

INVESTOR  
PRESENTATION  
MARCH 2016



# **EXECUTIVE SUMMARY**



**30**  
years of  
excellence

## Overview

- Good Luck Steel Tubes Ltd. incorporated in 1986 by Mr. Mahesh Chandra Garg, an IIT graduate, is an established name in the Steel Tubes, Engineering Structures, Forgings and Cold Rolled value added products industry.
- The company is headquartered in Ghaziabad with a 200,000 MT p.a. manufacturing facility in Sikandrabad in Uttar Pradesh, India with more than 2000 employee strength.

## Business Mix

- **CR Sheets & Pipes** – Includes C.R Sheet/Coil, G.P.G.C Sheet/Coil, C.R.C.A Sheet/Coil, Pipes, etc.
- **Engineering Structures** – Transmission & Telecom towers, Fabricated steel structures
- **Forging** – Forged flanges, gear rings, gear shanks, forged shafts, railway products
- **Precision Tubes** – Auto Tubes, CDW/ERW Tubes, Boiler Tubes, Transformer Tubes, Air Heater Tubes

## Marquee Clients

- **Cold Roller sheets, coils & Engineering structures** : Indian Railways, ABB, L&T, Reliance Industries, GMR, ISGEC, Sterling & Wilson, Alstom, Powergrid, NTPC, Toshiba, TRF, EIL, NPCIL
- **Forging** : GE Oil & Gas, Allied Group, Saint-Gobain, Midsteel, Flaboform, Edelstahlservice, BPCL, Indian Oil, BHEL, RIL, L&T, Alstom, Mitsubishi
- **Precision Tubes** : Volkswagen, Audi, BMW, Mercedes, Skoda, Renault, GM, Ashok Leyland, TVS, Bajaj, Gabriel, ISGEC, Talbros, Mahindra, Tata Motors

## FY15 Financial Highlights

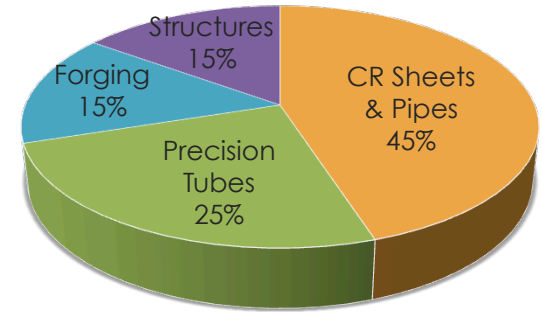
- **Total Income** – INR 11,031 Mn; 5 Year CAGR of 17.6 %
- **EBITDA** – INR 864 Mn; 5 Year CAGR of 16.5 %
- **PAT** – INR 279 Mn; 5 Year CAGR of 12.6 %
- **ROCE** – 15.56 %
- **ROE** – 15.24 %
- **Dividend %** - 75%
- **Fixed Asset Turnover** – 5.36x



# **COMPANY OVERVIEW**

- Good Luck Steel Tubes is a diversified company with **30 years** of experience in manufacturing of Cold rolled steel products, structural steel towers, tubes & pipes, forgings and flanges.
- The company has a total manufacturing capacity of **2,00,000 MT p.a**
- The company's products get sold domestically and to over 100 countries across the world to high growth sectors like Auto, Power, Infrastructure, Oil & Gas and also diversified further for high end engineering structures for Auto, Solar, Railways, Defense etc.
- The company has strategically shifted its focus towards the high-margin value added steel products like forgings and structured steel with the share of these value added high margin products share grown from 39 % in 2011 to 48 % in FY15.
- Good Luck Steel Tubes Ltd is an **ISO 9001:2008 certified** organization.

## Approx. Revenue Mix



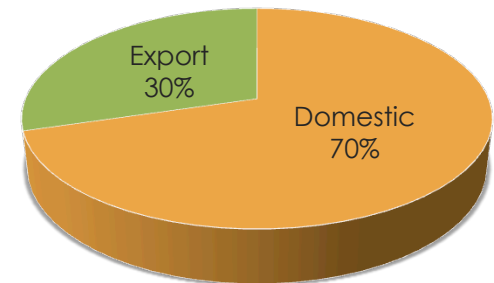
### Myths about Company:

- Good Luck Steel Tubes is a steel company as the name suggests
- The company is a family managed company
- It is difficult to do manufacturing business in Uttar Pradesh

### Truths about Company:

- Good Luck Steel Tubes is converting steel into customized precision products
- Good Luck Steel Tubes is a professionally managed company employing skilled professionals
- The company started in UP in 1986, and has been able to continue to grow with continuous availability of power

## Geographical Breakup





## **Mr. Mahesh Chandra Garg – Chairperson**

Graduated in the year 1967 (Indian Institute of Technology, Roorkee).

Possesses more than 45 years experience.

Took-up an overseas assignment with M/s Comcraft Ltd. Promoted by NRIs and erected many steel tube mills in Kenya and Nigeria and thereafter started his own venture.

## **Mr. Ramesh Chandra Garg – Whole Time Director**

Graduation in the field of mining (ISM – Dhanbad ).

Being the Chief Mining Engineering, he had a distinguished career with M/s Coal India Ltd. Possesses more than 40 years of experience.



## **Mr. Nitin Garg – Whole Time Director**

34 years of age, a qualified Mechanical Engineer from HBIT, Kanpur and an M.B.A. from Narsee Monjee Institute of Management.

Worked with Yamaha Motors and Honda Motors.

Joined the company as a production Engineer and currently looking after entire production process independently.

## **Mr. Manish Garg - COO**

44 years of age, is an qualified engineer, handling over all the Export Business since last 22 years.



## **Mr. Ram Agarwal - CEO**

Qualified engineer and completed his graduation in the year 1990.

24 years experience in steel industries.

Handled a number of CR projects and Structure projects independently.

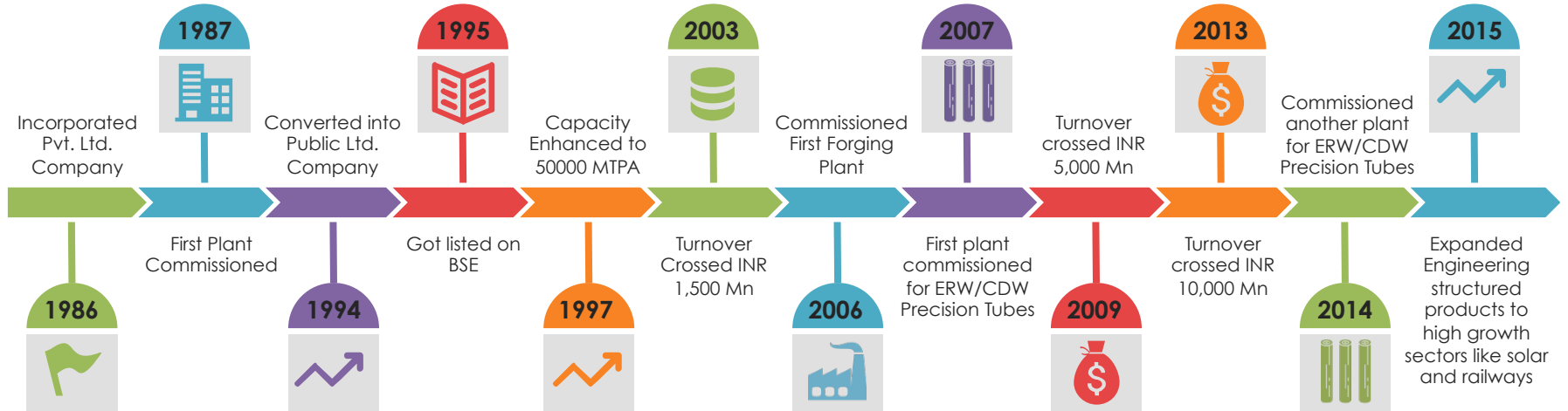
Maintains an equivalent exposure in the field of sales and marketing.

## **Mr. Shyam Agarwal – COO**

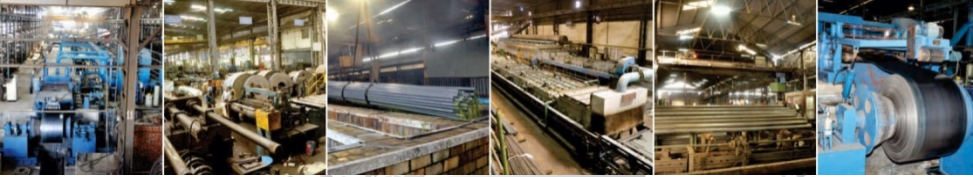
44 years old, is a qualified engineer and has more than 20 years of experience in steel Industry.



# Milestones



# Global Footprint



	MANUFACTURING PLANT		WAREHOUSE		EXPORT MARKET
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## Good Luck Steel Tubes Ltd.

Segments: **CR Coils & Sheets**, Galvanized Pipes, Square & Rectangular Pipes, Transmission & Telecom Towers, Fabricated Steel Structure

## Good Luck Engineering

Segments: **Forgings** – Forged flanges, gear rings, gear shanks, forged shafts, blind & tube sheets

## Good Luck Industries

Segments: **CDW Tubes**, ERW Tubes, Precision Tubes, Engineering Tubes, Boiler Tubes

### Cold Roll Coils & Pipes

### Engineering Structures

### Forgings

### Precision Tubes

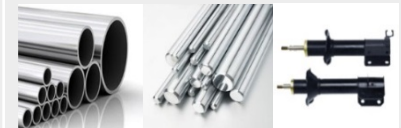
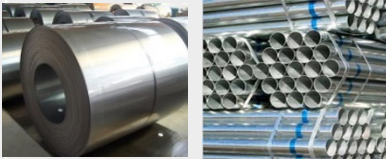
Capacity

1,04,000 MT p.a.

24,000 MT p.a.

12,000 MT p.a.

60,000 MT p.a.



Manufacturing Facilities

Sikandrabad, (U.P.), India

Dadri (U.P.), India

Sikandrabad, (U.P.), India



Auto Tubes

Global			Domestic		

Engineering / Structures

Domestic		

Forgings

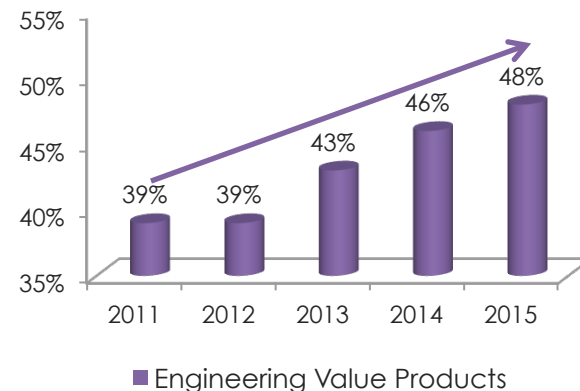
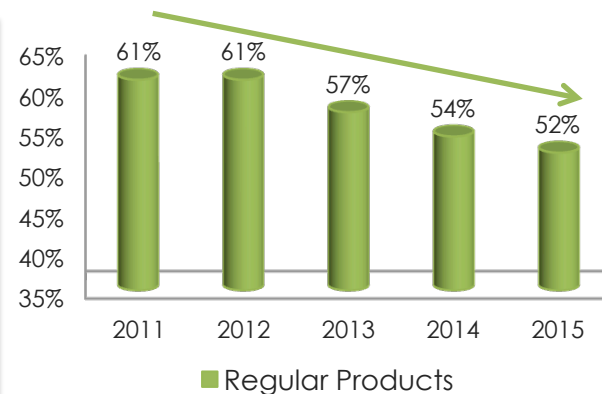
Global		Domestic			

# Key Strengths





- The company has been strategically shifting its focus on increasing their value added products
- Value added products include high margin Auto, Forging and Structure support solutions
- The company intends on reducing the share of CR Coils & Corrugated Sheets
- The product profile for Engineered value products has increased from 39 % to 48 % in the last three years
- Over the next three years the management plans to increase the share of value added products to around 75 % from current levels of 48 %
- All new expansions are aimed at achieving this objective.
- The company is also diversifying to other value added high margin products for sectors like Auto, Solar, Railways and Defence.





# **BUSINESS OVERVIEW**

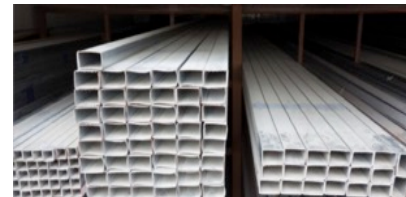




- Established in the year 1986, Good Luck Steel Tubes Ltd is an ISO 9001:2008 certified organization,
- The company is engaged in manufacturing and exporting of a wide range of Cold Rolled Coils and Sheets, and pipes
- The company has a manufacturing capacity of 1,04,000 MT p.a.
- These are acclaimed for high tensile strength, long service life and higher efficiency

## Product Range:

Square & rectangular pipes, round hollow sections, black pipes, welded tubes & pipes, CR coils & sheets, CRCA, HRPO, galvanized coils & sheets, GI hollow sections, etc.



## Structures for Transmission Towers & Substations for Smart Grids

### HDG Lattice Structures for Power Transmission & Distribution and Substations

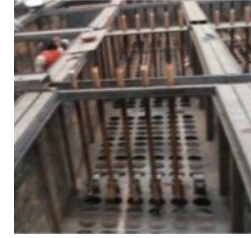
- Good Luck is a leading manufacturer and exporter of Transmission Tower which are made up of quality galvanized steel like High Voltage transmission Towers, Grid Towers and other Durable High Performance towers.
- The company also specializes in providing Telecommunication structures.
- The current Engineering Structures capacity is of 24,000 MT p.a. and the company is investing INR 300 Mn to double the capacity to 48,000 MT p.a.
- Good Luck is one of the largest suppliers for Power transmission distribution structures for line segments up to 765 kv class.
- The company's workshops are quality certified by PGCIL and has supplied structure for GIS for Power Grid Corporation for smart cities.
- The company is into bulk supply of T&D Structures for export clients as well.
- The company customizes tower designs as per customer requirements and also fabricates as per customized and standard designs which are developed in-house





## Boiler and Equipment Solutions

Energy Generation & Control  
Equipment for Process Industries  
and their Utilities



## Pollution Control and Filtration Systems

Process Filtration Equipment

## Material Handling Equipment

Bulk Material handling equipment  
for Coal, Iron Ore, Fertilisers,  
Chemical Industries



## Solid Waste to Power Project Equipment

Equipment and Structure  
Fabrication for Power Boilers, Heat  
Exchangers, Mills, Ash Handling &  
Coal handling Systems



## Primary and Secondary Support Structures for Boilers and Other Equipment

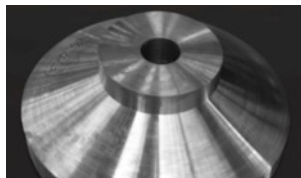
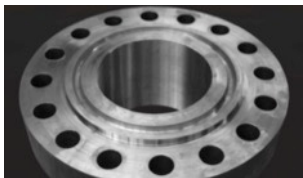
Boiler Primary Structures, Boiler Secondary & tertiary  
Structures, Bunker Beam, Buckstay Structures, Boiler  
drum structure fabrication, Tressels & Galleries,  
Platform Structures Walkways and Gantries

## Ducting Solutions

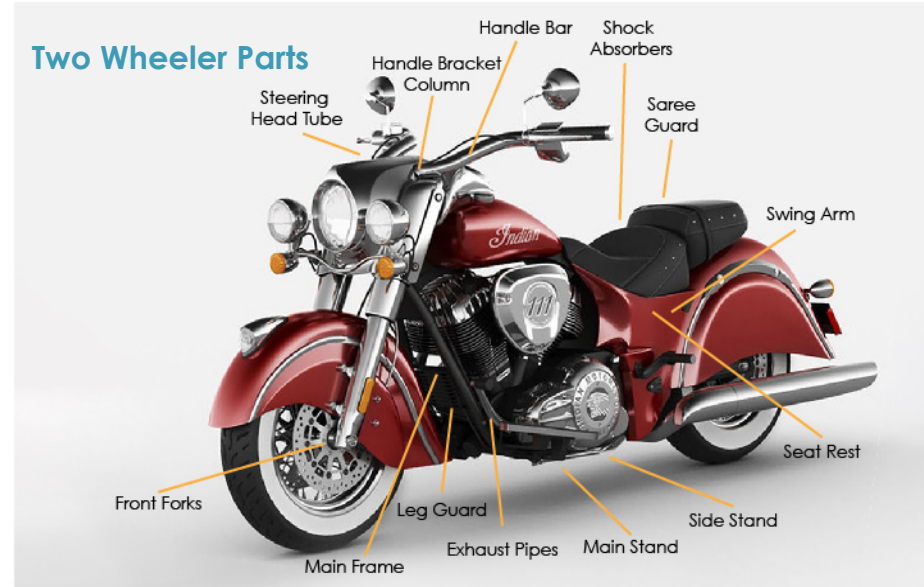
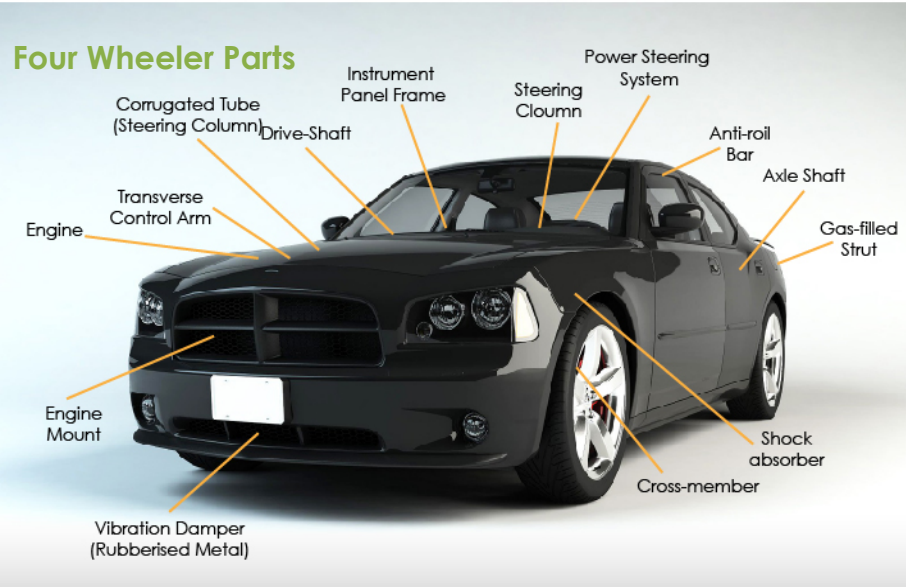
Ducting fabrication for Flue Gas, Hot air in process  
Industries from Steel, Cement, Power  
Major Customers for us in such areas are Larsen  
Toubro,  
Thermax, ISGEC Heavy Engineering, Thyssen Krupp.



- Forgings are intermediate products used widely by original equipment manufacturers in the production of durable goods.
- Good Luck specializes in Stainless Steel, Duplex, Carbon, & Alloy Steel Forgings & Flanges.
- It has a forgings manufacturing capacity of 12,000 MT p.a.
- Among the industries that the company supplies forgings to are automotive & truck (HCV), agricultural machinery & equipment, valves, fittings & petrochemical applications; hand tools & hardware; off highway & railroad equipment; general industrial equipment, marine & aerospace.



The product range includes Forged flanges, forged shafts, gear shanks, blind flanges, thread flanges, slip on flanges, socket welding flanges etc



High Strength Tubes  
High Surface Finish (0.6 Ra)  
For Skiving, Roller Burnishing & Honning



1. Propeller Shafts
2. Boilers & Heat Exchangers
3. Structural Tubes
4. Transformers
5. Furniture
6. Textile Machine Bobbins



# **INDUSTRY OVERVIEW**



## Robust Demand

- Demand would be supported by growth in domestic market.
- Infrastructure, oil & gas and automotive would drive the growth of the industry.

## Increasing Investments

- Intended steel capacity build-up in India is set to result in investments in the range of USD 104.2 Billion to USD 208.3 billion by 2030.
- 301 MoU's have been signed with various states for planned capacity of about 488.6 MT

## Competitive Advantage

- India is the world's 4th largest producer of crude steel and is poised to become the 2<sup>nd</sup> largest producer.
- Easy availability of low-cost manpower and presence of abundant reserves make India competitive in the global setup.

## Policy Support

- 100% FDI through the automatic route is allowed.
- Large infrastructure projects in the PPP mode are formed.
- National steel policy implemented to encourage the industry to reach global benchmarks.





- Good Luck fabricates critical components of bogie under parts, front body parts of locomotives, doors of passenger trains, under frames etc.
- The company has entered into large scale fabrication of over bridges and cross over bridges.
- Good Luck is assessed for approval with railways at RDSO for railway bridges and girders.



- The government intends to spend about Rs. 8,000 million over the next five years to augment railway infrastructure & improve safety standards for passengers
- The vision includes setting up of High Speed Corridors, Expansion of Optical Fibre Cable Network, New lines & dedicated Freight Corridors.
- As per the Supreme Court Judgement, all manned railway signals are to be converted to Railway over bridges.
- Cross over/Foot over bridges to be built on all railway platforms to avoid any crossing across naked railway tracks



- The World has turned into Solar power in this decade in a much more optimistic version than earlier
- Solar Power plants are now not just a roof top installation but are widely being installed as alternate source of power by ground mounting structures
- The Photovoltaic cells are fixed onto a rafter that is ground to the surface and spreads across a width to derive exposure to sun rays
- These structures involve pipe structures which are galvanized with a wide use of purlin

- The company is a provider of structural solutions to the Solar Power Sector
- Good Luck can fabricate two types of structures : Traditional or Profile
- The company has supplied products to two major solar projects and is already working with big conglomerates, like the Tata group.
- The company is targeting to increase this vertical up to 25-30% by FY2018. The same will improve the margin profile of the company





- The FY16 budget has estimated a spending of Rs 1.25 lakh crore on the Transmission and Distribution sector within the power industry
- Production of coal has risen and electricity consumption is on the rise. However, the problems in evacuating power from source to customers remains.
- As a consequence, over the next two years the Union / State Governments are expected to focus their attention & investments in the transmission & distribution areas within the power sector.
- Good Luck is gearing up to meet such demand.
- The company sees strong demand for their transmission tower business coming in from established industrial houses & government companies.

## Structures for Infrastructure Projects

- Mass Rapid Transport Systems – DMRC walkways and emergency evacuation passages.
- Underground Tunnels
- Under bridges
- Foot Over Bridges



## New areas of entry

- Railway Over bridges and Cross Bridges
- Platform Over bridges.



# **FINANCIAL OVERVIEW**



# Standalone Income Statement



INCOME STATEMENT (INR MN)	FY13	FY14	FY15	9M-FY16*
<b>Total Income <sup>^</sup></b>	<b>9,774</b>	<b>10,021</b>	<b>10,882</b>	<b>7,611</b>
Expenses	9,031	9,311	10,032	6,813
<b>EBITDA</b>	<b>743</b>	<b>710</b>	<b>850</b>	<b>798</b>
<b>EBITDA Margin</b>	<b>7.6%</b>	<b>7.1%</b>	<b>7.8%</b>	<b>10.5%</b>
Depreciation	71	76	113	113
Finance Cost	344	354	373	297
<b>PBT</b>	<b>328</b>	<b>280</b>	<b>364</b>	<b>388</b>
Tax	111	103	91	123
Prior Period Adjustments	2	-	3	-
<b>Profit After Tax</b>	<b>219</b>	<b>177</b>	<b>276</b>	<b>265</b>
<b>PAT Margin</b>	<b>2.2 %</b>	<b>1.8 %</b>	<b>2.5 %</b>	<b>3.5 %</b>
EPS (Diluted)	11.72	9.46	13.16	12.04

<sup>^</sup> - Total Income includes other income

\* - Unaudited financials

# Standalone Balance Sheet

PARTICULARS (INR Mn)	FY 13	FY14	FY 15	H1-FY16*	PARTICULARS (INR Mn)	FY 13	FY14	FY15	H1-FY16*
<b>EQUITIES &amp; LIABILITIES</b>					<b>ASSETS</b>				
<b>Shareholder Funds</b>					<b>Non Current Assets</b>				
(A) Share Capital	37	40	44	44	(A) Fixed Assets				
(B) Reserves & Surplus	1,151	1,402	1,766	1,953	Tangible Assets	1,166	1,243	1,929	1,894
(C) Money received against Share Warrant	-	19	-	-	Capital Work-in-Progress	2	124	36	140
<b>Non Current Liabilities</b>					(B) Non-current Investments	21	21	54	54
(A) Long Term Borrowings	433	389	792	755	(C) Long term Loans & Advances	70	78	66	71
(B) Deferred Tax Liabilities	119	145	171	189					
(C) Long Term Provisions	6	10	14	14					
<b>Current Liabilities</b>					<b>Current Assets</b>				
(A) Short term Borrowings	2,191	2,265	2,127	2,156	(A) Inventories	1,155	1,374	1,506	1,382
(B) Trade Payables	413	630	410	515	(B) Trade Receivables	1,832	1,879	1,498	1,900
(C) Other Current Liabilities	260	272	283	259	(C) Cash & Bank Balances	65	79	123	84
(D) Short-term provisions	83	84	96	96	(D) Short-term loans & advances	382	458	491	456
<b>GRAND TOTAL - EQUITIES &amp; LIABILITIES</b>	<b>4,693</b>	<b>5,256</b>	<b>5,703</b>	<b>5,981</b>	<b>GRAND TOTAL – ASSETS</b>	<b>4,693</b>	<b>5,256</b>	<b>5,703</b>	<b>5,981</b>

\* - Unaudited financials

INCOME STATEMENT (INR MN)	FY13	FY14	FY15	9M-FY16*
<b>Total Income<sup>^</sup></b>	<b>9,774</b>	<b>10,021</b>	<b>11,031</b>	<b>7,649</b>
Total Expenses	9,031	9,311	10,167	6,853
<b>EBITDA</b>	<b>743</b>	<b>710</b>	<b>864</b>	<b>796</b>
<b>EBITDA Margin</b>	<b>7.6%</b>	<b>7.1%</b>	<b>7.8%</b>	<b>10.4%</b>
Depreciation	71	76	117	115
Finance Cost	344	354	379	300
<b>PBT</b>	<b>328</b>	<b>280</b>	<b>368</b>	<b>381</b>
Tax	111	103	92	123
Prior Period Adjustments	2	-	3	-
<b>Profit After Tax</b>	<b>219</b>	<b>177</b>	<b>279</b>	<b>258</b>
<b>PAT Margin</b>	<b>2.2 %</b>	<b>1.8 %</b>	<b>2.5%</b>	<b>3.4%</b>
EPS (Diluted)	11.72	9.46	13.31	11.71

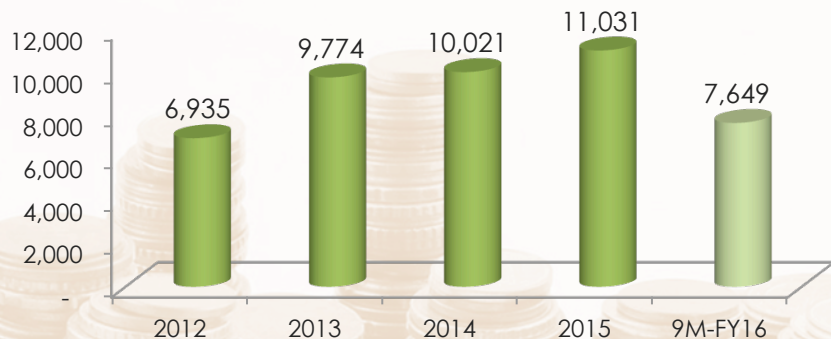
<sup>^</sup> - Total Income includes other income

\* - Unaudited financials

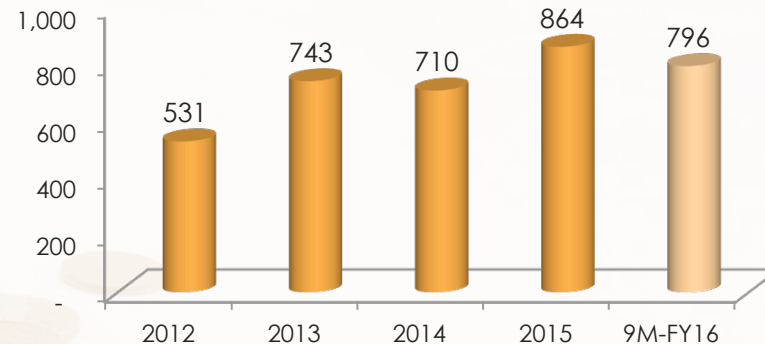
PARTICULARS (INR Mn)	FY 13	FY14	FY 15	H1-FY16*	PARTICULARS (INR Mn)	FY 13	FY14	FY15	H1-FY16*
<b>EQUITIES &amp; LIABILITIES</b>					<b>ASSETS</b>				
<b>Shareholder Funds</b>					<b>Non Current Assets</b>				
(A) Share Capital	37	40	44	44	(A) Fixed Assets				
(B) Reserves & Surplus	1,151	1,402	1,787	1,974	Tangible Assets	1,166	1,243	2,016	1,980
(C) Money received against Share Warrant	-	19	-	-	Capital Work-in-Progress	2	124	41	144
<b>Non Current Liabilities</b>					(B) Investments	21	21	-	-
(A) Long Term Borrowings	433	389	794	757	(C) Long term Loans & Advances	70	78	79	77
(B) Deferred Tax Liabilities	119	145	176	194	(D) Goodwill on consolidation	-	-	30	30
(C) Long Term Provisions	6	10	14	14					
<b>Current Liabilities</b>					<b>Current Assets</b>				
(A) Short term Borrowings	2,191	2,265	2,176	2,196	(A) Inventories	1,155	1,374	1,526	1,382
(B) Trade Payables	413	630	435	519	(B) Trade Receivables	1,832	1,879	1,485	1,886
(C) Other Current Liabilities	260	272	285	261	(C) Cash & Bank Balances	65	79	126	84
(D) Short-term provisions	83	84	97	97	(D) Short-term loans & advances	382	458	505	473
<b>GRAND TOTAL - EQUITIES &amp; LIABILITIES</b>	<b>4,693</b>	<b>5,256</b>	<b>5,808</b>	<b>6,056</b>	<b>GRAND TOTAL - ASSETS</b>	<b>4,693</b>	<b>5,256</b>	<b>5,808</b>	<b>6,056</b>

\* - Unaudited financials

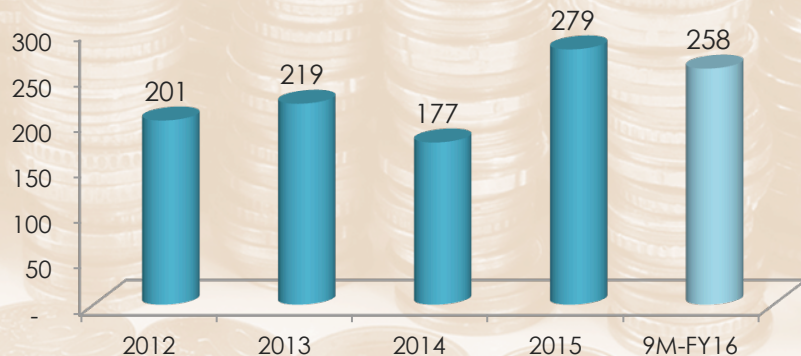
### TOTAL INCOME \* (INR Mn)



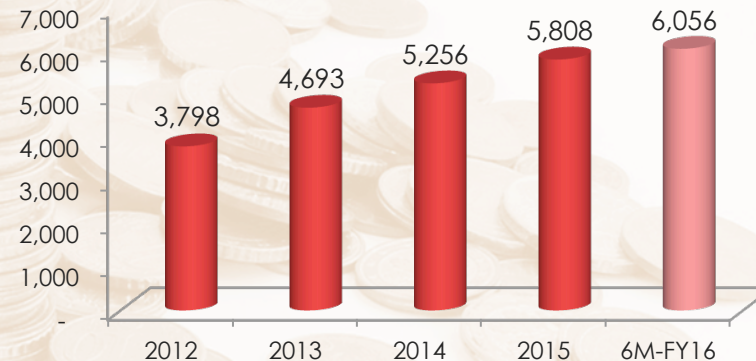
### EBITDA\* (INR Mn)



### PAT (INR Mn)



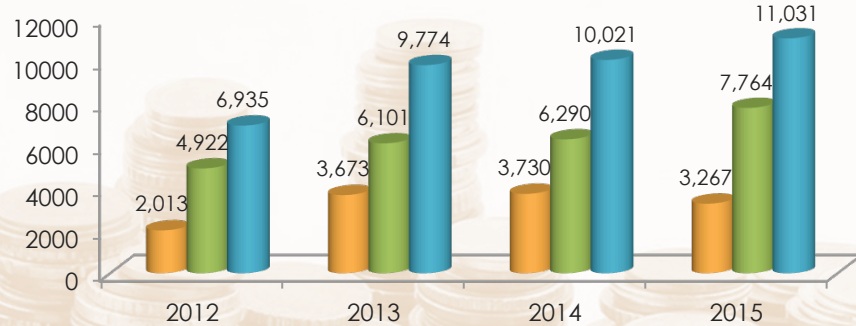
### ASSETS (INR Mn)



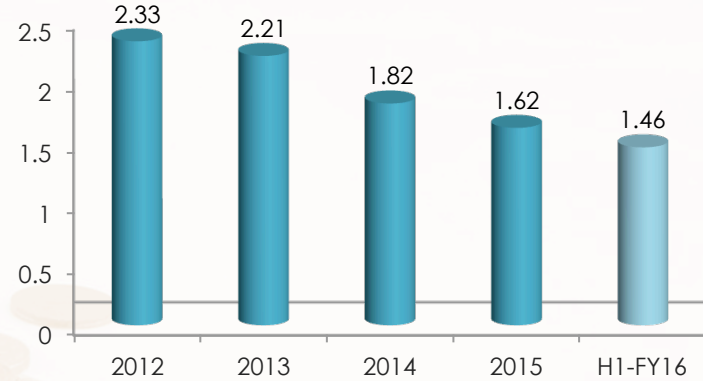
\* Total Income includes Other Income

## Geographical Revenue Breakup (INR Mn)

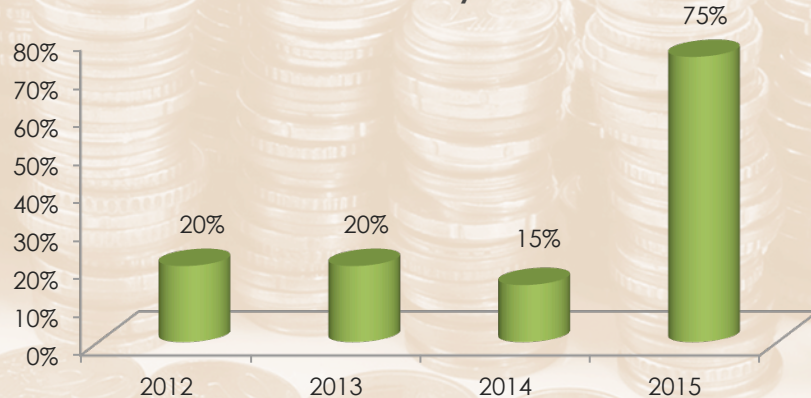
Export Domestic Total



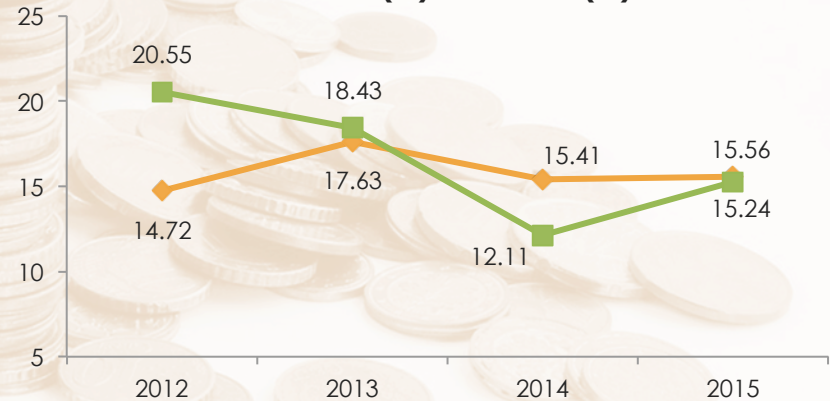
## Net Debt to Equity Ratio



## Dividend Payout



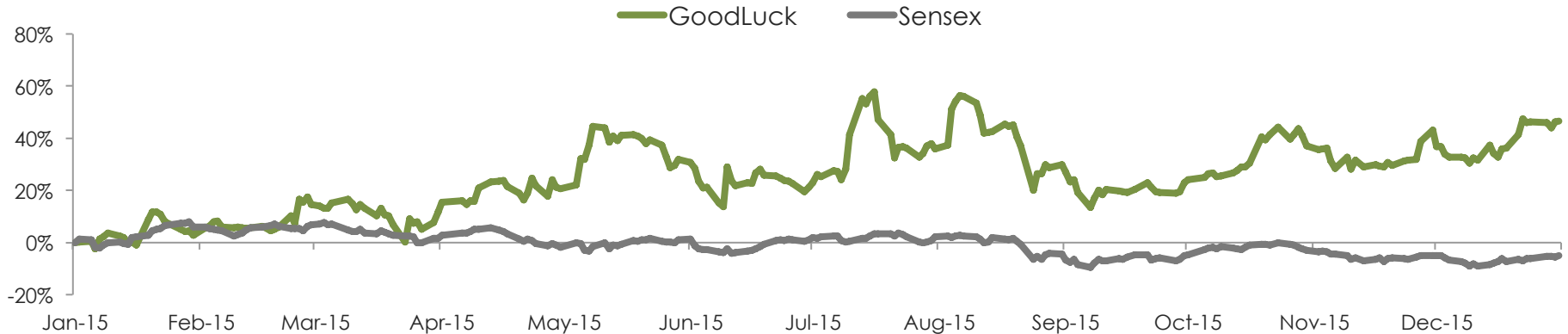
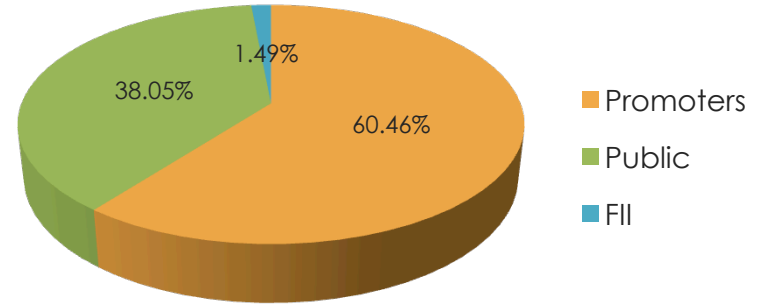
ROCE (%) ROE (%)



## PRICE DATA (AS ON 31<sup>ST</sup> DECEMBER, 2015)

Face value (INR)	10
Market Price (INR)	103.60
52 Week H/L (INR)	117.85/70
Market Cap (INR Mn)	1,786.9
Equity Shares Outstanding (Mn)	22
Free Float Market Cap (Mn)	518.2
1 Year Avg. trading volume ('000)	251

## Shareholding Pattern (as on 31st Dec,2015)



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A large, semi-transparent graphic of an infinity symbol is centered on the page. The background is a collage of industrial scenes: a worker in a hard hat and safety vest stands near a control panel; a train with the number '22820' is visible; and a high-voltage electrical transmission tower stands against a light sky. The overall color palette is muted, with greys and whites, and the text is a prominent gold color.

THANK YOU