Goodluck India (GOOLUC)

CMP: ₹515 | Target ₹ 575 (12%) | Target Period: 12 months | HOLD

November 2, 2026

Ramp up of defence vertical holds the key...

About the stock: Goodluck India (GIL), established in 1986, is engaged in manufacturing precision-engineered steel products, having a total installed capacity of 5 lakh tons per annum.

- Commissioned 1.5 lakh artillery gun shells (155 mm) annual capacity, under its subsidiary Goodluck Defence & Aerospace (GDAL).

Q2FY27 performance: Goodluck India reported healthy standalone results with muted defence show. Consolidated topline for Q2'27 stood ₹1,363 crore (up 38% YoY, 6% QoQ) with sales volume of 1.3 lakh tonnes (up 18% YoY). Reported EBITDA stood at ₹116 crore with EBITDA margins at 8.5% (down 195 bps QoQ). Standalone EBITDA/tonne stood at ₹8,078 vs ₹8,210 in Q1FY27. Consolidated PAT for the quarter stood at ₹51 crore (up 19% YoY, however down ~25% QoQ).

Investment Rationale:

- **Shift towards value-added products to support earnings:** Over the past three decades, GIL has evolved from a steel producer into a precision-engineered steel solutions provider, with an increasing focus on high-value-added products. Its capacity has expanded from 3.6 lakh tonnes in FY23 to 5 lakh tonnes in FY25. It has also forayed into hydraulic tubes with 50,000 MTPA capacity, catering to the automotive and construction equipment sectors, offering EBITDA margins of 12-13%. Further, GIL is strengthening its presence in renewable energy through solar tracker tubes and transmission structures. Overall, value-added products make 68% of total volume and 78% of revenue for GIL. In the base business, additional expansion from 5 lakh tonnes to 6 lakh tonnes is expected in 12-16 months with ramp up expected over next 1 to 2 years. These initiatives are expected to drive healthy earnings growth, with standalone revenue/EBITDA estimated to grow at 19%/11% CAGR over FY26–28E.
- **Defence subsidiary amalgamation commendable corporate action:** GIL's core investment thesis was hooked upon its defence & aerospace vertical given its capabilities and long growth runway. Management's decision to amalgamate this business with GIL is commendable and bodes well for its long-term value creation given all the benefits/upside of defence business will now be captured in the listed Goodluck India entity. With artillery shell capacity in process to be expanded from 1.5 lakh to 4 lakh shells per annum, GIL is well positioned to capitalise on growing domestic and export opportunities, particularly in Europe amid rising defence spending. Following the planned expansion, we expect the defence segment, including aerospace, to generate revenue of ~₹600 crore with EBITDA margins of ~35% by FY28E (EBITDA at ~₹ 208 crore in FY28E).

Rating and Target Price: Goodluck India is set for healthy growth, supported by higher value-added products in its core business and venture into high-growth defence segment. With defence business set to be merged with the listed entity, we incorporate the same in our financials, assuming merger of this vertical at the latest round of equity raise. With the merger/swap ratio as the key monitorable, we assign **HOLD** rating onto the stock with SOTP-based target price of **₹575**.

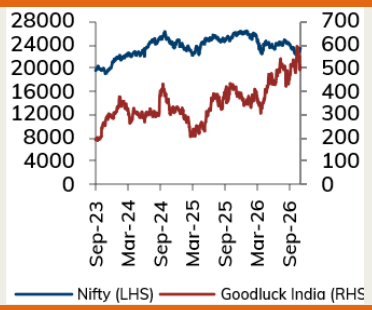
Particulars

Particulars	₹ crore
Market capitalisation	5,135
Total Debt (FY26P)	1,119
Cash & Investment (FY26P)	50
EV (₹ crore)	6,205
52-week H/L (₹)	615 / 305
Equity capital (₹ crore)	19.9
Face value (₹)	2.0

Shareholding pattern

	Dec-25	Mar-26	June-26	Sep-26
Promoters	56.4	56.4	54.0	54.0
FII	1.5	1.6	2.5	1.9
DIIs	4.4	5.0	6.5	6.4
Others	38.7	37.0	37.0	37.7

Price Chart



Key risks

- Reported healthy standalone results in Q2'27 with muted defence show. Sales/PAT is expected to grow at ~24%/38% CAGR over FY26-28E.
- **Key Risk:** i) adverse swap ratio amidst impending merger of defence and renewable energy entities (ii) higher than expected operating performance (margin and volume gains) leading to beat our estimates.

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Key Financial Summary

Key Financials (₹ crore)	FY23	FY24	FY25	FY26	4-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Sales	3,072	3,525	3,936	4,100	11.9%	5,587	6,340	24.3%
EBITDA	204	282	311	398	21.5%	530	659	28.7%
EBITDA Margins (%)	6.7	8.0	7.9	9.7		9.5	10.4	
Net Profit	88	132	165	181	24.6%	249	345	38.1%
EPS (₹)	32.2	41.5	50.3	54.4		25.0	30.5	
P/E	47.8	37.1	30.6	28.3		20.6	16.9	
RoNW (%)	14.2	11.8	13.4	12.1		14.4	16.8	

Source: Company, ICICI Direct Research

Key Takeaways of Recent Quarter

Q2FY27 Results: Reported a Healthy Performance

- Total Consolidated topline stood ₹1,363 crore (up ~38% YoY) with standalone sales volume of ~1.33 lakh tonnes (up 18% YoY). Capacity Utilisation for Q2FY27 stands at ~99% (vs ~90% in Q2FY26).
- Reported EBITDA stood at ₹116 crore with corresponding EBITDA margins at 8.5% (down 195 QoQ) impacted by higher fuel and global freight costs. Standalone (precision pipes and engineering structures) EBITDA/tonne stood at ₹8,079 vs ₹8,210 in Q1FY27.
- Consolidated PAT for the quarter stood at ₹51 crore (up 19% YoY), including other income of ~₹11 crore in Q2FY27 vs ~₹5 crore in Q1FY27.
- Alongside, the board reiterated its approval of amalgamation of Goodluck Defense and Aerospace Limited and Goodluck Green Energy Limited into the parent, Goodluck India Limited and expected to be executed within 12 to 16 months.

Q2FY27 Earnings Conference Call Highlights

- **Expansion:** GIL's core product expansion from 5 lakh tonnes to 6 lakh tonnes is underway, mainly by debottlenecking, expected to be completed in 12-16 months and full utilization in 1 to 2 years.
- **Defence:** GIL's subsidiary, Goodluck Defence and Aerospace, reported NIL revenue in Q2FY27. Management attributed the outcome to delay in government approval based on geopolitical and other factors. Moreover, on the expansion front, peak revenue from 4 lakh shells capacity (post ~2.5 lakh addition) is guided ~₹1000 crores. Additionally, GDAL emerged as the sole technically qualified bidder for the Munitions India Ltd. 155 mm shell and revenue from this is expected in later part of FY27.
- **Hydraulic Tube:** GIL highlighted that the utilisation levels at hydraulic tube segment has risen to 65-70% (vs 60-65% in Q1FY27) and expects utilisation to improve to 75-80%, supported by rising infrastructure activity and improved demand from construction equipment players. Further expansion of 50 KTPA will be decided after H2FY27, management cited.
- **New Products:** Front fork tube expansion is nearly complete and will reflect in Q4FY27 while the galvanised conduit pipe expansion remains underway. Moreover, the company has approved the addition of a new line of Aerospace components aimed at ₹180 crores of revenue with ₹80 crore of investment. This will hit peak revenue potential in about 3-4 years.
- **Capex:** For the defence business, over ₹300 crore investment is targeted, including new aerospace components line. Moreover, debt repayment for FY27 is expected to be ₹62 crore, of which ₹25 crore has already been repaid. Overall, Debt/EBITDA is targeted at 2.5x while maintaining aspiration of lowering it in the long-term.
- **Guidance:** Goodluck India maintained its FY27 guidance of topline growth in the range of ~15-20% and EBITDA margins of 10-12%, supported by volume growth, ramp-up of new capacities, improving utilisation levels and healthy demand outlook across infrastructure, export markets and defence business. Additionally, it expects defence segment revenue of ₹300 crore with EBITDA margins of 30-35% in FY27.

Key Tables and Charts

Exhibit 1: Quarterly Variance Analysis

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Total Operating Income	1,363	991	37.5	1,287	5.9
Raw Material Expenses	952	710	34.2	885	7.7
Employee Expenses	62	51	22.3	66	-5.1
Other expenses	232	139	66.9	202	14.6
Total Expenses	1,247	900	38.6	1,153	8.2
EBITDA	116	92	26.6	135	-13.8
EBITDA Margin (%)	8.5%	9.3%	-73bps	10.5%	-195bps
Other Income	11	6	81.3	5	135.3
Depreciation	21	15	40.7	21	0.1
Interest	40	26	53.3	30	31.4
Tax	16	14	10.2	21	-24.7
Net Profit/(Loss)	51	43	18.8	67	-24.6
Key Metrics (Pipes)					
Sales Volume (tonnes)	133,374	112,937	18.1	122,718	8.7
Realization (₹/tonne)	102,402	87,782	16.7	98,269	4.2
EBITDA (₹/tonne)	8,079	8,130	-0.6	8,210	-1.6

Source: Company, ICICI Direct Research

Exhibit 2: Key Assumptions- Base Business

Particulars	Units	FY24	FY25	FY26	FY27E	FY28E
Sales Volume	MT	3.7	4.4	4.7	5.2	5.5
Revenue	₹ crores	3,525	3,936	4,068	5,286	5,745
EBITDA	₹ crores	282	311	367	419	454
EBITDA	₹/tonne	7,543	7,023	7,845	8,121	8,250

Source: Company, ICICI Direct Research

Exhibit 3: Valuation Matrix- SoTP based target price calculation

Particulars	Units	FY28E
Base Business: Precision Pipes and Engineering Structures		
Sales volume	in lakh tons	5.5
EBITDA/tonne	₹/tonne	8,250
EBITDA	₹ in crore	454
EV/EBITDA Multiple	X	7.5
Target EV (A)	**₹ in crore**	**3,402**
Defence Business		
Sales volume	in lakh units	2.1
EBITDA	₹ in crore	208
EV/EBITDA Multiple	x	20
EV of Defence business	₹ in crore	4,165
Apportioned EV considering Goodluck India 69% Stakes in Defence Business (B)	**₹ in crore**	**4,165**
Total Consolidated Target EV (A+B)	**₹ in crore**	**7,567**
Less: Net Debt	₹ in crore	1,035
Implied Market Cap	**₹ in crore**	**6,532**
No. of Equity Shares	in crore	11.3
Target price	**₹/share**	**575**

Source: ICICI Direct Research

Financial summary

Exhibit 4: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Total Income	3,936	4,100	5,587	6,340
Growth (%)	12	4	36	13
Raw Material Cost	2,857	2,839	3,863	4,343
Employee Expenses	179	210	260	298
Other Expense	589	653	934	1,040
Total Expenditure	3,625	3,702	5,057	5,680
EBITDA	311	398	530	659
Growth (%)	10	28	33	24
Depreciation	45	67	86	104
Interest	80	106	123	125
Other Income	21	20	27	30
PBT	-	-	-	-
Profit from JV & MI	207	246	348	460
Total Tax	14	-	-	-
PAT	55	63	85	115
Growth (%)	165	181	249	345
EPS (₹)	24.9	9.6	37.7	38.6

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	165	181	249	345
Add: Depreciation	45	67	86	104
(Inc)/dec in Current Assets	-207	-227	-330	-266
Inc/(dec) in CL and Provisions	29	86	113	62
Others, Sub-Other Income	45	86	96	95
CF from operating activities	76	192	215	340
(Inc)/dec in Investments	-10	-2	0	0
(Inc)/dec in Fixed Assets	-490	-347	-70	-250
Others, Add- Other income	44	29	40	29
CF from investing activities	-457	-320	-30	-221
Issue/(Buy back) of Equity	0	0	13	3
Inc/(dec) in loan funds	270	238	0	35
Dividend & interest outgo	-84	-126	-140	-148
Inc/(dec) in Share Cap	0	0	0	0
Others	30	19	-13	0
CF from financing activities	216	131	-140	-110
Net Cash flow	-165	3	45	9
Opening Cash	211	46	49	94
Closing Cash	46	49	94	104

Source: Company, ICICI Direct Research

Exhibit 6: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Liabilities				
Equity Capital	6.55	6.65	19.94	22.59
Reserve and Surplus	1,304	1,484	1,703	2,025
Total Shareholders' funds	1,311	1,491	1,723	2,048
Total Debt	882	1,119	1,119	1,154
Deferred Tax Liability	39	50	50	50
Minority Interest / Others	36	38	52	52
Total Liabilities	2,267	2,698	2,945	3,305
Assets				
Gross Block	1,051	1,521	1,612	1,862
Less: Acc Depreciation	252	319	405	509
Net Block	799	1,202	1,207	1,352
Capital WIP	244	121	100	100
Total Fixed Assets	1,043	1,323	1,307	1,452
Investments	14	16	16	16
Inventory	628	856	995	1,129
Debtors	506	478	612	695
Loans and Advances	0	0	0	0
Other Current Assets	285	312	369	419
Cash	46	49	94	104
Total Current Assets	1,465	1,696	2,070	2,346
Current Liabilities	116	158	230	261
Provisions	11	13	18	21
Current Liabilities & Prov	262	348	461	523
Net Current Assets	1,203	1,348	1,609	1,823
Others Assets	7	11	12	13
Application of Funds	2,267	2,698	2,945	3,305

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
EPS	16.5	18.1	25.0	30.5
Cash EPS	21.0	24.8	33.6	39.8
BV	131.5	149.5	172.8	181.3
DPS	0.3	2.0	1.7	2.0
Cash Per Share	4.6	4.9	9.5	9.2
Operating Ratios (%)				
EBITDA Margin	7.9	9.7	9.5	10.4
PAT Margin	4.2	4.4	4.5	5.4
Inventory days	58.2	76.2	65.0	65.0
Debtor days	46.9	42.6	40.0	40.0
Creditor days	10.8	14.1	15.0	15.0
Return Ratios (%)				
RoE	13.4	12.1	14.4	16.8
RoCE	11.7	12.3	15.1	16.8
RoIC	13.4	13.1	16.1	17.9
Valuation Ratios (x)				
P/E	31.2	28.4	20.6	16.9
EV / EBITDA	19.2	15.6	11.6	9.4
EV / Net Sales	1.5	1.5	1.1	1.0
Market Cap / Sales	1.3	1.3	0.9	0.8
Price to Book Value	3.9	3.4	3.0	2.8
Solvency Ratios				
Debt/EBITDA	2.8	2.8	2.1	1.8
Debt / Equity	0.7	0.8	0.6	0.6
Current Ratio	11.1	9.6	8.0	8.0
Quick Ratio	6.2	4.6	4.0	4.0

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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