

Date: July 28, 2025

**The Manager, DCS
The Bombay Stock Exchange Ltd.
Phiroze jeejeebhoy Towers,
Dalal Street,
Mumbai**

**The Manager
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
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, 23rd July, 2025 at 12:00 PM IST, to discuss the Q1 FY 2026 earnings 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

**MAHESH CHANDRA GARG
DIRECTOR
DIN: - 00292437**

Encl: as above



“Goodluck India Limited
Q1 FY '26 Post Earnings Conference Call”
July 23, 2025



MANAGEMENT: MR. MAHESH CHANDRA GARG – CHAIRMAN
MR. RAM AGGARWAL – CHIEF EXECUTIVE OFFICER
MR. SANJAY BANSAL – CHIEF FINANCIAL OFFICER



MODERATOR: MR. VINAY PANDIT – KAPTIFY CONSULTING



Moderator: Ladies and gentlemen, good day, and welcome to Goodluck India Limited Q1 FY '26 Post Earnings Conference Call, hosted by Kaptify Consulting. 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vinay Pandit. Thank you, and over to you, sir.

Vinay Pandit: Thank you. Ladies and gentlemen, I welcome you all to the Q1 FY '26 Post Earnings Call of Goodluck India Limited. Today from the management team, we have with us Mr. Mahesh Chandra Garg, Chairman; Mr. Ram Agarwal, CEO; and Mr. Sanjay Bansal, CFO, on the call.

Without wasting any further time, I will now request the management to give their opening remarks. Over to you, sir.

Mahesh Chandra Garg: Good morning, everybody. Thank you for joining us in this Q1 FY '26 Earnings Conference Call. We are pleased to report a strong start to the fiscal year with income from operations rising by 7.7% year-on-year, reflecting our continued focus on operational excellence and market responsiveness. This robust growth has been primarily driven by sharp increase in domestic sales, while overall volume grew by 12%, reinforcing Goodluck's position as a leading manufacturer of precision engineered, steel products and large diameter pipes.

I'm also glad to share a significant strategic development under our new vertical, the Goodluck Defence. We are in process of securing a license for defence production, which we expect will create our long-term value for our stakeholders.

Friends, as we all know, the global landscape remains highly complex and volatile, ongoing geopolitical tensions ranging from Russia-Ukraine war, the conflict in Middle East, including Israel, Gaza and Iran, and regional concerns such as India-Pakistan relations have created a very challenging and uncertain trade environment. Compounding these issues is a prevailing tariff war scenario, especially following a shift in the trade policy under the current Trump administration in the US.

Despite these challenges, Goodluck has continued to demonstrate resilience, and the resilience is reflected by our growth despite of the muted demand in the domestic market. Our strong domestic sale performance has effectively offset challenges in export markets, which remains subdued to unpredictable tariff dynamics.

Looking ahead, we remain optimistic. We expect recovery in export volume in time to come as the tariff war stabilizes, particularly as progress continue towards Indo-US free trade agreement, we are going to sign free trade agreement with UK, and we move closer to stabilization of valid tariff regime.

In closing, I would like to thank you all for their continued trust and support. We remain committed to delivering sustainable growth, innovation value in quarters ahead. Thank you very much.

Ram Agarwal:

Hi, everybody. This is Ram Agarwal, CEO of Goodluck India. Welcome, everybody. As Garg sahab has already told, our results are with you, and I hope you must have appreciated that despite the headwinds geopolitically, your company has fared well on almost all fronts, whether it is PAT by 17%, volume by 11%, EBITDA by 23%. EBITDA is marching towards double digits as communicated earlier. The reason is your company has a diversified product basket, from pipes to bridges to defence products.

Our USP is continuous reshuffling of products and markets to take over the market changing conditions. As we have been working on value-added versus non-value-added sector, our focus has been on increasing value-added sector in our total sales. This quarter, value-added has increased by 24% Y-o-Y Q1, whereas non-value-added sector is almost -- the growth is almost nil.

In new sector, green energy fuelled by solar installation is on the horizon. Solar structure led by transmission tubes, we have made inroads and sector is poised to give almost 100% growth this year. We have been transforming our non-value-added sector by installing the growth of pipe and CR and fuelling the growth of solar sector and augmenting its capacity for quite some time. Even further addition of solar capacity is on our drawing board in the coming time.

Hydraulic tube, a new sector assured by us in September '24, is making new inroads in construction sector, globally as well as domestically. Despite trumpsonics and total mayhem in international market, we are making inroads in global market and hope in coming quarters, we will be increasing our percentage of utilization of this plant, a difficult task, a difficult role, but I'm pleased team is taking strides in the right direction.

Infrastructure led by railways and the thermal power expansion plans of government, Goodluck is making efforts in the right direction at the right time, resulting in market expansion of this infrastructure. This financial year, we are targeting a 20% increase in sales volume in this infra sector.

Auto sector, yes, it is one of the major sector for us. It is making progress despite many skids. We hope a continuous growth in this sector, and our CDW unit is increasing its presence in the market. Market expansion is on anvil this year in this particular sector.

The new sector, forging sector, has a solid growth in continuing geopolitical condition. Factory sector is showing core growth in this quarter. And this forging sector, again, the defence sector is making continuous news due to Operation Sindoor and ongoing wars in Russia, Ukraine, Israel, Hamas and many other African countries.

Government has made an ambition -- ambitious target of increasing defence export to the tune of INR50,000 crores in next 2, 3 years. Your company is working relentlessly to increase its market reach in this sector, a subsidiary, Goodluck Defence and Aerospace has established plant

of making 1.5 lakh shells, awaiting government license. Many more products are on radar of our strategic team, which may take shape in coming future.

Your company has been making continuous efforts to fulfill our responsibility to society and environment. Zero emission is our ultimate aim for all of our plants. Tree planting is an effort to give back something to the mother earth. Health and education are our two goals, which we are trying to achieve through CSR activities.

So we, the Goodluckians, comprising management, staff, workers and our shareholders have a resolve to progress continuously to add value to our company, to our shareholders. Thank you.

Sanjay Bansal:

Good morning, everyone. At the outset, I, Sanjay Bansal, CFO, on behalf of Goodluck, welcome you all for joining for the conference on performance of the company in Q1 of financial year 2026.

Regarding Q1 performance, stand-alone, the sales was increased to INR983.29 crores as against INR913.08 crores during Q1 of previous year, registering a growth of 7.70%. Our EBITDA for the quarter stood at -- stood and grew at the rate of 9.71% of sales at INR95.78 crores as against INR77.60 crores during Q1 of previous year.

The profit before tax, including other comprehensive income, was at INR53.31 crores in Q1 of current fiscal as compared to INR45.81 crores in Q1 of previous year. However, PAT in Q1 of current fiscal was at INR40.14 crores against INR34.47 crores in Q1 of previous fiscal, registering a growth of 16.50 % year-on-year basis.

Earnings per share has been at INR12.60 per share in current Q1 -- Q1 of current financial year as against INR10.80 per share during Q1 of previous fiscal. On financial front, our interest cost has marginally gone up due to increase in level of activity during Q1 of current year as compared to previous year. However, there was a marginal saving in selling and administrative expenses as compared to Q4 of previous financial year quarter-on-quarter basis. Thank you. Thank you very much.

Management:

I now will open for the Q&A session.

Moderator:

The first question is from the line of Riddhesh Gandhi from Discovery Capital.

Riddhesh Gandhi:

I just had a couple of questions. Just wanted to understand, with this implementation of the BIS, I think there will be some amount of benefits in terms of domestic demand and some amount of potential disruptions that we are sourcing our steel internationally. So I just wanted to understand what the implications are for BIS, which is recently put...

Mahesh Chandra Garg:

Voice is not clear.

Riddhesh Gandhi:

Sir, I was asking about the BIS, which has been implemented recently. Any implications on potential upside because of incremental -- actually in the demand and potential implications if we are actually using international steel. Are there any negative implications? So I just wanted to understand that.

- Maresh Chandra Garg:** Those who are importing steel, they are only affected by BIS certification. Nobody can import known BIS steel from anywhere. But domestically, they are already having BIS certified material. There is no implication for us.
- Riddhesh Gandhi:** Sir, and are there any benefits because effectively, we aren't competing with imports anymore in some of the segments? Are there any benefits which we are seeing?
- Maresh Chandra Garg:** Competition will be less with imported material.
- Riddhesh Gandhi:** Okay. So are there -- but is the implication of this reasonable? Or it's a small implication on the benefit?
- Maresh Chandra Garg:** Imported material on offer is very safe compared to the domestic material. So if there are non-tariff barrier, government has put to prevent competition in domestic material.
- Riddhesh Gandhi:** Okay. Sir, the other question was if you could highlight a little bit of an update on where we are on our defence business?
- Ram Agarwal:** In our defence business, we have already told that we have established a new subsidiary, Goodluck Defence and Aerospace, where we have put up a plant for manufacturing M107, 150,000 shells per annum. We are awaiting the government clearances to start the production. From our side, nothing is pending. But yes, there is some time which government is taking. As per the regulations, whenever it comes, we will start.
- Riddhesh Gandhi:** And any idea how long it typically takes and how long and when we're expecting it?
- Ram Agarwal:** So right now, we cannot say anything on it because it is in the government purview. But we hope it should come early.
- Moderator:** The next question is from the line of Vedant Sarda from Nirmal Bang Securities Private Limited.
- Vedant Sarda:** Sir, I want to ask that we are operating at a 90% capacity level currently. So any kind of capex plans we have?
- Ram Agarwal:** Sir, actually, it has been a continuous process because in our kind of industry, there is debottlenecking that is a term we use because not only by installing the new machines, we can increase the capacity. We can increase the capacity by debottlenecking. And in this regular process, we are upgrading our all plants to take maximum production by debottlenecking some -- by adding some instruments, by adding some systems, by adding some labor. So that is a regular process we are doing.
- Vedant Sarda:** On the debottlenecking, how much capacity we can add at the current levels?
- Ram Agarwal:** Sir, right now, if you talk of infrastructure, there is a debottlenecking, it can take it up to the current capacity, which is 1 lakh tonne. It can go to 150,000 tonnes because they are debottlenecking with the space. You have to provide the space. In some other products like

automobile, we have to add some machinery. So as per the market requirement, as per the sales projection, we take it continuously.

Vedant Sarda: Okay. And we have seen an improvement in EBITDA margin. So can we see that this is a sustainable level or what?

Ram Agarwal: And definitely, we always think that it is a sustainable level. We always hope, and we are working towards it for last 5, 6 quarters to take it to this level. But definitely, market headwinds may be there. So next time, we cannot project that it will be the same. It may increase also.

Vedant Sarda: And last question, sir, like we have seen a Y-o-Y increase in the volumes. And there is a decline in Q-on-Q basis. So is it a seasonal factor? Or what -- how we can understand that?

Ram Agarwal: It has always been this year in the factor. Seasonal factor is always there. .

Vedant Sarda: Usually weak.

Ram Agarwal: Always found this -- I find this.

Moderator: The next question is from the line of Neel Mehta from ICICI Securities.

Neel Mehta: A very hearty congratulations on the numbers that you have delivered around the world.

Ram Agarwal: Your voice is...

Neel Mehta: My voice is muffled?

Ram Agarwal: Your voice is audible, but some background voice is coming.

Neel Mehta: Hello?

Ram Agarwal: Yes. Now it's audible.

Neel Mehta: So with the 1.5 lakh shells that we are talking about, what mm shells are these? And who are we tying up, if we are tying up with anybody in Europe to deliver or give these shells to?

Ram Agarwal: It is 155 mm shells and it is being used in India as well as the overseas markets.

Neel Mehta: Sir, 155 mm, small, large, medium?

Ram Agarwal: It is a medium caliber. It comes under the category of medium caliber, M107.

Neel Mehta: And any tie-up, sir, that we have?

Ram Agarwal: For tie-ups, there are LOIs available. But whenever the production license comes and then the actual sale will happen, then only we can say that these kind of tie-ups are achieved because many people have come, many people have given their requirement. But until and unless this license is received, there will be no false requirement.

- Mahesh Chandra Garg:** As per our perception, there is a huge appetite for this kind of shell. Very huge appetite today.
- Neel Mehta:** Sir, I'll give my last question short. Hydraulic tubes, you mentioned about increasing the utilization. What was it this quarter?
- Ram Agarwal:** Sir, in this quarter, we have achieved almost a 50% utilization. And in the coming quarters, we hope as this tariff war stabilizes, then it can go up to what we expect. In this year, we will achieve a capacity utilization of almost 70% in this financial year.
- Moderator:** The next question is from the line of H. C. Daga from Daga Finvest.
- H. C. Daga:** First of all, I would just submit that our defence unit is already in -- you have completed the defence unit ready for the production. How long is our license is pending with the government?
- Mahesh Chandra Garg:** License, I will tell you, license is government priority. They are more in hurry to issue the license than what we are in hurry to receive the license. So we expect to get the license as soon as possible. But there are some procedural delays, which we are seeing. The license should come any day.
- H. C. Daga:** Yes, yes. That's very important, sir, so far as our company is concerned because we have already invested and then we have completed the plant. Now just we are waiting. So how long it has been pending with the government? That was my initial question.
- Mahesh Chandra Garg:** Government procedures are like that. We know...
- H. C. Daga:** Our application for the license is pending for...
- Mahesh Chandra Garg:** There is no inquiry pending for the issue of the license with us. All queries have been satisfied. Now it is the government procedure.
- H. C. Daga:** Okay, okay, okay. We look forward for that, sir, as early as possible, number one.
- Number two, sir, what is our outlook so far as our revenue for the Q1, it has grown by the 7.7% against the last year growth of 11.7%. Why there is a dip in the revenue in the Q1 '26?
- Mahesh Chandra Garg:** Look, I must tell you, second half of this quarter, Indian demand have gone down, which you must notice yourself. Indian domestic demand has gone down. Export, there was a problem. There has been no growth in export in this quarter. Due to a lot of problem in the export market, shipping lines far around and most importantly, the tariff war has affected the export market. I can tell you there has been no growth in export in the first quarter.
- H. C. Daga:** How do we see going forward, sir? Our outlook for the current year?
- Mahesh Chandra Garg:** We are very confident it has to stabilize as soon as possible. The present turmoil on tariffs cannot continue always. One way or the other, it will settle down, Tariff war cannot continue for always. It will stabilize. Then we'll have our own time. We are dealing with niche segment, in niche customer. I'm confident they are dependent on us. They will have to buy from us.

- H. C. Daga:** Correct, sir. So what is our outlook for the current year and then going forward in next 3, 4 years, 2, 3 years because compared to...
- Mahesh Chandra Garg:** For the current year, we still stand by our guidance, which we made in the last year.
- H. C. Daga:** Okay, okay, okay. And then your plan or your vision to become a \$1 billion company by when?
- Mahesh Chandra Garg:** Yes sir, we still stand by it, and we'll do it.
- Moderator:** The next question is from the line of Hitesh Randhawa from CaGR Quest Capital.
- Hitesh Randhawa:** See, my questions have been answered, but just to kind of reiterate. Sir, I think in last quarter, you said 14% to -- sorry, 15% to 20% top line growth for FY '26. So you stand by that, right, sir?
- Ram Agarwal:** Yes, definitely.
- Hitesh Randhawa:** Okay. And sir, as far as the kind of -- I'm sorry?
- Ram Agarwal:** We stand by our guidance, what we had given last time, 15% to 20% growth. This year also, we expect.
- Hitesh Randhawa:** Right, sir. Okay, sir. And sir, I know you did say in your opening remarks that, say, kind of the finance costs have gone up actually due to the increase in work, etcetera. So -- but it is a substantial jump actually. It's a decent jump as far as the finance costs are concerned. So for FY '26, what can -- for my modelling purpose, what can I assume the finance cost and the depreciation cost to be, sir?
- Sanjay Bansal:** The overall finance cost would be in the range of INR90 crores, and depreciation would be in the range of INR60 crores about, including all expansion.
- Hitesh Randhawa:** Okay, sir. Okay, sir. And sir, just to reiterate, just to confirm again what you said in the last quarter as well. So kind of the guidance of 15%, 20% is excluding the defence contribution, right, sir?
- Mahesh Chandra Garg:** Yes.
- Moderator:** The next question is from the line of Gursimar from AVGS.
- Gursimar:** My questions have been answered.
- Moderator:** The next question is from the line of Ganeshram from Unifi Capital.
- Ganeshram:** This is the first time I'm going through the call of your company. And apologies, if you might have to repeat some answers for me. But I just wanted to understand your capex on the artillery shells a bit better. How much of this capacity are you targeting towards domestic and exports?

And just a follow-up on that same is on the domestic side, what I'm hearing from peers is that they see that the supply could potentially exceed demand and there could be some pressure on the pricing of these artillery shells. Is this procurement for a homogeneous category? Or is there some niche that you're playing at? And could there be a pricing pressure that you might experience? What is your expectation of revenue from this capacity?

Ram Agarwal: The revenue, which we are expecting, it is just on the basis what the future will tell, but we hope it should be between -- when full capacity will be utilized, it should be almost INR270 crores to INR275 crores. However, what will go in international, what will go to domestic, that cannot be told at this stage. Once the plant gets on, then we will -- we can clarify on the status.

Ganeshram: Understood. And would you have a sense as to what is the volume of procurement that is occurring domestically, just in terms of the market we can address and how that's expected to grow?

Ram Agarwal: I could not understand.

Ganeshram: So I'm just trying to understand what is the volume of artillery shells that will be procured domestically next year?

Ram Agarwal: So right now, these all reports, whatever we have, it is all through the newspaper reports. So somebody says, government will procure for 1 month ammunition, 1 month storage, somebody say 2 months storage, but these are the defence documents, which cannot be accessed by everybody.

Anything with the paper says, that can only be taken into account. So we don't know exactly what government is planning. But we know, whatever we are making, we are -- we may be booked for -- our orders will be x times than what we will produce. That was confidence and that much information we have.

Ganeshram: Of course, I understand. And is this market opening up for us because of localization of procurement? Or is there some other reason?

Ram Agarwal: Sir, it will go everywhere, but it all depends on the geopolitical condition, what government allows to be exported to which country. It is all a prerogative of the government.

Moderator: The next question is from the line of Soham from RV Investments. As there is no response from the line of the current participant, our next question is from the line of Sanyam Shah from Solidarity Investment Managers.

Sanyam Shah: Sir, we are just reiterating the question of the last participant. So we have seen a good amount of supply coming in for this shells that we are putting. So are we confident that we'll be able to deliver on to our 20% plus/minus EBITDA margin guidance that we gave for this segment?

Ram Agarwal: What do you mean by the EBITDA margins? What will be the EBITDA margins of the shell product?

- Sanyam Shah:** Yes, from the defence facility that we have put in, this 150,000 shells capacity?
- Ram Agarwal:** Sir, until and unless we go further production and we sell in the market, these all are the figures, which are based on the newspaper reports. I have already said. But I hope, in all the defence products, EBITDA starts from 25% to 35%. In this product, what will happen, we can tell you only after 1 or 2 quarters.
- Sanyam Shah:** Okay, sir. And sir, we are guiding for 15% to 20% top line growth for this financial year. Can you split this between volume sales versus realization? Is there any impact of steel prices falling in this? Can the volume sales be potentially higher than 15%, 20%?
- Ram Agarwal:** The prices are totally unpredictable at this time. In this quarter also, prices have gone down. You will see what we have done in the last quarter Y-o-Y and the volume we have achieved in this quarter Y-o-Y, it is 112,000 we have achieved, whereas in the last quarter, it was 102,000. But the prices up and down were very much in the last year. And this year, it is going in the same direction. Right now, it is going down. Maybe after 2 or 3 years, it will start rising.
- Mahesh Chandra Garg:** One thing I'd like to add. See, prices are very, very volatile due to geopolitical tension all over and Trump tariffs are disturbing the whole market. We can say 20%, but very, very unpredictable, where the Trump tariffs will fall. All developed countries -- all developing countries, all are affected. How India will make a deal with U.S., how U.S. will make a deal with Europe, everything will depend on that.
- Sanyam Shah:** Okay sir. That's helpful. Sir, last question was, sir, if I heard it right in your opening remarks, we are projecting a 100% sales growth this year in the solar structure segment. Is that right?
- Ram Agarwal:** Yes, definitely.
- Mahesh Chandra Garg:** From the last year, yes.
- Sanyam Shah:** And this solar, is this included in our engineering structures that we report in the investor presentation? Or is it included in the CR sheet and pipes segment?
- Ram Agarwal:** In our investor presentation, it is included in our CR pipes -- CR and pipes, and it is not included in our infrastructure products. And that goes, what we have predicted, it is over the last quarter, y-o-Y, where this growth has been registered.
- Sanyam Shah:** Okay. So we have registered 100% growth basis last quarter versus last quarter?
- Ram Agarwal:** Versus last quarter Y-o-Y.
- Moderator:** The next question is from the line of CA Shaishav Vora, an individual investor.
- Shaishav Vora:** I just wanted to know that this -- we have a subsidiary Goodluck Defence. Is there any plans to come out with a public issue for Goodluck Defence to unlock the shareholder value?
- Ram Agarwal:** Sir, right now, it cannot be said, but definitely in future, it can happen.

- Shaishav Vora:** Any time frame, sir?
- Ram Agarwal:** How about, sir?
- Shaishav Vora:** For the public issue to come in the next 2 years, 3 years?
- Ram Agarwal:** Now the plant has to start, it has to perform for at least 1 year. Then after -- only after that, it can be thought over. So near the time, we will come back to you.
- Moderator:** The next question is from the line of Parin Gala from SageOne.
- Parin Gala:** Sir, again, we read something in the media that the company was planning to put up a unit for filing of explosive in the shells also and selling the entire explosive-filled shell. Is that something which the company can confirm to us?
- Ram Agarwal:** Sir, your question, there were some disturbance. We could not understand. Can you just repeat, please?
- Parin Gala:** Sir, we had learned -- I've learned through the media that the company was planning to put up a unit to fill explosives into the shell and then sell the entire explosive-filled shell in the market. Is this news that something the company can confirm?
- Ram Agarwal:** I don't know from where it has come. Right now, we are concentrating only on making the empty shells. If any development, we'll always come back to you.
- Moderator:** The next question is from the line of Soham from RV Investments.
- Soham:** Sir, in the last call, you said that this new defence plant has a potential of INR270 crores to INR300 crores. So sir, if the license get delayed, say, till Q3. So in the last quarter, how much revenue can we ramp up -- can we do in that facility? How much can we achieve in FY '26?
- Mahesh Chandra Garg:** The first thing I should tell you, we are not expecting any delays. Worst case scenario, the license, it should not happen. First thing is we should get license as soon as possible. So I am very positive on this. We should get licensed as soon as possible.
- Ram Agarwal:** So basically, in this financial year, we expect a 40% to 50% capacity utilization in FY '26.
- Soham:** Okay, sir. And margins in this segment will be like you said, 20%. So are we maintaining it?
- Ram Agarwal:** Right now, it is all our projection. We hope it should be better than this, but let the plant start.
- Soham:** And sir, in your presentation, Page number 14, you mentioned that defence contributes like 2% of your total revenue. So can you just tell me like the EBITDA margin in this segment?
- Ram Agarwal:** Actually, what we have given in the investor presentation, it is about our forging division. In forging division, in defence, what we are doing, we are manufacturing some smaller parts for HAL, for DRDO. So that only contributes 2% of our forging turnover. Say, if it is INR600 crores,

so we are doing almost INR30 crores, INR40 crores there. But it is different from our Goodluck Defence and Aerospace. Its turnover will come differently.

Soham: Okay, sir. Understood. So that's 2% of the forging segment, right?

Ram Agarwal: Yes, definitely.

Soham: Okay, sir. And so margins in the forging segment will be more than pipes and CRCs, right?

Ram Agarwal: Definitely, it is there, but it is very small quantity. So we don't say of this. But normally, it is there.

Moderator: The next question is from the line of Rakesh Roy from Omkara Capital.

Rakesh Roy: Sir, for my first question, regarding, sir, in this quarter, sir, your hydraulic tube, how much is the revenue from this business?

Ram Agarwal: Sir, hydraulic tube, it is just -- it has been established. It was started in September of '24. And in this quarter, it has made significant capacity utilization, but it is still short of our expectation. And I hope by this year, by this financial year, we will be using -- as I had already communicated, we will be using almost 70%. Right now, it is below our expectation. It is almost 40% to 50%.

Mahesh Chandra Garg: It is a product has to be approved. And I'm happy to tell you, one of the largest buyers of this product in the overseas market, our product has been approved. Now some supplies will go, they use it and they approve it. It is a long-time process.

Rakesh Roy: Okay. And sir, just trying to understand on overall your volume, 112,000, if you remove our hydraulic tube volume, how much the growth is there, degrowth is there?

Ram Agarwal: We will let you know. We will let you know. We have not done such -- we don't have the data right now. How much exit quantity has gone, we will let you know.

Rakesh Roy: Sure, sir. And sir, next question is regarding defence business. I'll definitely say, for shell, artillery shell has a huge demand for European market and Indian defence companies. We have nearby 1.5 lakh. Hopefully, this year we'll start. In next 1, 2 years, if we're going to add sales capacity again, 1.5 plus 1.5, so how much capex we need, just trying to understand, sir.

Ram Agarwal: So right now, we are concentrating on implementing on fulfilling this plant. For the net clients, we will come back to you. And at that time, we will definitely estimate what the new line requirement is there. Right now, our total -- 100% focus is on this plant.

Rakesh Roy: Agree, sir. Right, sir. Sir, any plan -- any future plan to expand your defence business apart from your shell or you are doing and adding new -- this type of business in near future, sir? Any plan? Or are you working any there?

Mahesh Chandra Garg: Sir, we have restrained by requirement of SEBI law. We cannot declare anything on this call.

Rakesh Roy: Right, sir.

Ram Agarwal: Everything is on drawing board. Whenever it comes, we will let you know.

Moderator: The next question is from the line of CA Shaishav Vora, an individual investor.

Shaishav Vora: I just wanted to know by when will the new factory of Goodluck Defence be operational?

Mahesh Chandra Garg: As soon as we get our license.

Moderator: The next question is from the line of Pradeep from Metaverse Innovations Private Limited.

Pradeep: Yes. So my question is that your -- in FY '26, you mentioned that your defence plant will have about 40% to 50% utilization. And in FY '27, it will go to about 90%. And I think assuming that -- and I think in the previous call, it was mentioned that the peak revenue from that plant can be about INR270 crores, INR300 crores, correct? So in FY '27, if we reach that capacity, so where will the future growth from that plant come from? That is my first question.

And second is basically overall guidance is that we will keep growing for the next couple of years at, say, 20% growth. So the expectation was the large part of the growth will come from the defence plant. But if we reach the peak capacity in FY '27, then the question again comes back, where the next phase of growth will come from? Is it only debottlenecking of the existing forging and the other plants? Or is there any capex plan?

And a related question is also, the margin expansion that we are talking about to go into double digits, which will be, I assume that 15% plus will largely come from the defence plant. But if you're reaching the peak capacity in FY '27 itself, then how does the margin expansion kick in? These are my questions.

Ram Agarwal: Actually, you have asked so many questions at one point of time. The basic answer of this question is whatever guidance we have given, this year, we have cropped a turnover of INR4,000 crores. So a 15% to 20% growth in next 3, 4 years, we hope it will continue. Definitely, defence will be a part of it. But at the same time, our other products of hydraulic tubes, our infrastructure and forgings, they will also give -- and solar industries. So they will also give the equal contribution to it.

We are seeing, as in my opening remarks, I have told, in infrastructure, I'm seeing a growth of sales percentage of 20%. In our automobile, we are again seeing a turnover growth of 20%. In solar, Q-o-Q, we have done almost 100% growth. So we see, in the near future, these 3 sectors will equally share our growth story.

Defence will definitely be a part of it. And we have our plans to take it \$1 billion, we have not started at \$1 billion. We reach 3 to 4 years. And all these sectors, along with defence, we will reach there we know when capacity expansion is to be done. But we are taking our steps very calculatively. We are taking step one by one. Future is clear, but step-taking is one by one, yes.

- Pradeep:** So I think just a related question only, if I may be allowed. The question was that FY '27, we are reaching peak capacity in the defence plant, right? So whether there will be a further capacity expansion in the plant or that will be it? I mean that was one of the questions I had.
- Ram Agarwal:** Business demands, if everything goes well, definitely, it will be there. And it should be there. I will say it should be there, and we will go in the line, why not?
- Pradeep:** So margin expansion trajectory will come from the defence or the other 3 business divisions that you mentioned? Because I assume that those are low margin businesses as compared to the defence business. So margin expansion will come from there?
- Ram Agarwal:** My friend, you are just -- you have not just heard, I have said that my automobile business, my forging business and my infrastructure will take that -- will equally share that responsibility. And my product, they're talking, these are from 10% to 15%. If my infra at 10%, my auto is at 15%, my forging is at 15%, they all are equipped to go forward.
- Pradeep:** Okay, okay. Understood. So I was assuming that the large part of margin expansion will come from the defence business, but thanks for clarifying that other businesses also contribute equally for the margin expansion.
- Moderator:** The next question is from the line of Tushar Gupta from Sagun Capital.
- Tushar Gupta:** Sir, I have one question. How is the export, especially in the U.S. market, growing for us? And have you seen any impact of tariff? Or is there any possibility that it will affect in future?
- Mahesh Chandra Garg:** Can you clarify the question again, please?
- Tushar Gupta:** Sir, I'm actually asking about any -- does we -- what is the export business coming for us? And is there any impact of tariff we have faced as of now? Or any further export tariff we can expect?
- Mahesh Chandra Garg:** Look, as on date, there's a lot of uncertainty, not to the market in this year maybe, but there is uncertainty in the market, which our importers are dealing with. So nothing can be said clearly how the market will take shape. Very difficult to say anything. But I'm very sure that in next 3 months, market will definitely settle down. Trump cannot keep on fighting every day. Once the tariff settles, then things will settle down.
- Ram Agarwal:** Yes, stabilization is bound to come.
- Moderator:** The next question is from the line of Kushagra from Pkeday Advisors.
- Kushagra:** I just had one question. When the hydraulic plant is running at full capacity, what would be the expected annual revenue contribution to our overall business?
- Ram Agarwal:** When this -- it will go to 70% to 90% with our hydraulic tube business. Here, we have put up this plant for a turnover of almost INR500 crores. So before starting this, we were at INR750 crores. And when it goes to 90%, we hope a turnover we will get in this segment, it will be almost INR1,250 crores to INR1,300 crores.

- Moderator:** Next question from the line of Abhishek Dixit from Hem PMS.
- Abhishek Dixit:** Sir, my question is that like as we told in this con call, our interest cost will be around INR90 crores. So sir, considering the interest cost in this quarter of around INR28 crores, if I assume the same across next 3 quarters, it is close to somewhat INR110 crore. So like can you please explain on this? Like there are any plans to repay the debt? Or how this INR90 crores interest cost could be possible?
- Sanjay Bansal:** There would be a repayment of term loan of INR70 crores during the year. Moreover, banks are reducing the rate of interest as RBI has already reduced the rate of interest. So we expect it will be in the tune of INR90 crores about.
- Abhishek Dixit:** Okay, sir. And sir, can you please tell the sales volume for Q4 FY '25?
- Ram Agarwal:** Sales for Q4, INR1,092 crores. It was almost INR1,092 crores. For the quarter 4 of last year?
- Abhishek Dixit:** Yes, sir, last quarter of next -- previous year.
- Ram Agarwal:** INR1,092 crores.
- Sanjay Bansal:** That's 147,000. 127000
- Abhishek Dixit:** Sorry, sir?
- Ram Agarwal:** In volume terms, it was 147,000 127000 tons. And in value terms, it was INR1,092 crores.
- Moderator:** The next question is from the line of Madhur Rathi from CCIPL.
- Madhur Rathi:** Sir, I wanted to understand regarding our margin profile for FY '26. As our hydraulic plant scales up, sir, what kind of margin expectations should be taken?
- Ram Agarwal:** It should be almost in the range of 15% to 16% EBITDA margin in this hydraulic tube.
- Madhur Rathi:** And sir, on the overall basis, what kind of margin can we expect for FY '26?
- Ram Agarwal:** Sir, right now, in this quarter, we have done almost 9.74%. We hope the overall margin should be in the range of 9.5% to 9.7% in this current year.
- Madhur Rathi:** Got it. Sir, is it -- sir, also, I wanted to understand, sir, regarding the BIS implementation on steel. Sir, are we seeing any issue where the raw material cost for us is increasing, but there is an increased import of tubes and pipes in the country, reducing our spreads. Sir, are you seeing some kind of scenario on that front?
- Mahesh Chandra Garg:** Look, this is a non-tariff barrier, which steel producers have forced the government to bring this nontariff barrier on export of HR coil to the country. There is a big difference of almost \$150. So their product become very -- facing a lot of competition from overseas importer. So it doesn't make a difference to us because we are buying domestic coils and producing pipe and all our

product segments are niche segments where specific material is used and we buy only from the local market.

Ram Agarwal: We are the basic converters.

Mahesh Chandra Garg: It doesn't make a difference to us.

Madhur Rathi: Got it. Sir, is it because of the customers that we serve and the industries that we serve that our margins will be protected? Is this understanding correct?

Ram Agarwal: Sir, you understand, what we are doing in this BIS segment, what we have told, it is the HR coil. And the HR coil, suppose from the import side and in the market side, there is a gap, that government will not going to happen. So whatever price we purchase, we are a basic converter of the product. So our conversion margins remain intact. Prices may go up and down.

Moderator: The next question is from the line of Yashasvi an Individual Investor.

Yashasvi: I just want to know that there was some comment on slowdown in demand in this quarter in domestic. So what is the reason behind that? And what is the current trends on that?

Mahesh Chandra Garg: Look, there was a slowdown in the later half of the quarter, slowdown in the Indian market and slowdown internationally also has happened. Why this has happened? We have yet to understand. There was money supply, crunch was there, government funds not flowing, government orders not flowing out. These are the factors which affected demand-supply.

Ram Agarwal: A seasonal slowdown is always there in the first quarter when the rain starts hitting. So all the projects get stalled. And they all will start in the H2. So you will see normally in the H2 is always better than the H1.

Yashasvi: Okay. And what is the current trend? Like is it still -- the slowdown is still there or it's improving?

Mahesh Chandra Garg: It is still there. Rains all around, traffic, movement of goods has slowed down, money supply tight, all these factors are leading to the slowdown in the economy.

Yashasvi: And like despite all this, we are still confident of achieving our expectations for this year?

Mahesh Chandra Garg: Yes. Our combination and our product profile and customer profile, we are dealing with the niche customers and niche products. So we are confident we'll meet our targets.

Yashasvi: The last question for the day is from the line of Vedant Sarda from Nirmal Bang Securities Private Limited.

Vedant Sarda: I wanted to ask that what is the return on capital employed we are targeting?

Ram Agarwal: 22% ROCE is almost 22% right now.

- Vedant Sarda:** Okay. And in the future, whatever project we plan, so any range that in these ranges, we would invest in a product or like?
- Ram Agarwal:** We are -- what we are expecting and what we will do, we always want to keep our ROCE above 22% to 25%, and we are aiming for that. We are working for that.
- Moderator:** As this was the last question for the day, I would now like to hand the conference over to the management for closing comments.
- Ram Agarwal:** We thank everybody who participated in this call. We are thankful to all our shareholders and all the stakeholders. Thank you. We look forward for your continued support.
- Moderator:** Thank you. On behalf of Goodluck India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.