Goodluck India (GOOLUC)

ICICI Direct

CMP: ₹ 1,130 | Target: ₹ 1,500 (33%) | Target Period: 12 months | BUY

April 16, 2026

Enriched portfolio + Defence to fuel growth ahead...

About the Company: Goodluck India (GIL), established in 1986, is engaged in manufacturing of precision-engineered steel products, catering to high growth sectors such as automotive, railways, defence, aerospace, solar, and infrastructure.

- Operates six manufacturing plants across Uttar Pradesh and Gujarat, with a total installed capacity of 5 lakh tons per annum.
- Moreover, it has recently commissioned 1.5 lakh artillery gun shells (155 mm) annual capacity, under its subsidiary Goodluck Defence & Aerospace.

Investment Rationale:

- **Broad based focus on value added products bearing fruits:** GIL has evolved over past three decades from traditional steel manufacturer into a precision-engineered steel solutions, with focus towards high value-added segment with capacity expansion from 3.6 lakh tons in FY23 to 5 lakh tons in FY25. Cold rolled sheets and pipes (CRSP), its largest segment (~37% of revenue) caters infrastructure; precision tubes- a high-margin segment catering to Auto OEMs; engineering structures supports high-speed rail, metro, and smart cities projects including Mumbai-Ahmedabad bullet train. Forging division further strengthens portfolio through aerospace and defence exposure, including BrahMos missiles. These shifts drove robust performance with Sales/EBITDA grew at ~15%/30% CAGR over FY22-25.
- **New segments and products to support long term growth:** GIL is expanding into new product categories, with hydraulic tubes being a recent addition, backed by a 50,000 MTPA capacity, catering to auto and construction equipment sectors with 12%-13% EBITDA margins. Also, its deepening presence in renewable energy sector through solar tracker tubes and transmission structures by leveraging existing capacities, aiming to aid margins in CRSP. In addition, announcement of seven new high-speed rail corridor projects under FY26-27 budget, provides growth opportunities. Further, GIL is expanding its capacity in forgings to enhance export and supporting domestic defence indigenization. With these initiatives in place, EBITDA/ton is projected to improve from ₹7,023 in FY25 to ₹9,250 by FY28E
- **Defence vertical to unlock strong earnings potential:** GIL has entered defence manufacturing with industrial license to produce 155 mm artillery shells. It has commissioned 1.5 lakh shells capacity and commenced its first overseas dispatches of ~US$ 6 million. GIL is further expanding its capacity by 2.5 lakh shells, taking total capacity to 4 lakh shells annually by early CY27, with capex of ₹400-₹500 crore. This positions GIL to capitalize on robust domestic and export opportunities, particularly in Europe amid rising defence spending. With such expansion in place, GIL is expected to report ₹817 crore revenue with 27% EBITDA margins in this segment in FY28, contributing 14% and 31% to GIL's overall revenue and EBITDA.

Rating and Target Price

- Goodluck India has a capital efficient business model with controlled leverage on balance sheet. It is set to chart a healthy growth trajectory, driven by increase in value added product segment in its core business, and foray into the high growth defence business, offering a lucrative margins profile. With attractive valuation (~7.5x EV/EBITDA on FY28E) at play, we assign a **BUY** rating on stock with SOTP- based target price of **₹1,500**.

GOODLUCK

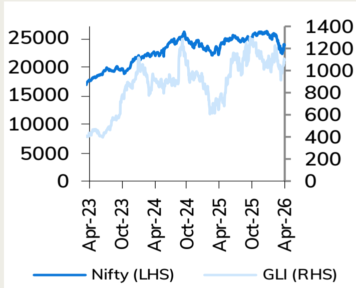
Particulars

Particulars	₹ crore
Market capitalisation	3,756
Total Debt (FY25)	882
Cash & Investment (FY25)	60
EV (₹ crore)	4,577
52 week H/L (₹)	1,353 / 686
Equity capital (₹ crore)	3.3
Face value (₹)	2.0

Shareholding pattern

	Mar-25	June-25	Sep-25	Dec-25
Promoter	55.8	56.4	56.4	56.4
FII	1.6	1.2	2.0	1.5
DII	2.1	2.1	3.2	4.4
Other	40.5	40.3	38.4	37.7

Price Chart



Recent Event & Key risks

- Sales, PAT to grow at a CAGR of 13% and 26% over FY25-28E.
- **Key risk:** i) Global geopolitical unrest to lead to interim business volatility ii) Lower government spending could limit the growth prospects

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Conviction Pick

ICICI Securities – Retail Equity Research

Key Financial Summary

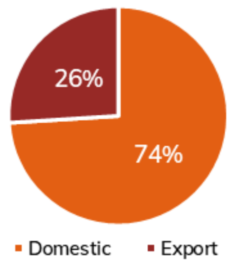
Key Financials	FY22	FY23	FY24	FY25	5 year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	2,613	3,072	3,525	3,936	14.6%	4,132	4,823	5,681	13.0%
EBITDA	183	204	282	311	19.3%	399	519	710	31.7%
EBITDA Margins (%)	7.0	6.7	8.0	7.9		9.7	10.8	12.5	
Net Profit	75	88	132	165	30.0%	176	226	327	25.6%
EPS (₹/share)	28.9	32.2	41.5	50.3		52.9	68.0	98.4	
P/E	39.2	35.1	27.2	22.4		21.4	16.6	11.5	
RoNW (%)	16.1	14.2	11.8	13.4		11.9	13.4	16.4	
RoCE (%)	14.1	13.7	13.7	11.7		13.0	13.5	16.1	

Source: Company, ICICI Direct Research

Company Background

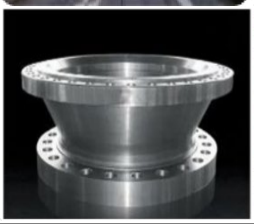
Founded in 1986 by alumni of the Indian Institute of Technology (IIT), Goodluck India has emerged as a leading manufacturer and exporter of precision-engineered steel products, catering to both domestic and global markets. The company operates a diversified business portfolio spanning engineering structures and precision fabrication, forgings, precision pipes and auto tubes, and cold-formed profiles, CR coils, pipes, and tubes. It runs six manufacturing plants across Uttar Pradesh and Gujarat with a total installed capacity of 500,000 MTPA, including 2,15,000 MTPA in cold rolled sheets and pipes, 1,70,000 MTPA in precision pipes and tubes, 85,000 tons in engineering structures, and 30,000 tons in forgings. The company serves high-growth sectors such as automotive, railways, defence, aerospace, solar, and infrastructure, backed by a strong client base that includes Larsen & Toubro, Ashok Leyland, Bajaj Auto, TVS, SML, Isuzu, ISGEC, ISRO, NTPC, BMW, and Audi, along with various public sector undertakings and government bodies. More than 50% of its capacity focused on high-margin products such as solar tracker components and transmission tubes, supporting the renewable energy sector, while exports contribute ~25% of revenue with a strong presence across UK, USA, Middle East, Germany, among others.

Revenue Mix % - 9MFY26



In addition, the company has strengthened its presence in the defence segment through its subsidiary, Goodluck Defence & Aerospace (79% stake), which has received Industrial license under Indian Arms act, 1959 for manufacturing artillery shells across major calibres, including HE M107, ERFB, ERFB BB, and ERFB BT variants. It has commissioned a plant to manufacture 155 mm gun shells with an annual capacity of 1.5 lakh units, positioning the company to capture opportunities in emerging, high-value segments and diversify its growth trajectory further.

Exhibit 1: Goodluck India -Product Portfolio

Segments	% of 9MFY26 revenue	Products	Industry	Clients	
Cold Rolled Sheet and Pipes	37%	Cold rolled coils and sheets, Hollow sections, and GI pipes	Railways, Road bridges, Support Structures	Public and Private OEMs, Central and State government	 
Precision pipes and Auto tubes	25%	CDW, ERW, Engineering, Boiler, and Hydraulic tubes	Auto, Defence, Construction & Earth moving equipments, Oil & Gas, General Engineering, Petrochemical, Fertilisers, Heat Exchanger Nuclear Power	Volkswagen, Audi, BMW, Mercedes, Ashok Leyland, TVS, GM, Bajaj, Mahindra, Tata Motors, Skoda, Renault, Skoda, Gabriel, Talbros, and ISGEC	 
Engineering Structure and Fabrication	23%	Railway's bridges & griders, Strucrure roads & highways, Primary & secondary structures for boilers & turbine generators, launching griders for steel & concrete building structures, and technology structures	Roads & Highways, Railways, Solar Energy, Telecom, Building Structure, Boiler & Turbine generators, and Steel & Concrete griders	Larsen & Tubro, ABB, GMR, NTPC, Indian Railways, Reliance, ISGEC, PowerGrid, Sterling & Wilson, Toshiba, TRF, EIL, NPCIL, MHSR, and Alstom	 
Forgings	15%	Defence, Aerospace, Forged flangs & shafts, Gear rings & shaft, Slip on flanges, Socket welding flanges, Blind & tube sheet	Aerospace, Defence, Auto, Nuclear power ,Petrochemical, General Engineering, Construction & Earth moving equipment, Oil & Gas, and Fertiliser	DRDO, ISRO, HAL, BHEL, BPCL, Larsen & Tubro, Indian Oil, Reliance, GE Oil & Gas, Allied Group, and Saint-Gobain	 

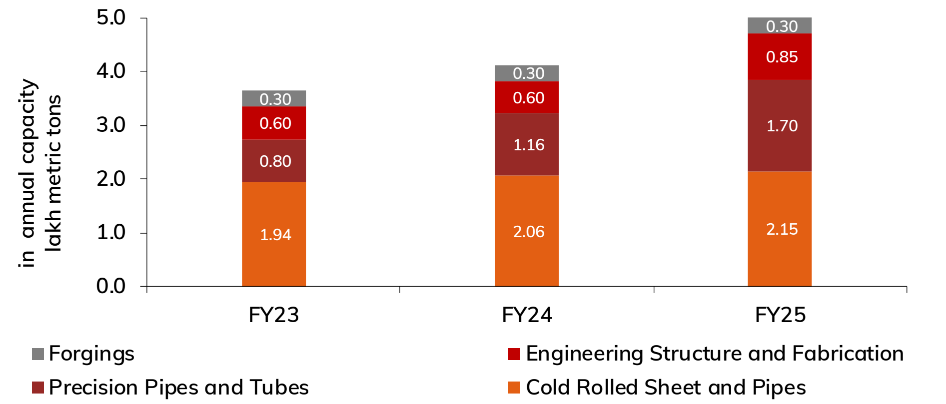
Source: Company, ICICI Direct Research

Investment Rationale

Capacity expansion aligned with value added segment enhanced margins

Over the years, Goodluck India Ltd has strategically transformed its business model from a traditional steel products manufacturer into a diversified player in precision-engineered steel solutions. The company has expanded beyond ERW and galvanized pipes into higher value-added segments such as engineering structures, precision tubes, and forgings. This transition is supported by a significant capacity expansion from ~3.6lakh tons in FY23 to ~5 lakh tons currently, with a clear focus on catering to high-growth sectors including automotive, defence, railways, and renewable energy.

Exhibit 2: Goodluck India - Capacities Expansion in the recent past



Source: Company, ICICI Direct Research

Within this expansion, GIL has more than doubled its precision pipes and tubes capacity from 80,000 tons in FY23 to 1,70,000 tons in FY25, this allows the company to serve global and domestic OEMs in this high-margin, export-oriented segment.

Moreover, engineering structure and fabrication segment is expanding by 42%, growing from 60,000 tons in FY23 to 85,000 tons in FY25. Much of this growth is driven by lucrative projects, such as the recent 22,000-ton order for the Mumbai-Ahmedabad bullet train.

- **Cold rolled sheet and pipes:** This segment primarily caters to infrastructure and engineering, supplying cold rolled sheets, pipes, and hollow sections. It is a high-volume and relatively low-margin business. for the company. Over the last 3 years, it has added ~21,000 tons of capacity, taking total capacity to ~2.15 lakh tons, positioning it well to benefit from strong government-led infrastructure spending. To improve profitability in this traditionally low-margin segment, GIL is increasingly focusing on value-added products such as solar tracker tubes and transmission structures for the renewable energy sector. By leveraging existing infrastructure and introducing specialized variants without significant capex, GIL aims to enhance EBITDA margins from ~3.5-4% to ~5.5-6%, thereby improving overall segment economics.

Exhibit 3: Goodluck India (Opportunities)- Solar Structures and Tubes

Products	Annual Solar Installations by 2030	Segments	Annual Products market size by 2030
• Residential Rooftops	14.5 GW	Tubes	360,000 tons
• Ground Mounted	4.6 GW	Trackers	120,000 tons

Source: APL Apollo Tube's Investor Presentation, ICICI Direct Research

- **Precision Pipes and Tubes:** GIL manufactures ERW and CDW tubes for leading domestic and global OEMs, including Volkswagen, Audi, BMW, Mercedes-Benz, Mahindra, and Tata Motors. This segment is a key high-margin and export-oriented vertical, contributing to overall profitability. Over the past three years, capacity has more than doubled from 80,000 tons to ~1.7 lakh tons. Within this, GIL commissioned 50,000 tons of hydraulic tubes capacity in FY25, catering to the automobile and construction equipment sectors with large-diameter, ready-to-use welded pipes (up to 219mm OD and 15mm thickness), aiming for import substitution of seamless pipes. With EBITDA margins of ~12-14% and scope for further expansion, supported by rising OEM demand and increasing adoption of welded solutions, this segment is expected to drive both margin accretion and export growth.

- **Engineering Structure and Fabrication:** This division focuses on the design and fabrication of complex, high-performance structures across segments such as high-speed rail, metro rail, smart cities, and bridges. Capacity has expanded by ~15,000 tons over the last three years to ~85,000 tons, reflecting strong demand visibility. GIL has executed marquee projects, including the Mumbai-Ahmedabad Bullet Train through a collaboration with L&T and IHI Japan with 22,000-ton orders been executed in FY26. Moreover, other marquee projects such as Chennai Metro Rail elevated viaduct, and Rapid Rail Transit System. It has also contributed to Ranchi Cable-Stayed Bridge, the longest bridge over a railway line in India. Additionally, GIL has secured large industrial fabrication orders, including ~10,000 MT for ArcelorMittal Nippon Steel's Hazira expansion. With high entry barriers, strong order book visibility, and superior margins, this segment stands out as a key long-term growth driver, benefiting from India's increasing focus on large-scale infrastructure.

Under the Union Budget 2026-27, the government has announced seven new high speed rail corridors (bullet trains), spanning ~4,000 km, with an investment outlay of ~₹16 lakh crore.

This presents a significant opportunity for GIL, building on its successful execution of the Mumbai-Ahmedabad bullet train project. With ~4,000 km of additional projects planned, GIL is at the forefront of potential opportunity size pegged at ~1,75,000 tons in this domain. Notably, GIL has already secured contracts for the second bullet train project.

Exhibit 4: Goodluck India (Opportunities)- High Speed Rail Corridors (Bullet Trains)

High Speed Rail Corridors	Approximate Distance	Indicative Time Travle
Mumbai- Ahmedabad	508 km	2 hours 07 minutes
Delhi-Varanasi	865 km	3 hours 50 minutes
Bengaluru- Hydrebad	618 km	2 hours
Chennai- Bengaluru	350 km	1 hours 13 minutes.
Chennai- Hydrebad	745 km	2 hours 55 minutes.
Pune- Hydreabad	557 km	1 hours 55 minutes.
Varanasi- Siliguri	760 km	2 hours 55 minutes.
Mumbai- Pune	154 km	48 minutes

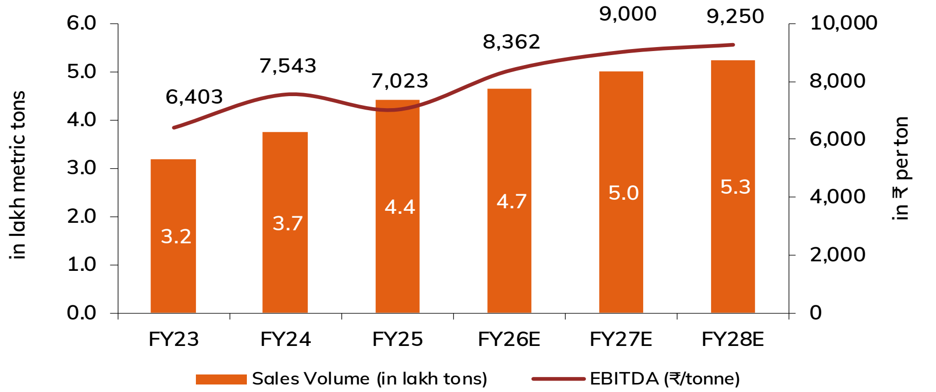
Source: Press Information Bureau, Media Articles, Wikipedia, ICICI Direct Research

- **Forgings:** The forgings segment represents a high value-added, technologically intensive vertical, with a current capacity of ~30,000 tons. GIL manufactures carbon, alloy, and duplex steel forgings across 100+ material grades, catering to diverse sectors including oil & gas, aerospace, defence, marine, and industrial equipment. The company has established strong credentials as a supplier to leading defence and aerospace organizations such as HAL, DRDO, ISRO, BEML, BrahMos Aerospace, L&T Defence, and Mazagon Dock. Its participation in strategic defence programs underscores its technical expertise and strong qualification capabilities. GIL is further expanding capacity from 30,000 to 35,000 MTPA, enabling it to cater to more complex and high-value components. This expansion is expected to enhance export opportunities across Europe, the Middle East, and the U.S., while also supporting increasing domestic defence indigenization. With superior margins, strong entry barriers, and global market potential, this segment is poised to be a key value creator for the company.

Goodluck India has established a strong presence in defence, supplying to key programs such as Pralay, BrahMos, Pinaka, K9 Vajra, Talwar-class frigates, and HAL's HTFE program.

With this, GIL has demonstrated a strong growth trajectory, with sales volumes & EBITDA growing at an 19% CAGR over FY22-FY25, with EBITDA/ton likely to reach a high of ₹8,362/ton in FY26E (vs ₹6,403/ton clocked in FY23). **Going ahead, while GIL volume growth is likely to moderate to ~6% CAGR over FY25-FY28E; notably, the continued focus towards high value-added product and expansion into new segments will significantly improve EBITDA/ton, which is projected to rise from ₹7,023/ton in FY25 to ₹9,250/ton in FY28E.**

Exhibit 5: Goodluck India- Base Business- Sales Volume and EBITDA/ton

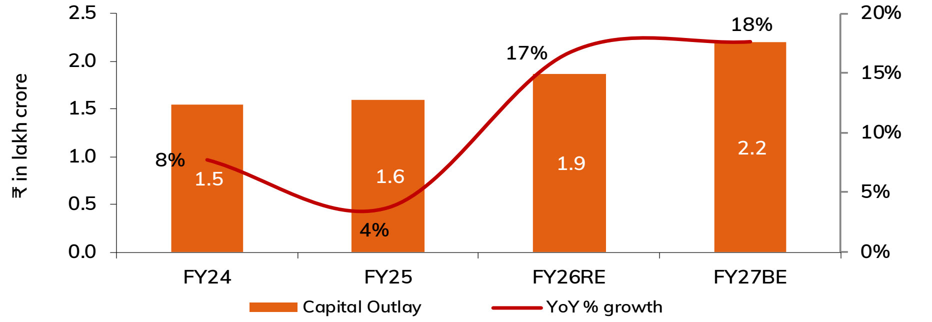


Source: Company, ICICI Direct Research

Defence segment pivot marks a turning point in growth trajectory of GIL

India's defence manufacturing sector is rapidly emerging as a key pillar of the country's strategic and economic ambitions. The capital expenditure of defence continues to witness strong momentum, with allocations of ₹2.19 lakh crore for FY27E (up 17.6% YoY). Importantly, domestic procurement remains a core focus, with ~₹1.39 lakh crore (up 24% YoY) earmarked for FY27E. Additionally, a substantial allocation is directed towards capital acquisitions, including fighter aircraft, advanced weapon systems, smart ammunition, and unmanned platforms such as UAVs and drones.

Exhibit 6: India's Defence Budget Capital Outlay



Source: Union Budget FY26-27, ICICI Direct Research

One of the key elements of India's defence modernisation is the transition towards 155mm artillery systems, which is widely used across modern field guns and howitzer. As per industry sources, Indian Army is gradually replacing its legacy 130mm guns with advanced platforms such as ATAGS and K9 Vajra-T, making 155mm systems the backbone of its long-range artillery. This bodes structurally well for Goodluck India.

Exhibit 7: Goodluck India- Defence Arm

Source: Company, ICICI Direct Research

With these structural tailwinds, GIL through its subsidiary Goodluck Defence & Aerospace, has entered the defence manufacturing space, backed by an industrial license under the Indian Arms Act, 1959, to produce 155mm artillery shells. Within this category, GIL can manufacture advanced variants such as HE M107, ERFB, ERFB BB, and ERFB BIT shells. GIL has commenced production capacity of 1,50,000 shells per annum, with a commencement of its first overseas dispatches of ~US$ 6 million. Moreover, GIL has outlined plans to scale up capacity to 4 lakh shells annually by FY28E, supported by a capex of ~₹400-500 crore. This expansion is aimed at capitalizing on strong domestic and export demand. **Thus, we estimate this defence and aerospace segment to generate revenue of ~₹817 crore with EBITDA margins of ~27% by FY28E, contributing ~14% to revenue and ~31% to EBITDA.**

Exhibit 8: Goodluck India- Defence Vertical (Volume and Financials)

Particulars	Units	FY26E*	FY27E	FY28E
Capacity	in lakh units	1.5	1.5	4.0
Utilisation	%	18%	90%	70%
Sales Volume	in lakh units	0.3	1.4	2.8
Revenue	₹ in crore	53	284	817
EBITDA	₹ in crore	11	71	221
EBITDA Margins	%	20%	25%	27%

Source: Company, ICICI Direct Research

Media articles suggest, Ongoing geopolitical conflicts, particularly the Russia-Ukraine war, have led to a sharp surge in global demand for 155mm artillery shells, with current demand outstripping supply.

This imbalance is further intensified by Europe's ReARM initiative, which targets an additional €800 billion in defence spending by 2030 to rebuild military strength and reduce external dependence. A key priority under this program is replenishing ammunition stockpiles, especially artillery shells, explosives, and small-arms ammunition, where shortages remain acute.

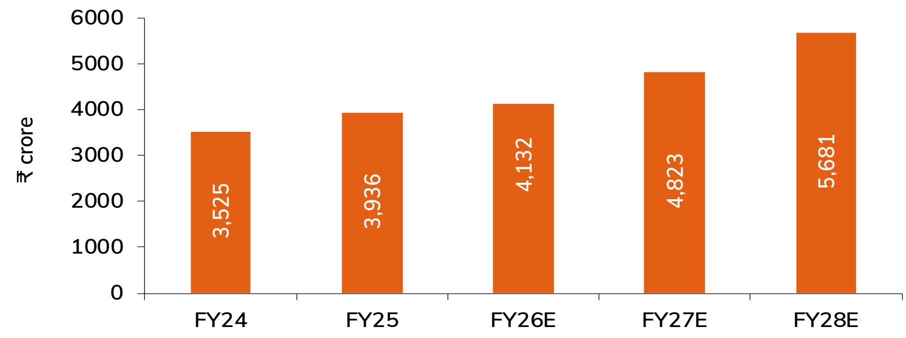
In this backdrop, India is emerging as a competitive supplier of 155mm shells, supported by cost-efficient manufacturing. Media articles suggest, Indian-produced shells are estimated to cost below $400 per unit, making them attractive to global buyers and positioning Indian defence companies to capitalise on the growing demand-supply gap.

Goodluck India has also entered into tripartite MOU with BrahMos Aerospace Thiruvananthapuram and Axiscades Technologies for Advance Medium Combat Aircraft (AMCA) program collaboration. Moreover, it has filed an Expression of Interest with the Aeronautical Development Agency to participate in the tender process for the development of the AMCA.

Key Financial Summary

GIL reported a robust topline CAGR of 15% over FY22-25, reaching ₹3,936 crore, driven by a strong 19% CAGR in volumes, supported by capacity expansion from 3.64 lakh tons in FY22 to 5 lakh tons in FY25. Looking ahead, we expect steady volume growth of ~6% CAGR over FY25-28E, reaching 5.3 lakh tons by FY28E. Additionally, the commissioning of 1.5 lakh units of artillery shells, along with a further 2.5 lakh units planned by FY28, expected to contribute ~14% to overall revenue. Consequently, we project revenue to grow at a CAGR of ~13%, reaching ~₹5,681 crore by FY28E.

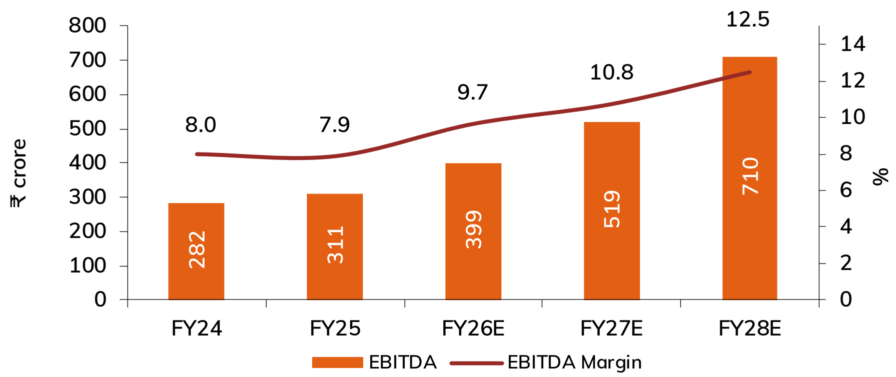
Exhibit 9: Trend in Topline



Source: Company, ICICI Direct Research

Over the past four years, EBITDA margins have improved from 6.7% in FY23 to 7.9% in FY25, driven by a higher share of value-added products. Going forward, continued focus on value-added offerings is expected to support a gradual improvement in margins within the precision tube and engineering structure segment, potentially reaching ~10% by FY28E. Furthermore, the defence segment, which carries superior margins (>25%), is likely to enhance the overall margin profile. As a result, we expect EBITDA to grow at a CAGR of ~32% over FY25-28E.

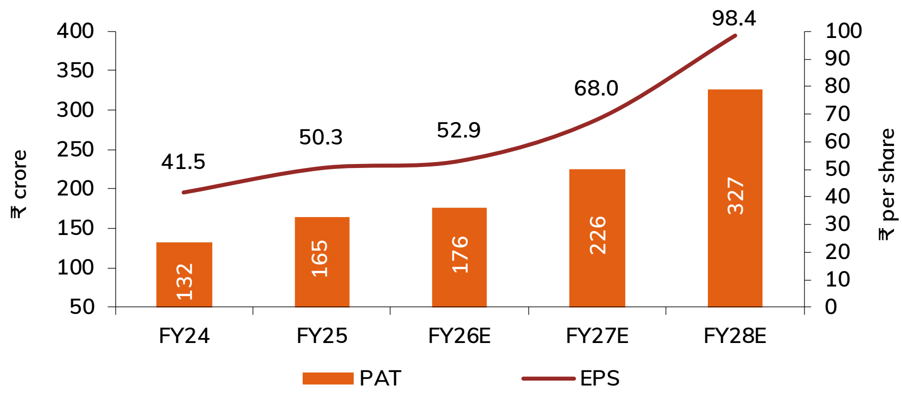
Exhibit 10: Trend in EBITDA & EBITDA margins



Source: Company, ICICI Direct Research

Going forward, with healthy growth in EBITDA, particularly from the defence business, we expect PAT at GIL to grow at a CAGR of ~26% over FY25-28E to ₹327 crore by FY28E, translating into an EPS of ~₹98 in FY28E vs ₹50 in FY25.

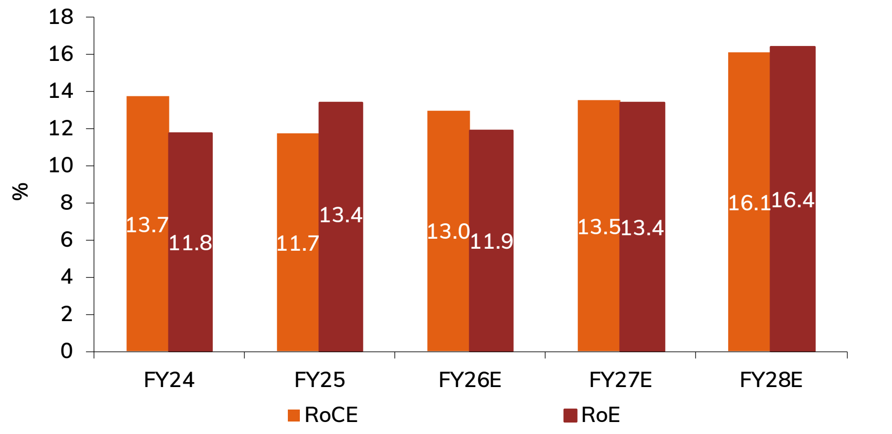
Exhibit 11: Trend in Bottom line & EPS



Source: Company, ICICI Direct Research

With healthy double-digit PAT growth and ambitious capex execution in the high-margin precision tubes and defence segment, headline RoCE/RoE at GIL are expected to gradually improve to ~16% and ~16.4% in FY28E, respectively.

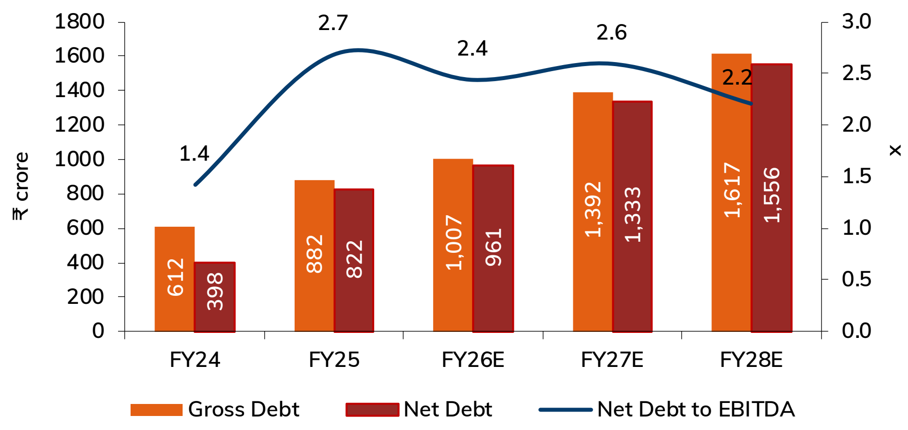
Exhibit 12: Trend in Return Ratios



Source: Company, ICICI Direct Research

GIL's Net Debt-to-EBITDA increased to ~2.7x in FY25, primarily due to elevated capex in hydraulic tubes and defence. Going forward, debt levels may rise further to fund the planned capex of ₹400-500 crore for its 2.5 lakh artillery shell capacity, along with higher working capital requirements. However, as new capacities become operational and contribute to earnings, leverage is expected to improve, with Net Debt-to-EBITDA declining to ~2.2x by FY28E.

Exhibit 13: Trend in Gross and Net Debt



Source: Company, ICICI Direct Research

Valuation Matrix

We have valued GIL using the Sum of the Parts (SoTP) approach, applying EV/EBITDA multiples to FY28E across its business segment. We assign a 7x EV/EBITDA multiple to the core business, reflecting a steady growth trajectory, supported by an increasing share of value-added products, leading EBITDA margins improvement at 10% in FY28E (vs 7.9% in FY25). Moreover, Defence vertical is being valued at 18x EV/EBITDA multiple, driven by a strong sectoral growth, healthy capacity expansion led volume growth with lucrative EBITDA margin profile.

Exhibit 14: Valuation Matrix- SoTP based target price calculation

Particulars	Units	FY28E
Core Business: Precision Engineering Steel and Structures		
Sales volume	in lakh tons	5.3
EBITDA/tonne	₹/tonne	9,250
EBITDA	₹ in crore	486
EV/EBITDA Multiple	x	7.0
Target EV (A)	**₹ in crore**	**3,400**
Defence Business		
Sales volume	in lakh units	2.8
EBITDA	₹ in crore	221
EV/EBITDA Multiple	x	18
EV of Defence business	₹ in crore	3,973
Apportioned EV considering Goodluck India 79.43% Stakes in Defence Business (B)	**₹ in crore**	**3,155**
Total Consolidated Target EV (A+B)	**₹ in crore**	**6,555**
Less: Net Debt	₹ in crore	1,556
Implied Market Cap	**₹ in crore**	**5,000**
No. of Equity Shares	in crore	3.3
Target price	**₹/share**	**1,500**
CMP	₹/share	1,130
Upside (%)	**in %**	**33%**

Source: Company, ICICI Direct Research

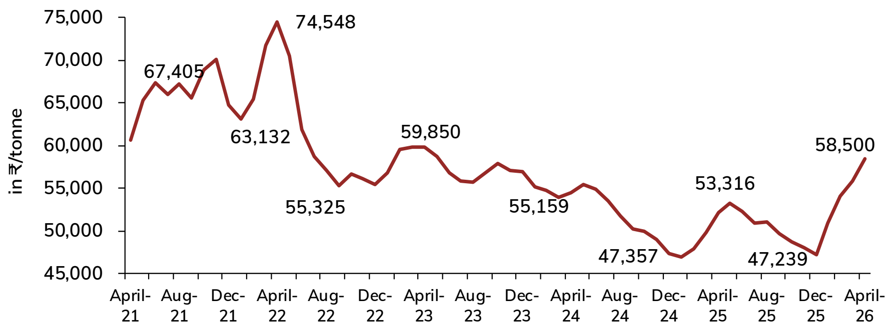
Thus, we have a positive view on Goodluck India given its healthy growth trajectory, driven by increase in value added product segment to its core business driving margins expansion, foray into the high growth defence business with a lucrative margins profile, attractive valuation (trades at ~7.5x EV/EBITDA -FY28E) and improve return ratios insight. Consequently, we have a BUY rating on the stock with SOTP based blended target price at ₹1,500 per share.

Risk and Concerns

Higher volatility in raw material prices could weigh earnings performance

Steel is a key raw material for the company, with domestic prices closely aligned to global demand-supply dynamics, making them inherently volatile. The 12% safeguard duty imposed in Dec'25 has supported a recovery in prices, which have risen by ~₹10,000/ton from lows of ~₹46,500/ton. While the company benefits from formula-based contracts that allow partial pass-through of price increases, this mechanism is not uniformly applicable across all customers. As a result, sharp fluctuations in steel prices could lead to temporary margin compression, especially in fixed-price or lagged contracts. Additionally, any sudden correction in steel prices could also impact inventory valuation and profitability.

Exhibit 15: Domestic HRC Steel Price



Source: Bloomberg, ICICI Direct Research

Geopolitical disruptions could derail the company's operation and exports

Ongoing geopolitical tensions, particularly in the West Asia region, pose a risk to global trade flows and supply chains. These disruptions could lead to longer transit times, increased freight costs, and logistical inefficiencies, thereby affecting delivery schedules. With exports contributing more than 25% of the GIL's revenue, such challenges may weigh on both volumes and margins. Prolonged disruptions could also lead to order deferments or cancellations from international clients. Furthermore, currency volatility arising from geopolitical instability may add another layer of uncertainty to export realizations and overall earnings visibility.

Dependence on government infrastructure capex remains a structural risk

GIL derives higher share of its revenue from government-led infrastructure projects, including railways, roads, bridges, and defence. Strong government focus on infrastructure capex has been a key growth driver for the company in recent years. However, any slowdown in public spending, delays in project execution, or policy changes could adversely impact order inflows and revenue growth. Additionally, delays in payments from government entities may stretch receivable cycles, leading to higher working capital requirements and impacting cash flows. To mitigate these risks, the company is gradually diversifying its product mix towards higher-margin segments such as precision auto tubes, which also helps reduce dependence on cyclical infrastructure demand.

Financial summary

Exhibit 16: Profit and loss statement (₹ crore)

(Year-end March)	FY25	FY26E	FY27E	FY28E
Total Operating Income	3,936	4,132	4,823	5,681
Growth (%)	12	5	17	18
Raw Material Expenses	2,857	2,884	3,316	3,863
Employee Expenses	179	209	241	256
Other Operating Expense	589	639	748	852
Total Operating Exp.	3,625	3,733	4,305	4,971
EBITDA	311	399	519	710
Growth (%)	10	29	30	37
Depreciation	45	67	91	114
Interest	80	109	132	158
Other Income	21	12	13	14
Share of Associate	-	-	-	-
PBT	207	236	309	452
Exceptional Item	14	-	-	-
Total Tax	55	59	77	113
Reported PAT	165	176	226	327
Growth (%)	24.9	6.7	28.5	44.7
EPS (₹)	50.3	52.9	68.0	98.4

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow statement (₹ crore)

(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit after Tax	165	176	226	327
Add: Depreciation	45	67	91	114
(Inc)/dec in Current Assets	-207	-126	-324	-410
Inc/(dec) in CL and Provisions	29	3	44	55
Others	45	96	118	144
CF from operating activities	76	217	156	229
(Inc)/dec in Investments	-10	0	0	0
(Inc)/dec in Fixed Assets	-490	-250	-400	-300
Others	44	12	18	26
CF from investing activities	-457	-238	-382	-274
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	270	125	385	225
Dividend & interest outgo	-84	-119	-145	-178
Inc/(dec) in Share Cap	0	0	0	0
Others	30	0	0	0
CF from financing activities	216	7	240	47
Net Cash flow	-165	-15	13	2
Opening Cash	211	46	32	45
Closing Cash	46	32	45	47

Source: Company, ICICI Direct Research

Exhibit 18: Balance Sheet (₹ crore)

(Year-end March)	FY25	FY26E	FY27E	FY28E
Liabilities				
Equity Capital	6.55	6.65	6.65	6.65
Reserve and Surplus	1,304	1,470	1,683	1,990
Total Shareholders funds	1,311	1,477	1,690	1,997
Total Debt	882	1,007	1,392	1,617
Deferred Tax Liability	39	39	39	39
Minority Interest / Others	36	37	42	55
Total Liabilities	2,267	2,559	3,163	3,707
Assets				
Gross Block	1,051	1,395	1,645	2,145
Less: Acc Depreciation	252	319	411	524
Net Block	799	1,076	1,234	1,621
Capital WIP	244	150	300	100
Total Fixed Assets	1,043	1,226	1,534	1,721
Investments	14	14	14	14
Inventory	628	736	859	1,012
Debtors	506	509	661	856
Loans and Advances	0	0	0	0
Other Current Assets	285	300	350	412
Cash	46	32	45	47
Total Current Assets	1,465	1,577	1,914	2,327
Current Liabilities	116	113	132	156
Provisions	11	11	13	15
Current Liabilities & Prov	262	265	309	364
Net Current Assets	1,203	1,312	1,605	1,963
Others Assets	7	8	9	9
Application of Funds	2,267	2,559	3,163	3,707

Source: Company, ICICI Direct Research

Exhibit 19: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
Per share data (₹)				
EPS	50.3	52.9	68.0	98.4
Cash EPS	64.1	73.2	95.4	132.6
BV	400.4	444.4	508.4	600.7
DPS	1.0	3.0	4.0	6.0
Cash Per Share	14.1	9.5	13.6	14.2
Operating Ratios (%)				
EBITDA Margin	7.9	9.7	10.8	12.5
PAT Margin	4.2	4.3	4.7	5.8
Inventory days	58.2	65.0	65.0	65.0
Debtor days	46.9	45.0	50.0	55.0
Creditor days	10.8	10.0	10.0	10.0
Return Ratios (%)				
RoE	13.4	11.9	13.4	16.4
RoCE	11.7	13.0	13.5	16.1
RoIC	13.4	14.0	15.2	16.8
Valuation Ratios (x)				
P/E	22.4	21.4	16.6	11.5
EV / EBITDA	14.8	11.8	9.8	7.5
EV / Net Sales	1.2	1.1	1.1	0.9
Market Cap / Sales	1.0	0.9	0.8	0.7
Price to Book Value	2.8	2.5	2.2	1.9
Solvency Ratios				
Debt/EBITDA	2.8	2.5	2.7	2.3
Debt / Equity	0.7	0.7	0.8	0.8
Current Ratio	11.1	12.5	12.9	13.4
Quick Ratio	6.2	6.5	7.0	7.4

Source: Company, ICICI Direct Research

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