



“Steel Strips Wheels Limited Q3 FY 2026 Earnings Conference Call”

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MODERATOR: **MS. SHRUTI MORE – ANAND RATHI SHARE & STOCK BROKERS LTD.**

Moderator: Ladies and gentlemen, good day, and welcome to Steel Strips Wheels Limited Q3 FY 2026 Earnings Conference Call.

As a reminder, all participants' 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 this conference call, please signal an operator by pressing "*", then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Shruti More from Anand Rathi. Thank you, and over to you, ma'am.

Shruti More: Thank you, Shubham. Good afternoon, everyone. On behalf of Anand Rathi Research, I would like to welcome you all to Q3 FY 2026 Earnings Call of Steel Strips Wheels Limited.

Today, we have with us Mr. Dheeraj Garg – Managing Director; Mr. Rahul Kumar – Chief Financial Officer; Mr. Pranav Jain – DGM (Finance); and Mr. Puneet Sharma – DGM (Finance & Accounts).

We will start our opening comments from the Management Team, post which we will open the floor for Q&A.

Now, I will hand over the call to Management Team. Over to you, Dheeraj Sir.

Pranav Jain: Thank you, everyone. Yes. Good afternoon. Hope everyone is doing well. I hope everyone had an opportunity to go through the Financial Results and Investor Presentation, which we have uploaded on the Stock Exchange and our company website.

So, I will start with the Q3 numbers.

For Q3 FY 2026, our revenue stood at Rs. 1,321 crores compared to Rs. 1,075 crores in the same period last year, reflecting a growth of 23%. This quarter was distinguished by record monthly sales in November and December, which demonstrates the resilience of our diversified approach that caters to every category within the auto industry.

Despite sluggish demand in the export market, we delivered strong performance supported by healthy domestic demand. EBITDA for the quarter came at Rs. 128 crores compared to Rs. 118 crores, a growth of 8% in the same period last year. This performance is the result of our continued focus on premiumization, operational excellence, and the strong partnership we have built with the OEMs. Together, these factors have enabled us to sustain growth during the period.

Now, coming to our nine months performance:

Revenue for nine months FY 2026 stood at Rs. 3,708 crores compared to Rs. 3,195 crores in the same period last year, reflecting a growth of 16%. This growth was primarily driven by increased

demand in the domestic market, supported by governments reform that have boosted consumption across the auto industry. We remain optimistic that this momentum will continue across the domestic sector.

EBITDA for the nine months grew by 3%, largely due to a decline in our high-margin export segment, which was impacted by the tariff situation in the U.S. Profit after tax for the nine months stood at Rs. 138 crores. Overall, these results highlight the resilience of our domestic operations and our ability to deliver growth despite external challenges in the export market.

The aluminum segment has been a standout performer for us over the last nine months, and we anticipate this segment to further grow supported by recent GST reforms and RBI easing of finance costs, which have boosted passenger vehicle sales in the country. Alloy wheels have been a key driver, contributing approximately 37% to the total revenue and 20% in the volume terms. We expect this momentum to continue with alloy wheels increasing their share of overall revenue going forward.

Now second one is our aluminum knuckle segment, which continues to build strong momentum with adoption expanding beyond EVs into ICE automobiles. We are on the track to reach an annual capacity of 5 lakh units by the end of this year, with a planned scale-up to 11 lakh units next year. The business is currently operating at near-full capacity utilization and has already delivered revenue of approximately Rs. 54 crores. Going ahead, our focus remains on broadening the customer base by onboarding additional OEMs where we are seeing encouraging progress.

Our two- to three-wheeler business delivered strong performance this quarter with healthy growth in both volume and value terms. This was supported by the implementation of GST 2.0 reforms, which have enhanced affordability of two wheelers and boosted household disposable income, thereby driving our demand. Additionally, the festive season this year was one of the strongest in recent times, further contributing to the robust growth in this segment.

On the export side, demand from the U.S. market remains somewhat subdued amidst the ongoing tariff-related uncertainties. While we continue to monitor development closely, our approach has been to stay agile and well-positioned for a normalization in the demand whilst there is greater clarity on the trade framework. In parallel, we have continuously focused on diversifying our export base. Europe has emerged as a key growth market for us and now accounts for over 58% of our export revenue. We expect this diversified mix to remain intact throughout this year, reinforcing our diversified approach to global markets.

Looking ahead, we remain confident of maintaining business momentum in the coming quarters, supported by healthy order visibility across our key domestic segments, such as tractor, aluminum wheels and commercial vehicles, while our diversified presence across automotive segment positions us well to navigate the current volatility in the export market.

With this, we now open the floor for question-and-answers. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question comes from the line of Saurabh Jain from Sunidhi. Please go ahead.

Saurabh Jain: Hello, sir. So, congratulations on the wonderful set of the top-line. For the last couple of months, we have done a record turnover. Sir, it looks like domestic realizations have remained stable, but export realization just if we do the back math, have witnessed a substantial jump during the quarter. So, how do you see this and are these sustainable? What kind of trend do you see? And also, within the question if you can explain how rapidly and how smoothly we are able to pass on the increase in raw material prices?

Dheeraj Garg: I think I will take the last one question, because this comes repeatedly in every meeting. Once for all, I want to clarify that raw material is a pass-through. So every three months there is a change in aluminum prices that is set up by the customer based on the previous three months rates. So there is an absolute pass-through. Maybe sometimes there is a lag, but that sort of averages out for the whole year. So there is no problem there. And also, with the steel business, it is quarterly set, and it is a long old tradition. So there is always a pass-through on raw material. We cannot afford to have not a pass-through on raw material.

But coming back to your earlier questions, this year what has happened is that all our verticals, barring exports, have outshone. You have seen that in the industry with the CV industry growing 16% year-on-year for the nine months. And we see the aluminum wheel penetration of our products increasing with the newer launches this year, so that has been a big boost for us. Similarly, knuckles, although it has not done 100% of what our expectations were, but still we are going to be touching close to Rs. 80 crores, Rs. 90 crores turnovers, close to Rs. 80 crores turnovers by the end of the quarter.

And then we have tractors doing really well. Tractors again have been showing us a 12% to 13% growth rate. So everything has done well, even passenger car has done well. But of course, as we all know, passenger car steel business is a low-margin business for us. Now, the missing point has been the exports business. Our steel business of exports has been compromised to the extent of Rs. 300 crores to Rs. 400 crores from the American market. And that was a high-margin business. That brought the EBITDA per wheel to a very high extent.

If you look at the fourth quarter of last financial year, we had the highest EBITDA per wheel, Rs. 265 if I am not mistaken or something around that. So, this quarter we have done close to Rs. 260, and that is mainly on back of increased truck wheel sales, increased tractor wheel sales, and a stupendous growth in the aluminum segment for us. In fact, one of the previous calls that I attended, everybody was complaining about the second quarter performance and I told them very clearly, because the capacity utilization has dramatically fallen in CV, dramatically fallen in others, even in aluminum, we were not able to get that kind of traction. But with the GST reform, things have just changed, suddenly, every segment is doing well, every domestic segment is doing well but exports is down.

Now, on the export front, as you have seen my colleague Pranav mentioned that, 58% of revenues are coming from Europe. So, we have made good traction in the export market in Europe and that to OEM sales. So out of competitive reasons, I may not be able to tell you exactly what we have been able to achieve, but we are able to get a lot of business from the OEM space in Europe, and that is going to grow, and in fact going to double this next financial year as we go on. So, yes, the American hit has been there on steel wheels, and hopefully it will go away in a sense that in three to six months we will see some resolution of this matter also but this is something that we have to watch for.

But generally, we are absolutely bullish. In fact, I remember saying that in April that this is the best time for us, but suddenly we had a big drop in the second quarter. But now I can say that with the GST reform this is a sure-shot rally and this will go on. And our capacity for CV wheels has just come at the right time. We have expanded our capacity in CV wheels in Jamshedpur, and we are totally sold out in the CV segment. We are totally sold out in the tractor OTR segment. We are completely 100% running there.

On aluminum wheels, we are completely sold out. So, our capacity is 5 million, so we are about to reach 5 million. We are hovering around 4.6 million, 4.7 million, but we will hopefully hit 5 million wheel annualized in the month of March. So, all in all, all segments are firing up well except for our steel wheel business for the export market. That is something that is not in our hands.

And I think margin profile going forward, as I said, we do not talk in percentage terms, we talk in absolute number per wheel. And that absolute number per wheel, as I said, in spite of exports of steel wheels not being there, we have reached Rs. 260. And one may also add that with the higher utilization, our conversion costs are coming down, our fixed costs are coming down. So you will naturally see an increase in margins in the month of January to March, because we had this bull run from, let us say, November-December mainly, but I think going forward, January to March looks like again a 20% turnover growth increase from the previous quarter. I think we are looking at 14%, 15%. I do not know how many we have done this time?

Pranav Jain: 1,320.

Dheeraj Garg: Yes. So 1,300 would go close to 1,475, so that is not 20%, but still a strong performance, and that is because we are sold out, and we see that the next financial year coming forward will also see such buoyancy because there is no lack of demand. When we speak to OEMs, the OEMs are very excited about their business and they are excited about exporting cars out of India. So this is another phenomenon that you must follow is that the OEMs are also exporting cars out of India, just do not look at the sales of cars within India. So, again, I mean, I just go back to my earlier comment that this is the best time, but I think it is even a better time now with the GST cuts.

Saurabh Jain: Okay. But, sir, exports realizations both in steel and alloy wheels are looking substantially up, like more than 20%, 25%. So, is there any one-off or this will sustain in the coming quarters?

- Dheeraj Garg:** What is your question regarding the margins in exports?
- Saurabh Jain:** Exports realizations, sir, both in steel and alloy wheels are looking substantially up.
- Dheeraj Garg:** So, it is up mainly because of, I cannot spell out the reason, but high-value wheels are going. I just mentioned to you that we have grown a lot of business in Europe. So, please get a hint from that. And that is the reason why the per unit price is going up. Also the fact that the America starts selling, because their steel is obviously cheaper than aluminum. You have to make a connect.
- Saurabh Jain:** Okay. And sir, my last question is on profitability. Of course, I understand you do not talk about any percentage terms, but I am just trying to understand that, despite a higher alloy wheel mix and substantial jump in the top-line, our EBITDA margins were kind of looking suppressed below 10%. Historically, our peak EBITDA margins used to be 12%, 13%, but with more value-addition pie and also substantially up top-line, the margins look under pressure. So, do you think in the coming years we can expect previous peaks to be reclaimed?
- Dheeraj Garg:** See, the point is you are talking about the wrong question. The question is that raw metal price increases invalidates this argument. If the raw metal price is going up by 10% and then you would expect EBITDA of the company also to grow by 10%, it is not possible linearly. Obviously it will come down when the selling price goes up. The margin per wheel is what is more important to us. And the margin per wheel has gone up, from Rs. 240 in the last quarter, it has gone to Rs.260 this quarter, right? So, obviously, there is an improvement because there is a higher value addition business done plus volumes have gone up. So, similarly, let us not look at 10% because raw metal prices have moved up for both aluminum and steel.
- Saurabh Jain:** Okay. Got it, sir. Thank you. All the best.
- Dheeraj Garg:** Repeatedly we have heard this question. I hope the audience gets it that let us not debate the whole thing again, and, again, let us look at how much I make per unit because I sell in units.
- Saurabh Jain:** Sure, sir. Thank you. All the best.
- Dheeraj Garg:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Vikas Sharda from NTAsset Management. Please go ahead. Yes. Mr. Sharda, you may proceed with your question.
- Vikas Sharda:** Yes. Hi. Thank you for the opportunity. I have a couple of questions. One is that you have announced a capacity expansion in alloy wheels and aluminum knuckles, so what would be the total CAPEX you are looking for, say, FY 2027?
- Dheeraj Garg:** Okay. So, let me clarify one thing, we have already completed the CAPEX for 5 million wheels, in March everything will be commissioned fully with all the extras that we need to have for the

basic CAPEX, so that CAPEX is over. Now we are doing another CAPEX in Bhuj where we had bought the AMW factory, and we are utilizing the building and the land and the development around it. We are saving close to Rs. 100 crores in CAPEX cost there. And we are putting up a new facility to make aluminum wheels as well as aluminum knuckles. So the total expansion cost will be around Rs. 420 crores.

Vikas Sharda: That is for the expansion?

Dheeraj Garg: Yes.

Vikas Sharda: And including the maintenance CAPEX, how much will it be totaled for FY 2027?

Dheeraj Garg: We even had Rs. 40 crores for brownfield maintenance CAPEX, but there will be other CAPEX with regards to maintenance only, that is it. Maintenance CAPEX is about Rs. 40 crores, I guess. So Rs. 420 crores plus Rs. 40 crores. And let me tell you one thing that this investment is meant for the export market and also for the Indian market. But this is a unique investment that we are making in aluminum wheels because it will cover every category of aluminum wheels sold in the world. So it will be a very comprehensive project, and we will be looking at the entire world region for these products.

Similarly, for knuckles, we are expanding for our existing customers in India but also for the export business in Europe. We are very close to making strategic deals with European customers regarding aluminum knuckles and other related aluminum products. I think there is a question regarding this also how are we diversifying. So, we started off with the low-pressure die casting business with wheels, then we got into counter-pressure die casting with knuckles. Similarly, there are other products that can be made with this new technology. And we are investigating and aligning with our customers to manufacture them and send them abroad. So it is going to be a contract based with the European customers.

Vikas Sharda: Understand. So next year Rs. 420 crores plus Rs. 40 crores. And how much would it be for FY 2026 in aggregate?

Pranav Jain: FY 2026 will be around Rs. 225 crores to Rs. 250 crores. Part of CAPEX spend will share for the next year.

Vikas Sharda: Sorry, could you repeat that?

Pranav Jain: This will include some part of the total CAPEX, which I have already told that Rs. 420 crores of the CAPEX which we are doing for alloy wheel and knuckles, and this will be broadly subdivided into three years. Some of the parts which will be added in FY 2026, some will be covered in FY 2027. And remaining 10% or 20% will be covered in FY 2028.

Vikas Sharda: Got it. Makes sense. And sir, second question I have is that, what is your cost of debt? Because, when I look at your P&L now, your interest expense is running at almost Rs. 120 crores

annualized, while your gross debt is Rs. 900 crores or so. So, is there any additional borrowing cost or some finance cost part of it? And, in general, what is your borrowing cost?

Pranav Jain: The total overall debt cost is around 8% to 8.5%, right? Average cost is this much. And there are some of the factoring lines and that factoring is adjusted in the debtor. There are debtor factoring limits which are there. And in the balance sheet, same is adjusted against the debtor.

Vikas Sharda: Understand, okay. So that increases the total number, yes. And finally, one question. In your MHCV segment you reported your market share, and it has come down Y-o-Y. And it shows that for Tata Motors your share of volume has gone down, our percentage share has come down for steel wheels. So, any particular points to highlight there?

Dheeraj Garg: I do not think for medium-heavy commercial vehicles, our share has gone down. I do not know why this projection has come to you. But overall commercial vehicles, there are light commercial vehicles that we do not sell into. But for medium-heavy commercial vehicles, I do not see our share of business come down. Last, what I saw was about 42%.

Rahul Kumar: 52% on CV.

Dheeraj Garg: Yes, 52% on CV. So that, I do not think has changed much.

Vikas Sharda: Sir, if you look at last year third quarter, it was 61%.

Dheeraj Garg: It can vary from quarter-to-quarter, but I think for the whole year you might want to look at that. But 7% drop is not possible, because we are, in fact, getting a bigger market share than the official market share that the customers have offered us. So maybe there is some error in our reporting here. I will double-check this aspect. But clearly, I mean, our truck sales are up 16% over last year. So we have not lost market share. I do not think the industry has grown 16%.

Vikas Sharda: Yes. We can look at the numbers, in the last year third quarter presentation it was 61%, so it shows it is wrong. But, yes, it could be an error.

Dheeraj Garg: It could be an error. But as of now there has been no loss of market shares for medium-heavy commercial vessels. That I am very sure about. Well, that is our bread and butter, that is a really good business and we own those markets. So that 52% is for domestic only. Now, this 52% is for both MHCV and LCV. So the total share is 52%, if you include both MHCV and LCV.

Dheeraj Garg: I think we will come back to you. We will clarify this. I think we will clarify it through SGA, we will clarify this. I am sorry for this confusion.

Moderator: Thank you. The next question comes from the line of Nishita from Sapphire Capital. Please go ahead.

- Nishita Shanklesha:** Sir, I had this question on the CAPEX that you are going to do in FY 2027 in Bhuj. So what is the total capacity going to be in that plant?
- Dheeraj Garg:** So the capacity will be 1 million in the aluminum wheels business and 1 million in the knuckles business. Sorry, 1.2 million in the aluminum wheels and 0.6 million in the knuckles. This will be an additional capacity.
- Nishita Shanklesha:** Okay. So, the total capacity, like with the existing plant and the new plant, the capacity will be close to that, right?
- Dheeraj Garg:** So, it will be 6.2 for aluminum wheels. And it will be 1.1 for knuckles.
- Nishita Shanklesha:** Okay. Understood. So how fast will we be able to like ramp up this facility?
- Dheeraj Garg:** All these projects will start before Diwali this year, this calendar year.
- Nishita Shanklesha:** Okay. Understood. And what will be the peak revenue from this facility?
- Dheeraj Garg:** The peak revenue would be about, let us say, Rs. 600 crores from the wheels business. Because we are doing a lot of value-add so you can take it close to Rs. 700 crores, or let us say Rs. 600 crores. And for the knuckles, it should be a business of, let us say, about Rs. 200 crores.
- Nishita Shanklesha:** Okay. Understood. And how are we going to fund this CAPEX?
- Dheeraj Garg:** It will be a mix of debt as well as our internal accruals. So we foresee a very robust EBITDA accretion going with this fourth quarter and the whole next year, we have very bullish projections. So I think a little bit of debt will come through depending on when we need the cash flows. But you can say about Rs. 200 crores net debt would be added, perhaps less, around that number.
- Nishita Shanklesha:** Okay. Understood. And sir, I just wanted a clarification. You mentioned that our EBITDA per wheel is Rs. 260.
- Dheeraj Garg:** Yes, the current quarter, I think what my calculation tells me is Rs. 260.
- Nishita Shanklesha:** Right, sir. That is for aluminum and steel wheel both?
- Dheeraj Garg:** Yes, it is a product mix. Everything is normalized on this weighted average.
- Nishita Shanklesha:** Okay. Understood. So, going forward, where do we see this EBITDA number? Is it going to be in the same?
- Dheeraj Garg:** It is a good question. No, listen. So, last time when I spoke, I said that when we did Rs. 265, I was very bullish that we would hit Rs. 270 immediately in this financial year. But, unfortunately,

because the volume dropped in the second quarter, it did not fructify and the Trump tariff started. So the Trump tariff really spoiled the party for us. But notwithstanding that party getting over, we have found a lot of business value addition in India itself. And we are now, as I said, utilizing 100% of our capacity.

So, I think Rs. 270 should not be far. We are hoping that in the fourth quarter we will hit Rs. 270. But for next year, we can come back to you with the numbers that we project, because we want to give it some more time to see how the market develops. But clearly, we are looking at a 20% revenue growth next year. So, next year we are looking at a turnover of Rs. 6,000 crores easily. So that is very visible without the Trump tariffs getting over.

If the Trump tariffs get over, then we can hit Rs. 6,500 crores, because there is a lot of things that come into play. We get a bigger share of business in America, because our competition in Thailand and in Vietnam is coming under investigation for circumventing duties. So if these two things happen, that those guys get caught up in that trap and suddenly tariffs with India open up, then we can hit Rs. 500 crores additional revenue from America. So, in a nutshell, we can hit Rs. 6,500 crores next year. But Rs. 6,000 crores is very visible and with better margins.

So now coming back to your margin question. As I said, Rs. 270 is achievable in this fourth quarter of this financial year. And for the next year, I think we will come back with numbers to you, but they will be definitely better than Rs. 270. So, our entire order book for aluminum is sold out for the next two years. So it is not that we lose business, I mean, if the Indian market performs the way it should and the export business that we have tied up continues to grow, we should have no problems next year. This is I think easily possible without the new revenue coming from Bhuj facilities.

Nishita Shanklesha: Okay. So, just a clarification here, you are suggesting that Rs. 6,000 crores we can achieve besides the Bhuj facility?

Dheeraj Garg: Yes. Visible from the existing assets I have in control right now.

Nishita Shanklesha: And how much do you envisage that the Bhuj facility will contribute in FY 2027? Is it going to be significant?

Dheeraj Garg: Not very significant. We are going to start it around Diwali time and then customer validation will take time, three to four months. So, we are not counting much revenue. But I still feel that there is a chance of an upside there because if the market is doing really well, then the customers will try to approve the facility real quick and get on with their business with us. So, right now we are not including that in our forecast, but clearly there is a possibility of an upside from that level, I mean, from those assets.

Nishita Shanklesha: Okay. Understood. Thank you so much.

Dheeraj Garg: Thank you.

- Moderator:** Thank you. The next question comes from the line of Shashank Kanodia from ICICI Securities. Please go ahead.
- Shashank Kanodia:** Yes. Hi. Good afternoon, sir. Just wanted a couple of clarifications. So, are existing alloy wheels capacity is 50 lac units and we are going above adding units, right?
- Dheeraj Garg:** Yes, you are.
- Shashank Kanodia:** Right. And aluminum knuckles, our existing plan is to take to 10 lakh units? And this additional units, 6 lakh units for the addition, right, so total goes to?
- Dheeraj Garg:** We are right now at 5 lakhs, so that will make it 1.1 million, or 11 lakhs. It will make it 11 lakhs.
- Shashank Kanodia:** Okay. But you had already planned for 10 lakhs, right, so this 6 lakhs will be incremental to that?
- Dheeraj Garg:** We will finish that in next financial year. Full plant is of 1.1 million, but ultimately we will go into the next financial year if you want to add. But right now, Mehsana facility is 5 lakhs and the Bhuj facility is 6 lakhs. So, 11 lakhs total is coming this way.
- Shashank Kanodia:** Okay. So, aluminum wheel will become 62 lakhs and knuckles will become 11 lakhs effectively?
- Dheeraj Garg:** Yes.
- Shashank Kanodia:** Okay. Second sir, in the initial con calls a couple of years back, you mentioned that EBITDA per wheel in aluminum segment is double or twice versus the steel wheel, right? Does that assumption still holds true?
- Dheeraj Garg:** That is a great question. It depends on which market are we looking at. If you compare domestic market today and if you compare the aluminum and the steel together for the car business, yes, that still is. And that is really what is driving our margins up. I mean, as I told you, the steel wheel business is really not giving us that much margin. But I also mentioned that in the next financial year, 2026 - 2027, things should start improving. So, yes, there will be an increase in margin from the domestic supply of steel wheels in India. So, that is a good point, thanks for reminding about that. That is going to happen.
- Shashank Kanodia:** So sir, if that is the case, if I go with the share of revenue that you share between steel and alloy wheels, so you are making roughly Rs. 450 per alloy wheel, right, as EBITDA per unit?
- Dheeraj Garg:** Yes, sir. I cannot mention anything to you because I do not want to reveal my trade secrets to you. You are a good mathematician. All I would say is that.
- Shashank Kanodia:** No, sir. The point I am trying to come to is that you have seen Rs. 300 crores of CAPEX for 12 lakh units of alloy wheels, right? And with such kind of EBITDA per unit, we are making Rs.

50 crores of EBITDA. And if I deduct the depreciation, that comes to Rs. 35 crores of EBIT. So Rs. 300 crores of investment is just giving me Rs. 35 crores of EBIT, that is subpar investment. Do not you think so, 12% ROC?

Dheeraj Garg: No, no. I think we did our calculation on this, and we are getting our payback in seven years. Seven years we are getting our money back. And we are basing it on different EBITDA margins that you are assuming because a lot of this is going to be export.

Shashank Kanodia: Seven years itself, it is not very encouraging, right? Sir, 1 upon 7 gives you 14% kind of IRR rate, just 14%, right?

Dheeraj Garg: Yes.

Shashank Kanodia: And you are saying that you are saving Rs. 100 crores on CAPEX on this front?

Dheeraj Garg: It is very expensive. You are absolutely spot right. I mean, look at the other companies who are suffering. I mean, today you want to set up an aluminum wheel plant, it is very expensive. It is atrociously expensive. Nobody will be able to get into this business. Obviously, we are assuming a higher margin than Rs. 450. But on a conservative level, we said it is seven years, but it could be faster also depending on the value chain that we lag on to. That was on a very conservative basis that we did an internal calculation. But what we are currently getting as EBITDA is more than what you have calculated, and it will be much more than Rs. 450.

Shashank Kanodia: Sir, one observation. In FY 2022 we made something like Rs. 3,500 crores of revenues and we made Rs. 200 crores of PAT. As we end in FY 2026, we are at Rs. 5,000 crores of revenues, roughly 1.5x of that base, and we are still at Rs. 200 crores of PAT. So is it something which --

Dheeraj Garg: In 2022 there was an anomaly. There was a gain of one-time windfall gain of Rs. 60 crores from steel appreciation, so that is basically what has caused this confusion. But as you take that out, we are steadily growing. And we have pointed this out earlier also.

Shashank Kanodia: So we have got Rs. 50 crores of kind of quarterly PAT, it is been a difficult task for us to really up our gain on that kind of a run rate, is not quite so many quarters that we are hoping at a Rs. 50 crores, Rs. 55 crores of quarterly PAT. So when do you see that kind of trajectory being broken.

Dheeraj Garg: I think this quarter you should see a breakout, as I mentioned to you. This is the first time that all my assets are being utilized 100%, barring a small portion of the export market. And no factory runs at 100%. We are running it more than 100% utilization. That is the kind of demand. We have never seen this demand earlier. It is a misfortune that the Indian story never really took off the way it should have taken off after COVID, one year after COVID, or one-and-a-half years after COVID. It is only after the GST cuts that we see that, yes, there is a big change now.

Shashank Kanodia: As a year, we will as it kind of now kick started in we have seen good CV volumes?

- Dheeraj Garg:** As I said, we have enhanced our CV production and the bang on time we are selling that production. So that is why the revenues are going up. That is why the revenues are going up. I mean, if you are going to hit Rs. 1,500 crores, that is our target to hit Rs. 1,500 crores per month on average from April onward, we might just hit that rate annualized in March itself. And you just wait for the exports to open up, then there will be no excuse, no argument to discuss. Everything will show you a very increased margin, right from PAT to EBITDA.
- Shashank Kanodia:** And, sir, lastly, at the senior management level, do you guys ever contemplate that the auto index is up 20% in the last 12 months, all the auto stocks are in good condition for the investors, but we are one of the few people who are in the negative, is that something that concerns the top management of the promoter?
- Dheeraj Garg:** Of course, we are concerned and wondering why cannot people read the good news. Everybody sold us off because the American tariffs happened. So, as a result, the sentiment just broke. But this is what we want to tell the participants in the market, that we have surpassed our best performance in spite of losing exports to the U.S., this the market should see. And we had a very terrible second quarter, and that really broke the momentum along with the tariffs.
- When the performance speaks for itself, you will see the results. I do not see any reason why they would question our growth trajectory. Had we not done this growth? We have beaten the industry, by the way, we have beaten the industry growth in this quarter. So if the market is not understanding, then I think the market knows best. So I am not going to hanker over that. I can only talk to you and explain to you my business.
- Shashank Kanodia:** Sure, sir. Thank you so much, and wish you all the best.
- Dheeraj Garg:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Hitaindra Pradhan from Maximal Capital. Please go ahead.
- Hitaindra Pradhan:** Sir, thanks for the opportunity. Just wanted to get some things clear. You mentioned that the exports were compromised by Rs. 300 crores to Rs. 400 crores, and you foresee Rs. 500 crores of additional revenue from the U.S. when the tariff situation normalizes.
- Dheeraj Garg:** Had the investigation or competition is sort of brought to a conclusion in favor of dumping, putting taxes on them? Yes, of course.
- Hitaindra Pradhan:** Okay. So, sir, what is the, like, your run rate involve U.S. revenue, I mean, as per my calculation, it is Rs. 180 crores.
- Dheeraj Garg:** It is still there. But I would have to look at the number. We will give that number to you through SGA. We will give that number to you. It just tells the degrowth revenue to U.S.

- Hitaindra Pradhan:** Yes, you mentioned the degrowth numbers. But sir, the Rs. 500 crores that you are mentioning, that is on top of the current revenue you are generating from U.S., or it is the cumulative number you are mentioning?
- Dheeraj Garg:** Exactly. So it is not a big number to the U.S., but if things open up the way we think they should open up, because I do not know how long the tariff situation will be in limber, maybe three months, six months, we do not know. But we are hoping by end of March, things should happen. And so next financial year is a clear home run for us once these tariffs are removed.
- Hitaindra Pradhan:** And it will be more like, taking markets from the competition from Thailand and Vietnam also?
- Dheeraj Garg:** Thailand and Vietnam, because they have no choice, it is only India.
- Hitaindra Pradhan:** And sir, these will be mostly like alloy wheels and where the EBITDA per wheel will be --
- Dheeraj Garg:** Let us not confuse. I have lost market share in steel wheels in the U.S. I am going to regain that back and a little bit more in steel wheels.
- Hitaindra Pradhan:** Okay. In steel wheels. Okay. Thank you, sir. That is all from me.
- Dheeraj Garg:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Anand Kulkarni from Front Wave Research. Please go ahead.
- Anand Kulkarni:** Hi. Thank you for the opportunity. I had a couple of questions. First one about capacity addition. If I look at your first quarter's investor presentation, we were going to take our capacity for steel wheels from 205 lakhs to 270 lakhs, which is now curtailed to 210 lakhs. And so, alloy wheels capacity addition is curtailed from 53 lakhs to 50 lakh units. Now, out of the 65 lakh units, my understanding --
- Dheeraj Garg:** One second. Let me clarify one thing. One second. So that capacity that you saw in the presentation included the facilities in Bhuj. And those facilities are now being sort of scrapped. And we are putting in newer factories there. So, obviously, that is how we curtailed the production of the projection, I mean, the capacity of our group for steel wheels.
- Anand Kulkarni:** Okay. So, out of the 65 lakhs capacity addition, the current 12 lakhs and 6 lakhs is going for alloy wheels and aluminum knuckles. So, what about the remaining 47 lakh capacity? Is there any plan to --
- Dheeraj Garg:** Those capacities, those sheds are still available. Those sheds are still available to us. But there is going to be no production from those. I mean, we have, as I said in my previous calls also, that we have taken away Rs. 100 crores of equipment already to our group companies. That is why you see the expansion in Jamshedpur. That is why you see the expansion, or some additional

machinery in our Chandigarh plant and also in the Chennai plant. So, Rs. 100 crores worth of equipment already we have used, right? Rs. 100 crores of CAPEX we have saved from the buildings and the roads. So, that is Rs. 200 crores.

I paid Rs. 140 crores for this. And I paid Rs. 140 crores for this not only just for the assets, I paid to strategically stop the Chinese from taking over this asset in India. So, both the things have come through with it. I have earned my principal plus my interest already back from this purchase of AMW. Yes, on the paper, the capacity comes down because that capacity was potentially there. I could not have denied that, that was the paper that we signed with the liquidator, that this is the capacity of the facility. And we saw that this had the potential.

But, obviously, there is no market for such a capacity. And that capacity needs a lot of money to restart it. So we decided that we are not going to use these machines anyways. So we are scrapping them and utilizing the network, the infrastructure of the site.

Anand Kulkarni: Understood. And just one last question I had. Have we been able to re-routing revenues to a European trading arm to the U.S. or any other country?

Dheeraj Garg: No, we do not. We cannot do that, because duties are duties. Whether it is a European trader buying a product for the U.S., or we are selling directly to the U.S. There is no possibility to evade duties or to circumvent duties in any way.

Anand Kulkarni: Understood. Thank you, and all the very best.

Moderator: Thank you. The next question comes from the line of Shanskar from Eraya Capital. Please go ahead.

Shanskar Singhal: Hello. Yes. So, I have a couple of questions. First of all, can are we adding any, if you are saying that we are operating at 100% capacity in aluminum segment, if I am assuming. So, is there any capacity expected to come on stream in the next quarter, or all the 1.2 million will come in the next year?

Dheeraj Garg: So, as I said, we will hit the annualized rate of 5 million in the month of March. So you can see that we will produce more than 4 lakh wheels in the month of March. And that will continue till the next facility comes in. And so the next facility will come in by October. And, hopefully, by December, we can start commercially supplying wheels. We have a very strong order book. So let us see how fast the customers approve our facility. But you are right. There is going to be no more addition of capacity within the existing network.

Shanskar Singhal: And would you be adding any on steel? I am assuming given we are at 75% in utilization, is it expected to move up, given the demand that you are seeing within the domestic segment?

Dheeraj Garg: That is a great question. So I think there will be some brownfield expansion for our paint shop and for our tractor business. And that is going to be around, I think that will all be done within

this year's CAPEX that we have budgeted for. So, I do not think next year there will be anything. Maybe there is a small paint shop that is about Rs. 10 crores-15 crores, do not much more than that. I think all the expansion we have done in Jamshedpur has come to fruition in January.

We are going to have a record production of truck wheels, and we will have record sales of truck wheels by a big margin. And I think steel wheels, we are suffering because of exports in Chennai to America. But for Chandigarh facility is fully sold out because of great tractor run and also the general pull for the small car from Maruti is good, so we are able to fully utilize our facility, and we do not have intention to add capacity here. In fact, we have done all our expansions for truck, even scooter wheels we have added.

Yes, we might add a line, but, again, these are on drawing board. So I think maybe next quarter, I can come and talk better about that. But, yes, things are looking very buoyant and most of our expansion has happened but there will be some expansion in another rim line, for example, for our Chandigarh facility because we are getting traction for bigger wheels now. And, since tractor is growing, this line is required.

So, again, this expansion will cost not more than Rs. 20 crores or Rs. 15 crores, let us say. So we will come back with this new CAPEX for next year, but for now whatever we have done this year has started to play for us. We are able to use those assets to produce.

Shanskar Singhal: Understood. So, in totality, like what kind of growth do you expect within the steel segment specifically for the next, let us say, FY 2027 or even also next quarter?

Dheeraj Garg: We did a quick check coming here, we concluded turn of Rs. 6,000 crores, I do not have the breakup, but I think 20% majority of this growth is coming from tractors, trucks, and aluminum. So aluminum would be number one, then it will be followed by trucks and tractor or truck and then tractor. So these three segments are going to be the reason for the highest, I mean, 20% growth. So among steel wheels, you can just count tractor and truck, and aluminum you can count the aluminum wheels for passenger cars.

Shanskar Singhal: Understood. And, apart from steel segment in the export market improving, what are the other drivers for your EBITDA margin improvement that you are guiding?

Dheeraj Garg: And also, as I mentioned to one of your colleagues earlier that there is a better realization in a high volume passenger car business for us because we have been able to negotiate input cost increases from our main customers and even the newer programs we brought out a newer file, so there will be an increase from that aspect.

Plus, the tractor steel wheel business is doing phenomenally well, and it is produced alongside the passenger car business lines. So that is adding to a capacity utilization there. And so that is going to improve. I mean if the tractors do as well as they are talking about, then we might see another 10% growth next year and that is like stupendous. And for that we will need a paint shop to sort of paint more wheels, but that is also a work in progress for us.

We should be able to increase our market share. Let me put it this very clearly and let people record this that we will be able to improve our market share across all the domestic segments, profitable domestic segment, let us put it this way, all the profitable segments, and namely they are truck wheels, tractor wheels, and aluminum wheels.

So, yes, you will see a market share increase as well as a margin improvement because of the higher valuation wheels that we sell in addition, because the growth is coming from tractor, truck, and aluminum wheels. So please remember this repeatedly about us, that if the growth is coming from these segments, it means more EBITDA per wheel.

Shanskar Singhal:

Understood. Okay. Thank you.

Moderator:

Thank you. The next question comes from the line of Bhavesh from DV Investment Advisors. Please go ahead.

Bhavesh Jain:

Yes. So, just I have this question regarding the steel business, like barring tariff part, so our steel business has been languishing from like past six, seven quarters. And then, in the past, you have mentioned that we have signed some new contracts, and we have renegotiated the pricing part. So, like what is the status on those contracts now, currently?

Dheeraj Garg:

So the point is that, as I mentioned to you earlier in the previous call, that we deliberately left our business of Maruti for car wheels and because the margin was too low to work for us. And that is the right strategy because right now we are fully sold out. And we are sold out with better margin wheels, namely the tractor wheels. So I do not know what your question was. I mean, I did not follow the gist of the question.

Bhavesh Jain:

So I just wanted to know the reason, like in the past, our steel business was languishing. And then we stated that we have signed some new contracts to compensate for the sale. So I just wanted to know that what is the status of those contracts now.

Dheeraj Garg:

I do not know what contracts are you alluding to? I cannot take that.

Bhavesh Jain:

No. Some pricing-related agreements we renegotiated with the customers in the past.

Dheeraj Garg:

There has been an increase, obviously. We have negotiated with two important customers of ours. And they have given us a price increase, and it is getting reflected slowly every year. Next year is going to be more effective. But, this year, we have got some increases already. Yes, that is true. That is true. But the business itself is languishing from the passenger car side, because we do not want to choose businesses that do not pay us a certain EBITDA per wheel. But we are lucky to have a growth in the tractor segment, and that is a well-paying segment for us. So our capacity. The same lines that produce car wheels can produce tractor wheels also.

Bhavesh Jain:

Got it, got it. Thank you.

- Moderator:** Thank you. The next question comes from the line of Madhur Rathie from Counter Cyclical Investments. Please go ahead.
- Madhur Rathie:** Sir, thank you for the opportunity. Sir, I am trying to understand when you say that we have gone through pricing negotiations with our customer. There has been industry consolidation. Our aluminum wheels share has increased. But, sir, still, in FY 2024, our margin per wheel was Rs. 260. Right now, we are at Rs. 270. Maybe in Q4, it will come to Rs. 270. So, sir, where is this lag coming from? Has the pricing power not with us?
- Dheeraj Garg:** The lag has come from Trump tariffs. Please try to understand this. Trump, our export business has been compromised to Rs. 300 crores to Rs. 400 crores. And that was the only business that in the steel segment, in the car segment space, was giving us the bread and butter and the jam, everything. And that evaporated. But, luckily, we picked up and grew in the aluminum segment. We grew in the truck segment. And we grew in the tractor segment, thanks to the GST reforms. So this is a recent phenomenon.
- do not start thinking that we did something wrong in this period. The whole industry was suffering. And, yes, we have been able to increase our prices with the passenger car wheel business. So, overall, the profile of the margin is improving. The laggards are beginning to run better. There is obviously, as we grow in volume in the aluminum segment, the margins are coming under pressure because there is competition. But, at the same time, with higher volumes, we are able to taper off our fixed costs.
- So, you will see performance now. The performance has just started since, let say, November. And every month is a better performance than the previous month. And you will see that when we hit Rs. 500 crores in the month of March, you will see from where we were last year. We were at Rs. 360 crores, Rs. 370 crores, if I recall. From Rs. 360 crores, Rs. 370 crores to Rs. 500 crores without export. That is something that you must applaud and understand where the company is strategically headed.
- Madhur Rathie:** Right. So this Rs. 300 crores, Rs. 400 crores business from U.S., this was on annual basis or, right?
- Dheeraj Garg:** Annual basis, yes.
- Madhur Rathie:** And, sir, just one question. So, if I consider all these things, if I consider the U.S. tariff issues, they are present for the next few years. So when can we expect to see a Rs. 300 EBITDA per wheel considering the customer mix change, considering the product mix change?
- Dheeraj Garg:** I think you asked a great question to me. And believe me, you come in the next conference call after this quarter is ended. You come, and I will give you some projections. I mentioned to your colleague also earlier that we will come back with projections. But I promise you that this Rs. 300 is also my dream. And we are very close to that dream.

Give me three months of this quarter to sort of understand our cost mix and product mix. And then let me extrapolate as to what we are looking forward to in the next 12 months after this quarter ends. But, yes, that is not something that is unreasonable to ask. Rs. 300 is something we should expect this company to do. This is the fact that we are utilizing our capacities to the full. And there is big demand for our value-added products.

Madhur Rathi: Got it. So, just a final question sir, what would be a greenfield cost for any player to set up the 1.2 million wheel capacity that you are setting up at the AMW location?

Dheeraj Garg: I think if you look at industry, I do not need to give you names. You can go and check other industry companies that make these investments and nobody will come less than Rs. 500 crores or Rs. 500 crores, Rs. 600 crores. I think the latest investment is at close to Rs. 800 crores for the same volume. You have to check, pre-check. Ours is the lowest cost of investment in the whole industry. You can check, across the companies. You can check the balance sheets of all our competitors who do aluminum wheels. You will find out where we stand.

Madhur Rathi: Right. And, sir, we have space at the AMW location for further capacity addition for aluminum.

Dheeraj Garg: We have plenty of shed, plenty of land, and very good access to the port. We will look at newer things. We have some things in our mind, but that will take some time. But for sure, please join the next quarter and you should be the first asking this question the first time.

Bhavesh Jain: Sir, thank you so much, and all the best.

Dheeraj Garg: Okay. Thank you. Thank you all. I think it is time for the meeting now.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question. I now hand over the conference over to the management for closing comment. Thank you, and over to you, sir.

Dheeraj Garg: Okay. I think closing comments are the same, as I told you in April sometime last year, that this is the best time to do business for us. We have a full order book, and we are cost-optimizing our facilities. We are investing money in digitalization. We are investing money in AI, and we will be very future-ready in the next one year. I think the investors should ask me when I meet next time with them. And we have no reason to complain now. The orders are there. We are able to execute the order. The CAPEX has been done. Everything is all set for a home run.

Thank you, all. Thank you for coming today. Bye-bye.

Moderator: Thank you. On behalf of Steel Strips Wheels Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.