

# BONANZA WEALTH MANAGEMENT RESEARCH



22<sup>nd</sup> May 2025

## GOKALDAS EXPORTS Ltd– BUY

**CMP** :Rs.1,003.0  
**Target Price** : Rs.1,230.0  
**Upside** : 20%+  
**Stop Loss** : Rs.850.0 (Closing basis)

### Investment Thesis

- The company is investing in new facilities in Madhya Pradesh, Karnataka, and Ranchi, with the latest MP unit already operating near full capacity. Continued capacity expansion positions Gokaldas to meet rising export demand and leverage the global shift in sourcing away from China, Vietnam, and Bangladesh.
- Rising costs and geopolitical tensions in competing markets are driving global brands to diversify sourcing, with India gaining share in US and EU apparel imports. Gokaldas, with its specialization in outerwear and strong customer relationships, is well-placed to capitalize on this structural shift.
- Successful integration of Atraco and Matrix is progressing, with operational synergies expected to boost margins and scale by the end of FY25.
- India's apparel export growth is supported by government incentives, stable policy regimes, and the Production Linked Incentive (PLI) scheme for technical textiles. Easing shipping rates and stable cotton prices further support margin resilience.
- Management is optimistic about achieving a \$1 billion revenue target in the next few years, projecting a 10–15% annual growth rate. The company is focused on balancing capacity expansion with margin improvement, ensuring profitable growth.

### Financials

- Gokaldas Exports' consolidated revenue rose from ₹17,900 million in FY22 to an estimated ₹39,250 million in FY25E and ₹47,100 million in FY26E, reflecting a robust growth trajectory driven by organic expansion and the integration of acquired entities.

Consol. (Rs.Mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	17,900	22,220	23,790	39,250	47,100
EBITDA	2,060	2,710	2,540	3,680	5,160
EBITDA Margin (%)	11%	12%	11%	13%	15%
PAT	1,170	1,730	1,310	1,700	2,040
EPS (Rs.)	16.36	24.20	18.32	23.82	28.58
P/E (x)	61.25	41.40	54.69	42.07	35.06
RoE (%)	16.5%	19.5%	10.1%	8.6%	8.6%

### Stock Data

Market Cap (Rs. Mn)	71,660
Market Cap (\$ Mn)	836.56
Shares O/S (in Mn)	7.15
Avg. Volume (3 month)	22,34,373
52-Week Range (Rs.)	1,262.00 / 727.00

### Shareholding Pattern

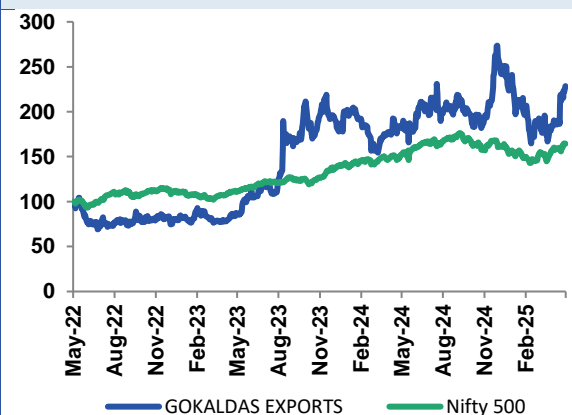
Promoters	9.38%
FII's	25.79%
Institutions	36.82%
Others (incl. body corporate)	27.99%

### Key Ratios

Div Yield	0.00%
TTM PE	45.1x
ROE	10.3%
TTM EPS (Rs.)	22.2/-

### Stock Performance

Performance (%)	1M	6M	YTD
ABSOLUTE	26.4%	21.9%	24.0%
NIFTY 500	5.5%	4.4%	8.1%



- EBITDA increased from ₹2,060 million in FY22 to a projected ₹3,680 million in FY25E and ₹5,160 million in FY26E, highlighting improved operating leverage and scale benefits, though margins have fluctuated due to integration costs and new capacity ramp-ups. The EBITDA margin, which was 29% in FY22, normalized to 6% in FY23 due to cost pressures, rebounded to 9% in FY25E and is expected to improve further to 11% in FY26E as operational efficiencies from new facilities and acquisitions are realized.
- Profit After Tax (PAT) grew from ₹1,170 million in FY22 to a forecasted ₹1,700 million in FY25E and ₹2,040 million in FY26E, demonstrating the company's ability to convert revenue growth into bottom-line gains despite near-term integration and expansion-related expenses.
- Earnings per share (EPS) is expected to rise from ₹16.36 in FY22 to ₹23.82 in FY25E and ₹28.58 in FY26E, supporting enhanced shareholder value as the business scales.

## Key Business Highlights

- Gokaldas Exports Limited is engaged in the business of design, manufacture, and sale of a wide range of garments for men, women, and children and caters to the needs of several leading international fashion brands and retailers.
- The Company deals in a broad range of apparel products that include outerwear, activewear, and fashion wear for all weather and seasons.
- It specializes in designing, manufacturing, and exporting apparel products to 50+ countries. The company serves some of the world's most prestigious fashion brands with a workforce of over 54,000 employees, 75% of whom are women.
- GEX has a strong global footprint, with operations in India, Kenya, and Ethiopia and marketing functions in UAE and USA.
- GEX operates 30+ manufacturing facilities around Bangalore with an annual production capacity of 87 million pieces. It is equipped with 30,000+ advanced machines and incorporates in-house capabilities.

## Valuation

- Gokaldas Exports Ltd. is currently trading at Rs. 1,003. It currently commands a PE of 45.1x against a 5-Yr Median PE of 24x.
- With management's guidance of achieving a \$1 billion revenue target in the next few years, projecting a 10–15% annual growth rate, we are assigning **BUY rating** to **Gokaldas Exports Ltd.** and value at 43.05x FY26E EPS of Rs.28.58 to arrive at **target price of Rs.1,230.00, an upside of ~20.0%+.**

## Risk & Concern

- Gokaldas is exposed to fluctuations in global demand, economic slowdowns, and recessions, which can reduce order volumes and impact revenues
- The company faces strong competition from other Indian exporters and low-cost garment-producing countries, limiting its pricing flexibility and potentially compressing margins
- Earnings are sensitive to changes in raw material prices and foreign exchange rates. Limited pricing flexibility due to competitive pressures makes it harder to pass on cost increases to customers.

## Graphs & Charts

Figure 1: Net Sales Trend

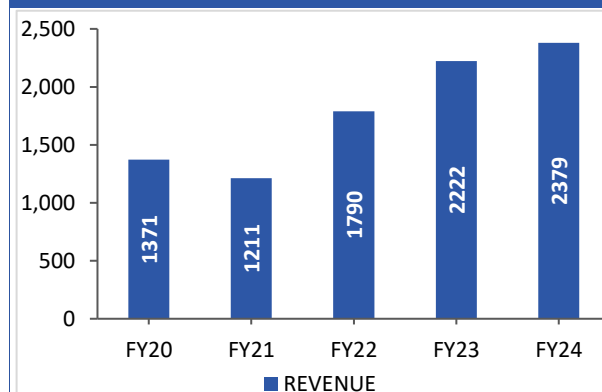


Figure 2: EBITDA & EBITDA Margin Trend

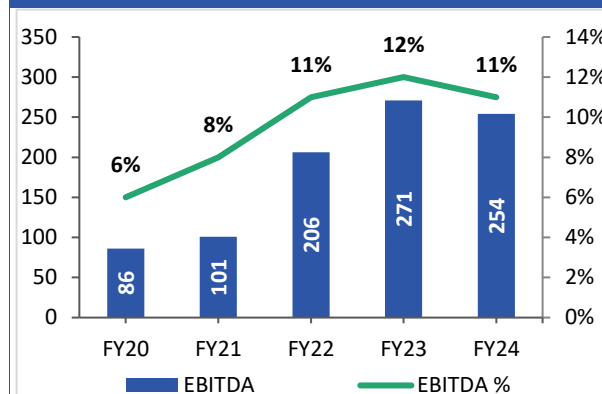


Figure 3: Product-wise Revenue

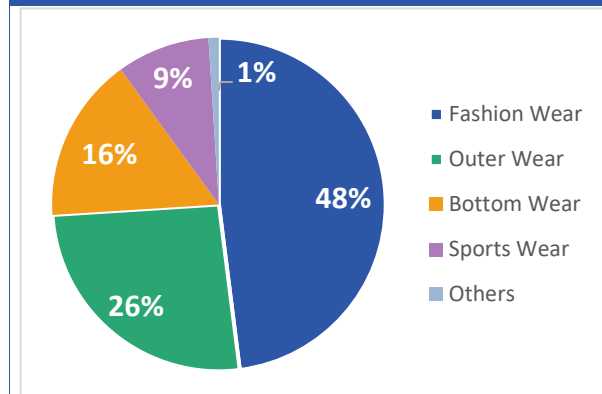
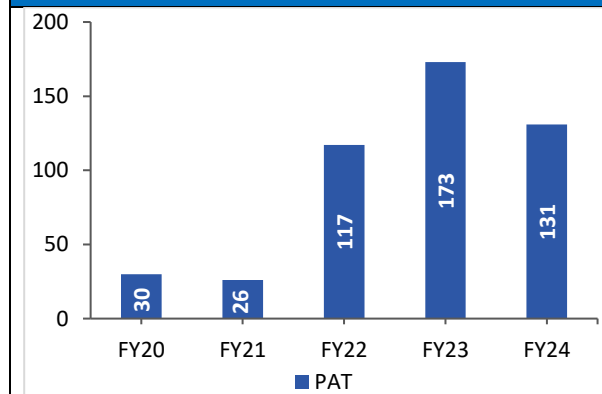


Figure 4: PROFIT AFTER TAX



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