

# gokaldas exports ltd

GEL/SEC/2025-26/05

May 12, 2025

**BSE Limited**  
**Phiroze Jeejeebhoy Towers**  
**25<sup>th</sup> Floor, Dalal Street,**  
**Mumbai – 400 001**

**National Stock Exchange of India Limited**  
**The Exchange Plaza**  
**Bandra-Kurla Complex, Bandra (E),**  
**Mumbai – 400 051**

**Scrip Code – 532630**

**Scrip Code: GOKEX**

Dear Sir / Madam,

## **Sub: Credit Rating**

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule III Part A, we would like to inform that Crisil Ratings (“Crisil”) has **upgraded long term rating to Crisil A+/Stable** from Crisil A / Positive and reaffirmed the short-term rating Crisil A1. Detailed rating is as below:

Long Term rating	Crisil A+/Stable (upgraded from Crisil A/Positive)
Short term rating	Crisil A1 (reaffirmed)

Rating rationale is enclosed herewith. This is for your information and records.

Thanking you,

Yours truly,

**For Gokaldas Exports Limited**

**Gourish Hegde**  
**Company Secretary & Compliance Officer**

Encl: as above



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## Rating Rationale

May 12, 2025 | Mumbai

### Gokaldas Exports Limited

*Long-term rating upgraded to 'Crisil A+/Stable'; Short-term rating reaffirmed*

#### Rating Action

Total Bank Loan Facilities Rated	Rs.425 Crore
Long Term Rating	Crisil A+/Stable (Upgraded from 'Crisil A/Positive')
Short Term Rating	Crisil A1 (Reaffirmed)

*Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings.*

*The Board of Directors also does not discuss any ratings at its meetings.*

*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

Crisil Ratings has upgraded its rating on the long-term bank facilities of Gokaldas Exports Limited (GEL, part of Gokaldas group) to '**Crisil A+/Stable**' from 'Crisil A/Positive'; the short-term rating has been reaffirmed at 'Crisil A1'.

The upgrade reflects steady and sustained improvement in the business and financial profile of Gokaldas group in the past fiscal. The performance improvement follows stabilisation and reorientation of operations of the acquired entities after acquisition namely, Atraco group and Matrix Design and Industries Private Limited (MDIPL) and the resultant business synergies. The group's revenues grew by ~81% YoY during nine months period ending 31-Dec-2024 and would continue to grow at over 10-15% in the current fiscal supported by a healthy order book and consistent scaling up in both GEL's standalone business as well as in the acquired entities. However, profitability witnessed a decline in fiscal 2025 owing to higher employee costs associated with scaling up and stabilization of Madhya Pradesh plant and followed by increase in operating expenses in Atraco's Kenya operation due to appreciation in the Kenyan Shilling against USD. Moreover, in the current fiscal, the profitability may not see a major improvement given the uncertainty with regards to increased landed price for the US customers and pass on associated with US reciprocal tariff. Hence, this would remain a key monitorable. The group's working capital management is quite efficient with gross current asset (GCA) days of less than 130 in the past two years and would be sustained at similar levels over the medium term. This also helps with low reliance on bank debt for working capital requirements.

Financial risk profile of the group is expected to remain strong with a comfortable capital structure. The inflow of funds from qualified institutional placement (QIP) helps the group to maintain strong liquidity. Cash and liquid investments likely to remain around Rs 350 crores by end of fiscal 25.

The ratings continues to reflect the established market position of GEL and its long track record in the apparel industry. The ratings also consider the comfortable working capital cycle, well-established customer base and geographic reach, and strong financial risk profile of the group. These strengths are partially offset by the limited size of operations and exposure to intense competition and fluctuations in foreign exchange (forex) rates

#### Analytical Approach

Crisil Ratings has combined the business and financial risk profiles of GEL and its wholly owned subsidiaries, All Colour Garments Pvt Ltd, SNS Clothing Pvt Ltd, Vignesh Apparels Pvt Ltd, Gokaldas Exports Acharpura Pvt Ltd, Sri Susumyuta Knits Private Limited, Gokaldas Exports FZCO, Nava Apparel LLC-FZ and its stepdown subsidiaries (Atraco Logistics LLC, Ashton Mumbasa Apparel EPZ Ltd , Atraco Industrial Enterprise) and Matrix Design and Industries Private Limited. This is because all these entities, together referred as the Gokaldas group, operate in the same industry, and have operational and financial linkages

*Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.*

#### Key Rating Drivers & Detailed Description

##### Strengths:

**Established market position, long track record in the apparel industry and improved performance supported by Atraco and MDIPL:** GEL benefits from its established relationships with reputed global apparel retailers in North America and Europe, recurring orders and steady increase in wallet share with key customers. The company has a strong business

profile, marked by presence across the manufacturing value chain and posted revenue from operations expected to go by more than 60% in fiscal 2025 in comparison to fiscal 2024 mainly supported by incremental volumes in the standalone business of GEL and incremental revenues from the acquired entities. Despite uncertainty in the market due to US tariffs, the overall business risk profile is expected to remain stable for GEL. However overall profitability impact due to introduction of new tariffs against Indian imports in USA and its impact on GEL's profitability will remain a key monitorable.

**Comfortable working capital cycle:** Gross current assets ranged between 85 and 175 days over the three fiscals ended March 31, 2025, driven by receivables of 20-50 days and inventory of around 104 days. GCAs are likely to be at 130-140 days over the medium term, despite the acquisition, backed by efficient control over inventory and receivables.

**Well-established customer base and geographical diversification in revenue:** GEL has longstanding relationships with its customers and suppliers. Customers include reputed global apparel retailers in North America and Europe. Fashion wear contributed to 48% of sales in fiscal 2024, as compared to 46% in fiscal 2023, followed by outerwear (26%) and bottom wear (16%). Over 90% of revenue came from exports, with Northern America accounting for 84%, followed by Asia at 11%. The complementary product, customer and geographic profiles of the Atraco group and MCPL, diversity in geographical reach and clientele will support the overall business risk profile.

**Strong financial risk profile:** The capital structure is aided by a limited reliance on external debt and strong network. Expected gearing though is likely to remain below 0.8 time as on March 31, 2025 and the same is expected to improve over the medium term. Debt protection metrics are also comfortable, with expected interest coverage and net cash accrual to total debt (NCATD) ratios at 5 times and 0.4 times, respectively, for fiscal 2025. The metrics are likely to remain strong over the medium term.

#### **Weaknesses:**

**Presence in a highly fragmented industry:** The industry is highly competitive, marked by presence of several large and mid-sized players. Such fragmentation limits the pricing flexibility and bargaining power of players. Threat from large integrated players, in the form of capacity additions, also curtails growth. Moderate entry barriers and complexity of operations have attracted innumerable entities to the textile exports business.

**Vulnerability of operating margin to US tariffs and forex rates:** As the group derives bulk of revenue from the international market, any sharp unfavorable fluctuation in forex rates can adversely affect realisations and accrual. Hence, operating margin remains susceptible to fluctuations in forex rates.

#### **Liquidity: Strong**

Bank limit of Rs 366 crore was utilised negligibly, at around 10.57% in the last 12 months ended Jan'25. Net cash accrual of Rs 213 crore was reported for fiscal 2024, against nominal debt obligation. The group had unencumbered cash and liquid assets worth more than Rs 407 crore as on December 31, 2024. However, considering the borrowing levels of the other entities, the net debt of the group is expected at 140 to 150 crore. Low leverage, large net cash accrual, available cushion in the bank limit and unencumbered cash and liquid assets support liquidity.

#### **Outlook: Stable**

Crisil Ratings believes the overall credit profile of GEL should improve, backed by inherent strength in business and synergies from the acquisitions concluded recently.

#### **Rating sensitivity factors**

##### **Upward factors**

- Improvement in scale of operation and operating profitability sustained at over 10% percent resulting in larger accruals.
- Sustenance of financial and liquidity risk profile.
- Stabilization of acquired entities over the medium term.

##### **Downward factors**

- Substantial revenue de-growth or operating margins less than 7%
- Higher reliance on external debt to fund capex or acquisitions, exerting pressure on the financial risk profile, with expected debt to Ebitda of above 1.5 times.

#### **About the Company**

GEL was formed as a partnership firm by Mr Jhamandas H Hinduja in 1978 and converted into a public limited company in 2004. The company manufactures and exports readymade garments for men, women, and children, and caters to several leading international fashion brands and retailers. In fiscal 2018, Clear Wealth Consultancy Services LLP, led by Mr Mathew Cyriac, acquired a 39.94% stake in the company, from Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd. The latter holds 10.09% stake in the company. The company has more than 30 manufacturing facilities in and around Bangalore.

#### **Key Financial Indicators**

As on/for the period ended March 31		2024	2023
Operating income	Rs crore	2,378.88	2,222.20
Reported profit after tax	Rs crore	130.97	172.97
PAT margin	%	5.51	7.78

<b>Adjusted debt/Adjusted networkth</b>	<b>Times</b>	<b>0.88</b>	<b>0.04</b>
<b>Interest coverage</b>	<b>Times</b>	<b>6.99</b>	<b>10.53</b>

**Any other information:** Not Applicable

**Note on complexity levels of the rated instrument:**

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

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**Annexure - Details of Instrument(s)**

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Letter of credit & Bank Guarantee	NA	NA	NA	39.00	NA	Crisil A1
NA	Working Capital Facility	NA	NA	NA	366.00	NA	Crisil A+/Stable
NA	Term Loan	NA	NA	31-May-26	20.00	NA	Crisil A+/Stable

**Annexure – List of entities consolidated**

Names of entities consolidated	Extent of consolidation	Rationale for consolidation
Gokaldas Exports Ltd	100%	Under a common management, Significant business and operational and financial linkages
All Colour Garments Pvt Ltd	100%	Under a common management, Significant business and operational and financial linkages
Vignesh Apparels Pvt Ltd	100%	Under a common management, Significant business and operational and financial linkages
Gokaldas Exports Acharpura Pvt Ltd	100%	Under a common management, Significant business and operational and financial linkages
SNS Clothing Pvt Ltd	100%	Under a common management, Significant business and operational and financial linkages
Sri Susumyuta Knits Private Limited	100%	Under a common management, Significant business and operational and financial linkages
Nava Apparel LLC	100%	Under a common management, Significant business and operational and financial linkages
Gokaldas Exports FZCO	100%	Under a common management, Significant business and operational and financial linkages
Atraco Industrial Enterprise	100%	Under a common management, Significant business and operational and financial linkages
Atraco Logistics LLC,	100%	Under a common management, Significant business and operational and financial linkages
Ashton Mumbasa Apparel EPZ Ltd	100%	Under a common management, Significant business and operational and financial linkages
Matrix Design Industries Private Limited	100%	Under a common management, Significant business and operational and financial linkages

**Annexure - Rating History for last 3 Years**

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
<b>Fund Based Facilities</b>	LT	386.0	Crisil A+/Stable		--	12-02-24	Crisil A/Positive	05-12-23	Crisil A/Watch Developing	03-08-22	Crisil A/Positive	--

			--	--	12-01-24	Crisil A/Positive	06-09-23	Crisil A/Watch Developing	14-07-22	Crisil A/Positive	--
<b>Non-Fund Based Facilities</b>	ST	39.0	Crisil A1	--	12-02-24	Crisil A1	05-12-23	Crisil A1/Watch Developing	03-08-22	Crisil A1	--
			--	--	12-01-24	Crisil A1	06-09-23	Crisil A1/Watch Developing	14-07-22	Crisil A1	--

All amounts are in Rs.Cr.

#### Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Letter of credit & Bank Guarantee	39	State Bank of India	Crisil A1
Term Loan	20	RBL Bank Limited	Crisil A+/Stable
Working Capital Facility	80	RBL Bank Limited	Crisil A+/Stable
Working Capital Facility	20	IndusInd Bank Limited	Crisil A+/Stable
Working Capital Facility	100	HDFC Bank Limited	Crisil A+/Stable
Working Capital Facility	100	State Bank of India	Crisil A+/Stable
Working Capital Facility	25	The Federal Bank Limited	Crisil A+/Stable
Working Capital Facility	41	Citi Bank	Crisil A+/Stable

#### Criteria Details

<b>Links to related criteria</b>
<a href="#">Basics of Ratings (including default recognition, assessing information adequacy)</a>
<a href="#">Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)</a>
<a href="#">Criteria for consolidation</a>

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