

Date: November 19, 2024**The Manager, DCS
The Bombay Stock Exchange Ltd.
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Dalal Street,
Mumbai****The Manager
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
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Bandra (E), Mumbai – 400 051****Ref: Scrip Code: - 530655****Scrip Code: - GOODLUCK****Sub: Earning Call Transcript**

Dear Sir/ Madam,

As earlier informed, a Conference Call with the investors and analysts held on Wednesday, 13th November, 2024 at 11:30 AM IST, to discuss the Q2 and H1 FY 2025 results of the Company.

Please find attached herewith the transcript of the aforesaid Earning call.

This is for your information and record.

Thanking You,

For Goodluck India Limited**RAMESH CHANDRA GARG
DIRECTOR****Encl: as above**

Goodluck India Ltd
Q2 FY 2025 Earnings Conference Call
13 Nov, 2024

Moderator: Ladies and gentlemen, good morning and welcome to the Q2 FY2025 Earnings Conference Call for Goodluck India Limited. We have with us today, Mr. M C Garg - Chairperson and Mr. Ram Agarwal - Chief Executive Officer.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during a conference call, please signal an operator by pressing the '*' followed by '0' on your touch tone phone.

I would now like to hand the conference over to M C Garg - Chairman and Managing Director of Goodluck India Limited for his opening remarks. Thank you and over to you.

M C Garg: Hello, everyone. Good morning. I'm pleased to welcome you all to this earning conference call of Goodluck India Limited. I am honored to have this opportunity to discuss our company in Q2 FY25 performance along with my team and answer any questions or query you may have.

Let me begin by defining the broad economic trends you witnessed during the quarter and complete performance. It is a matter of the results of the Q2 are in your hand and company has performed well under the most adverse condition during the quarter, which you must have noticed. The geopolitical tensions and the headwinds growing worldwide and Indian demand also looking down, the company has done well and has only growth in the volume and value. The steel prices were very, very volatile during the whole quarter but company performance in my opinion, is exemplary in all respects.

Our business model has stood with us in this difficult time and in this quarter in new milestone has been achieved by the company, we commissioned the plant large diameter heavy wall, thicker pipe for making hydraulic tube in month of September which is one of the very few plants in the world and this commercial production will start anytime in the last quarter of this year anytime. The facility has been installed with the investment of 200 crore in the capacity of 15,000 metric ton. Our subsidiary Goodluck defense and aerospace progress is going at a very fast pace and we are likely to commission that plant by end of this financial year and as per our information today, our demand for the product which we are going to make is very frantic and the production coming out is going to be game changer to the company. However, geopolitical tensions have disrupted our export. US elections have thrown uncertainty in the business. The rupee volatility

and steel prices and basic commodity prices have become unpredictable and volatile for some time till this.

In conclusion, we remain committed delivering value to our stakeholder through innovation, efficiency and sustainability and confident to achieve our performance as per the guidance provided earlier. Thank you for your attention and look forward for all your questions.

Ram Agarwal:

Thank you for joining us today. This is Ram Agarwal – CEO, Goodluck India Limited. I appreciate your participation in our earning concall for the quarter ending September 30, 2024. During Q2 FY25, we recorded a total operating income of Rupees 976 crore compared to 885 crores in Q2 FY24. This substantial growth was driven by operational efficiency.

Our EBITDA for the period is 87.45 crore, up from 73.68 crore in FY24. This improvement in EBITDA can be attributed to the cost optimization measures and increase operational efficiencies. However, market was not favorable but still by these two measures we did this.

On the profit front, our PAT for Q2 FY25 is rupees 45.06 crore up from 34.70 crore in Q2 FY24. For the half year ended September 30, 2024, the company's net profit on its standalone basis increased by 25.66% at rupees 79.53 crore as against 63.29 crore, while total income grew by 9.25% at rupees 1908.33 crore as compared to 1746 crore last year. Sales volumes surged by nearly 9.4% at 2 lakh 489 Mt in H1 FY25 against 183256 in H1 FY24.

Goodluck India in my opinion, it stands as a testament to the power of innovation and resilience from its origin in manufacturing regular steel products to its evolution as premium provider of engineering solutions. The company journey is marked by relentless pursuit of excellence. With decades of experience, Goodluck India Limited has successfully navigated market dynamics and technological advancement, positioning itself as a leader of the industry. The company's strategic initiatives such as enhancing plant capacity utilization, commissioning new facility for hydraulic tube production underscores its commitment to meeting market demands with forward thinking solution. This proactive approach is further highlighted by its expansion into the European, Canadian and Mexican market, a bold move that only broadens its global footprints but also enforces its competitiveness on the international stage. The company's focus on increasing its range of value-added products reflected deep understanding of evolving customer needs and a dedication to deliver superior and tailored solutions. This scheme captures the essence of companies journey leveraging engineering excellence to carve out new pathways for sustainable growth and solidifying its role as a trailblazer in the industry. We remain committed to creating stakeholder value through sustained performance. We have invested in our future and continue to uphold the tenants of quality, innovation, customer trust in everything we do.

We thank our stockholders and the investor community for their sustained support. I have requested the moderator to open the flow for Q&A session. Thank you.

Moderator: Thank you very much. The first question is from the line of Prateek Bhandari from Aart Ventures. Please go ahead.

Prateek Bhandari: Yeah. Hi, Sir. Thanks for the opportunity. Can you tell me about the EBITDA per ton that we clocked in for this particular quarter?

Ram Agarwal: It is almost 8,100 approximate.

Prateek Bhandari: So, does it mean that we have seen de-growth in the realization?

Ram Agarwal: How? How did you calculate that?

Prateek Bhandari: So, last quarter we did EBITDA per ton for 8350 and for this quarter you are stating, it's 8100.

Ram Agarwal: Please check your records. In my opinion it was almost approximately 8000 and it remains the same, almost same flat.

Prateek Bhandari: OK. What was the volume per ton for this quarter?

Ram Agarwal: 2,00,000 tons approximately and exact ton 2,00,489 metric tons.

Prateek Bhandari: OK. So, does it mean that we have doubled our volumes from on QoQ basis?

M C Garg: No, no, no, absolutely. I think there is some miscommunication. I can tell you what was the volume in the first quarter?

Prateek Bhandari: So last quarter you mentioned that you did a volume of 1,02,000 tons.

M C Garg: And this quarter, we have been a volume of 1,03,000 tons.

Ram Agarwal: So, it is H1. This is H1.

Prateek Bhandari: No no. I'm asking for this particular quarter.

Ram Agarwal: Yeah, yeah, yeah, it is. You are talking of quarter, we are talking of H1. For H1, it is 2,00,489 metric tons.

Prateek Bhandari: 2,04,000 approximately.

Ram Agarwal: Yeah. Yeah.

Prateek Bhandari: And for this particular quarter?

Ram Agarwal: 1,03,000 tons.

Prateek Bhandari: Alright, so going forward, where do we see the EBITDA per ton shaping up to for FY26? What would be the approximate range for EBITDA per ton?

M C Garg: Every year the EBITDA has to improve. The improvement will depend on the volatility. If it subsides, then we expect EBITDA improvement anything between 5 to 10% EBITDA improvement on a Year-to-Year basis.

Prateek Bhandari: On an annual basis.

Ram Agarwal: Yes.

Prateek Bhandari: All right. Thank you, Sir. Thanks for answering my question.

Moderator: The next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: Yeah, Hi Sir. Can you can you talk? Can you can you talk about the new plant, how ramping up, how, what is the utilization currently?

M C Garg: New plant trials are being done. Plant has been commissioned. There are a lot of sizes for which equipment's are still coming in, they're ramping up is going to take three more months, however, inquiries and orders are coming more than what we expected. But some supplies have also been affected. It is a time-consuming process. The actual user will get that material, will test it, approve it, and then we will start getting regular orders. But ramping up is going as scheduled.

Sumant Kumar: OK. And when we see the operating level growth in last two quarters, ok it is not encouraging. So, can you talk about the with the new plant ramping up in the coming quarter and also and how is the growth going to be in next couple of quarters or H2 how is the order book?

M C Garg: One thing I disagree with you the growth in demand or growth in has not been encouraging. Taking into consideration the headwind blowing domestically and internationally, we have still able to grow. And I think there's a very compared to the industry as a whole in India, as you see in our sector, only we are the one to grow. Others have fallen behind. We have been able to not only maintain our EBITDA, we improved our EBITDA. In the most difficult situation, our diversified business model has stood with us in this difficult time. Is a difficult time for industry. Processing industry as such in Market, steel price going down every month, you can imagine what kind of situation which we have, but I feel the company has done very well. And the time ahead, I look forward the next two quarters must be better than the first two quarters.

Sumant Kumar: Any incremental update in defense site, sale of defense?

Ram Agarwal: In defense sector and the implementation of the erection of the product is going on. Machines are on the sea and it is likely to be a trial run. It is likely to be commissioned by March 25 and from April 25, we are likely to start the trial come the commercial production. So, it is going on as per our schedule, however, it is the before schedule.

Sumant Kumar: OK. So that you can start before schedule of April 2025, right?

Ram Agarwal: Basically, it's a trial run and commercial production. It will be starting in April 2025 onwards. Erection will be completed by March 2025.

Sumant Kumar: So, can you talk on solar support structure, how it is growing for the company and the target for us?

M C Garg: Solar support structure. We are already supplying for 200 MW already. We are supplying for solar support structure and it is doing well, we have the good order books there and we almost everybody we are supplying, almost everybody we are servicing solar support structure and we see good visibility for at least next one year.

Sumant Kumar: OK. Thank you so much.

Moderator: The next question is from the line of Rakesh Roy from Boring AMC. Please go ahead.

Rakesh Roy: Hi, Sir. Morning, Sir. My question is in Q1, concall, you have guided give the 15 to 20% top end well still you have intact for 15 to 20% growth for FY25 or you have downgrade this growth. Any idea Sir?

M C Garg: 15 to 20% growth in our conservative target for time to come, however, in Q2, the geopolitical situation, we disrupted the exports and slowing the boosting demand. Indian elections, heavy monsoon, they affected the domestic demand but still we recorded a growth of 10%, we recorded a growth and I think that's a wonderful achievement under the situation.

Rakesh Roy: Earlier you are saying 20%, how you are saying 10%?

Ram Agarwal: So basically, due to these conditions, the growth for this quarter, it has gone down, but now the monsoon is over, election is over, US election is over. So, we owe in this H2 or Q3 and Q4 market demand will persist and the guidance what we had given, we are likely to achieve it.

Rakesh Roy: So, Sir told down 10% but you are saying is 15 to 20% is achievable?

Ram Agarwal: In the coming quarter, it will be, however, a blended one it may be a little lesser.

M C Garg: It is definitely achievable. Management is confident we will achieve the growth as guided earlier. However, in the second quarter, I told you the heavy monsoon

all over the country. Elections, Indian elections, US election, we are export thrust company, disruption in export definitely affected the demand but still we were able to record a moderate growth of 10%.

Rakesh Roy: OK, Agree Sir. My next question is, as you are saying EBITDA per ton for this quarter is nearby 8100, so this EBITDA will maintain in near future Q3, Q4 or this will be come down?

M C Garg: It will be maintained it has to improve year after year. There is no reason. I don't see any reason for it to go down.

Rakesh Roy: Agree, Sir, because why I'm asking because iron ore prices are increasing. So that's why I'm asking.

M C Garg: Sir, I'm not questioning why you are asking. I'm happy that you are asking and you should ask these positive questions. I am happy you ask this question.

Rakesh Roy: Yes, OK. Sir my next question is earlier you said you have capacity of 1.5.

M C Garg: We are fully confident. We will not only maintain EBITDA, we will improve it year after year.

Rakesh Roy: My third question is regarding different business. Earlier you were saying you have the capacity of nearby 1.5 lakh shell every year. So, for this year can we assume is a 70% make nearby? How much are you utilizing your targeting for FY26?

Ram Agarwal: I have already told you that the erection were machinery will be commissioned by March 25. So, in this current financial year there will be no production. But in the next year, when we start from April 25, yes, we will aim for minimum 60 to 70% of the production target in the coming financial year.

Rakesh Roy: OK, Sir. Great suggestion. Thank you, Sir.

Moderator: The next question is from the line of Abhishek Dixit from Hemp Securities. Please go ahead.

Abhishek Dixit: So, my question is regarding on other income like for this quarter, there has been certain other income, it's around 18 crores, whereas in earlier quarter it was it was 1 crore and same quarter last year it was 4 crores. So, what was the reason for such?

Ram Agarwal: Actually our other income is the interest income and export rebates and some other income also, so further details you can e-mail us, we will clarify and many other miscellaneous incomes.

Abhishek Dixit: OK, Sir. Like, if you consider the other income as normalized, what if it was in earlier quarters. So, PAT has like it, it is flat. There has been a growth in PAT due to mainly other income only.

Ram Agarwal: Basically, when you will see these conditions in the market in the Q2, if you consider it from YoY, then there is a good despite all these problems, company has been able to maintain the things. Otherwise, it was very difficult because monsoon were almost point 4 and a 1/2 months. All the projects were delayed. There was no site was working, no supplies were going and geopolitical after election, no new projects have been declared. US election, all the export was down. But still in this difficult quarter, we have navigated our company to maintain, in your words, we have maintained the status quo.

Abhishek Dixit: OK, so Sir, can we expect second-half of the year, it would be much better than the first half?

Ram Agarwal: Definitely it is always. You go for last four or five years. It is always better. And moreover, now the monsoon has subsided, US results have come. So, I hope they it should be normal now.

Abhishek Dixit: And sir, for this hydraulic plant, what's our max potential turnover?

Ram Agarwal: Max potential, right now what we have, we have done a capacity of 50,000 metric ton and we hope to achieve it in 12 to 18 months and as soon as we get 80-90%, then again we will have to do a certain CapEx to double its capacity because market is ebullient to accept this product.

Abhishek Dixit: And Sir, how is the demand for these hydraulic plants in India and export market?

M C Garg: This market is excellent. Demand is excellent. Interior replacement of seamless crew.

Abhishek Dixit: Yeah.

Ram Agarwal: So, demand is there is no dearth of demand basically. It is only the production how fast we can ramp up our production and we can feed the thirst of the market. Market needs this because it is a construction material. It is being used in the construction machine and everywhere construction is going on, destruction is going on. So, construction is the next step and it has already started.

Abhishek Dixit: And you have said in your filing also that it will act as a import substitution.

Ram Agarwal: Definitely it is.

M C Garg: Domestically, yes. No doubt Chinese seamless pipes are coming into the country and the samples are going to the people who are using these seamless pipes and their approval is awaited. This approval will take some time.

Abhishek Dixit: OK, that was all from my side. Thank you, and best of luck.

Moderator: The next question is from the line of Disha, an individual investor. Please go ahead.

Disha: Hi I would like to know can you help me with the update on the bullet train project.

Ram Agarwal: Yes, the bullet train project as far as we are concerned, we have got an order of 22,000 metric tons and out of that we have produced almost 65% order and in next 8 to 9 months, maximum to 12 months, it will be completed. But as far as the total bullet train operation is concerned for which L&T and NHR entrusted the duty, so I hope by 2026 it will should be operational as per the government estimates.

Disha: OK. Thank you.

Moderator: The next question is from the line of Deepak Pandey from Shagun Capital. Please go ahead.

Deepak Pandey: Hi, Sir. Thank you for the opportunity. Sir, just want to understand at large for the company right now, the CR coil business is the low margin and high volume business. So, going ahead, do you see, you know, some kind of demerger for the business in the medium to long term?

M C Garg: We don't plan to do this. It is a business running for last 25 years at the same capacity as which it was installed. But it is just a low margin and same volume product which we are doing because we have some committed customers who buy from us and we are servicing them. It is not a much significance to our overall volumes in the company.

Deepak Pandey: Understood. Understood. And do we see any further expansion in the same CR coil business?

M C Garg: No, we don't plan to do this.

Deepak Pandey: OK. My second question, Sir, pertains to the defense vertical. Has there been any development on the product side or have you spoken to, you know, the potential buyers in this quarter?

M C Garg: We are speaking to lot of potential buyers. Other potential buyers are speaking to us. And several of them domestically and from overseas have visited our plant and we find lot of interest and the buyers to buy your product only awaiting the Commission of the plant.

Deepak Pandey: Understood Sir. On the defense part, is there, you know, some sort of demand and supply scenario that you have for Indian market?

Ram Agarwal: Indian market, definitely Indian market has a good demand because in the last 2-3 years if you see because in India MIL is the nodal authority which purchases it, earlier it was purchasing a very little quantity but you must have gone through a news item where they have placed the order of almost 2,50,000 plus requirement for 2027. So along with all the world, India is also looking up to increase its win size for this particular product, because all these ammunition it is being standardized to 155 MM, what we are doing in. I hope your query is clarified.

Deepak Pandey: Understood, Sir. Understood. And for the hydraulic tube plant that that we inaugurated recently, how long do you see you know the plant to get stabilized and commercial production to start?

M C Garg: It may take anything between 4 to 6 months. Commercialization is hard. It's a long run process. The tubes are made. They go into line equipment, they are tested, approved, then only they can be commercialized. Approval is a long run process.

Deepak Pandey: Thank you very much, Sir. Congrats on a good set. Thank you.

Moderator: The next question is from the line of Vinit Agrawal from Aditya Birla Money. Please go ahead.

Vinit Agrawal: Thank you. Good afternoon, Sir. Thank you for the opportunity and congratulations on good numbers. So, I just have one question like we have seen government CapEx this first half is was only 37% which was lower compared to last year and in second quarter also, we have not seen that much improvement compared to what was expected. So how you are seeing on ground reality like will it improve further in the second-half and like what is that you are expecting?

Ram Agarwal: What we are looking for, what I perceive as per the market report and the infra sector, the projects which were basically not coming, not being announced after the election results. Now they have started coming up from the month of October I see there is a demand in the government projects because now March is coming and all the funds have to be spent. So, there should be a normal activity in the government for procurement rather it should be an improved activity compared to H1. This is my perception and my team is working on this.

Vinit Agrawal: OK. OK. Thank you so much.

Moderator: The next question is from the line of Yash from Unify Capital. Please go ahead.

Yash: Yeah. Hi, last quarter you mentioned that your auto CapEx will start contributing to revenue from Q2 and it is expected that CapEx will contribute to 250 crores this year and next year 500 crores. And now you're saying that the capacity will take another three to four months for commissioning. So, like can you give a clarity on that?

Ram Agarwal: Basically, the last tube plant for which we have invested that plant is under trial right now and from the last quarter the same January, we will start its commercial production. However, what you are asking ramping up the production, yes, definitely, it may take 3-4 months more and from the first quarter of the next financial, I hope it will be on line because it's a normal process to take 3-4 months whenever a new product however, from the approved source, but it takes a 3-4 months' time to get approval because it's a long cycle. So that was the only purpose to telling. But it is on line. Commercial production will start from this January 25 and will be ramped up from April 25.

M C Garg: I must tell you this is the first of its kind plant in India, there is no plant of this size. It is going to replace Chinese similar size imports.

Yash: So, will this CapEx contribute to revenue this year or it will start from next year itself?

M C Garg: Next year only.

Ram Agarwal: This year from the fourth quarter, it will give a bit contribution, but from April 25 it will give full contribution.

Yash: OK.

Yash: So, this is not going to contribute to this year's revenue, but still, you expect to grow to 15-20% in next two quarter?

Ram Agarwal: Its view that we should almost reach 4000 cores this financial year, last year it was 3500 and this year we should reach almost 4000 nearby 4000.

Yash: OK, OK and when will your EBITDA margins start to improve? Will it be only after the defense CapEx and the auto CapEx start contributing to revenue significantly?

Ram Agarwal: Yes, naturally. When this defense CapEx is completed and this LDP plant is ramped up so, there will be a real significant improvement in the EBITDA margins and which are most likely to you can see in the in the next financial year.

Yash: And when is the defense CapEx expected to start contributing to revenue?

Ram Agarwal: It should start from; trial run will come will commence from April 25. So, from the second quarter of next financial year, it will start contributing. I hope so.

Yash: Or second quarter so you can the potential is around 300 crores, right?

Ram Agarwal: Almost when it will, when it will raise its full capacity of 1,50,000 shells, then it is likely to give 300 to 350 crores. However, it will again depend on the market prices and the conditions.

Yash: The demand right now that you are seeing the demand is very good and you're getting so many inquiries, so you should hope to achieve this number. And this will the defense CapEx margin will be more than 20%, right?

Ram Agarwal: We hope so.

Yash: Yeah. OK. That's it. Thank you for answering my question.

Moderator: The next question is from the line of Chirag Mehta from Chirag Mehta and Co. Please go ahead.

Chirag Mehta: Congratulations on the great set of numbers. My only question is that what are the missing plans of Goodluck defense and how much fundraising may plan for the company?

Ram Agarwal: So, it will all depend on the ramping of the production of the company. It should start from the as I have told from the next financial year, as soon as the plant is stabilized then we will start pondering over the issue but definitely it is to be done but the time is to be decided.

Chirag Mehta: Approximately, if you have some internal figures regarding you know how much funds it is you know approximately you are planning like from the market?

Ram Agarwal: So right now, it has not been decided so far because now our total focus is on the reaction of the plant, to start the plant once it gets started, then we will start working on it.

Moderator: Sorry Sir for interruption. The current participant has been disconnected. We'll move on to the next question. It's from the line of Disha, an individual investor. Please go ahead.

Disha: Hi I have one more question. So, is there any plan to increase export going forward and what kind of a revenue contribution shift in percentage terms to like do we see?

M C Garg: We are export thrust company. Our exports are nearly thousand crores annually. However, in the first half, second quarter of this year, export took a hit or due to geopolitical tensions on the sea routes, red sea problem. However, our emphasis is once again on export only. Our new plan, which has been commissioned. The most of the products will go for export only. So, we expect to get a good growth in export.

Disha: Ok. Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Ram Agarwal - Chief Executive Officer from Goodluck India for their closing comments.

Ram Agarwal:

I thank all of you for taking your time out to attend the earning concall of Goodluck India Limited today in case you have any further questions, any query please feel free to reach out to our Investor Relations team. Thank you.

Moderator:

Thank you, Sir. Ladies and gentlemen, on behalf of Goodluck India Limited, that concludes today's session. Thank you for your participation. You may now disconnect the call. Thank you.