fax: (91-22) 42254880	

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%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800Fax. 022-42254880