



Steel Strips Wheel Limited
Q4 FY26 Earnings Conference Call

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Moderator

Ladies and gentlemen, good day and welcome to Steel Strips Wheels Limited Q4 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing * and 0 on your touch-tone telephone. Please note that this conference is recorded.

I would now like to hand over the call to Mr. Gulshan Singh from Sunidhi Securities. Thank you, and over to you, sir.

Gulshan Singh

Thank you, ma'am. Good morning, everyone. On behalf of Sunidhi Securities, I would like to welcome you all to Q4 FY26 Earning Call of Steel Strips Wheel Limited. Today, we have with us Mr. Dheeraj Garg, Managing Director; Mr. Rahul Kumar, Chief Financial Officer; Mr. Aditya Dixit Executive Director, International Marketing and Operations; and Mr. Pranav Jain, Vice President, Finance.

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.

Dheeraj Garg

Good morning, everyone. I hope everyone is doing well. I hope that you have had an opportunity to go through the financial results and investor presentation, which we have uploaded on our website as well as on the stock exchange. Finally, I'm very pleased to share with you that we have delivered our highest-ever revenue, registering a growth of 17% YoY.

Last year was an excellent year for us barring the second quarter, which really broke our momentum in the middle of the financial year. But after that, we picked up and we did really well. And I'll talk about that later on in my speech and question-and-answer session.

Coming to the current quarterly performance, the company reported a revenue of INR 1,475 crores as compared to a revenue of INR 1,234 crores in the corresponding period last year, reflecting a growth of about 20% YoY. This quarter witnessed healthy momentum across alloy wheels, tractor and commercial vehicle segments, supported by improved domestic demand.

And everyone knows why the domestic demand went up because of the GST cuts in October. EBITDA with other income for the quarter stood at INR 152.52 crores, which again is the highest ever done in a single quarter. Of course, the performance was supported by better operating leverage because we had higher utilization, and we had also higher contribution from premium products. When I say, premium products, I mean alloy wheels, truck wheels, tractor wheels. This helped us attain our highest ever EBITDA in the Q4.

For the full year, the revenue stood at INR 5,183 crores as against a revenue of INR 4,429 crores in the previous year. This amounts to growth of 17% YoY. Of course, this is the highest ever revenue in the company's history. EBITDA with other income for the whole year stood at INR 523 crores. This is the highest ever EBITDA we have done.

The profit after tax stood at INR 202 crores, which is slightly less than last year, mainly because of the higher depreciation we have accounted for this year, that is about INR 28 crores. But going forward, given

the fact that we have been able to achieve our capitalization, and achieve higher capacity, and we also have great orders to use these capacities for, we expect a PAT growth of about 15-20% this year.

This is based on the fact that all our segments in the domestic area and export area will do flourishingly well. Last year, I also mention to you that the second quarter really hurt us in two ways. The first thing was the exports took a big hit when America slapped tariffs all across the world. Especially India was cornered in a way against our competitors. But of course, now things have turned. The tariffs are similar to all the nations. And in fact, there is an increased demand from India now given the fact that there are certain investigations going on against our competitors in Southeast Asia for antidumping duties.

The EBITDA for the whole year per wheel, now as we've talked about so many times, that we always talk EBITDA in terms of per unit realization because raw material prices skew the percentages. I want everyone to understand this. I'm sure there are people who listened to us before, that we only focus on the EBITDA per unit. EBITDA per unit was flat at INR 262 for the whole year, and it was same as the year before, mainly because we saw a drop of about INR 108 crores in export revenue, which would have contributed about INR 15 crores in EBITDA.

Plus, the lower utilization of the facility in Chennai, both truck and exports resulted in higher costs. But if you take these two variables away, we would have ended up at an EBITDA of INR 274, which is about INR 12 better than the previous year. But of course, this is all hypothetical because the reality is that this is a number.

But going forward, we are projecting EBITDA per wheel of close to INR 300. And I'll explain to you in my question-and-answer session as to why we are projecting such a high growth of EBITDA. But in terms of gradually breaking up the business, the alloy wheel segment continued to be one of the strongest growth drivers of the company. It grew about 30% in value. And this is again supported by a premiumization of vehicles demanding more aluminum wheels. Since we are at the top two position in the country, we ended up benefiting a lot from this growth.

And now alloy wheels contribute about 36% of our total revenue. This is quite good thing for us, even though the volume growth may not be so much in single-digit, but the value growth is in double-digits owing primarily to aluminum sales going up. This is a very important point to be noted that increase in aluminum segment increases the revenue by more than the volume.

I also would like to add within the aluminum segment; we have started a business making aluminum knuckles. This also showed good progress, but not great, great progress, but it still added value to us. This will continue to grow. So, we have added capacity in the aluminum knuckles segment to almost half a million. This year, we expect much better utilization in the aluminum segment.

Again, the tractor segment did tremendously well. It grew beyond around 19%, I believe. And this continues to grow. This is a sweet spot for us. It brings down our cost of production, because we have consistent volumes all across the year. And they are very high value-added items. This helps us again to increase the value of the turnover.

Again, the third segment is the commercial vehicle segment. This segment grew about 10%. This would have been much bigger had the second quarter not come as a cropper. We all know that the truck segment just collapsed in the second quarter, and it was quite a shock. I think last 5-year low, post-COVID low, it was like a post-COVID low last year in the second quarter, but then it remarkably recovered. And today, are again, foreseeing a tremendous demand. This is mainly because of structural reasons like vehicle replacement and seeing increased activity after the GST cuts. Two things are playing a big role in this.

On the export front, our exports declined by 19%. As I mentioned earlier that this is mainly because of the Trump tariffs. But now that there is a level playing field and also talk about the fact that India might get a preferential access to the U.S. market. As you all know that the U.S. delegation is in India as we speak. And if something good comes out, then of course and I will let my colleague, Aditya, talk about it right after I speak to explain more about the export segment

So, what are the challenges we are facing at this moment? I think right now the energy costs, the availability of manpower, I'm sure everyone knows about this, but they have been tremendous since the war started. But luckily, your company has been able to sort out majority of its issues compared to the competition in India.

In fact, we've gained market share at the expense of the others. But again, I can say that in this quarter, although we're talking about the previous year, but in this quarter, we've lost close to about INR 80 crores of sales because of lack of manpower. Manpower is the biggest issue in our business at the moment. But the good news is that post 20th of May, things are stabilized. And as we speak today, there is zero shortage of manpower.

So, you can take that as a takeaway from his speech that manpower issues have been resolved this year. Have been resolved now in May, and the first quarter hit for loss of revenues about INR 80 crores. But even then, we've done a strong, almost close to INR 500 crores a month, INR 6,000 crores run rate so far. I think in June, you will see tremendous, tremendous results.

Again, we will clock the highest revenue and since the labor is there. I think the market is still resilient in spite of the fact that some OEMs are suffering loss of production. Because the other vendors aren't able to supply. It's quite a complicated situation, but we foresee great demand in the export segment. All in all, I can tell you that this month should be our highest number in sales.

Main thing is that this year, as I've mentioned in the past that we've embarked upon a capital expansion. We've started utilizing our AMW facility in Bhuj, and we are setting up two projects there. One is for aluminum wheels, and the other is for aluminum knuckles. The aluminum wheels is going to be close to 1.2 million wheels. And knuckles are going to be about 1.1 million wheels.

Close to 1.2 million each side. This will entail a Capex of about INR 500 crores. We are all set to have these two projects commissioned by the end of the year, not commissioned, but at least trial productions, trial runs will happen starting from October and culminating in maybe, let's say, January. Both these plants should be able to get approvals from the OEMs, etc.

We should see some revenue coming out. I cannot quantify the revenue because we still have to execute the projects in these timelines and hope for approvals on time. Leaving that aside, the expansion will be complete this year and we will have a net addition in capacity. We will be at about 6.2 million in aluminum wheels.

I think aluminum knuckles is going to be done in two phases. The first phase would entail about 600 thousand and the second would entail another 500 thousand. End of this financial year, we will be at about 1.2, 1.1 million in knuckles and another half a million will come next year.

I think one should look back at my speech last year in all the meetings that have come through. That this is the best period of our life in terms of the history of the company. It was true except the Q2. Now with the GST cut really buoying the market, I think I can say, that this year, I'm even more confident. Because the tariff situation in America has rationalized, and we have great demand.

I mean last year, did about 76-78% utilization steel plant. This year, we're looking to utilize 95%. This is another takeaway that we are looking at almost 100% utilization of all our assets, all of our assets that are commissioned. That should bestow a lot of revenue growth

When we make this prediction of about 15-20% growth in PAT, it is based on this very premise that we will run our plants at almost 100% utilization. As a closing statement, I think this is just a summary. To close out the whole thing, would ask Aditya to explain what he feels about the export market. Over to you, Aditya.

Aditya Dixit

Thank you, sir. Good morning, everyone. The outlook for exports for this year looks very promising. Two key reasons for that. One is we definitely think that the tariff situation in U.S. is pretty much it has come under control, and we expect further improvement in terms of having greater access to the market based on the trade deal negotiations that are going on as we speak in Delhi. So, we expect some favorable outcome out of there.

And the second thing that we have done in the last couple of years, I think we had touched upon this in one of our prior calls, is to reduce the dependency on the U.S. market per se. In the last couple of years, we have worked very diligently on addressing business in Europe, in Latin and in Asia. We were nominated, we were awarded with these projects in the last 18 months or so. The ramp up of all these projects, it's going to be both aluminum as well as steel. We see a lot of ramp up of these nominated projects happening in this year.

We feel that we should be able to recover the last round of last financial year, especially in the exports because of these two key reasons. I feel this year is going to be much, much stronger than where we ended up on exports in the last year.

So yeah, overall, as I said and as Mr. Garg just now mentioned that given all our plants will be running almost at full capacities and exports coming back. We feel that there should be much, much improvement on the overall EBITDA, and overall capacity utilization and deliverables of the company.

Dheeraj Garg

I think you can mention about the number of values that you're foreseeing in this year in exports.

Aditya Dixit

Given these two key aspects, we believe that the exports should be in the range of INR 600 crores in this financial year. And if at all, they should be a little more, but it's definitely in that range of INR 600 crores.

Dheeraj Garg

This would be the second highest ever. The first highest was just after COVID, and this would be a second. This is really remarkable, and this is based on a diversified portfolio. Earlier, during a post COVID time, we were dependent majorly on the U.S. market. But now as I determined that we've got access [inaudible 00:16:00] market, we've got access to the European market, and of course, U.S. market has come back. All in all, INR 600 cores is very, very easily workable.

Aditya Dixit

One more thing, I would just like to add up over here is the nominated businesses are from the OEMs where we see much larger stability in terms of the monthly volumes. That really adds up to the confidence that we have that the exports should be back on track and rather much, much stronger this year.

Dheeraj Garg

I think we are open to questions and answers. I think this is all we have for the moment.

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question please press, * and 1 on your telephone keypad and wait for your turn to ask the question. If you want to withdraw your request you may do so by pressing * and 1 again.

The first question comes from Devarsh Shah from Sunidhi Securities. Please go ahead.

Devarsh Shah

Yeah. Hello, sir. Thank you for the opportunity. My question was, what would be the mix between PV and CV in FY26 as compared to FY25? How do you see this mix to be shaping in FY27 and FY28? Because, I think so in previous calls, you had mentioned, that we make higher margins in CV. How do you see the margin trajectory for FY27 and FY28?

Dheeraj Garg

If I understood it correctly, you're asking about the margin number, what would be the margin growth, and what would be the margins per wheel, per unit, right? Can we speak on absolute terms, right?

Devarsh Shah

Yeah.

Dheeraj Garg

As I said in my speech, we're looking at a margin of INR 300 rupees this year, close to INR 300 rupees, which compared against INR 272 that we've just finished is almost a 10% increase in the EBITDA per wheel. Given the higher volume of wheels that we foresee, we are looking this year, it's close to INR 650 crores in EBITDA. It could be plus minus here and there, but mostly if things turn out on the higher side. We could be touching even higher than INR 650 crores.

With regards to your question, what will happen in 2027, then you have to take into account that our expansion in knuckles, and our expansion in the aluminum factory in Bhuj would add another INR 700-800 crores. As you know, these are premium projects with a premium margin. I think '27, would be big.

I also would like to add, something that I've spoken about in the past, and I'm sure you look at this thing to us in the past. I have mentioned that the business that was the worst in our portfolio, the steel wheel business, will take a turnaround. Because we have been able to, after two decades of very, very poor pricing, put our foot down to the OEM then said, "Look, this pricing is not available anywhere in the world, and we will not service you on those numbers".

Luckily, we've got increases, as I mentioned to you last year, from a very big OEM and steel wheels for us, the biggest for us. Subsequently, all the new projects that are rolling out are with very solid margins. I think the margin profile from INR 300 should be higher, maybe another 10% on a conservative estimate in 2027, 2028. I think all in all, we are now absolutely poised barring any disruption that is beyond our control

As I mentioned to you in the past, we are working on automation. We are working on productivity. All the wage increases, I'm sure there will be a question on wage. We are very hopeful that, we're on our way out of the way. Our productivity will be through automation, through AI, through usage of our assets at a 95-100% level will mean that our labor cost will not be a trouble for us, and we will achieve EBITDA that I've just mentioned to you.

Our business is based on volume. If the volumes are good, the costs come down. Last year, second quarter, we suffered because the volumes went down. So, it's not only the sales loss, but also the manufacturing costs going up, the fixed costs going up because, you know, there's lack of revenue. All these things are turning the other way in our favor, which means, what I'm saying is very, very feasible in terms of EBITDA per wheel and revenue for the whole year.

Devarsh Shah

Okay, sir.

Moderator

Thank you, sir. The next question comes from Aman Kothari from Aequitas Investments. Please go ahead.

Aman Kothari

Thank you, sir. Firstly, congratulations on a wonderful set of results. Sir, can you just help me with what the EBITDA per wheel was for Q4?

Dheeraj Garg

Q4 was, I think, INR 282.

Aman Kothari

282?

Dheeraj Garg

Yeah.

Aman Kothari

That was much better than what our expectation was.

Dheeraj Garg

Yeah. This is what I'm saying. That the second quarter destroyed our profitability, I mean, in terms of what we were expecting it to be. When I say, INR 300 for next year, it is based on the fact that I've achieved 282.

Aman Kothari

Got it. And, sir, this month, I think we got the monthly update, just a day before yesterday. We saw a healthy growth in two-wheelers and three-wheeler segment of 50% value growth and close to 30% volume growth. Can you just help me with how the trajectory is looking for two wheelers and the product line that we are targeting?

Dheeraj Garg

I'm so glad that you asked this question because, I missed this out. What I have to tell everyone is that we are the number one supplier of wheels for EV scooters, EV three wheelers. We have a technology that nobody in India has. So, all the OEMs depend on us.

Unfortunately, because of labor shortages in the past, we couldn't deliver. But last month, in the month May, we had our highest sales in the EV segment. This is a profitable segment for us. It is a value-added segment. It requires a lot of R&D, and it's been a struggle for the last 2 years. But luckily, our team has pulled their socks, and now we are able to produce.

We don't have manpower shortage. We don't have structural issues with manufacturing those wheels. This will continue to grow. I could sell maybe 30% more if had, labor last month. There is demand, and I'm the only one fulfilling this demand. So yes, this looks great to us. I haven't projected, but I think easily it

will be 25% growth or maybe more. I could be terribly wrong here, but it could be more than that growth for the whole year in the EV segment. Maybe close to 40%.

Aman Kothari

Got it, this is the only product that we are going to go forward with for the two-wheeler and three-wheeler segment?

Dheeraj Garg

Two-wheeler -- ICE segment, really not big because the pricing is a problem there. But we are fighting for a price increase there, and that, again, will add to revenues. But we have about a 30% market share with the customers. In the EV space which is growing much faster than ICE, right?

Aman Kothari

Yeah.

Dheeraj Garg

When I say, EV, I'm not talking -- this is a scooter segment. This is not the motorcycle segment. It's the scooter segment, but this is really growing well. I mean, we're talking about more than 100 thousand sales, maybe 110 thousand sales in EV scooters every month. This is going to continue. This is going to continue, because the quality is improving the EV scooters and of course, they are not polluting and the low maintenance. And now with the energy prices going up, people prefer, EV scooters over ICE scooters.

Aman Kothari

Sir, in this market, we're tied. Since we have a 30% market share, you'll be, tied up with the top OEM suppliers, in the EV scooter space?

Dheeraj Garg

As I said, in the EV scooter space, I'm almost 80%. I'm almost a monopoly in this.

Aman Kothari

80%. Got it.

Dheeraj Garg

But in the ICE segment, I said I'm 30%. So yes, as the EV scooters do well, you can just take 80% volume coming to us.

Aman Kothari

Perfect. And sir, just on the export side as you start --

Moderator

Sorry to interrupt you. Can you please join back with you for more questions?

Aman Kothari

Sure.

Moderator

Thank you, sir. The next question comes from Nishita Shanklesha from Sapphire Capital. Please go ahead.

Nishita Shanklesha

Yes, thank you for taking my question. I just had a few clarifications. You mentioned that from the new Bhuj facility, we can add another INR 700 crores that is on top-line level? Or on margins can be around INR 700 crores?

Dheeraj Garg

It's obviously top line, madam.

Nishita Shanklesha

Okay. So, we will see this facility operation in Q4, right? Q4 of FY26?

Dheeraj Garg

Q4 of the financial year. That is correct, ma'am.

Nishita Shanklesha

How fast will we ramp up to almost 100% utilization? Because country --

Dheeraj Garg

Great question. I think I missed out answering this in detail. We are almost sold out. As Aditya mentioned that we have a lot of traction in the aluminum space. We are growing our market share in the Indian market, plus we are exporting.

Right now, we are unable to service our export market because of the lack of manpower. But things now financially have just started. We are sold out for this year. Next year also, we project that we will be able to sell out most of the production there. So you can expect about in '27, '28, you can expect about 70% utilization there. I think those facilities are sold out.

We've won new businesses in the knuckle space, and we're also going to try the export market for knuckles. There is traction from our existing OEM customers who buy wheels from us. I'm very sure that we'll close out those deals. Maybe next year, we'll surprise you with 100% utilization.

Nishita Shanklesha

Right. You mentioned that you are sold out. Are we going to see any revenue coming in from this facility in FY27?

Dheeraj Garg

FY 2027, as I said, I cannot comment on the value of revenue. Because we have to get approvals from the customers. But yes, the Q4 will be the year when hopefully we'll get all approvals, some earlier, some later. I wouldn't speculate on that revenue number because I myself am not sure about that. But yes, the year after that, FY28, we expect about 70% or higher utilization in these assets.

Nishita Shanklesha

Okay. Understood. And what kind of margins do we see from this facility?

Dheeraj Garg

Again, very nice margins, because you know, our growth has been driven by the aluminum segment and these two products come under the aluminum segment. I think it should be fantastic.

Nishita Shanklesha

Okay.

Moderator

Thank you, ma'am. The next question comes from Saket Kapoor from Kapoor and Co. Please go ahead.

Saket Kapoor

Yes. Namaskar, sir. Hope I'm audible too?

Dheeraj Garg

Yes, please.

Saket Kapoor

First, a clarification. for this year, we are looking at EBITDA per wheel at INR 300, where and we had an exit of INR 282 for Q4. We are expecting an EBITDA number at closer to the vicinity of INR 650 crores with a EBITDA upward bias for FY26, '27.

Dheeraj Garg

You're absolutely right.

Saket Kapoor

Now to my first question, sir, you mentioned about INR 700-800 crores revenue addition from the Bhuj facility. This is at optimum level we will be adding the revenue?

Dheeraj Garg

Yes, at optimum at full utilization.

Saket Kapoor

Okay, sir, on the debt number, how will then our debt profile be shaping up going ahead? And secondly, sir, when we look at our last two months submission to the exchanges, the export has seen decline only for the month of April and May. We are sticking to the number of INR 600 crores, wherein we did INR 160 crores for the last financial year. Will you just clarify --

Dheeraj Garg

Last financial year the number is higher than 168. Aditya, can you help us what the number is? For last year?

Aditya Dixit

Last financial year we did about INR 454 crores of exports.

Saket Kapoor

Sorry, sir. Yeah, correct me there. It's was about the steel business that we did INR 160 crore. Steel what? Oh, sorry, sir. I'm wrong. I stand corrected there. I was looking at page number 12 of our presentation wherein we had mentioned about the volume for the steel be at INR 160. I missed it with the stenograph.

Dheeraj Garg

No worries.

Aditya Dixit

450 will go to 600. That is what the number is.

Aditya Dixit

Yes.

Aditya Dixit

Again, very conservative number.

Dheeraj Garg

What was the earlier part of your questions? I'm sort of confused here. What was the first question that you asked?

Saket Kapoor

Sir, I was asking about, firstly, the debt profile. How will our debt profile look like? And then one more --

Dheeraj Garg

This financial year, the debt was similar that closed, exited, was close to the number that we had in the previous year, although our turnover went up by about INR 1,000 crores or something like that. I think what was the growth in turnover? I think 17%, Pranav?

Pranav Jain

Yes, sir. It's 17% growth.

Dheeraj Garg

So, next year, as I mentioned in my speech that we are investing about INR 500 crores in the Capex expansion, plus there will be some brownfield expansion that usually happens, about INR 50 crores. The debt profile would be about INR 200 crores higher. But again, these are projections. We will see how the margins evolve. These projections are based on a volume and EBITDA of about last year's level.

We are projecting very conservatively. But for your books, for your models, I think you can assume INR 200 crore increase in debt. But again, we will review this at the end of September, and we'll come back to you on where we stand. But yes, for your modeling, you please assume INR 200 crore increase in debt.

Saket Kapoor

Okay, sir. Taking into account whatever the current maturities are in the totality, it will be higher by INR 200 crores. So, INR 800 number will go to INR 1,000 crores plus for the --

Dheeraj Garg

More or less, and the turnover will be close to INR 6,500 crores versus INR 5,143 this year. The next financial year would be where we end up utilizing all our assets. The expansion comes into play. And then I can tell you that, we could be looking at between INR 700-750 crore EBITDA in the next financial year. But this financial year, so more or less, we should be around that number. INR 650 crores plus, minus and then next year INR 700 plus minus, That's the range I can give you from INR 650-750 is the range possible going forward.

Saket Kapoor

Okay sir. And, sir, during this call, Mr. Mohan –

Moderator

Sorry, to interrupt you.

Saket Kapoor

Ma'am, just understanding and joined the queue definitely. Do we have Mr. Joshi also in the call, sir? We have not seen in the presentation his name also, Mr. Mohan Joshi?

Dheeraj Garg

No, he's not in the call at the moment. He has some family issues that he's attending to.

Saket Kapoor

Okay, sir. Fine, sir. I'll just join the queue for two follow ups. Please give me the second opportunity again.

Moderator

Thank you, sir. Participants are kindly requested to ask two questions in the initial round and may join the queue for more questions. The next question comes from Ajit Sethi from Eiko Quantum. Please go ahead.

Ajit Sethi

Yeah. Thank you for the opportunity. So, as we said, we will be 95% utilized for steel strips. How can we see going forward the capacity of steel wheel addition?

Dheeraj Garg

Steel wheel addition, we have done some brownfield expansion in our portfolio, and we've raised our capacity in primarily in the tractor segment. We've also added a paint shop. In fact, we've added two paint shops. I think that will take our capacity to close to, let's say -- I cannot expect tell you the exact number, but we will be increasing our tractor capacity by, let's say, 15-20%. OTR and also, will be adding some capacity in the in the car line, but that is still under discussion as to how to sort of set it up.

But that expansion of the paint shops and the rim lines that we are hoping to put together in Chandigarh will come around October to December period. And again, that will add sales. When I say 95% utilization, I mean the existing assets will be running at 95% and this additional facility will add again a delta revenue. I think the Q4 in this financial year, will be a number that will surpass our expectations. That's why I'm giving you a range on the EBITDA.

It all depends on how the market does and from all our senses that we perceive at the moment from our OEM customers, they all see a strong, strong demand for their trucks or buses, or tractors, or even cars. In fact, there is a shortage in the car facility ironically given the fact that aluminum has become so expensive, and now suddenly there are shortages in aluminum from the other suppliers, and the customers are asking us for steel wheels. I guess that's temporary. But still given the rising cost of aluminum, the aluminum prices have almost gone up by, let's say, 20% at the moment.

I think they're expected to go up another 10%. So, OEMs probably will consider using more steel wheels. So yes, steel wheel facilities will be used at 95%. With the addition of the paint shops and the rim line, we will be able to increase our capacities.

Ajit Sethi

Okay. And sir, just a clarification. You said you will be utilizing 80% of this new 1.2 million unit of alloys and upcoming aluminum metal capacity in FY28, right?

Dheeraj Garg

Yeah, this is a good question you raised. I can tell you the premise for this. As I said the aluminum segment demand for aluminum wheels is tremendous, both domestically as well as in the export market. We are very, very confident of achieving this 80% utilization, because we see the programs that are going to be starting next financial year or in this financial year, and we need capacity for that. This expansion is coming, in fact, in my opinion, delayed by four, five months. Nevertheless, we are very confident of selling that many aluminum wheels.

On the knuckles front, we so far have tracked in from only two OEMs, and we are doing business with them. But you have to imagine that these knuckles are used in electric vehicles. And after this Gulf War crisis, the demand for electric vehicles has gone up tremendously.

We are the sole supplier for knuckles right now in the market. That helps us win more businesses because people the OEMs are confident with us. We are hoping to win two major businesses, and that would mean that our capacity is almost sold out. If you add the exports that we are working on, I think this capacity may be utilized 100% next year. I think I'm very sure about this coming through with 80% utilization and maybe almost 100%. Maybe the phase II of the knuckle's project, we'll have to do it faster than the end stage at this moment.

Ajit Sethi

Great sir. Thank you.

Moderator

Thank you, sir. The next question comes from Pawan Kothari from Calcutta Metal Depot. Please go ahead.

Pawan Kothari

Congratulations on a very good set of Q4 numbers. I would like to ask, how different is our business from Wheels India Limited? Can you explain in a nutshell?

Dheeraj Garg

Wheels India and our company have a very similar business, almost the same business. We operate in the same segments, but they are not as big as us in the aluminum segment. They have just started out in the aluminum segment. They're very small compared to our business. They are in other diversified businesses, I believe. They are also making some hydraulic systems for buses.

Pawan Kothari

Turbine wheels and windmills also.

Dheeraj Garg

They are a very old group, and they have many businesses. Wheels is one part of the business and they also perhaps do some fabrication business. In terms of size of the Wheels business, we are bigger than them, thanks to our aluminum presence, dominant aluminum presence. But in tractors, they are bigger than us, for example, but we are catching up. In cars, more or less similar numbers.

I wouldn't have the latest numbers. Of course, we are not present in the EV segment yet, EV scooters, I mean. They don't service a three-wheeler segment. And, yeah, this is all I would say. But it's a very similar business. You can say so.

Pawan Kothari

One small question because I deal in nonferrous metals like aluminum, copper. We have since last 40 years; we are into this business. I want to know, how much of this rise in aluminum have you been able to pass on to the consumers? Is the rise being absorbed by us also? Or it is fully passed on the currency?

Dheeraj Garg

This question comes to me every meeting in the last so many decades. Let me repeat this. Our raw material costs are a pass through. Whether it rains or shines, the situation remains the same for us.

Pawan Kothari

Okay. So you are not impacted by the aluminum volatility?

Dheeraj Garg

We are impacted. We have to use more working capital for sure.

Pawan Kothari

I mean, you can pass on the increase. If there is a suppose abnormal increase, say, from USD 3,500, but then suddenly suppose if it goes to USD 4,000, so you can pass on. That's what I want to say.

Dheeraj Garg

Right now, we pass it on in the same very month. Not even with the lag. Earlier, it used to be with the lag, with the three-month lag. But after the war in the Gulf, we have made sure that the OEMs realized that we are not here to die because prices were a killer. We need to increase our borrowings because steel prices are also going up, just for your information, not only nonferrous. Every metal price has gone up. Energy prices have gone up. Paint costs have gone up.

This year is going to be a year when our marketing department will be constantly recovering -- the company's cost increases. This will be borne out, and this is what the real strength of this company would be. If you recover all our costs, increase volumes, then we're going to achieve what we promised you.

Pawan Kothari

Thank you, sir. I would like to wish you best of luck for this year as well and hope to catch up with you soon. Thank you so much.

Moderator

Thank you, sir. The next question comes from Dev Mehta, an Individual Investor. Please go ahead.

Dev Mehta

Am I audible?

Moderator

Yes, sir.

Dheeraj Garg

Yes, you are.

Dev Mehta

I just wanted to ask you specifically in the steel wheel segment, if you can, provide the bifurcation of our end user mix.

Dheeraj Garg

End user?

Dev Mehta

Mix. What percentage comes from PV? What comes from CV, you have the numbers?

Dheeraj Garg

Pranav, would you have the numbers handy?

Pranav Jain

Yeah, sir. There is 2-3-wheeler. It's around 2%. Car and MUV, including the alloy and steel, is 54%. OTR is a small number, 1%. 28% is the truck number, and 13% is the tractor. The rest one is 1% is the knuckles.

Dheeraj Garg

So, pass car is 54. Tractor is how much?

Pranav Jain

13%.

Dheeraj Garg

Tractor is 13%, and CV is 28 So two major pillars. So commercial vehicles, 28% and pass cars, 54%. And 13% is tractor. So that should sum it up for you.

Dev Mehta

Got it, sir. And is it significantly different from that of Wheels India Limited?

Dheeraj Garg

I haven't looked at their numbers. But you could ask them in the investor call.

Dev Mehta

I'm asking because, do we have a lower realization mix in our product portfolio? Or the, realization among all the segment is more or less the same?

Dheeraj Garg

Boss at least I dropped --

Dev Mehta

Below 2000, 2,500. For the steel wheels.

Dheeraj Garg

What is it -- steel wheels? Go ahead. Pranav, tell us. What are the steel wheels' revenue?

Pranav Jain

Steel wheel revenue is roughly -- just hold on. For the full year, you want to see?

Dev Mehta

No, sir. Actually, I'm asking you the realization difference between the steel wheels among the different end users.

Dheeraj Garg

Okay. Average steel selling wheel price and aluminum selling price?

Dev Mehta

Yeah.

Dheeraj Garg

It's almost a difference of INR 3,000-4,000. I think somewhere around that.

Dev Mehta

Okay. But it's excluding trucks?

Dheeraj Garg

Trucks and, aluminum are almost similar numbers. The car segment is about, I think, INR 1,200, I think, if I'm not mistaken, and the aluminum is about INR 5,000. So about INR 3,000-4,000 difference, yeah.

Dev Mehta

Got it, sir.

Dheeraj Garg

Yeah. Happy to answer.

Moderator

Thank you, sir. Due to scarcity of time, this would be the last question for the day. Now I hand over the floor to management for closing comments.

Dheeraj Garg

As I said during my speech, I'll reiterate it again, and I hope when you come back next quarter for the investor call, you will question me on these very things. I'm repeating them for you again. The domestic demand is great. The problems have been with labor, with raw material availability, with costs and we are surmounting all these problems and successfully so far.

If these volumes keep up as I'm foreseeing them to keep up, we expect a utilization of 95% in all our assets. That would be the first ever time in the history since its inception that the company would have done such a feat. Please ask me questions based on what we have discussed today, and I'll be very happy to answer them next time again. Thank you very much, and you have a nice day. Bye, bye.

Moderator

Thank you, sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thanks, and have a pleasant day.