ArihantCapital Generating Wealth

Q3FY26 Result Updates
02nd Feb 2026

Gokaldas Exports Ltd.

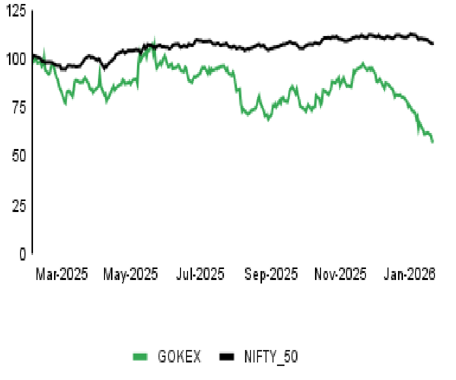
CMP: INR 578
Rating: BUY
Target Price: INR 780

Stock Info	
BSE	532630
NSE	GOKEX
Bloomberg	GEXP:IN
Reuters	GOKL.NS
Sector	TEXTILES
Face Value (INR)	5
Equity Capital (INR cr)	36.62
Mkt Cap (INR cr)	4,167
52w H/L (INR)	1,060/532
Avg Daily Volume (in 000')	489

Shareholding Pattern % *(As on Dec 2025)*	
Promoters	9.15
FII	23.71
DII	39.03
Public & Others	28.11

Stock Performance (%)	1m	6m	12m
Gokaldas	(18.9)	(29.1)	(40.3)
Nifty 50	(4.71)	1.48	7.39

Gokex vs Nifty 50



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Gokaldas Exports Q3FY26 revenue stood at INR 9,787 Mn, largely flat YoY (–0.9%) and marginally lower QoQ (–0.6%), reflecting subdued demand conditions. Despite the muted topline, gross margin expanded sequentially by 637 bps and YoY by 66 bps to 54.2%, aided by softer raw material costs, supporting a 12.7% QoQ increase in gross profit. However, sharp escalation in employee costs (+7.3% QoQ), and other expenses (+15.6% QoQ) weighed heavily on operating performance. As a result, EBITDA increased 39.7% QoQ and declined 23.7% YoY to INR 749 Mn, with margins increasing sharply by 220 bps QoQ and declined 228 bps YoY to 7.7%. Lower operating profit, coupled with higher depreciation and finance costs, led to PAT increasing 80.8% QoQ and declined 71.0% YoY to INR 146 Mn, with PAT margin compressing to 1.5%.

Significant Impact of US Tariffs and Trade Disruption: Q3FY26 was the first full period impacted by a 50% US tariff on Indian exports and the expiry of the African Growth and Opportunity Act, which previously provided duty-free access from Africa to the US. To protect its market share and maintain customer loyalty, the company shared a substantial portion of this tariff burden, amounting to a net cost of INR 40.2 crores during the quarter. This strategic decision to offer discounts resulted in an 18% YoY decline in EBITDA, which the company notes would have grown by 17% if adjusted for this burden-sharing.

Resilience and Projected Recovery in Africa: While the African business faced a revenue dip in Q3 due to the AGOA expiry and supply chain disruptions at Mombasa port, the company believes the region has now bottomed out. Performance is expected to improve from Q4 onwards, supported by a robust order book and a 10% tariff advantage that Africa maintains over other Asian competitors who face 20% reciprocal tariffs. Furthermore, there is a reasonable possibility that AGOA will be reinstated by the US Congress, potentially with retrospective effect, which would provide a significant tailwind for the region's operations.

Valuation & Outlook: We assign a TP of INR 780 valued at a P/E multiple of 35x the FY28E EPS of INR 22.3, and a 'Buy' rating. The company views the third quarter of FY26 as a "bottomed out" performance, with an expected recovery in Africa starting from Q4 as volumes rebound and the region maintains its tariff advantage. The outlook is supported by a robust order book through the first quarter of FY27 and a strategic push to increase European and UK revenue shares to 20-25% to de-risk the business from US trade volatility. The company targets long-term EBITDA margins of 12-13% in India and 10-11% in Africa once trade regimes normalise and the vertical integration of the BRFL fabric unit is consolidated in Q2 FY27. Future revenue potential is further anchored by expansions in Bhopal, Karnataka, and Kenya, which can collectively add INR 500 crores to annual revenue as they are progressively staffed and ramped up.

INR Mn	FY24	FY25	FY26E	FY27E	FY28E
Revenue	23,789	38,642	39,608	41,589	44,500
Growth	*6.24%*	*62.44%*	*2.50%*	*5.00%*	*7.00%*
EBITDA	2,540	3,710	3,636	4,076	4,539
EBITDA M	*10.7%*	*9.6%*	*9.2%*	*9.8%*	*10.2%*
PAT	1,310	1,585	1,015	1,374	1,594
EPS (INR)	20.7	22.2	14.2	19.2	22.3
RoE	10.1%	7.6%	4.7%	5.9%	6.4%
RoCE	10.5%	12.2%	10.2%	10.7%	11.1%
P/E (x)	28.0	26.1	40.7	30.1	25.9
EV/EBITDA (x)	16.6	12.4	12.5	11.4	10.4
Net D/E (x)	-0.1	-0.4	0.3	0.1	0.0
P/BV (x)	4.1	3.2	2.0	1.9	1.8

Source: Company & Arihant Research

INR Mn (consolidated)	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
Net Revenue	**9786.51**	**9843.54**	**9877.68**	***-0.58%***	***-0.92%***
Raw Material Costs	4480.37	5133.61	4586.87	*-12.72%*	*-2.32%*
Gross Profit	5306.15	4709.92	5290.80	*12.66%*	*0.29%*
Gross Margin	*54.22%*	*47.85%*	*53.56%*	*637bps*	*66bps*
Employee costs	3495.68	3259.32	3337.27	*7.25%*	*4.75%*
Job Work Charges	80.09	65.17	73.76	*22.89%*	*8.58%*
Other Expenses	981.69	849.30	898.59	*15.59%*	*9.25%*
EBITDA	**748.69**	**536.14**	**981.19**	***39.65%***	***-23.70%***
EBITDA margin %	*7.65%*	*5.45%*	*9.93%*	*220bps*	*-228bps*
Other Income	195.11	189.62	130.11	*2.89%*	*49.96%*
Depreciation	462.89	425.93	304.33	*8.68%*	*52.10%*
EBIT	**480.91**	**299.83**	**806.97**	***60.39%***	***-40.41%***
Finance costs	240.03	222.62	191.65	*7.82%*	*25%*
Gain/ Loss on account of foreign exchange fluctuations (net)	20.48	110.02	57.90	*-81.38%*	*-65%*
PBT	**261.36**	**187.23**	**673.22**	***39.59%***	***-61.18%***
Tax Expense	115.23	106.40	169.82	*8.30%*	*-32%*
Effective tax rate %	*44.09%*	*56.83%*	*25.22%*	*-1274bps*	*1886bps*
PAT	**146.13**	**80.84**	**503.40**	***80.77%***	***-70.97%***
Profit for the Period	**146.13**	**80.84**	**503.40**	***80.77%***	***-70.97%***
PAT margin %	*1.49%*	*0.82%*	*5.10%*	*67bps*	*-360bps*
EPS (INR)	**2.00**	**1.10**	**7.04**	***81.82%***	***-71.59%***

Source: Company & Arihant Research

Status of the BRFL Acquisition and Vertical Integration: The integration of the BRFL business is a key component of the company's vertical integration strategy, intended to improve margins and speed up delivery. The company expects the business to be consolidated in the second quarter of FY27, following regulatory and NCLT approvals. To date, the company has invested INR 175 crores in OCDs and holds a 19% equity stake, with the remaining stake to be acquired once approvals are finalized. This investment in fabric processing is designed to make the company more formidable against demanding externalities.

Strategic Diversification into European and UK Markets: The company is aggressively pursuing a de-risking strategy by increasing business volumes in Europe and the UK to balance its revenue away from the US. European revenue has been steadily climbing and currently sits at approximately 15% to 17% of total revenue, with a long-term goal of reaching 20% to 25%. Although the UK FTA signed in July 2025 is awaiting implementation and the India-EU FTA is likely a few years away, Gokaldas is already onboarding new customers to position itself for a duty-free future in these markets.

Operational Efficiencies and Margin Management: To mitigate steep tariff pressures, the company has focused on internal productivity gains and rigorous cost-control measures. Gross margins were supported by strong negotiations with fabric suppliers and a strategic product mix that utilized India-based fabrics during the spring-summer season. Additionally, the company is using US cotton, which provides a 50% offset on reciprocal tariffs when the US-sourced component exceeds 20% of the garment's value, helping to further minimize the tariff burden.

Capacity Expansion and Future Growth Investments: The company is directing capital expenditure into areas that will support long-term growth, including units in Bhopal, Karnataka, and Kenya. Two units in India are in the advanced stages of execution, with commercial production expected in the next financial year. Once fully operational and staffed, these incremental capacities have the potential to increase annual revenue by approximately INR 500 crores, though the company is currently pacing this ramp-up based on how the global tariff situation unfolds.

Consolidated Statement of Profit and Loss (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**23,789**	**38,642**	**39,608**	**41,589**	**44,500**
Total Income	24,090	39,172	40,403	42,383	45,294
Total Expense	21,249	34,933	35,178	37,513	40,765
EBITDA	**2,540**	**3,710**	**3,636**	**4,076**	**4,539**
Depreciation and amortization expenses	888	1,284	1,734	1,784	1,834
EBIT	**1,953**	**2,955**	**2,696**	**3,086**	**3,499**
Interest expense	363	774	974	1,074	1,174
Exceptional item	-	-	160	180	200
PBT	**1,590**	**2,181**	**1,722**	**2,012**	**2,325**
Tax expense	280	595	547	458	531
PAT	**1,310**	**1,585**	**1,015**	**1,374**	**1,594**
Basic earnings per share	**20.66**	**22.18**	**14.21**	**19.22**	**22.30**

Consolidated Balance Sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Non-Current Assets					
Property, plant and equipment	3,762	6,196	7,196	8,196	9,196
Capital work-in-progress	1,280	170	370	570	770
Right of Use Asset	1,728	1,955	2,155	2,355	2,555
Other intangible assets	5,870	5,838	5,841	5,844	5,847
Financial assets	405	2,234	2,244	2,254	2,264
Deferred tax assets	408	372	472	572	672
Non-current tax assets (net)	12	27	29	31	33
Other non-current assets	80	154	159	164	169
Total non-current assets	**13,545**	**16,945**	**18,465**	**19,985**	**21,505**
Current assets					
Inventories	6,036	6,819	6,500	6,501	6,502
Financial assets	6,466	9,535	9,483	9,626	9,988
Other current assets	1,364	2,073	2,573	3,073	3,573
Total current assets	**13,866**	**18,427**	**18,556**	**19,200**	**20,062**
Total assets	**27,411**	**35,372**	**37,021**	**39,184**	**41,568**
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	317	357	357	357	357
Other equity	12,596	20,449	21,465	22,838	24,432
Total equity	**12,913**	**20,807**	**21,822**	**23,196**	**24,789**
LIABILITIES					
Non-current liabilities					
Financial liabilities	4,215	4,604	5,304	6,004	6,704
Borrowings	2,810	3,073	3,573	4,073	4,573
Lease liabilities	1,405	1,531	1,731	1,931	2,131
Provision for employee benefits	150	202	182	162	142
Total non-current liabilities	**4,365**	**4,806**	**5,486**	**6,166**	**6,846**
Current liabilities					
Financial liabilities	9,317	8,509	8,537	8,647	8,757
Other current liabilities	256	579	579	579	579
Provision for employee benefits	560	597	597	597	597
Current tax liability	-	74	-	-	-
Total current liabilities	**10,133**	**9,759**	**9,713**	**9,823**	**9,933**
Total equity and liabilities	**27,411**	**35,372**	**37,021**	**39,184**	**41,568**

Consolidated Statement Cash Flow Statement (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	1,590	2,181	1,562	1,832	2,125
Adjustment for:					
Tax	-280	-595	-547	-458	-531
Depreciation	888	1,284	1,734	1,784	1,834
Finance Costs	363	774	974	1,074	1,174
Cash from operation	2,561	3,644	3,724	4,232	4,602
Working capital changes	2,001	-3,904	935	-892	-892
Net Cash generated /(used) from operation	**4,562**	**-260**	**4,658**	**3,340**	**3,710**
Cash from Investing					
Purchase of PP&E	-9,651	-2,803	-3,137	-3,187	-3,237
Investment in mutual Fund Units	-160	-1,880	-117	-117	-118
Cash generated /(used) from Investing	**-9,811**	**-4,683**	**-3,254**	**-3,304**	**-3,355**
Cash from Financing					
Prceeds from Issue of Shares	2,741	6,308	-	-	-
Short Term borrowings	3,266	441	680	680	680
Finance Costs	-363	-774	-974	-1,074	-1,174
Cash generated / (used) from Financing	**5,644**	**5,975**	**-294**	**-394**	**-494**
Cash Generated during the year	**395**	**1,031**	**1,110**	**-358**	**-139**
Opening Balance	**147**	**543**	**1,574**	**2,684**	**2,325**
Closing Blance	**543**	**1,574**	**2,684**	**2,325**	**2,186**

Ratios	FY24	FY25	FY26E	FY27E	FY28E
Growth					
Revenue growth	7.1%	62.4%	2.5%	5.0%	7.0%
EBITDA Growth	-6.2%	49.2%	4.5%	9.9%	9.5%
EBIT Growth	-12.8%	51.3%	-8.8%	14.5%	13.4%
Net Profit Growth	47.7%	-24.3%	21.1%	-36.0%	35.3%
Profitability					
EBITDA Margin	10.7%	9.6%	9.2%	9.8%	10.2%
EBIT Margin	8.2%	7.6%	6.8%	7.4%	7.9%
Net Profit Margin	5.5%	4.1%	2.6%	3.3%	3.6%
ROE	10.1%	7.6%	4.7%	5.9%	6.4%
ROCE	10.5%	12.2%	10.2%	10.7%	11.1%
Per Share Data (INR)					
Basic EPS	20.66	22.18	14.21	19.22	22.30
BVPS	139.8	180.7	291.1	305.3	324.6
Gearing Ratio (x)					
Net Debt/Equity	0.3	0.1	0.0	0.1	0.1
Net Debt/EBITDA	1.6	0.4	0.3	0.5	0.6
Interest Coverage Ratio	5.4	3.8	2.6	2.7	2.8
Efficiency Ratios					
Inventory Days	144	122	138	130	116
Receivable Days	37	37	32	24	22
Payable Days	43	40	49	49	45
Cash Conversion cycle	139	119	120	105	92
Valuation					
P/E	28.0	26.1	40.7	30.1	25.9
P/BV	4.1	3.2	2.0	1.9	1.8
EV/EBITDA	16.6	12.4	12.5	11.4	10.4
EV/Sales	1.8	1.2	1.2	1.1	1.1

Source: Company & Arihant Research

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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%

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