

## Thematic Call on Textile Sector Companies – Investment Buy Call

Dear Bajaj Capital Investors,

### **4 New Stocks Recommendation on 31 May 2026 – Investment BUY Call (3 to 6 months horizon)**

1. Indo Count Industries Ltd.
2. KPR Mills Ltd.
3. Gokaldas Export Ltd.
4. Welspun Living Ltd.

<b>Company Name</b>	<b>MCap (Cr.)</b>	<b>CMP - 31 May 2026</b>	<b>Target Price</b>	<b>Upside Potential (%)</b>
Indo Count Industries Ltd. (ICIL)	6,181	312	353	13%
Welspun Living Ltd.	13,233	138	153	11%
KPR Mills Ltd.	33,036	967	1,083	12%
Gokaldas Export Ltd. (GOKEX)	5,069	690	794	15%

The Government of India's decision to temporarily waive customs duty and Agriculture Infrastructure & Development Cess (AIDC) on cotton imports from June 1, 2026, to October 31, 2026, is a positive development for the domestic textile and apparel industry. The exemption, primarily applicable to Extra-Long Staple (ELS) cotton varieties such as US Pima and Egyptian Giza, is expected to improve raw material availability and reduce procurement costs for manufacturers dependent on imported premium cotton. The move comes at a time when the sector has been facing challenges arising from volatile cotton prices and uneven domestic supply, thereby enhancing operating visibility for textile exporters.

Export-oriented textile companies are likely to be the key beneficiaries of this policy initiative, as ELS cotton is predominantly used in the production of high-value products including premium garments, home textiles and bed linens. Companies such as Welspun Living, Indo Count Industries, KPR Mill and Gokaldas Exports are well-positioned to capitalize on the reduction in input costs, which could support margin expansion and improve export competitiveness in key global markets. Additionally, improved raw material availability is expected to strengthen supply-chain stability and facilitate better execution of export orders during the upcoming quarters.

From an investment perspective, the temporary duty waiver serves as a near-term earnings catalyst for select textile exporters and home textile manufacturers. Coupled with improving global demand conditions and continued government support for the manufacturing and export ecosystem, the sector appears well-placed to witness positive sentiment over the next 3–6 months. Investors may consider accumulating fundamentally strong export-focused textile companies on market corrections, as the favorable raw material cost environment could translate into improved profitability, stronger cash flows and potential stock price outperformance in the short to medium term.

Happy investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team