September 19, 2025

Gokaldas Exports Limited: Update on Entity

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Short Term -Fund Based Limits – Working Capital Limits	416.00	416.00	[ICRA]A1
Long Term -Fund Based –Term Loan	20.00	20.00	[ICRA]A+ (Stable)
Short Term -Non-Fund based Limits	411.20	411.20	[ICRA]A1
Total	**847.20**	**847.20**	

**Instrument details are provided in Annexure I*

Rationale

Indian exporters have been navigating a turbulent trade environment, with recent tariff hikes by the United States (US) threatening to reshape long-standing business dynamics. The latest round of tariff imposition by the US, effective August 27, 2025, has added a punitive 25% duty on select Indian goods, pushing the effective tariff burden to additional 50% in some categories excluding the pre-existing levies. This escalation places Indian exporters at a disadvantage compared to competitors in East and Southeast Asia, which face lower tariff rates.

ICRA expects Gokaldas Exports Limited's (GEL) business to be impacted by the turbulent trade environment, with most of its products falling under the higher tariff categories. On a consolidated basis, GEL generates 70-75% of its revenues from the US markets. The manufacturing facilities of GEL are spread across India (Karnataka, Tamil Nadu, Madhya Pradesh, Haryana and Jharkhand), Kenya and Ethiopia with a capacity to manufacture 87 million units per annum. Direct exports to the US from the standalone Indian operations account for about 55% of consolidated revenues, exposing the company to the tariff-related uncertainties.

According to the management discussions, GEL has been actively negotiating with its customers to pass on the increased tariff costs. GEL is also planning to increase its production from its factories located outside India and diversify towards new geographies for mitigating this impact. Besides, implementation of trade agreement with the UK, supporting an increase in trade volumes to the UK, is likely to moderate the impact to an extent.

ICRA notes these developments and their potential impact on GEL's revenue and profitability as the entire tariff burdens may be difficult to pass on to the downstream stakeholders. If the recently imposed tariffs continue, ICRA expects the company's revenues and margins to moderate in H2 FY2026. Nevertheless, the company's established market position, enduring relationships with buyers, multi-country manufacturing footprint, and robust financial risk profile are likely to cushion the impact to some extent. GEL's performance remained healthy in Q1 FY2026 with the entity generating consolidated revenues of Rs.956.5 crore with an operating margin of 10.2% The liquidity remains comfortable, supported by cash and liquid investments of over Rs. 450 crore as of June 30, 2025 and cushion in the working capital facilities, which continues to support its credit profile, and is likely to help the entity withstand any near-term adverse impact arising out of the current situation. The company also enjoys healthy financial flexibility with lenders, for any need-based support. Nonetheless, ICRA will continue to monitor the developments in this regard and take appropriate rating action, if necessary.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position and Rating sensitivities: Click here

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	Q1 FY2026*
Operating income	2,380.3	3,875.8	956.5
PAT	131.0	158.5	41.5
OPBDIT/OI	10.7%	9.6%	10.2%
PAT/OI	5.5%	4.1%	4.3%
Total outside liabilities/Tangible net worth (times)	1.1	0.8	-
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	4.3

*Source: Company, ICRA Research; *Unaudited; 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

	Current ratings (FY2026)			Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Sep 19, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based Limits –Working Capital Limits	Short-term	416.00	[ICRA]A1	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	[ICRA]A+ (Stable)	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]A1&	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]A1&	Mar 23, 2023	[ICRA]A (Stable)
Non-Fund based Limits	Short-term	411.20	[ICRA]A1	July-7-2025	[ICRA]A1	May 03, 2024	[ICRA]A1	Sep 06, 2023	[ICRA]A1	Dec 29, 2022	-
						Jun 26, 2024	[ICRA]A1	Feb 12, 2024	[ICRA]A1&	Mar 23, 2023	[ICRA]A1

&: 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	LTHL 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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