Goodluck India (GOOLUC)

CMP: ₹1,480 Target ₹ 1,600 (8%) Target Period: 12 months

HOLD

August 10, 2026

Equity dilution in the defence arm to limit upside...

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.

Q1FY27 performance: Goodluck India reported healthy performance in Q1'27. Revenue stood at ₹1,287 crore (up 31% YoY) with standalone sales volume of ~1.23 lakh tonnes (up 9% YoY). Reported EBITDA stood at ₹135 crore with corresponding EBITDA margins at 10.5% (flat QoQ). Standalone EBITDA/tonne stood at ₹8,210 vs ₹7,423 in Q4FY26. PAT for the quarter stood at ₹67 crore (up 20% QoQ, 67% YoY).

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, leveraging its existing capabilities to improve margins in its CRSP business. The government's announcement of seven new high-speed rail corridors under the FY27 Budget provides additional growth opportunities. GIL is also expanding its forging capacity to cater to export demand and support defence indigenisation. These initiatives are expected to drive healthy earnings growth, with standalone revenue/EBITDA estimated to grow at 13%/10% CAGR over FY26–28E.
- **Defence vertical to emerge as a key earnings growth driver:** GIL entered the defence manufacturing segment after securing an industrial licence and has commissioned 1.5 lakh shells of annual production capacity, with an export shipment order worth ~₹52 crore and a ₹255 crore order book for 155mm long-range empty shells. The company is further expanding its capacity by 2.5 lakh shells, taking total annual capacity to 4 lakh shells by Sep'27, supported by ~₹400 crore of capex. This positions GIL to capitalise on growing domestic and export opportunities, particularly in Europe amid rising defence spending. Following the planned expansion, the defence segment, including aerospace, is expected to generate revenue of ~₹650 crore with EBITDA margins of ~35% by FY28, contributing ~11% and ~34% to GIL's consolidated revenue and EBITDA, respectively.

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. However, the recent equity dilution at its defence subsidiary is likely to moderate GIL's economic interest in the high-margin defence business and limit the potential earnings contribution. Notably, the upcoming defence IPO could unlock value for shareholders as it will command a higher valuation compared with current valuation. With such value unlocking at play, we advise investors to **HOLD** onto the stock by maintaining a SOTP-based target price of ₹**1,600**.

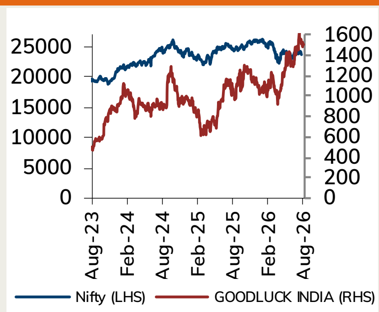
Particulars

Particulars	₹ crore
Market capitalisation	4,919
Total Debt (FY26P)	1,119
Cash & Investment (FY26P)	65
EV (₹ crore)	5,973
52-week H/L (₹)	1,673 / 915
Equity capital (₹ crore)	6.6
Face value (₹)	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	June-26
Promoters	56.4	56.4	56.4	54.0
FII	2.0	1.5	1.6	2.5
DIIs	3.2	4.4	5.0	6.5
Others	38.4	38.7	37.0	37.0

Price Chart



Key risks

- Reported healthy Q1FY27 results. Sales/PAT is expected to grow at ~20%/33% CAGR over FY26-28E.
- **Key Risk:** i) Global geopolitical uncertainties resulting in near term business volatility (ii) higher than expected operating performance leading to beat our estimates.

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Manisha Kesari
manisha.kesari@icicisecurities.com

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Company Update

Key Financial Summary

Key Financials (₹ crore)	FY23	FY24	FY25*	FY26P	4-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Sales	3,072	3,525	3,936	4,100	11.9%	5,221	5,885	19.8%
EBITDA	204	282	311	398	21.5%	509	671	29.8%
EBITDA Margins (%)	6.7	8.0	7.9	9.7		9.7	11.4	
Net Profit	88	132	165	181	24.6%	235	321	33.3%
EPS (₹)	32.2	41.5	50.3	54.4		70.6	96.7	
P/E	47.8	37.1	30.6	28.3		21.0	15.3	
RoNW (%)	14.2	11.8	13.4	12.1		13.7	16.0	

Source: Company, ICICI Direct Research

Key Takeaways of Recent Quarter

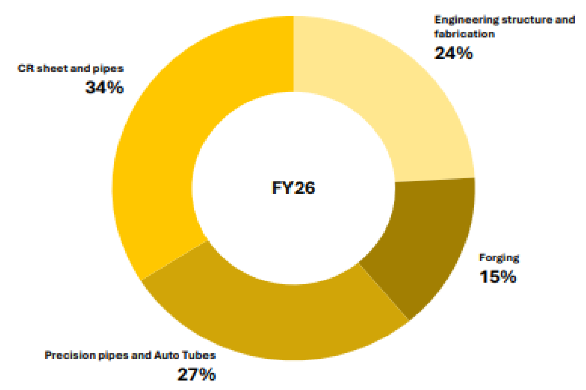
Q1FY27 Results: Reported a Healthy Performance

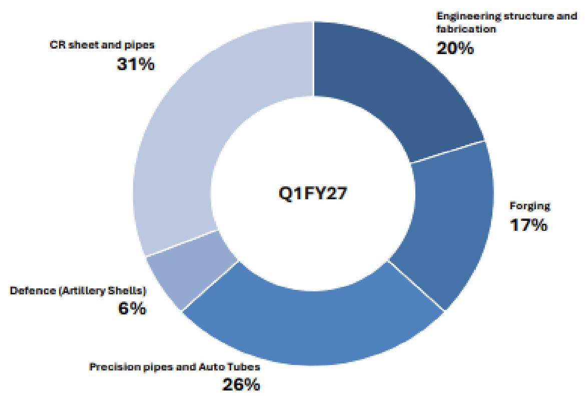
- Total Consolidated topline stood ₹1,287 crore (up 31% YoY) with standalone sales volume of ~1.23 lakh tonnes (up 9% YoY). Capacity Utilisation for Q1FY27 stands at ~98% (vs ~90% in Q1FY26).
- Reported EBITDA stood at ₹135 crore with corresponding EBITDA margins at 10.5% (flat QoQ). Standalone (precision pipes and engineering structures) EBITDA/tonne stood at ₹8,210 vs ₹7,423 in Q4FY26.
- Consolidated PAT for the quarter stood at ₹67 crore (up 20% QoQ), including other income of ~₹5 crore in Q1'27 vs ~₹9 crore in Q4'26.
- At its defence subsidiary, the boards have approved the further issue of equity shares to non-promoter category through preferential and private placement to raise fund up to ₹285 crores at a rate of ₹375 per share.

Q1FY27 Earnings Conference Call Highlights

- **Defence:** GIL's subsidiary, Goodluck Defence and Aerospace, reported revenue of ~₹80 crore with EBITDA margins of ~38% in Q1FY27. It reported healthy capacity utilisation during the quarter. The subsidiary received an order worth ~₹250 crore, with an order book of ~50,000 artillery gun shells. Moreover, GIL has postponed the commissioning of an additional ~2.5 lakh shells of capacity by 6 to 9 months to Sep'27, with commercial operations expected to commence from H2FY28 onwards.
- **Hydraulic Tube:** GIL highlighted that the hydraulic tube segment is currently in the ramp-up phase. It reported capacity utilisation of 60-65% in Q1FY27 (vs. ~50% in Q4FY26) and expects utilisation to improve further over the coming quarters, supported by improving infrastructure activity and rising demand from construction equipment players.
- **New Product:** The capacity addition for the GI and conduit pipe division, which was delayed due to the West Asia crisis, is now expected to ramp up over the coming quarters. Moreover, the company has been approved as a supplier of 155mm M107 Ready-to-Fill Artillery Shells after clearing the prescribed visual, gauging, dimensional and dynamic tests conducted by the Department of Defence Production, Ministry of Defence.
- **Capex:** GIL plans capex of ₹400 crore for the addition 2.5 lakh artillery gun shell capacity. Additionally, the standalone business has a capex plan of ₹100-150 crore. Moreover, debt repayment for FY27 is expected to be ₹62 crore, of which ₹25 crore has already been repaid in Q1FY27.
- **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 and export markets. Additionally, it expects defence segment revenue of ₹300-350 crore with EBITDA margins of 30-35% in FY27.

Exhibit 1: Base Business- Revenue Contribution





Source: Company, ICICI Direct Research

Key Tables and Charts

Exhibit 2: Key Assumptions- Base Business

Particulars	Units	FY24	FY25	FY26P	FY27E	FY28E
Sales Volume	MT	3.7	4.4	4.7	5.0	5.4
Revenue	₹ crores	3,525	3,936	4,068	4,895	5,235
EBITDA	₹ crores	282	311	367	401	445
EBITDA	₹/tonne	7,543	7,023	7,845	7,957	8,250

Source: Company, ICICI Direct Research

Exhibit 3: Key Assumptions- Defence

Particulars	Units	FY27E	FY28E
Sales Volume	in lakh units	1.4	1.8
Revenue	₹ crores	326	650
EBITDA	₹ crores	107	228
EBITDA Margins	%	33%	35%

Source: Company, ICICI Direct Research

Exhibit 4: Valuation Matrix- SoTP based target price calculation

Particulars	Units	FY28E
Base Business: Precision Pipes and Engineering Structures		
Sales volume	in lakh tons	5.4
EBITDA/tonne	₹/tonne	8,250
EBITDA	₹ in crore	445
EV/EBITDA Multiple	X	7.5
Target EV (A)	**₹ in crore**	**3,334**
Defence Business		
Sales volume	in lakh units	1.8
EBITDA	₹ in crore	228
EV/EBITDA Multiple	x	20
EV of Defence business	₹ in crore	4,550
Apportioned EV considering Goodluck India 69% Stakes in Defence Business (B)	**₹ in crore**	**3,130**
Total Consolidated Target EV (A+B)	**₹ in crore**	**6,464**
Less: Net Debt	₹ in crore	1,134
Implied Market Cap	**₹ in crore**	**5,330**
No. of Equity Shares	in crore	3.3
Target price	**₹/share**	**1,600**
CMP	₹/share	1,480
Upside (%)	**in %**	**8%**

Source: ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26P	FY27E	FY28E
Total Income	3,936	4,100	5,221	5,885
Growth (%)	12	4	27	13
Raw Material Cost	2,857	2,839	3,569	4,007
Employee Expenses	179	210	262	294
Other Expense	589	653	881	912
Total Expenditure	3,625	3,702	4,712	5,213
EBITDA	311	398	509	671
Growth (%)	10	28	28	32
Depreciation	45	67	81	98
Interest	80	106	118	117
Other Income	21	20	21	26
PBT	207	246	332	482
Profit from JV & MI	14	-	-	-
Total Tax	55	63	82	121
PAT	165	181	235	321
Growth (%)	24.9	9.6	29.9	36.9
EPS (₹)	50.3	54.4	70.6	96.7

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26P	FY27E	FY28E
Profit after Tax	165	181	235	321
Add: Depreciation	45	67	81	98
(Inc)/dec in Current Assets	-207	-227	-272	-325
Inc/(dec) in CL and Provisions	29	86	32	48
Others, Sub-Other Income	45	86	96	91
CF from operating activities	76	192	172	234
(Inc)/dec in Investments	-10	-2	0	0
(Inc)/dec in Fixed Assets	-490	-347	-65	-250
Others, Add- Other income	44	29	36	65
CF from investing activities	-457	-320	-29	-185
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	270	238	0	100
Dividend & interest outgo	-84	-126	-134	-137
Inc/(dec) in Share Cap	0	0	0	0
Others	30	19	0	0
CF from financing activities	216	131	-134	-37
Net Cash flow	-165	3	8	13
Opening Cash	211	46	49	58
Closing Cash	46	49	58	70

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(Year-end March)	FY25	FY26P	FY27E	FY28E
Liabilities				
Equity Capital	6.55	6.65	6.65	6.65
Reserve and Surplus	1,304	1,484	1,702	2,004
Total Shareholders' funds	1,311	1,491	1,709	2,010
Total Debt	882	1,119	1,119	1,219
Deferred Tax Liability	39	50	50	50
Minority Interest / Others	36	38	53	93
Total Liabilities	2,267	2,698	2,932	3,373
Assets				
Gross Block	1,051	1,521	1,407	1,857
Less: Acc Depreciation	252	319	400	498
Net Block	799	1,202	1,007	1,359
Capital WIP	244	121	300	100
Total Fixed Assets	1,043	1,323	1,307	1,459
Investments	14	16	16	16
Inventory	628	856	930	1,048
Debtors	506	478	644	806
Loans and Advances	0	0	0	0
Other Current Assets	285	312	345	388
Cash	46	49	58	70
Total Current Assets	1,465	1,696	1,976	2,313
Current Liabilities	116	158	143	161
Provisions	11	13	11	13
Current Liabilities & Prov	262	348	380	428
Net Current Assets	1,203	1,348	1,596	1,885
Others Assets	7	11	12	13
Application of Funds	2,267	2,698	2,932	3,373

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26P	FY27E	FY28E
Per share data (₹)				
EPS	50.3	54.4	70.6	96.7
Cash EPS	64.1	74.5	94.8	126.1
BV	400.4	448.6	514.2	604.9
DPS	1.0	6.0	5.0	6.0
Cash Per Share	14.1	14.8	17.3	21.2
Operating Ratios (%)				
EBITDA Margin	7.9	9.7	9.7	11.4
PAT Margin	4.2	4.4	4.5	5.5
Inventory days	58.2	76.2	65.0	65.0
Debtor days	46.9	42.6	45.0	50.0
Creditor days	10.8	14.1	10.0	10.0
Return Ratios (%)				
RoE	13.4	12.1	13.7	16.0
RoCE	11.7	12.3	14.6	17.0
RoIC	13.4	13.1	16.6	17.9
Valuation Ratios (x)				
P/E	30.6	28.3	21.0	15.3
EV / EBITDA	19.2	15.5	11.8	9.0
EV / Net Sales	1.5	1.5	1.1	1.0
Market Cap / Sales	1.3	1.2	0.9	0.8
Price to Book Value	3.8	3.4	2.9	2.4
Solvency Ratios				
Debt/EBITDA	2.8	2.8	2.2	1.8
Debt / Equity	0.7	0.8	0.7	0.6
Current Ratio	11.1	9.6	12.4	12.9
Quick Ratio	6.2	4.6	6.4	6.9

Source: Company, ICICI Direct Research

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Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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