

June 01, 2022

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

Dear Sir/ Madam,

Sub: Transcript of Investors and Analysts Conference call

Dear Sir/ Madam,

As Earlier informed, a Conference Call for the investors and analysts held on **Friday, 27th May, 2022 at 12:00 PM IST** to discuss the Q4&FY22 Earnings of the Company.

Please find attached herewith the transcript of the aforesaid call.

This is for your information and record.

Thanking You.

For GOODLUCK INDIA LIMITED


(Abhishek Agrawal)
Company Secretary



Encl: as above



“Goodluck India Limited Q4 FY-22 Earnings
Conference Call”

May 27, 2022



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

Moderator: Ladies and gentlemen. Good day and welcome to the Q4 and FY20 22 earnings conference call of Goodluck India Ltd.

This conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company as on the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in a 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 ‘*’, then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mahesh Garg, Chairman of Goodluck India Ltd. Thank you. And over to you, sir.

Mahesh Garg: Good afternoon, everyone. Welcome to Goodluck India Ltd Earnings Conference Call for the fourth quarter and full year ending 31st March 2022. I would like to begin by expressing my gratitude to you all for taking the time to join us.

On the call with me today are Mr. Ram Agarwal – CEO and Mr. Sanjay Bansal – CFO.

The Company is an established manufacturer of engineered steel products. It was incorporated in the year 1986. It is headquartered in Ghaziabad with 364,000 tonne manufacturing capacity. This capacity is spread across six facilities, five in Sikandrabad, Uttar Pradesh, and one in Kutch, Gujarat, employing over 3,000 personnel with over 3 generation of hands-on experience of promoters. This year we have added 18,000 metric ton in forging division and 20,000 metric tonnes in precision tube engineering division. Goodluck is into four major vertical, which are ERW Steel Tube, Precision tube, Precision engineering and fabrication and forging. We have started our solar in a separate vertical owing to the superlative demand in this segment. Also aerospace and defense too our other area of interest, which in our opinion requires special focus. And we felt the use opportunity here on. We cater many diverse sectors of the economy that include auto, infra, high speed railway, specialized infrastructure, solar, defense, aerospace and defense components.

Last four to five years have been particularly, significant for the Company. We are undertaking important CAPEX, penetrating strategic markets, extended product portfolio and diversified our value-added offerings. We have set few goals for our side that include increasing the share of value-added products in our total product portfolio.

We are on course of making Goodluck a world class manufacturing organization with greater focus on value addition. We would like to see ourselves evolving as a partner of choice for high end engineering, fabrication player in infrastructure and manufacture of best-in-class precision tube a formidable player in the area of defense and aerospace. We are on course of our goal towards evolving a solution provider from just being a manufacturing Company.

I would like to hand over the floor to Mr. Ram Aggarwal, who will be talking about the business in detail. Thank you.

Ram Agarwal:

Thank you, sir, and welcome all of you to this call. After the opening remarks by Mr. Garg, I would like to take you through Company in a bit more detail. I would like to dwell on each of the segment.

Now we can start with engineering structures and precision fabrications, a key segment, not only in terms of our engineering expertise and passion, but also in terms of growth opportunities. In this, we are evolving to provide both fabrication and services for infrastructure solution. Be it road bridges, smart city structures, or supercritical bridges for high-speed railways corridor and many others.

Company has a total capacity of 60,000 MTPA for this segment. The order, backed by the Company from L&T for the bullet train under high-speed railway corridor, is on course. Work has started and we are hopeful that the project will get over as per the schedule. Here we are working alongside the Japanese engineers. There is a huge scope of growth and expansion in this segment and we envision an order book of over Rs.1000 crore in the next 2 to 3 years. Another area of focus is the solar power field. We provide a specialized structures for the solar panels, which are in high demand across the world.

The government initiative of 100 GW solar energy is likely to boost companies solar support structure capacity. Here again, we can foresee a huge opportunity. The next segment on which we are bullish that is forging. We specialize in stainless steel, duplex, carbon alloy, steel, forging exotic material and flanges, which is supplied in more than 100 grade products. Company caters to various and wide industries like automotive trucks, agriculture, machinery, equipment, walls, fittings and petrochemical applications, hand tools, hardware of also highways and railroad equipment, general industrial equipment, Marine and more aerospace and defense. Forging for defense is here to start. Basically, we were in the next segment of forging, so we specialize in stainless steel, duplex, carbon and alloy steel forgings and flanges, which is supplied in more than 100 grade products. Company caters to various and right industries like automotive and trucks, agriculture, machinery and equipment, walls, fittings, petrochemical applications, milk plants, hand tools and hardware of highway and rail road equipment, general industrial equipment, marine and recently aerospace and defense. Forging for defense and aerospace has successfully made a mark across the industry.

Recently, as we had informed earlier, we have increased our forging capacity. We can now forge a single piece of 14 tonnes which earlier was 7 tonnes. Subsequently, total capacity per annum increased to 30,000 MT enabling manufacturing of high value-added products. With this, we will be in positioned to manufacture and supply high value-added products which would result in greater profitability.

We are supplying to some of the biggest name across Indian Aerospace and defense like ISRO DRDO, LMT Defense, Godrej Aerospace, Pralay missiles, BrahMos missiles, K9 Vajra, Tatra Howitzer, etc. Our third segment is Precision pipes and Auto tubes. Here we offer products that

require high engineering expertise. We are among the very few players to manufacture high quality CDW tubes. Our products are one of the leading products in terms of quality and consistency, resulting in high customer satisfaction and repeat orders. The segment is a substantial contributor of export revenue to the Company. Industry cater to our aerospace, nuclear power, wind energy.

We are supplying to some of the most respected brands across the world in both in Roads and off-road auto segment. One other sector is CR coils, pipes and tubes, which is our oldest sector here. We manufacture ERW pipes and tubes that find application precision tube, support structures and other infrastructure, agriculture, auto and many more.

The Company has been gradually consolidating its export business. The excellent range of products and services have enabled us to extend our presence in hundred countries across the globe with a base of over 600 customers. The current domestic to export revenue stands at 58 to 42.

That's all for my side. I shall now hand over this call to Mr. Sanjay Bansal, who will talk about the financials in detail.

Sanjay Bansal:

Thank you, sir. Good afternoon. At the outset, I Sanjay Bansal – CFO, on behalf of Goodluck, welcome you all for joining us for conference on performance of the Company in Q4 and Financial Year 2022.

Regarding Q4 performance, total income from operations was increased to Rs.702.02 crores against 484.36 crore during Q4 of previous year registering a growth of 45%. EBITA for the quarter stood to Rs.53.57 crore as against Rs.31.28 crores during Q4 of FY2021. Registering a growth in EBITDA margin at the rate of 71% on year-on-year basis. The profit before tax, including other comprehensive income, was Rs.24.30 crores in Q4 of 2022 as compared to 8.18 Cr. in Q4 of 2021. Performance for the full financial year is substantially improved as compared to previous year. Turnover increased by 66% to Rs.2,617.10 crores. EBIDTA increased by 53% to Rs.186.89crores and PAT stood at Rs.75.02 crores as compared to Rs.30.05 crores. The volume stood at 264,418 tons as against 224,603 tonne in FY2021 a growth of more than 17%.

The earnings per share has been at Rs.29.48 per share. The volume stood at 264,418 tons during FY 2022, as against Rs. 224,603 tonne in FY2021 a growth of over 17.7%. The earnings per share has been at rupees 29.48 per share in FY22 as against rupees 13.01 per share during previous fiscal. However, performance of the Company has improved substantially in 2022 as compared to 2021 due to increase in level of activity. Higher margins in exports and saving in finance and establishment costs. The improved working trend would continue in current fiscal year, provided the geopolitical trend on Ukraine and Russia is settled. Thank you very much.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Malhar Mane from MHM capital market. Please go ahead.

Malhar Mane:

Can you please give the capacity utilization for the each of the four segments..

- Management:** Sir, overall utilization of the capacity you are asking?
- Malhar Mane:** Yes, I am asking utilization of the capacity in percentage terms, individually for each of the four segments.
- Management:** Individual segment. We may not be able ready, we can give you afterwards but overall utilization around 80%.
- Malhar Mane:** Segment wise is not possible.
- Management:** Immediately. Not possible, but we can tell you afterwards.
- Malhar Mane:** Okay. Sure. Second question was that we have we have mentioned our volume growth, I think around 17.7% but revenue growth is 66%. So, there seems to be an improvement in realization per metric tonne. So, what is driving this improvement in realization?
- Management:** The volume growth has taken place raw material price is higher, so top line has improved, but margins have also improved during the time.
- Malhar Mane:** **Correct.** Okay. And sir, you had mentioned. The FY2021 volume figure in metric tonnes. Can you please repeat that? For FY2021
- Management:** Rs.224,000 tonne.
- Malhar Mane:** Okay. But when I am going to the investor presentation where it says. 2,19,906.
- Management:** Maybe then, we will check it and come back to you. I can correct myself. I said by memory, I do not know the figure before me.
- Moderator:** Thank you. A reminder to the participants. The next question is from the line of Aniket Redkar an individual investor.
- Aniket Redkar:** **Goodafternoon sir, Hello Sir, Congratulations for the good set of numbers.** I have a couple of questions. So, first question is related to the balance sheet. Are we moving to reduce our long term borrowing to zero?
- Sanjay Bansal:** Yes. This is the target of the Company to reduce the borrowings.
- Aniket Redkar:** Sir, I just want to know the status of L&T LOI.?
- Ram Aggarwal:** L&T LOI work has already started. Most of the infrastructure work has been completed and the required approvals are on the way. So, from June onwards, we can we can see the project on the floor.
- Aniket Redkar:** Okay. And Sir, what is the reason behind a good export performance and which other geographies and for which segment we are getting more export order?

- Mahesh Garg:** It is a precision tube and galvanized pipe. There has been a good demand overseas because there was a shortage in the world over of the product.
- Aniket Redkar:** Okay. As you said that the Company is focusing on the value-added segment. So, how we are going to see the contribution of value-added segment in the future.
- Mahesh Garg:** Our emphasis on the beginning and to only improve our performance or to value-added products. And we are aiming at that. And all-over incremental expansion is taking place in that direction only. That is the reason that after three years of investment, what we made in the last five years that investment has rectified now and given us head start last year.
- Aniket Redkar:** okay, And Sir what is our current order book and what are the targets in terms of the order book?
- Ram Aggarwal:** So, basically, we are in four verticals in every vertical, orders are different. Suppose if you talk of the infrastructure sector, we have almost Rs.475 crores. And if we talk of the CDW tubes Auto tubes, so there is a visibility of orders for next six months because here, does not order come in quantity every month. And in the forgings, we are having a visibility of almost 5 to 6 months orders. And in the general sector, which is ERW pipes, CR Sheets. These are the monthly orders. So, we normally have 45 days order and those orders are available right now. So, there is no dearth of orders or the order book. Right now, what we are foreseeing.
- Aniket Redkar:** Okay. And Sir what about our plan? As you can see, the solar sector seems to be very focused – area right now. So, what are the target plans and what kind of order we can get?
- Ram Aggarwal:** Basically, right now, solar is on the verge of booster everywhere, whether it is U.S., Germany, other basically Europe, U.S. or India everywhere, it is a solar. Even the REL Reliance has given 100 GW target for up to 2030, government of India is already having a target. So, solar, there is no dearth of orders. Now, as far as Goodluck is concerned, we are giving the support structures and track tubes in this sector. So, right now we are having a visibility of almost 300 MW in coming 2 to 3 months, but it will improve after the rains are over, the work will start and the visibility will be better.
- Aniket Redkar:** Okay got it. And Sir as far as the defense sector is concerned, what our targets are, any new products added to the portfolio?
- Ram Aggarwal:** So, basically, defense sector, it has just started because India up to last year, India had been importing almost \$100 billion Purchase . But now government is putting pressure that it should be made in India. And due to this Ukraine conflict or the China conflict also government has put pressure for make in India, but it is just started. What we are doing, we are doing some parts of Brahmos missile. We are doing some parts of K9 gun. But now the market has started to open, but products will be added. We have installed our machines to make those products, but the product actual position, it will come in in next 6 to 8 months.
- Aniket Redkar:** Who are Our top three competitors. 2 to 3 competitors in the industry.

- Ram Aggarwal :** Basically, we are in four or five verticals, so every vertical has different competitors. Okay. So, now we are our best competitor, we have to compete with ourselves.
- Aniket Redkar:** But can you name a few, in terms of the segment, if I can name.
- Ram Aggarwal** Because if you talk of forging Bharat Forge, very big name, we are very distinct cousin to him are making 10,000 tonne. We are making 2000 tonne. But definitely we aim to. So, basically, we were on the defense side, so it will take some time to really identify the products. But the machinery is there and government has also to identify which products they want to source from India and what are the critical products they are they have to still import from overseas.
- Aniket Redkar:** Okay. And Sir what is the status of the cash flow? And are you planning to reduce our working capital?
- Mahesh Garg:** Definitely we are trying to reduce our working capital. But as you know, our turnover is increasing. Material prices are going up. So, cash is our basically raw material. We always try to do it minimum, but as soon as the turnover increases, this working capital increases.
- Aniket Redkar:** Okay. And Sir as the steel prices moving up, so what are your steps and how do we plan to take care of that? I mean, are we going to pass this price to the end consumer or how are we going to manage this?
- Mahesh Garg:** The increased prices will be passed on to the consumer, always with little time lag times, but they are passed through. It is a complete pass-through.
- Aniket Redkar:** Thankyou so much Sir. This is from my side.
- Moderator:** Thank you. As there are no further questions, I would now like to end the conference over to Mr. Mahesh Garg for closing comments. Over to you, sir.
- Mahesh Garg:** I would like to take this opportunity to thank each member of Goodluck India family. I would also like to thank our clients, creditors, banks, financial institutions and other stakeholders. And we look forward for your interest of all our stakeholders. And for any further queries or information, please get in touch with our investor relations team. Thank you very much.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Goodluck, India Ltd., that concludes this conference. We thank you all for joining us and you may now disconnect your lines.