

# gokaldas exports ltd

GEL/SEC/2023-24/55

September 06, 2023

**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 are enclosing herewith rating rationale by ICRA Limited dated September 06, 2023, post announcement of the material event (acquisition) by the Company.

Please note that ratings already assigned remain unchanged at [ICRA]A (Stable)/[ICRA]A1.

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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September 06, 2023

## Gokaldas Exports Limited: Update on Material Event

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Short Term - Fund Based	345.00	345.00	[ICRA]A1;
Long Term - Fund Based Term Loan	40.00	40.00	[ICRA]A (Stable);
Long Term – Unallocated	40.08	40.08	[ICRA]A (Stable);
Short Term - Non Fund based	200.92	200.92	[ICRA]A1;
<b>Total</b>	<b>626.00</b>	<b>626.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

#### Material Event

Gokaldas Exports Ltd (GEL) released a press release to stock exchange on August 28, 2023, relating to a definitive agreement with the shareholders of Atraco, to acquire 100% of equity for a total consideration of up to USD 55 million. The acquisition is proposed to be funded through debt of USD 40 million and balance out of its internal accruals. The proposed acquisition is to be done through two Wholly Owned Subsidiaries (WOS) of GEL namely, NAVA APPARELS LLC-FZ and Gokaldas Exports FZCO. NAVA APPARELS LLC-FZ is a recently incorporated WOS. Atraco group has 5 manufacturing units, 4 in Kenya and 1 in Ethiopia. In CY2022, Atraco group had made a turnover of ~USD 107 million.

#### Impact of Material Event

The proposed acquisition is expected to support growth and access to new customers in US region for GEL. GEL would have an increased penetration in the Children Garments segment and enjoy a duty-free access to USA, for exports done from 4 units located at Kenya under AGOA (African Growth and Opportunities Act).

As on March 31, 2023, on a consolidated basis, GEL had a cash and liquid investment of Rs.368 crore and ~95% of its short-term fund-based limits were unutilized. The funding for the acquisition (USD 40 million) and takeover of existing working capital debt (USD 15 million) in target company's books, would lead to increase in consolidated net debt levels of GEL.

ICRA has noted the said developments and the ratings remain unchanged at [ICRA]A (Stable)/[ICRA]A1. ICRA would continue to closely monitor any further developments related to this event and take appropriate rating action, if necessary. GEL had reported a revenue of Rs. 514.6 crore in Q1FY2024, which translated into an OPBITDA of Rs. 60.9 crore. ICRA expects the strong cash accruals and existing cash reserves to support the liquidity profile. As per ICRA's estimates, the company's coverage should remain adequate despite the proposed higher debt funded acquisition.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, List of entities considered for consolidated analysis, Liquidity position, Rating sensitivities: [Click here](#)

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Textiles (Apparels)</a>
Parent/Group support	NA
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company.

## 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 22 manufacturing facilities, primarily in and around Bangalore, and is in the process of expanding its capacity given the healthy demand conditions. 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 the recent QIP in October 2021, the shareholding of Clear Wealth Consultancy Services LLP reduced to ~11% as on March 10, 2023 and the remaining is held by institutional investors, corporate bodies, public and others.

## Key financial indicators (audited)

GEL consolidated	FY2021	FY2022	FY2023
Operating income	1,209.2	1,811.4	2,228.9
PAT	26.5	117.1	173.0
OPBDIT/OI	8.4%	11.3%	12.1%
PAT/OI	2.2%	6.5%	7.8%
Total outside liabilities/Tangible net worth (times)	2.4	0.7	0.5
Total debt/OPBDIT (times)	4.7	0.9	0.6
Interest coverage (times)	2.9	5.1	10.5

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years						
		Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023			Date & rating in FY2022	Date & rating in FY2021	
					Sep 06, 2023	Mar 23, 2023	Dec 29, 2022		Dec 27, 2021	Oct 06, 2020
1 Fund-Based Limits	Short Term	345.00	--	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A2+	[ICRA]A3+	[ICRA]A3+	
2 Fund Based – Term Loan	Long Term	40.00	16.07	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A- (Positive)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	
3 Unallocated	Long Term	40.08	--	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A- (Positive)	-	-	
4 Non-fund based limits	Short Term	200.92	--	[ICRA]A1	[ICRA]A1	-	-	-	-	
5 Unallocated	Short Term	-	--	-	-	-	[ICRA]A2+	-	-	

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Short Term - Fund Based	Very Simple
Long Term - Fund Based TL	Simple
Long Term – Unallocated	Not Applicable
Short Term – Non-fund based	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	NA	NA	NA	345.00	[ICRA]A1
NA	Long Term - Fund Based TL	FY2021	NA	FY2025	40.00	[ICRA]A (Stable)
NA	Long Term – Unallocated	NA	NA	NA	40.08	[ICRA]A (Stable)
NA	Short Term – Non-Fund Based	NA	NA	NA	200.92	[ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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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](http://www.icra.in)

## ICRA Limited



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### Branches



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