RC Capital Management is an Investment Advisory Firm specializing in identifying and investing in high quality companies that trade at a substantial discount to our conservative estimates of Intrinsic Value.

This report is a compilation of our analysis of Financial / Business performance "**Goodluck India Limited**" from an investment perspective

The report is meant for subscribers of RC Capital Management Investment Advisory only. Unauthorized circulation of this report is prohibited

RC Capital Management is a SEBI Registered Investment Advisor

Registration Number – INA000004088

Company Analysis: Goodluck India Limited

Posted on 28th July 2025

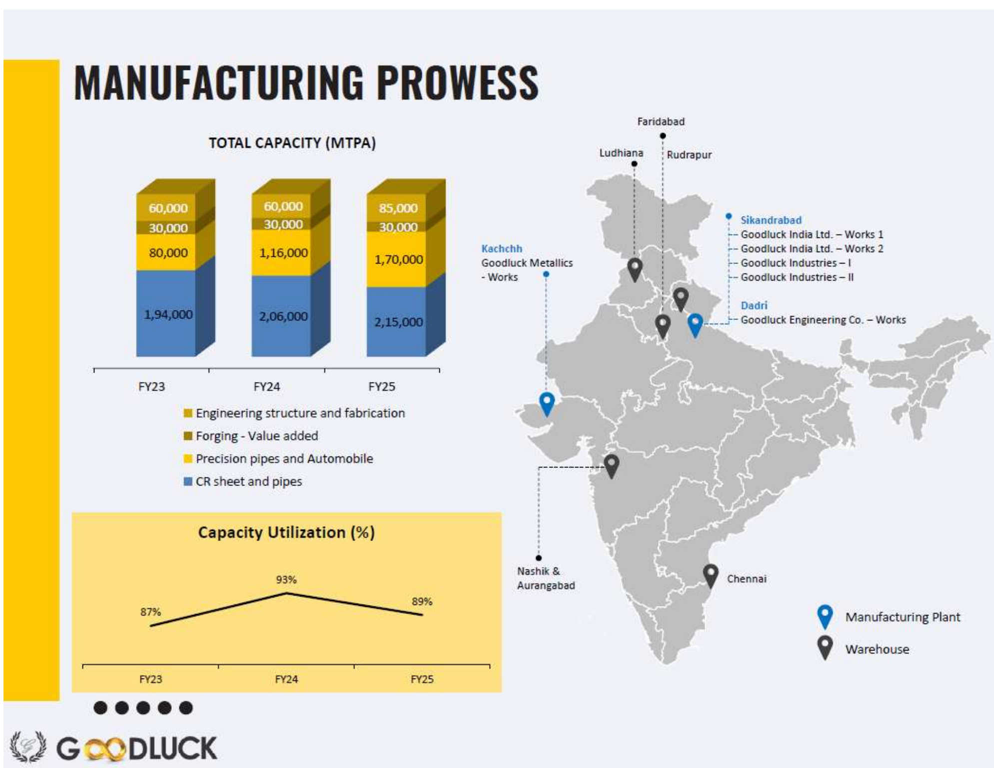
Company Overview

Goodluck India Limited was started by Mr. Mahesh Chandra Garg to manufacture basic steel tubes that served regional engineering firms. During the 1990s the company widened its range to include cold-rolled coils and galvanized pipes. This period also saw the first export dispatch to the Middle East, with the start of foreign customer relationships that later extended to Europe, North America, and Africa

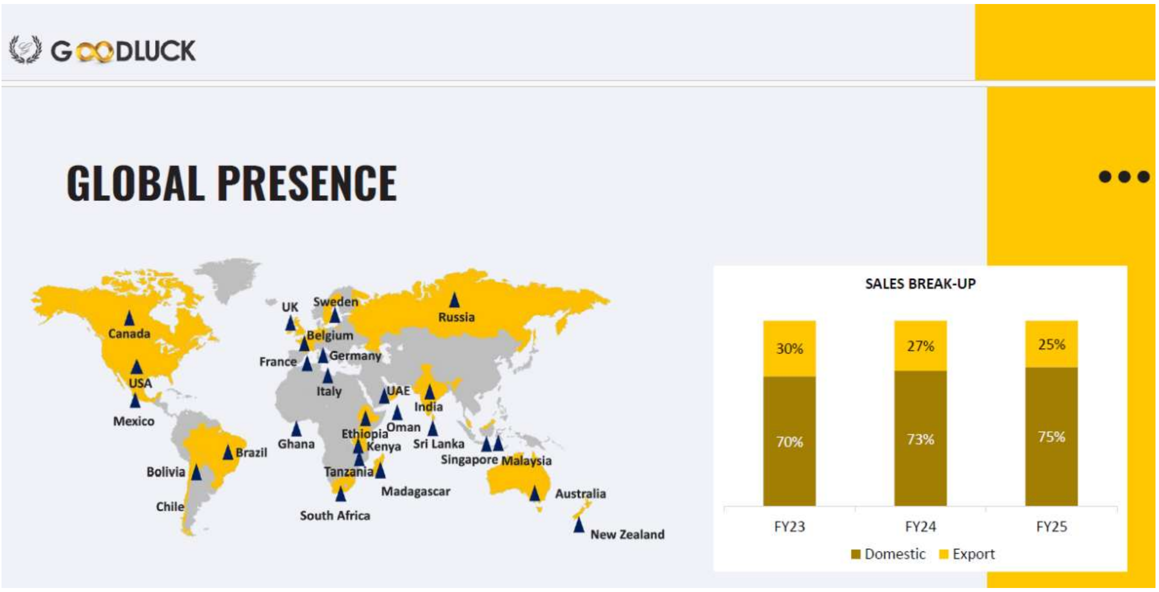
In 2000 the firm installed high-frequency welding equipment, enabling precision tube output for automotive applications and raising revenue mix from original equipment manufacturers.

Between 2014 and 2019 Goodluck completed three projects. It added seamless tube drawing lines, introduced fabrication of heavy bridge girders and set up a forging press for gear blanks. Each project broadened the product list, reduced reliance on commodity items, and aligned with domestic infrastructure spending.

The company now has six manufacturing plants across Uttar Pradesh and Gujarat with combined rated capacity of 500,000 metric tons. Export revenue contributed thirty per cent of turnover, from over one hundred international customers



Corporate structure consists of the listed parent and two wholly owned subsidiaries. Goodluck Engineering oversees fabricated structures and export contracts. Goodluck Defense and Aerospace houses the new forging plant aimed at ordnance (155 mm artillery gun shell) and aviation parts under the national indigenization policy



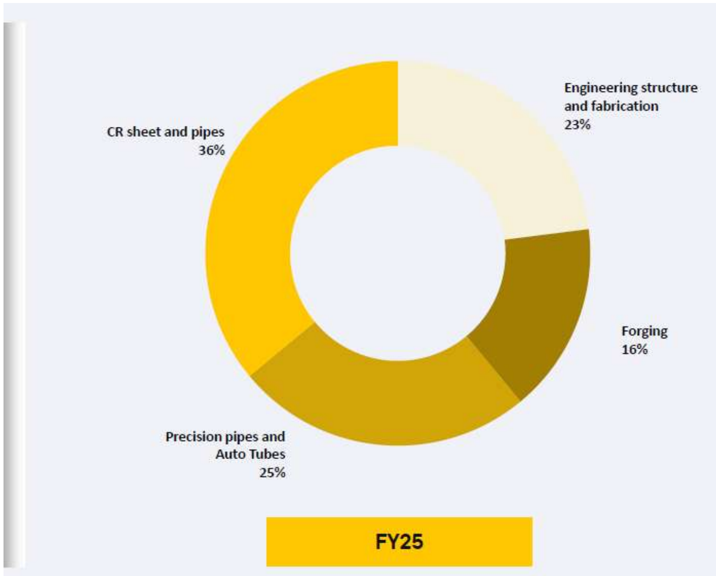
Goodluck follows a modular plant design strategy so incremental capacity can be added without shutting existing lines. This approach has kept average utilization above seventy per cent for the past five years and allowed progressive de-bottlenecking without large scale outages.

It has vendor approvals from Indian Railways, Bharat Heavy Electricals, and several global original equipment manufacturers.

In summary, the company started as a single product entity and, over nearly four decades, has evolved into a multi-location supplier in infrastructure, automotive, and defense supply chains.

Business Segments and Industry Overview

Goodluck operates in four segments as shown below



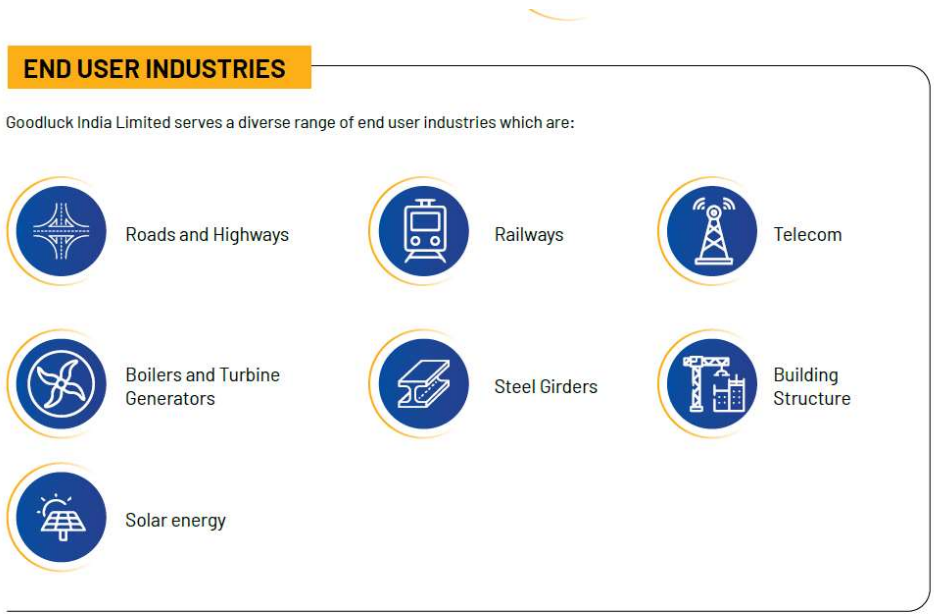
Precision Steel Pipes and Auto Tubes provide cold drawn welded tubes used in chassis, steering columns, and two-wheeler frames. End users include domestic and foreign vehicle OEM.

The second segment, **Cold-Rolled Coils and Pipes**, processes hot-rolled coils into thinner gauge sheets and pipes for construction and general engineering. National construction activity, metro rail projects, and warehousing expansion are driving this demand.

Engineering Structures is the third segment. This unit fabricates bridge girders, telecom towers, and industrial sheds. It executes contracts as a subcontractor to infrastructure firms. Demand for this segment is from public investment in roads, rail corridors, and renewable energy parks.

The fourth segment, **Forgings, manufactures rings, shafts, and machined components**. Primary customers are gear makers, wind turbine suppliers, and defense agencies. Domestic forging capacity remains fragmented, with small family enterprises supplying low alloy products and larger players focusing on exports.

Overall, each segment addresses separate end-markets with different cyclicality patterns. Automotive demand links to consumer and fleet replacement cycles; construction and engineering structures follow government capital expenditure; defense forgings depend on budget allocation to artillery modernization and aerospace indigenization. The company's portfolio is spread across these cycles, reducing volatility at the consolidated level.



Capex and growth plans

In 2018 Goodluck began shifting capital allocation toward products that command specification-based pricing rather than commodity pricing. This decision followed a period in which profit margins moved in direct relation to global steel prices.

Management has made portfolio changes to reduce earnings volatility and lengthen order visibility. This change started with refurbishment of cold drawn tube lines to meet tighter tolerance bands demanded by global automotive platforms. Subsequent steps included entering the forged component space for defense and wind energy customers. These activities carry qualification requirements, batch testing, and longer contract tenures, which provide revenue stability.

By fiscal 2025 value-added products represented 50% of consolidated revenue. Contribution to operating profit was higher because precision tubes and forgings attract processing fees that are less sensitive to raw material cost changes. The shift has improved the gross margin per ton even though steel prices corrected during part of the period.

The strategy has also influenced the customer mix. Automotive original equipment manufacturers now account for 15% of revenue, compared with 8% five years earlier.

Goodluck completed capex between fiscal 2022 and fiscal 2025 of 350 Cr. The largest item was a 50,000 ton per annum increase in precision tube capacity at the Sikandrabad plant. This addition was a combination of high-frequency welding mills, annealing furnaces, and multi-draw benches. Commissioning began in the first quarter of fiscal 2025 and commercial shipments started in the second quarter.

A second project involved construction of a forging plant at Kutch in Gujarat under the subsidiary Goodluck Defense and Aerospace. The facility houses a 5000-ton hydraulic press, ring rolling line, and closed die hammers. Initial rated capacity is 18000 tons of forging per year. Defense orders, though still small at under five per cent of turnover, are expected to expand as the Kutch plant secures serial production approval.

Smaller projects included an automatic surface treatment line, a vacuum degassing system for tube quality improvement, and additional bridge girder bays.

Management indicated that no large greenfield project is planned for the next eighteen months. Instead, focus will be on optimization through layout changes, tool life studies, and digital monitoring of energy consumption. Incremental capex of about 50 Cr rupees is budgeted for fiscal 2026, for debottlenecking and maintenance.

Capacity utilization targets are eighty per cent for precision tubes, seventy per cent for cold-rolled products, and sixty per cent for forgings within two years of commissioning. This will depend on order inflow from automotive platforms and timely approval of defense components.

Management Assessment

The board of Goodluck is composed of nine members: four executive directors from the promoter family, three independent directors, one nominee of a financial institution, and the chief executive officer.

Strategic decisions remain concentrated with the promoter group, but day-to-day operations have transitioned to professional managers over the past decade. The chief executive officer, appointed in 2018, previously led operations at a large auto component producer.

Execution history shows most expansion projects completed within announced timelines. The precision tube facility met mechanical completion one month ahead of schedule, while the forging plant faced a three-month delay due to external power supply approvals. Cost overruns were within five per cent of the original estimates.

Succession planning has been formalized. The promoter family has indicated that future leadership will depend on merit assessment of both family and external candidates.

- **Capital allocation record**: Management has been improving its capital allocation performance over the last few years. It is moving from low value add/ROC businesses to higher ROC businesses (forgings and defense). Also, these investments have been made through the company’s operating cash flow without adding much debt
- **Shareholder communication**: appears adequate. Management communicates regularly with investors via annual report, quarterly updates and conference calls. On the conference calls, they are open about the prospects of the company.
- **Accounting practices**: appear reasonable

Financial Performance Review

Mar 2021	Mar 2022	Mar 2023	Mar 2024	Mar 2025
1,572	2,613	3,072	3,525	3,936
1,456	2,430	2,868	3,243	3,625
117	**183**	**204**	**282**	**311**
7%	7%	7%	8%	8%
6	4	15	13	35
55	57	66	77	80
28	29	33	35	45
40	**101**	**121**	**182**	**221**
25%	25%	27%	27%	25%
30	**75**	**88**	**132**	**166**
12.26	28.84	32.21	41.52	50.35
0%	12%	14%	14%	8%

Consolidated revenue grew from 1572 Cr in 2021 to 3936 Cr representing a four-year compound rate of 18%. EBDITA moved from 145 cr. in fiscal 2021 to 356 Cr in 2025. Operating margin remained around 9% during this period. Margin is expected to improve as the company moves to higher value-added products

Profit after tax rose from 41 Cr in fiscal 2021 to 166 cr rupees in fiscal 2025. Return on equity rose to 19%, while return on capital employed moderated to twelve per cent due to the higher asset base awaiting ramp-up.

Compounded Sales Growth	
10 Years:	14%
5 Years:	19%
3 Years:	15%
TTM:	12%

Compounded Profit Growth	
10 Years:	19%
5 Years:	37%
3 Years:	30%
TTM:	25%

Stock Price CAGR	
10 Years:	29%
5 Years:	92%
3 Years:	57%
1 Year:	21%

Return on Equity	
10 Years:	13%
5 Years:	14%
3 Years:	15%
Last Year:	14%

The company has grown profit at 19% over a 10-year period, the majority of the improvement in the last 5 years is due to transition from a commodity steel pipe/ CR coil processor to more value added products

Precision tubes generated the highest share of operating profit followed by engineering structures. The cold-rolled segment recorded lower unit margins but provided volume stability. Forgings contributed marginal profit in their first year as commercial operations commenced late in the year

Cash flow from operations exceeded capital expenditure in fiscal 2022 and fiscal 2023, allowing modest debt reduction. The trend reversed in fiscal 2025 as project outflows peaked. Management expects free cash flow to turn positive again once the defense project reaches planned utilization and this will be used to reduce the debt level

Revenue guidance for fiscal 2026 is around 4500 Cr, assuming a full year contribution from the new tube capacity and gradual ramp-up of forgings. Margins are expected to improve and contribution from the defense segment will be over this guidance.

Risks

- Working capital expansion is a risk. Receivable days could rise if public infrastructure clients delay certification or payment. Higher working capital would increase borrowing and interest cost, putting pressure on cash generation.
- Raw material price volatility may erode contribution from the cold-rolled segment. Although the company uses quarterly pass-through clauses, sudden price drops can create negative inventory valuation adjustments. Competition from integrated steel producers expanding downstream capacity is a threat, particularly in cold-rolled and galvanised pipes. This risk is contained as the company is migrating to higher value added products
- Capacity utilisation depends on defence and automotive order flow. Delay in receiving approval for forged artillery parts or lower vehicle production can delay ramp-up and reduce return on capital. Management indicated that the prospective demand is much higher than capacity and they can use the same facility for the Brahmos missile components or exports

Scenario analysis

- Hypothesis 1: Management expects 15-18%+ CAGR growth and operating margin improves to 10-11% as per management guidance
- Hypothesis 2: This scenario assumes the top end of the management's goals (20%growth) in terms of topline and operating margin of 11%
- Hypothesis 3: This is the pessimistic scenario where the topline grows 12-13% and no improvement in margin

Current + Yr 3	H1	H2	H3	Reasoning	Factors
Sales	6400	6900	5600	Company is adding capacity in tubes and forgings which have higher margin. Structures are 10-12% margin. GI pipes capacity is steady and moving to VAP	Tailwind from capex, infra and move to higger margin products
OPM	10%	11%	8%	Main improvement in margins is due to move to Forgings and precision tubes for industries with tailwind	
NPM	5.3%	6.4%	4.1%	75% tax rate and excluding other income Expect debt to be reduced by 50%	
Net profit	336	440	231		
PE	18	23	14		
Mcap	6048	10117	3234		
Mulitple	1.68	2.81	0.90	30%+ CAGR	

Conclusion

Goodluck India Limited has undergone a gradual transformation over the last decade from a commodity-oriented manufacturer of steel pipes and coils to a diversified industrial supplier with a stronger focus on value-added products. This transition has involved capital investments in precision tube manufacturing, forging capabilities, and fabrication units aligned with automotive, defense, and infrastructure sectors. This has reduced the cyclicality of consolidated performance.

From a financial perspective, the company has delivered consistent revenue growth to an 18% CAGR over the last four years, with operating margins holding steady at around 9%. Profitability has improved due to higher contribution from precision tubes and the initial contribution from forgings. While the forging segment is at an early stage, it is expected to scale as approvals for defense and aerospace components are secured. Return on equity improved to 19%, though return on capital employed has moderated temporarily due to the addition of new capacity.

Revenue guidance from management for fiscal 2026 is ₹4,500 crore, supported by expanded capacity in tubes and a gradual ramp-up of forgings. If the company is able to get due certification and ramp up the capacity and sales of its defense unit and precision tubes, we could get 15%+ topline growth and 20%+ profit growth due to operating leverage

You can find the financials of the company at Goodluck India Ltd Financial Results – Quarterly & Annual, Quarterly Trends, Annual Trends |BSE

Q2- 2026 Results Analysis

Posted on 21st November2025

You can find the prior analysis on the company here

The company reported a 2% increase in topline (9.7% rise in volumes), 30% growth in EBDITA and 20% growth in net profit (excluding exceptional items). The topline growth was lower than volume growth due to drop in steel prices

An important catalyst for the company is its expansion into high value engineering and defence manufacturing. The company received approval for its plant and has started production of artillery shells. The company is working on expanding this capacity from 1.5 Lac to 4 Lac shells due to enquiry and demand from Indian and foreign customers.

Management is confident of ramping up sales for this segment and expects to achieve 80% capacity utilization by FY28. In addition to shells, the company is doing capex for critical components for missile and aerospace applications. Management expects this division to touch 1000 Cr topline with 30%+ EBDITA margin by FY 28.

The company has also signed a strategic partnership with BrahMos Aerospace Thiruvananthapuram Limited, BATL and Axiscades Technology Limited on the Advanced Medium Combat Aircraft program. These initiatives in the defence industry will drive performance from FY 27 onwards

For the current year and next, the company is targeting a revenue of 500 crore for solar support structures. The hydraulics tube plant commenced operations in January 2025 and management plans to add capacity once it touches 80% capacity utilization

Overall, the company is focused on moving to higher value-added segments due to which the operating margin and ROC should expand. Management expects long term growth of 15% or higher with improving margins. They have delivered growth in the past and we need to see if the same is achieved in the future

Q3 - 2026 Results Analysis

Posted on 06th March 2026

The company reported ~10% increase in topline (8.2% rise in volumes), 22% growth in EBITDA and 6% growth in net profit (excluding exceptional items). Topline growth was closer to volume growth as steel prices improved in December; EBITDA margin improved to ~9.9% (vs 8.9% last year), while depreciation and interest increased due to recent capex.

A catalyst remains the expansion into engineering and defense manufacturing. Production has commenced at the defense subsidiary, and the first completed order is ready for dispatch, pending final government permissions. Management expects ~INR60–70 Cr revenue in Q4 (subject to dispatch clearance) and contribution from Q1 FY27 onwards.

The company is scaling artillery shell capacity from 1.5 Lac to 4 Lac shells. Management indicated INR400–500 Cr capex for the expansion (funded ~60% equity / 40% debt) and expects ~90% utilization of the current line by next quarter; the expanded line is expected to start contributing over the next year.

At steady state, management indicated ~INR800 Cr topline from shells plus ~INR200 Cr from aerospace components, with ~30–35% EBITDA margin for the combined defense/aerospace business. Order visibility is one year with LOIs for two years, and management is investing in aerospace/defense components for missile and aircraft programs.

For solar, management guided ~INR400 Cr revenue in FY26 from tracker tubes/structures and expects ~INR600–700 Cr next year (including transmission tubes). The hydraulic tube plant is at ~40–45% utilization and management expect this to reach ~60–65% over the next two quarters; further capacity addition is linked to reaching ~80% utilization.

Overall, the company is focused on moving to higher value-added segments due to which operating margin and ROC should expand. Management reiterated a 15–20% growth target, with value-added mix at ~56–60% currently (targeting ~60–65% next year). The key monitorable are the timing of defense dispatch approvals and the working-capital build as defense scales.

RC Capital Management does not warrant its completeness and accuracy. This information is made available for personal and non-commercial use only. Use of the information is at user's own risk. Any act of copying, reproducing or distributing this newsletter, whether wholly or in part, for any purpose without the permission of RC Capital Management is strictly prohibited and will be considered as copyright infringement. As a condition to accessing the contents of this newsletter, you agree to the terms of use of the website.

Type of Registration: Non-Individual Reg. No.: INA000004088, Valid till: Perpetual
Enlistment ID with IAASB - 1329
Address : B-101, Chinar Soc., Behind Subway, Kothrud, Pune-411038 +91 88060 58625
Compliance Officer – Kedar Ghaisas (91-8806058625 / admin@rccapitalmanagement.com)
Grievance Officer – Kedar Ghaisas (91-8806058625 / admin@rccapitalmanagement.com)
Corresponding SEBI Regional Office – SEBI Bhavan BKC, Plot No.C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, Enlistment of IA with IAASB and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors