gokaldas exports ltd

GEL/SEC/2025-26/25

July 07, 2025

BSE Limited
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street,
Mumbai – 400 001

Scrip Code – 532630

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

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 ICRA Limited ("ICRA") has **upgraded long term rating to [ICRA]A+ (Stable)** from [ICRA]A (Stable) and reaffirmed the short-term rating [ICRA]A1. Detailed rating is given below:

Short Term - Fund Based Limits – Working Capital Limits	[ICRA]A1; reaffirmed
Long Term - Fund Based – Term Loan	**[ICRA]A+ (Stable**); upgraded from [ICRA]A (Stable)
Short Term - Non-Fund based Limits	[ICRA]A1; reaffirmed

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

Thanking you,

Yours truly,
For Gokaldas Exports Limited
GOURISH GANAPATI HEGDE
Digitally signed by GOURISH GANAPATI HEGDE
Date: 2025.07.07 16:52:40 +05'30'
Gourish Hegde
Company Secretary & Compliance Officer

Encl: as above

July 07, 2025

Gokaldas Exports Limited: Long-term rating upgraded to [ICRA]A+ (Stable); short-term rating reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short Term - Fund Based Limits – Working Capital Limits	345.00	416.00	[ICRA]A1; reaffirmed and assigned for enhanced amount
Long Term - Fund Based – Term Loan	40.00	20.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Long Term - Unallocated Limits	40.08	-	-
Short Term - Non-Fund based Limits	200.92	411.20	[ICRA]A1; reaffirmed and assigned for enhanced amount
Total	**626.00**	**847.20**	

**Instrument details are provided in Annexure I*

Rationale

The ratings action on the bank lines of Gokaldas Exports Limited (GEL) considers the sharp increase in its scale of operations and earnings in FY2025, expectation of healthy revenue growth over the medium term, and a comfortable credit profile (aided by ramp-up of operations of the recently acquired entities). GEL's operating income rose by 29% (CAGR) in the last three years, touching Rs. 3,875.8 crore in FY2025, supported by healthy demand and inorganic expansion done in the last two years. The growth is likely to sustain with the expected shift in procurement (in apparel sourcing) by large customers as a part of global vendor diversification to markets like India. The same is led by GEL's operational strengths, which provide it with a competitive edge, including long-term relationships with renowned international retailers, which have been facilitating repeat business. The ratings also consider GEL's established market position and strong relationship enjoyed with large international customers. While there has been a healthy increase in the scale of operations, the operating margin of GEL moderated by 110 bps to 9.6% (on a YoY basis) in FY2025, primarily due to one-time expenses of Rs. 22 crore incurred towards airlifting certain shipments and appreciation of the Kenyan Shilling against the US dollar, which led to weak performance in its subsidiaries having operations in Kenya (one of wholly owned subsidiaries of Nava Apparels LLC-FZ, Dubai). However, price corrections made on orders handled by Atraco led to an improvement in the consolidated operating margin in Q4 FY2025 on a sequential basis.

While the imposition of reciprocal tariffs by the US Government for imports from India could impact the profit margins (on a standalone basis), a likely improvement in the operating margins in subsidiaries would offset the impact to some extent. The company raised Rs. 600 crore in April 2024 through qualified placement and the same was utilised towards reducing its existing debt, and investing towards inorganic growth and general corporate purposes. This fund raise coupled with an increase in retained earnings, supported an improvement in the overall financial profile of the entity. GEL's reported net debt/ operating profit improved to 1 times as on March 31, 2025 from 2.1 times as on March 31, 2024 and coverage metrics have remained comfortable with an interest coverage of 4.8 times and debt service coverage ratio of 2.4 times, respectively as on March 31, 2025. Through its recent acquisitions, GEL has gained operational and financial synergies in terms of access to new clientele, operational as well as financial support and flexibility. ICRA notes that GEL has extended a corporate guarantee to BRFL Textiles Private Limited (BTPL) for Rs. 275 crore, and any further development in relation to the same would be a key monitorable. The leverage (including corporate guarantees) stood at 0.5 times as of March 2025 and is expected to improve, going forward.

The ratings, however, remain constrained by the vulnerability of the company's earnings to demand-linked factors, adverse change in the export incentive rates, duties levied at customer destination, volatility in raw material prices and exchange rate fluctuations, along with high geographical as well as client concentration risks. The ratings also consider the inherently high competition in the industry, which limits the pricing flexibility of industry participants.

The Stable outlook on the long-term rating reflects ICRA's opinion that GEL's credit profile will benefit over the medium term from operational synergies from its recent acquisition, and improved utilisation of expanded capacities. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Established market position and diversified product offerings – GEL has a long presence of over three decades in the apparel export business. An established track record in the woven garment exports with large production capacities helped GEL obtain business from reputed global retailers over the years. Besides, inorganic expansions by GEL supported it to further widen its geographical presence. GEL's product profile remains diversified across the products and end-user segments. Its main products include bottom wear, outer wear (including sportswear and winter wear), active wear and casual wear for men, women and children. These operational strengths have supported GEL's revenue growth over the years.

Strong customer base – GEL enjoys established relationships with reputed global apparel retailers in the markets of North America and Europe, as evident from repeat orders received and a steady increase in the wallet share with key customers. The volume offtake has remained steady over the years as these brands enjoy healthy value share in their respective markets. In addition, an expected shift in sourcing by large retailers from the other large competing supplier nations to India and product/ customer diversification initiatives undertaken by GEL are likely to support the long-term revenue growth potential of the company.

Healthy financial risk profile and operational synergies expected from recent inorganic expansions – Consequent to the recent acquisitions made in FY2024, GEL registered a strong 63% revenue growth in FY2025 on a YoY basis with consolidated revenues of Rs. 3,875.8 crore. Despite healthy growth in operations, GEL's operating margin declined by 110 bps to 9.6% in FY2025 on a YoY basis mainly due to one-time cost of Rs.22 crore incurred for certain consignments, which were airlifted. Additionally, Atraco's performance was impacted due to appreciation of the Kenyan Shilling against the USD. However, price adjustments done by Atraco in its subsequent orders processed supported an improvement in the operating margin in Q4 FY2025. With the recent fund raise, GEL's net worth position and capital structure have improved in FY2025 with a gearing of 0.4 times as of March 31, 2025. GEL's Net Debt/ OPBDITA also improved to 1 times as of March 31, 2025 from 2.1 times as of March 31, 2024, while coverage metrics remained comfortable with an interest coverage of 4.8 times and debt service coverage of 2.4 times as of March 31, 2025. ICRA notes that GEL has extended a corporate guarantee to BRFL Textiles Private Limited (BTPL) for Rs. 275 crore, and any further development in relation to the same would be closely monitored. The leverage (including corporate guarantees) stood at 0.5 times as of March 2025. Going forward, the company is expected to continue to report a gradual improvement in its financial risk profile over the medium-to-long-term on the back of healthy revenue growth, driven by ramp-up of operations at the recently operational subsidiaries and expanded product portfolio.

Credit challenges

Exposed to moderate geographical and customer concentration and labour risks – GEL's revenues remain susceptible to the geographical concentration risk as ~81% and ~77% of its revenues were generated from the North American market in FY2024 and FY2025, respectively. GEL's top five customers contributed 80-85% of its revenues in FY2024 and FY2025, making the company's revenues vulnerable to the performance of these key customers and demand trends in crucial markets. Nevertheless, the risk is mitigated to an extent by the established relationships with its clientele, which foster repeat orders, strong market position of its customers in key end-user markets and continued steps taken by GEL to further diversify its revenue base. Besides, the company is exposed to labour unrest and attrition risks, given the nature of the apparel manufacturing industry.

Exposure to volatility in raw material prices; demand trends in key export markets, forex rates and changes in duties and export incentive structure remain crucial – GEL's profitability is vulnerable to the volatility in raw material prices (mainly cotton), however, order-backed procurement limits price risk because of movement in yarn prices. GEL's earnings also remain exposed to fluctuations in exchange rates, however, it is mitigated to an extent as the company hedges 70-80% of its receivables. Given that 77-80% of GEL's revenues are from North American markets, its performance becomes vulnerable to any adverse demand trend or development that affects consumer spending and preferences in the said markets. Any material development regarding the reciprocal tariffs announced by the US would also remain a key monitorable for GEL's performance in the near-to-medium term. Further, high dependence on export incentives exposes its profitability and competitiveness in the international markets to any adverse change in the export incentive structure.

Limited bargaining power due to significant competition in garment exports business – GEL's earnings remain exposed to intense competition, resulting in limited pricing flexibility. The company faces competition from other large textile exporters from India as well as from other low-cost garment exporting countries, which limits its ability to improve prices and margins to an extent.

Environmental and social risks

Environmental considerations: The sector remains exposed to the risks of elevated input costs owing to increased compliance expenses faced by suppliers amid tightening environmental regulations. The industry is exposed to environmental risks, primarily through water, land use, and the impact of climate on production as well as post-consumer waste. While these risks have not resulted in material implication so far, policy actions towards waste management like recycling the textile could have cost implications for the companies. Any disruption in measures taken for appropriate treatment of wastewater/effluents could result in significant penalties, while also causing prolonged adverse impact on operations if the authorities take any strict action.

Social considerations: Being a labour-intensive segment, the entities operating in the garment sector are exposed to the risks of disruptions due to inability to properly manage human capital in terms of their safety and the overall well-being. Besides, human rights issues and inability to ensure diversity, while providing equal opportunity could pose social risks for the company. Further, any significant increase in wage rates may affect the cost structure of apparel manufacturers, impacting the margins. Shortage of skilled workers could also affect operations/growth plan and remains a key concern. Measures taken by the company towards employee welfare have resulted in no material impact on the performance from the above-mentioned risks till date. Further, garment manufacturers are exposed to the risks of conflict with local communities. Entities also remain exposed to any major shift in consumer preferences or developments, affecting discretionary consumer spending in key markets.

Liquidity position: Adequate

GEL's liquidity position is expected to remain adequate, supported by healthy cash flow from operations and surplus available from the recently concluded QIP along with healthy cushion in the sanctioned working capital limits. GEL's liquidity is supported by cash and liquid investments of Rs. 485.1 crore as on March 31, 2025 (on a consolidated basis). The company has repayment obligations of approximately Rs. 37.8 crore in FY2026 and Rs.54.3 crore in FY2027. GEL has capex plans of around Rs.150 crore in FY2026. Any major large-scale debt-funded acquisitions or inorganic expansions planned by the company would remain a key monitorable. On a standalone basis, the company had free cash and liquid investment of Rs. 441.2 crore as on March 31, 2025, and a 68% cushion in the fund-based working capital limits of Rs. 366 crore as on March 31, 2025. Overall, GEL is expected to meet any funding requirement for expansion and the resultant incremental working capital requirements, with the surplus cash reserves, lending comfort.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company registers a sustained healthy growth in revenues and profit margins, while maintaining its strong credit metrics and liquidity position. The ratings may also be upgraded if the company achieves customer and geographical diversification while improving its competitive position.

Negative factors – The ratings may be downgraded in case of any sustained pressure on GEL's revenues or profitability or higher-than-anticipated debt-funded capex, which would adversely impact its debt protection metrics and liquidity position. Specific credit metrics that may lead to ratings downgrade include reported total debt to OPBITDA of more than 2.3 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Apparels
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. Details of the subsidiaries have been given in Annexure-II.

About the company

Initially promoted as a partnership firm by Mr. Jhamandas H. Hinduja in 1978 and incorporated as a public limited company in 2004, GEL is one of the largest apparel exporters from India. GEL operates from more than 30 manufacturing facilities, primarily in and around Bangalore. The company caters to renowned brands in the markets of North America and Europe, serving their requirements across various product categories. 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. in FY2018. Post the equity infusion in Q1 FY2019 and QIP in October 2021, the shareholding of Clear Wealth Consultancy Services LLP reduced to ~11% as on December 31, 2023. Consequent to the recent QIP in April 2024, the same has further reduced to ~9% as on March 31, 2025. The remaining stake is held by institutional investors, corporate bodies, public and others. In FY2024, GEL has acquired Atraco Group and Matrix Design & Industries Pvt. Ltd.

Key financial indicators (audited)

GEL (consolidated)	FY2024	FY2025*
Operating income	2,380.3	3,875.8
PAT	131.0	158.5
OPBDIT/OI	10.7%	9.6%
PAT/OI	5.5%	4.1%
Total outside liabilities/Tangible net worth (times)	1.1	0.7
Total debt/OPBDIT (times)	3.2	2.3
Total debt (including corporate guarantees)/OPBDIT (times)	3.2	2.8
Interest coverage (times)	7.0	4.8

*Source: Company, ICRA Research; * Results; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current ratings (FY2026) FY2026 Date	Current ratings (FY2026) FY2026 Rating	FY2025 Date	FY2025 Rating	FY2024 Date	FY2024 Rating	FY2023 Date	FY2023 Rating
Fund Based Limits – Working Capital Limits	Short-term	416.00	July 7, 2025	[ICRA]A1	May 03, 2024	[ICRA]A1	Sep 06, 2023	[ICRA]A1	Dec 29, 2022	[ICRA]A1
					Jun 26, 2024	[ICRA]A1	Feb 12, 2024	[ICRA]A1&	Mar 23, 2023	[ICRA]A1
Term Loan	Long-term	20.00	July 7, 2025	[ICRA]A+ (Stable)	May 03, 2024	[ICRA]A (Stable)	Sep 06, 2023	[ICRA]A (Stable)	Dec 29, 2022	[ICRA]A (Stable)
					Jun 26, 2024	[ICRA]A (Stable)	Feb 12, 2024	[ICRA]A&	Mar 23, 2023	[ICRA]A (Stable)
Unallocated Limits	Long-term	-	July 7, 2025	-	May 03, 2024	[ICRA]A (Stable)	Sep 06, 2023	[ICRA]A (Stable)	Dec 29, 2022	[ICRA]A (Stable)
					Jun 26, 2024	[ICRA]A (Stable)	Feb 12, 2024	[ICRA]A&	Mar 23, 2023	[ICRA]A (Stable)
Non-Fund based Limits	Short-term	411.20	July 7, 2025	[ICRA]A1	May 03, 2024	[ICRA]A1	Sep 06, 2023	[ICRA]A1	Dec 29, 2022	-
					Jun 26, 2024	[ICRA]A (Stable)	Feb 12, 2024	[ICRA]A1&	Mar 23, 2023	[ICRA]A1

Chronology of rating history for the past 3 years: FY2025, FY2024, FY2023

&: Rating Watch with Developing Implications

Complexity level of the rated instruments

Instrument	Complexity indicator
Short Term - Fund Based Limits – Working Capital Limits	Very Simple
Long Term - Fund Based – Term Loan	Simple
Short Term - Non-Fund based Limits	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Short Term - Fund Based Limits – Working Capital Limits**	NA	NA	NA	416.00	[ICRA]A1
NA	**Long Term - Fund Based – Term Loan**	FY2025	NA	FY2027	20.00	[ICRA]A+ (Stable)
NA	**Short Term - Non-Fund based Limits**	NA	NA	NA	411.20	[ICRA]A1

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
All Colour Garments Private Limited	100.00%	Full consolidation
SNS Clothing Private Limited	100.00%	Full consolidation
Gokaldasexports Acharpura Private Limited	100.00%	Full consolidation
Vignesh Apparels Private Limited	100.00%	Full consolidation
Sri Susamyuta Knits Private Limited	100.00%	Full consolidation
Matrix Design & Industries Private Limited	100.00%	Full consolidation
Gokaldas Exports Corporation, USA	100.00%	Full consolidation
Gokaldas Exports FZCO, Dubai, UAE	100.00%	Full consolidation
Nava Apparels LLC- FZ, Dubai, UAE	100.00%	Full consolidation

Source: Company data

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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