



“Steel Strips Wheels Limited
Q3 FY '25 Earnings Conference Call,”
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MODERATOR: **MR. MUMUKSH MANDLESHA – ANAND RATHI SHARE
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Moderator: Ladies and gentlemen, good day, and welcome to the Steel Strips Wheels Q3 FY '25 Earnings Conference Call, hosted by Anand Rathi Share and Stock Brokers Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero or your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mumuksh Mandlesha from Anand Rathi Share and Stock Brokers Limited. Thank you, and over to you, sir.

Mumuksh Mandlesha: Thank you, Ryan. Good afternoon to everyone on this call. On behalf of Anand Rathi Shares and Stock Brokers, I welcome you all to the Q3 FY '25 Earnings Conference Call of Steel Strips Wheels Limited. We are pleased to host the senior management of the company. Today, we have with us Mr. Mohan Joshi, Deputy Managing Director; Mr. Naveen Sorot, Chief Financial Officer; and Mr. Pranav Jain, Deputy General Manager of Finance. We'll start the call with the initial commentary from the management and then we'll open the floor for the Q&A.

Now I hand over the call to Mohan, sir. Over to you, sir. Thank you.

Pranav Jain: Thank you. Good evening, everyone. 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 on our company website. Over the past 9 months, our revenue reached INR3,195 crores compared to INR3,288 crores during the same period last year.

EBITDA for 9-month FY '25 stood at INR352 crores, slightly lower than INR354 crores in the previous year. EBITDA margin for the quarter improved to 11%, up from 10.5% last year, driven by the company's cost optimization effort. Profit after tax stood to INR148 crores, down from INR159 crores in the corresponding period last year. The primary reason for this variance is the full favorable impact of the transition to the new tax regime, which was realized in Q3 of the previous year.

The depreciation for 9 months FY '25 increased from INR67.4 crores to INR75.4 crores on a stand-alone basis, primarily due to higher capital expenditures for the expansion of capacity in alloy wheels over the past few years. For the full year FY '25, depreciation cost would be around INR100 crores. In 9 months FY '25, the alloy wheels segment in passenger car have performed strongly compared to the relatively flat performance of the steel wheels. The 2 and the 3-wheeler industry has also shown positive results during this period with growth observed both in volume and value. We anticipate further growth in this segment in the next quarter.

On the other hand, the CV segment experienced a decline this quarter compared to the same period last year, primarily due to lower demand. However, we remain optimistic about this recovery driven by increased government spending on infrastructure and mining projects. Our Tractor business has achieved high sales growth during the first 9 months of the year with substantial increase in both domestic sales and export. This success is reflected in strong performance across both volume and value metrics.

Looking ahead, we anticipate continued growth in our Tractor segment with significant potential to further expand our market share in this category over time. Export volumes have gradually begun to recover since December. However, performance for the quarter was impacted by supply chain disruptions, ongoing conflicts in the Middle East and Europe and election in the US, which is our largest export market. Despite these challenges, we remain optimistic about the demand revival in the coming quarter.

For this financial year, we project export revenue to reach approximately INR550 crores to INR600 crores driven by pickup in demand in the fourth quarter. As of 9 months FY '25, revenue from exports stands at INR404 crores with an expected increase in the next quarter due to improving geopolitical conditions.

Our new aluminum knuckle segment commenced commercialization this quarter with an initial capacity of 2.5 lakh units per annum. This capacity is set to increase to 5 lakh units in the fourth quarter, enabling us to cater to our existing customers, including the two OEMs with whom we have established agreements as well as attract new customers.

Looking ahead, our goal is to fully launch this business line by FY '26 and expand our customer base by bringing major OEM into this segment. We, at SSWL, remain fully focused on the journey ahead dedicated to seizing opportunities to foster innovation, enhance customer relationships and strengthen our market leadership. With the industry ongoing advancement, we anticipate our performance will continue to align and grow in step with these developments.

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

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from the line of Aditya Khetan from SMIFS Institutional Equities.

Aditya Khetan:

Thank you sir for the opportunity. Sir, my first question is on to the export target, which we have revised downwards to INR550 crores to INR600 crores. Sir, this INR550 crores at the lower band of our guidance, is that achievable? Because I think for 9 months, we have done around INR400 crores. So adding another INR120 crores, INR130 crores would still be lower than our estimated guidance. So just wanted to know how things will be there for Q4?

Mohan Joshi:

We guided for around INR600 crores on the raw material base of the last year. I think on the steel side, close to 15%, 17% of the correction of steel has already happened. And in the balanced 3 months, we are anticipating INR150 crores, INR160 crores kind of an export order, which is visible right now. The order book is close to INR175 crores, INR180 crores. But because of the model mix that we are trying to see, I think INR155 crores to INR160 crores will be doable. So INR560 crores is going to be on the reduced raw materials, which is where we are at this pace.

I think the Q4 is going to be the strongest quarter for exports, given that there is a transformation thing which is happening in the US. I think today is the ceremony, and we believe that very harsh measures on taxation can come on to various countries where they are trying to import materials. And India can skip a lot of this salvage. And I believe that going into the next year, it

is going to be favorable from an export point of view and from a product as well as a customer point of view.

And alloy wheel, I think we are going to be exporting the highest number in this financial year. And that is going to be the North Star for us where OEM businesses are going to be starting for alloy in the next financial year. And we have a hope of improving that number of current year performance of alloy volumes by 35% to 40% in next financial year.

Aditya Khetan:

Got it. Sir, into our exports mix when we look, so the EU exports have gone up much, so that has fared better as compared to US. In terms of the total exports mix, that is around 32% versus the last 4-year average of 20%, 25%. Anything, sir, which has changed into the European market as compared to the US markets?

Mohan Joshi:

The US market was susceptible during the election period. As Pranav stated that while the discussions of elections were going on, people were of the opinion that you do not know what kind of margin and who will win and what kind of margin it will win. So a lot of people kept their purchases on hold and reduced their inventories. As soon as the results started coming in and the favoring towards Trump started happening, a lot of lobbying factors where people are aware about the actions, started their act in terms of procurement.

And that is why I believe that the Q4 is very strong given that there are hints maybe in the American side of the business that, yes, there is going to be very strong actions, which are going to be done towards China and the related countries where they have the FTA, and India is out of that. So a lot of people will shift their purchases from China to India to the extent that they can change to avoid those taxes.

And going forward, US is going to be a strong partner in terms of exports. I believe that larger share of exports will continue to come from US and Europe will improve from an alloy wheel point of view and some of the PV point of view. But US is going to be larger in terms of the overall context.

Aditya Khetan:

Okay. So there is no particular reason why the EU mix has gone up like..?

Mohan Joshi:

So these are things which is -- say, US fell down because the inventory correction started happening because of Trump. So maybe this is the reason that Europe remains there and US fell down, and that's why European share has gone up, right?

Aditya Khetan:

Got it.

Mohan Joshi:

I believe that for the full year, when we see the situation, I think US will catch up.

Aditya Khetan:

Got it. Sir, into our new alloy wheel expansion. So what is the internal ROCE target? And at what utilization level, the facility will become the breakeven?

Mohan Joshi:

See, the expansion of alloy wheel is already going on. And I believe that by this financial year-end, we are going to be at close to 4.2 million, where capacity utilization is going to be around

3.6 million to 3.7 million to 3.8 million run rate. And we believe that this expansion is going to be finishing up to reach 4.8, 5 million in another 5, 6, 7 months in the next financial year. And that capacity also has a potential to be utilized to the tune of ...

Aditya Khetan:

And sir, what will be our internal...

Mohan Joshi:

90% utilization will be done in next financial year also, on the expanded capacity.

Aditya Khetan:

Okay. And sir, what would be our internal IRR target for this?

Mohan Joshi:

See, these are all brownfield projects. So obviously, these are going to be very aggressive in terms of the ROCEs. And I believe that, 25% for the brownfield? So for the brownfield projects, I think 25% is where we are trying to and it is fairly possible.

Aditya Khetan:

Got it. Sir, my next question is on to the aluminum knuckles...

Mohan Joshi:

And the good thing is that as soon as this capacity comes in, it is going to start earning and breakeven will start achieving with very, very good margins.

Aditya Khetan:

Got it, sir. Sir, my next question is on the knuckles business. So what is the estimated market size we are catering into this segment? And on to our plan of 10 lakh units, which we are targeting, how much top line we can achieve at peak utilization levels? And what sort of margins we are targeting on that?

Mohan Joshi:

See, I think I have reiterated earlier also that the margin profile will be visible in terms of actual utilization of 65% plus, which is visible in the month of January onwards. And the first capacity which we are trying to put up in 2 phases is close to 0.5 million. So 0.45 million, 0.46 million to be precise. And that will be doubled up given that the signal from the customer is going to be indicating it in the month of January or February.

So first phase, I think ROCE is going to be more than 20%, 22%, 23%. And the breakeven level is at close to 55%, 60%. And the margin profile, as I said, we'll be able to give you a clearer picture in Q4, and capacity is completely sold out by the month of May, June. And capex actions on this knuckle project will start in maybe 1 or 2 months based on indications on the customer.

From an industry, as you ask the first question, we believe that over the next 5 years, this industry has a potential to grow to a size of INR1,000 crores plus based on relative importance of 15% kind of a penetration. This is just like alloy wheel where we were at 5%, maybe 15 years back, 10 years back and today, we are at 40% with a larger base of production. So European side is close to 75% to 80 % on the aluminum knuckles, and we are anticipating this industry moving - which is moving towards PV to be at 15% to 20% kind of a penetration.

Aditya Khetan:

Got it. Sir, my last question is on to the alloy wheel side. Sir, last 2 years, like we had witnessed that the volumes has been almost stagnated. I found, in terms of volumes, it is at around 16%, 17%. So just sir, I wanted to know what was the industry growth of alloy wheels for the last 2 years versus the steel wheels growth?

Mohan Joshi: So looking at a percentage of the total sales is not a right approach because steel grows at a faster pace, has to be taken very separately from what alloy is doing, right? So from an alloy industry point of view, I'll try to give you a figure. For financial year '22-'23, the industry volumes were at close to 8.4 million. In '23-'24, we were at close to 9.26 million, so it was 10% kind of a growth.

In '24-'25 till November, which is maybe 8 months, we have already reached a number of close to 6.2 million, and we're running at a rate of 800,000 numbers. So 9.6 million, 9.7 million that we are going to be anticipating with a 5%, 6% kind of a growth on alloy wheels side. And this is happening because of the product mix, which is changing.

And the alloy side, I fairly believe that with the change of vehicle configuration and the choice of people, this can attain an 8% to 10% kind of a growth in terms of volumes based on the volume growth of 5%, 6% kind of a number, which is there for the industry. And export anyways is an endless kind of a support, which -- I mean, you can grow anything which is there opportunities for everyone.

Aditya Khetan: Got it sir, thank you.

Moderator: Thank you. The next question comes from the line of Amit from PhillipCapital India Private Limited.

Amit Hiranandani: Congratulations for the decent set of numbers. Sir, how do you see the impact on margins due to emergence of styled wheels going forward? And if you can highlight the penetration of styled wheels last year versus currently?

Mohan Joshi: So I'll answer the second part, which is the penetration from the industry point of view. I think the steel wheel on the styled wheel kind of a concept is better in margin, but also bit expensive in terms of the process. And this industry is right now at 4% penetration -3 % to 4% kind of a penetration. And every customer is trying to get into this. So Maruti is the last one where we have been selected for the program as a single source. And Maruti was the last one, which is large volume and was not into it and is trying its feet.

But can you say that this market can go to 25% immediately? Maybe not. Because obviously, the price is a little expensive. The car wheel weight is also a little heavier than the normal steel wheel because of the very high yield on the disk side. So this is 4% and maybe it can continue to grow a little bit towards a little better single-digit kind of a number. In terms of its contribution and our margin profile, I think Naveen can answer that question, for the company's margin profile going ahead.

Naveen Sorot: So Amit, if you look at -- we have already done, I guess, one of the best EBITDA per wheel number last quarter. I guess the number was more than INR262 per wheel. And as the mix is tilting more towards alloy because what is happening, the alloy wheel contribution, the overall mix is increasing. I guess till last year, we were hampered by the capacities that we were carrying on the alloy wheel side. But from this year onwards, even that constraint will no longer be there with us.

And even these expanded capacities will be utilized quite fast. So the number will definitely now stabilize around INR260 and probably move upwards. And even if you look at in terms of percentages, the EBITDA margins have improved corresponding to last year. I guess the overall number now is hovering at around 11.3% for last 9 months.

Amit Hiranandani: Understood. Sir and because of this gradual increase in the styled wheel and looking at the competition in the alloy side and pause in the passenger vehicle industry, how do you see domestic alloy wheels volume growth and realizations for this and the next fiscal?

Naveen Sorot: So if you look at in terms of the numbers, I guess we have done almost INR24 lakhs alloy wheel sales till 9 months. The number based on the kind of order book that we have for this Q4, I guess this will be one of the best quarters that we have in terms of the alloy wheel sales. And overall, this number should be around 3.4 million, which we are anticipating. And then based on the run rate that we will see in Q4, I guess, the next year, even the expanded capacity will be almost 75% to 80% utilized.

Amit Hiranandani: No, I'm just understanding from the industry prospects. So how do you see domestic alloy wheel volume growth for the...

Mohan Joshi: So Amit, I am anticipating a low single-digit growth in terms of the volumes for the passenger vehicle in this coming calendar year, because of the inventory issues and because of various demand issues from the liquidity point of view. I think what I'm trying to anticipate is that alloy penetration will still continue to grow at 7% to 8%. We can outpace that kind of growth given that there are 7 new projects which are launching in this calendar year, starting January, where we are in close to 5 of them.

And all our popular products in terms of BEVs to VW Kylaq to Mahindra platform, which are coming in. And industry growth moving towards a 50% kind of a number is what we are anticipating. We're already at close to 37%, 38%. Some of the months, we have moved to 41%, 42% also in the financial year, but this trajectory will continue to move towards 50%.

Amit Hiranandani: Yes. This is helpful, sir. And sir, what would be the likely triggers for the improvement of EBITDA per unit in the next fiscal or we can say for the next 2 fiscal because presently, CV industry is also soft and exports is gradually is improving. So how do you see, sir? What are the triggers for the EBITDA per unit improvement?

Naveen Sorot: So in our case, Amit, if you look at, yes, CV has been down, but based on the kind of order book that we have for Q4, I guess we may not see the kind of dip that we were expecting at the start of the year. I guess at the start, we have given a number of almost 10% to 12% odd of downturn on our CV number. But I guess we'll be somewhere around half of that looking at the kind of numbers that we have.

Secondly, I guess we have highlighted for tractor growth to outpace the industry that is what is happening. And for the entire year, we expect that number to be at least 20% higher than what we did in last year. And this year probably will be the best year that we ever had in terms of tractor wheel sales.

Then we have the alloy wheel volumes which are picking up for us. And again, as I mentioned, that this quarter probably will be the best quarter that we had up till now for the alloy wheel sales. And all these factors cumulatively will contribute towards the improvement in the EBITDA per wheel number. So as I mentioned, INR262 that what we did in last quarter, and we believe that INR260 probably will be the new normal for us going forward.

Amit Hiranandani: Understood. And sir, can you update on the knuckle casting business, presently this is being started now. So outlook on the revenues and on the broad margin for the next two fiscals? And any new customer addition apart from the two we have?

Mohan Joshi: So what I feel is that INR14 crores to INR15 crores worth of revenue is going to be coming in because commercial production has started from November with slight. And this month, I think 60% of the volumes uptake is happening. And the phase 2 will come into action for mass production by June, July 2025, where capacity will move from 17,000, 18,000 to 40,000 a month, which is also sold out by the time September is coming.

And next financial year, the run rate could be between 25,000 to 27,000 for the full year in terms of the numbers into, say, 25,000 numbers is INR80 crores is what we are trying to anticipate next year. The expansion of the capacity is fairly visible where customer insight is coming for the next plant to be in the vicinity of 2 million knuckles, where the directions will come from customers from January end to maybe February, mid.

So by February, we'll be clear in terms of what is the capex side, which is going to be dedicated for some of the customers that we have. As said in the call earlier, margin profile, I'll be in a better position to give you -- once this plant runs at 65%, 70% utilization, to give you the fair idea. Is it okay?

Amit Hiranandani: Yes. I'm just understanding that the revenue for November to March period would be around INR15 crores, you said? Is it correct?

Mohan Joshi: INR14 crores, INR15 crores around about that.

Amit Hiranandani: And for FY '26, you're estimating INR80 crores revenue?

Mohan Joshi: INR80 crores is what I'm anticipating.

Amit Hiranandani: Yes, this is largely from the two customers we have right?

Mohan Joshi: Next year, which is '26-'27, I believe that, that number is going to be minimum, close to INR105 crores to INR115 crores. And capex cycle for this project is close to 9 to 11 months minimum. And indication will be from February end -- maybe in February end, we'll try to get that indication.

Amit Hiranandani: So sir, for FY '27, INR105 crores to INR115 crores revenue, do we have sufficient capacity or we need to increase it later on?

Mohan Joshi: I think for that, we have sufficient capacity. That is not a problem. A problem is going to be more than that if just in case something goes right because what is happening right now is that these models which we are trying to eye are PV models, which are born electric. The problem which is coming in that customers are now asking from ICE engine changeover from cast knuckle to aluminum knuckles.

And that direction has already come to us during Auto Expo in terms of capex. The certification and the clarification of that will take maybe 1 month. And once that is in place, we are going to be aggressively moving towards the second phase of knuckles given the direction of the volume. And 2 million worth of plant will come into action.

Amit Hiranandani: Last two questions. One is on the capex, if you can guide us for this and the next fiscal and where are we planning to spend, if you can give a breakup on the same? And my second question would be on the current long-term and short-term debt as of quarter 3 end. And what is the repayment and prepayment schedule for the same?

Mohan Joshi: Okay. So I'll talk about the capex side in terms of the indicative numbers, given that we have knuckles, which is visible to us. We have alloy wheel, which is visible to us in terms of expansion of export as well as domestic capacities. So INR150 crores to INR160 crores will come into this financial year, which is '25-'26 and '26-'27 year, INR150 crores will be spent. All will be spent from internal accruals. No borrowings will be needed. I think Naveen can answer in terms of the debt trajectory as well as the interest rate trajectory, which has further reduced in this quarter, how it goes forward.

Naveen Sorot: So Amit, you will recall that we have been, I guess, consistently paying back our debt. In fact, as and when we got opportunity, we try to prepay as well. For this year, as Mohan pointed out, that we'll be probably underspending. So I guess earlier at the start of the year, we have quoted a figure of almost INR200 crores plus in terms of capex. I guess the overall debt number looks on a lower side and fully can be mitigated from the accruals.

So there will be no newer additions on the debt side, either on the working capital or term loan. And based on what kind of feeler that we receive from customer for the capex for next year, I guess we'll determine what kind of additional cash flows that we'll have to look at any prepayment opportunities.

But as and when we'll have those opportunities, we'll move ahead. In terms of regular repayments, in any case, the schedule is almost INR100 crores to INR110-odd crores, which in any case is scheduled. So what we are looking for is any opportunity to pay anything over and above this INR110-odd crores on a yearly basis.

Amit Hiranandani: Right, sir. With the current long-term and short-term debt, if you can break up, please?

Pranav Jain: The total debt is around INR962 crores, out of which around INR406 crores is of the long term and balance is the short-term debt.

Amit Hiranandani: Great sir, this is helpful. Thank you so much and all the best.

Moderator: Thank you. The next question comes from the line of Yash Nerurkar from Ionic Wealth. Please go ahead.

Yash Nerurkar: Thanks for taking my question. So I mean, I'm new to the company. So if you could just help me explain what is the value proposition the company is getting into? Like what would be the key value triggers from a growth perspective? And I mean, if you could just help me understand the difference in the realization between the steel versus the alloy wheels?

Mohan Joshi: So value proposition is that, it's a company which is EV agnostic. And I think we are present into the last end of the product without which the product cannot move out. We are also in multiple segment of the industry, which is from PVs to 2-wheelers to CVs to tractors, to OTRs to steel, to alloy. So risk to the business is fairly very low in terms of the growth. These businesses are also in India as well as exports.

The biggest value proposition, which I feel is going to be the underlying issues which are now coming into the European side to match the competitiveness of the Asian region. And I believe that there are multiple accidents which are waiting for happening in Europe in terms of manufacturing capability going bankrupt, where 3 of the facilities are already in discussions with us to sell them out where we are not interested in them because I believe that running a plant in Europe is fairly not possible, and these facilities will have a lot of trouble going forward.

And these volumes are going to be coming towards the country where we believe that it is going to be EBITDA accretive for the organization. In the other side, the migration from steel wheel, which is legacy business to green side of the business, which is the alloy side, has endless potential for the organization where global demand is at close to 350 million wheels. And we feel that over the next 5 years, we are going to be putting up this facility of 5 million to double this capacity to 10 million in terms of alloy wheels. And Indian context as well as export context will help us filling up this capacity with EBITDA accretion into the company's coffers.

The third side is the sunrise industry, which is we are trying to talk about the aluminum knuckles, where penetration is very low right now. But given that what is happening in US and Europe, these penetrations are fairly at a very elevated level in those countries and continents. And we are at a nascent stage where we have a very clear edge in terms of first-mover advantage in terms of technically as well as commercially.

And this has a potential to build a business of INR1,000 crores plus over the next 3, 4 years. And then obviously, domestic side, it's a safety product, so you need to prove yourself for 2, 3, 4 years, so that it becomes a testimony for exports. And then export is fairly very, very large kind of an opportunity where we feel there is a large anticipation of futuristic volume. And then there are multiple other businesses that we keep on discussing with strategic partners. And time to time, those will be disclosed based on our success to convert them into a strategic partnership and deploying those revenues for the organization.

Yash Nerurkar: Great. That's very helpful. So I mean, if I wanted to understand, right now, almost a major part of your revenues are driven through the steel wheels. So if I take a, say, 6-to-7-year view, I

mean, where exactly do you think -- which segment will be more margin accretive? And how would your total volumes be shifted towards more of alloy or it would be more of steel that you'll be doing?

And I mean another question in addition to that. So if I typically look at all the vehicles, I mean, all the partners that you are aligned with, is it that the lower-end vehicles have more of steel wheels and the more higher-end vehicles have more of alloy wheels? Is my understanding correct?

Mohan Joshi: Currently, alloy contribution is around 32%, right? And it will shift to around 40% in coming 4 to 5 years, right? And balance is from the steel wheel.

Yash Nerurkar: Right. So just in terms of which vehicles use, which wheels and how that preference changes are and what sort of contribution do you have from the aftermarket, if you can just help me with that number?

Pranav Jain: We don't have any aftermarket right now. All the domestic sales is to the OEM sales.

Yash Nerurkar: That's helpful. Thank you.

Moderator: Thank you. The next question comes from the line of Sarvesh Gupta from Maximal Capital.

Sarvesh Gupta: Sir, just to finish on aluminum knuckle, what is the realization per unit?

Management: Can you please say it once again. Your voice was feeble.

Sarvesh Gupta: Yes, the realization per unit of aluminum knuckle, how much is that approximately?

Pranav Jain: It's around INR2,500 to INR2,600 per knuckle.

Sarvesh Gupta: Okay. So it's not very different from the current, it's higher than steel but lower than alloy wheels?

Mohan Joshi: Yes because its weight is lower than the alloy wheels.

Sarvesh Gupta: Understood. And the other thing, sir, when I'm looking at your export realizations, they are not very different from your domestic realizations. So how come their margins are much superior?

Mohan Joshi: They are definitely better than the domestic realization, no doubt about it. I think you are talking about the wheel numbers. I think wheel size is also very important. So wheels are lighter and better in price, right?

Sarvesh Gupta: Okay. Understood. And now coming to this, the way I understand, so you were guiding for -- so do you have any growth target in mind as far as alloy wheels are concerned for FY '26?

Mohan Joshi: 3.4 million this year, I think Naveen is guiding. I think Naveen if you can give some color last year versus this year? Naveen will try to answer that question.

Naveen Sorot: So if you look at the number that we did in 9 months, I guess we are already at 2.4 million in terms of alloy wheel sales, and this number was hovering at around 3 million last year. And for the entire year, we are expecting this number to be closer to 3.3 million-to-3.4-million-wheel rims. And as we speak, we are already on our way to expand our capacity, 4.2 million, which is already in place.

This capacity will get further enhanced to 4.8 million sometime around September, October. There is some debottlenecking exercise that we are also doing, which probably will raise it further to 5.3 million. So that probably will give us an opportunity to cater to a booming export market as well.

And as you'll recall, I guess we are just getting entry with Maruti. There is a transition which is happening within Maruti as well where there is a shift from steel wheel to alloy wheel. And we have just gained the entry with Maruti and that further opens up the market for us.

Sarvesh Gupta: Okay. And this NCLT capacity of 7 million, that is mostly steel?

Pranav Jain: Yes. That is mostly steel -- totally steel wheel capacity, PV and tractor.

Sarvesh Gupta: PV and tractor. But how quickly can we sell that capacity?

Mohan Joshi: So I think that is not the intent of setting up the capacity. I think I have clarified that the capacity expansion in our Jamshedpur plant, is going on from 150,000, 160,000 numbers to close to 200,000 numbers. We're going to be adding close to 40,000 of capacity. And this will add close to 100 basis points to the margin profile of that plant towards the company in terms of economies of scale. And that is already underway right now.

And by March 2025, that exercise is going to be over, where maybe 25% of the equipment will come new and 75% of the equipment will be moved from this plant to that plant. The other capacity that we are trying to move is on the tractor side, where we are moving our capacities from 70,000 a month tractor to 100,000 a month. So that also is happening. Close to 90% of the equipment's are moving from this facility to that facility.

And all these investments are happening at an asset turn of close to 10x to 15x, and they will try to give a margin flip for each of the plant, to the tune of 100 basis points going into next financial year. And once we are done with that, the expansion on the steel side, either it is on AMW or either it is in any of the plant, will be done by the equipment's that are already in hand.

Sarvesh Gupta: Understood. Finally, on the EBITDA per wheel. Now we have been hovering around that INR250 mark for a very long time. And the reason is primarily, if I look at your export data over the last 3, 4 years, it's been checkered at best. So there is no trend or a strong trend of growth that we can see in your exports. So it seems that unless we fix that trajectory and get into a

compounding sort of a growth year-on-year every year. So what is missing there? And how can we fix that?

Is it because we have not yet established our value proposition fully with the export market till now? What is the reason why the performance on the exports market is very checkered and that is why our EBITDA per wheel also has been sort of stayed where it has after a good growth in the previous years?

Pranav Jain: Yes, EBITDA per wheel in the current quarter has increased. If you see the EBITDA per wheel is around INR262 per wheel, and this will be increasing going forward in the coming quarter as well as our exports and alloy wheel business is doing well.

Mohan Joshi: The trajectory of this INR240 to INR250 was quite stable, and now it has come to a different level of 260-plus, which Pranav is trying to indicate.

And trajectory we are trying to elaborate going forward into the next financial year is towards INR270, INR275 with the improving product trend from knuckle to aluminum wheels to exports. So I believe that next financial year, if everything goes right and Trump does not cause large dislocation of the things, I believe export is going to be doing very, very good given the history of Trump with India and alloy is going to hit the highest number in next financial year as well.

Knuckle is going to hit the financial year end and some bit of disturbance of EBITDA in this financial year, because of the CV segment and the PV total volumes on the steel side being lower, will also try to improve in next financial year.

So next year also, I think record amount of EBITDA accretion will happen. And we are fairly confident that, as Naveen stated, of INR260 as a base, we are trying to work towards a higher number in the next financial year.

Sarvesh Gupta: Sir, that is well understood. But just on the export side, since we have been having pluses and minuses. So my question was that our value proposition towards our export customer, is that, do we have a strong sort of an edge over other players when we do exports or not? I mean tariffs is one thing. Of course, tariffs can play positively for us.

But ex of tariffs, do we have some competitive edge, because as you said, export is a massive market. But how can we consistently sort of grow that business? What are the competitive edge that we have versus our other countries or other competition?

Mohan Joshi: So I think competitive edge is engineering, that is first. And second is the landed price to the customer at the same quality. I think Europeans and American manufacturing cannot compete with us at all. There is zero chance that they can compete irrespective of the tariffs. The tariff does not give you an advantage to a country like India that the customer will pay you 20% extra. No, that is not the truth. The truth is that the other customers will be barred into country, but you are not in a position to increase your prices by 20% because then you are going to be opening the gate for European manufacturers for entry into the business.

So when we are at INR600 crores, obviously, we have sort of stabilized with our plants, stabilized with our quality and stabilized with the deliveries. I think the European side and the American side is fairly going through a turmoil in terms of their automotive distribution. I think the continents are down anywhere between 13% to 25% based on country to country. And there are certain countries which are down 25% to 30% because of inflation and because of various factors that we have spoken.

And I'm fairly, very optimistic in terms of volumetric growth because raw material prices keeps on changing. And this trajectory has no way to go down irrespective of the situation, which are facing, and it is going towards that INR1,000 crores mark over the next 3, 4 years that I'm fairly very, very confident about by the way of existing customers, existing product lines and expansion into aluminum wheels and other OTR and AG segment wheels where we have already made the development and mass production to start in the next financial year.

Sarvesh Gupta:

Understood sir, all the best.

Moderator:

Thank you. The next question comes from the line of Chirag Shah from Whitepine Investment Management Private Limited. Please go ahead.

Chirag Shah:

My first question is with respect to the delays that -- if you can just give a summary of delays in terms of execution of some of the export orders because by this time, the export revenue should have been started kicking and alive in that sense, given some of the orders that were announced earlier. So what has happened in...

Management:

Chirag, can you please start a little bit early in the question. I think we skipped you out.

Chirag Shah:

Sir, I wanted to understand the delays in export business because we had at the end of Q4 FY '24 and we were expecting a significant ramp-up in exports, in fact even earlier because of the export order wins that we had, but it appears they have not really materialized the way you were hoping it to materialize. So just a rewind of what are the delays that have happened in the export orders for us in terms of OEM or the end customer not picking up their commitment in that sense?

Mohan Joshi:

No. I think last year, starting itself, we started this number of INR600 crores in terms of the top line that we anticipate, given the global scenario, which is there in terms of the recessionary fear in Europe and US. We are going to be ending up at INR550 crores, INR560 crores, INR570 crores somewhere there in terms of the numbers, which is at our raw material, which is close to 17%, 18% lower than last year, which is where the steel prices have dropped by close to INR10, INR15 across the board, and we are at the lowest point in past 4 years of steel.

So that impact has also come in, in terms of the eventual price. I think on the volume side, we are fairly doing good. As I said, there are segments where we are going to report record numbers, which is like alloy wheel, we are going to have the highest exports. And this trajectory has the potential to grow 40% to 50% next year also with the order book, which is already firm. This year, I believe that we are going to be -- how much we did last year? So I think 40% kind of a number can be coming in this financial year also in terms of the growth.

And there is a little bit of slowdown, which happened because of the Trump tantrum, where people were not clear what to do. And now Trump is in action in terms of the winning margin. And they are fairly very clear in terms of the tariff code that he's going to write today. 20 executive orders are expected as shared by the customers with us. So I believe that everybody is very clear that India is going to be skipping out of it. And China is definitely going to be coming into it and the actions will pronounce very large shift once these orders are clear tonight.

And maybe over 1-month, fairer picture will come in. Given that what happened in Trump one era with our business, I am fairly very confident that India as a country will grow very, very aggressively in exports towards America, given the tariffs are visible coming towards China and all.

Chirag Shah:

Okay. Second is on the OTR wheels you were seeing US and EU. Any clarity on that because you are expecting that there will be some clarity on how you want to look at this part of the business. This was also -- OTR, you set up a separate line for that. That was what you had indicated end of FY '24. Just taking an update. Is there anything happening on OTR wheel side?

Mohan Joshi:

So OTR and AG, both segments on the export side, I think this year, the AG segment of domestic side will again report a record revenue -- not revenue, record volume. Revenue cannot come because the raw material price changes here and there, but volumes are going to be record in terms of the company's history. I think export side, there are 17 SKUs where we have been selected and development is underway, where mass production of some of them have started in this year. Next year, more products are going to be coming on export side.

Recently, we have been nominated by some of the Korean as well as European OEMs for supplies in terms of the design as well as development as well as supply for agricultural wheel, which is going to be coming in phases from next financial year onwards. So this is a focus area where volumes are not very large in terms of the way that it happened in PV, but they are fairly large in terms of value as well as EBITDA accretion. And this is a focus area which is going to be adding relatively good value in financial year '25-'26 and onwards going ahead.

Chirag Shah:

And on the knuckle side, say, FY '26, what kind of visibility we have on revenue as of date?

Mohan Joshi:

As I said, in this financial year, the mass production has started from November. And in this current year, I believe -- I mean, I shared INR14 crores to INR15 crores worth of revenue. Next year, it is going to be INR80 crores for financial year '25-'26. Next to next year on the same capacity without expansion -- if expansion happens, obviously, the turnover will change. But without expansion, INR105 crores to INR115 crores is visible with double-digit margin. Margin clarity will be coming in Q4 when the capacities are running at close to 65% utilization.

And the capex guidance is expected from the customer for a 2 million plant by February, mid - let's anticipate February end. And 2 million worth of capex will trigger, which will take 11 months to 12 months in terms of execution and then mass supply. There are 7 RFQs, which are getting discussed, which are electric platform as well as ice platforms where steel knuckle to aluminum knuckle migration is happening, and we are going to be the highest gainer from this.

Chirag Shah: I think FY '26, you are looking at INR100 crores to INR115 crores of revenue?

Mohan Joshi: FY '26-'27 is 115cr, FY '26 80 crores.

Chirag Shah: INR70 crores to INR80 crores? Okay.

Management: INR80 crores.

Chirag Shah: Okay. And last thing is this per wheel EBITDA number because somebody asked the question earlier also, this INR260 plus/minus range is what we are there since last quite a few quarters. Is it right that unless alloy wheel ramp-up happens, this EBITDA per wheel will stay in this range and incrementally all alloy wheel or maybe OTR wheel ramp-up?

Management: Can you please put up the question once again?

Chirag Shah: I'm saying the EBITDA per wheel number is around INR250, INR260 a wheel. On a quarterly basis, if I look at, we had touched this number even earlier, INR260, then we went down to INR240. Now we are going back to INR260, okay? Further increase from this INR260 range will be driven only by alloy wheels and maybe higher value-add products like OTR...

Mohan Joshi: Alloy wheel is one of the contributor. Export is another contributor. And overall, better pricing and various initiatives that we have already discussed in previous calls are underway. As Naveen has said that INR260 is a base case that we are trying to go forward with. And trajectory looks like that over the next 2 years, we are going to be at INR275 to INR280, is what the intent is with all exports, all alloy, all knuckles coming into action in '26-'27. We believe that this EBITDA per wheel can and has definite potential to grow by 10%. And volume growth is obviously additional.

Chirag Shah: Yes. But this assumes the 5%, 6% kind of a volume growth? Because operating leverage also has to play out for you, right? There cannot be an operating leverage?

Mohan Joshi: Ex trump factor, we do not know what is the impact because it is going to be disastrous in terms of the upside. We have seen that in the past that suddenly the Korean businesses and the Chinese business and the Thailand business all goes for shutdown and everything gets dumped to India. But given that what is visible in front of us, I think 5% to 7% volume growth is fairly certain to be...

Chirag Shah: And lastly, there was some pressure coming from Thailand, Vietnam in the export market via Chinese guys. They were kind of dumping over there. So has the pressure reduced? Which was also affecting your export business in that...

Mohan Joshi: I think OEMs have also become smarter, and they are taking corrective actions because I believe that Europe side, there are no pressure. But from America, there's fairly very aggressive pressure of behaving and making rules of not taking offtake from people who are breaking rules. Else, all these guys, who are importing from them, will have serious consequences, which we are hearing from all our customers.

- Chirag Shah:** Ok great. Thank you very much.
- Moderator:** Thank you. The next question comes from the line of Abhishek, an individual investor. Please go ahead.
- Abhishek:** Thank you for the opportunity. I had a simple question about who is our like real competition in this space in India? Because I see your Slide #17, where there are 100% contribution in certain cars and at certain point in time, it is 50% contribution. So who is filling that 50% contribution according to you?
- Management:** This is for which segment you are trying for?
- Abhishek:** So for example, Tata Motors, your share is 50% for Tiger, 50% share in Altroz
- Mohan Joshi:** It depends on steel and alloy. So in alloy, we have Maxion, which is there, which is the second best, we are #1. And in Hyundai, we are close to 75%, 80% and balance is sometimes Rockman, sometimes Maxion, sometimes Minda. In Maruti, we are not there, and that offering is going to be the durability testing and everything is already done. We are anticipating the mass production starting from this financial year-end or maybe in the month of April or so, given that what is the process of Japan at Maruti.
- In Mahindra, we are at close to 75%-odd, I think, 75% to 80%. Balance a little bit is with Minda and a little bit is with Maxion. So at an industry level, we are at close to 34% to 35%. Minda is another 34% to 35% and balance every 4, 5 players are 30%. And there is a financial risk. There is business risk to two of the players in the country where the customers are making arrangements to shift their share of business to us, where discussions are already on. And those consequences will be seen in financial year '25-'26 to trigger extra volumes for us.
- Abhishek:** And sir, another question was on clientele. You have BMW, Jaguar, and those are very renowned brands, even Land Rover. So how do we see the business from them from current year? How much contribution are we getting from these clients?
- Mohan Joshi:** Maybe less than 1%.
- Abhishek:** Okay. Do we see some growth from here from this company?
- Mohan Joshi:** I think Stellantis is where we anticipate. There are 17 projects which we are under discussion. One has already been awarded to us to be delivered in next financial year in third quarter. 16 more projects are being discussed with Stellantis and VW Group, where the nomination will take maybe 1 or 2 months, maybe 3 months and delivery will be done in next financial year, Q3 or Q4. And that's when OEM business on steel as well as alloy wheel will be taking up a significant shape.
- Abhishek:** Understood sir, thank you sir.
- Moderator:** Thank you. The next question comes from the line of Nishant from Geojit. Please go ahead.

Nishant: So first question is on aluminum knuckles. Could you just, I mean, help us understand quickly what is the benefit for an OEM to adopt to this product compared to a steel knuckle?

Mohan Joshi: So steel knuckle to aluminum knuckle first is weight saving of close to 45% to 65% based on the size. And with CAFE norms coming into act, I think all the OEMs will be pushed to the corners to avoid those CAFE norms and negative penalty in the European side if they are exporting. So light-weighting the car is the basic agenda and improving your fuel efficiency is going to be the basic agenda.

And then mechanical properties are far better in terms of this segment. And this is one area which is visible. And because of the Class 1, X-ray clearance, the defect rate is fairly 0 in this segment. The price-wise, I think, there's a little bit of difference. But when it talks about weight, every car saves close to 15 to 16 kgs, 18 kgs also on midrange and close to 25 kgs on the bigger range in terms of the vehicle weight.

And if that is to the target of close to 150 to 180 kgs that they have to save over the next 2.5 years, I think we, as single product can reduce maybe 10% to 15% of that target. So this is one area which is going to be coming in, which is fairly very pivotal.

Alloy wheel is second target, which is obviously there, but there are challenges because of styling and because of strength that they are not able to reduce too much, where because of the technology that we have introduced in this financial year, we are giving them a saving of close to 2.5, 3 kgs. So put together, it's going to be close to 18 to 20 kgs per vehicle as a minimum saving of weight. And this is I think much more than the price or something else, right?

Nishant: Okay. So what would be the approx. weight for this aluminum knuckle product?

Mohan Joshi: Close to 4.5 kg -- 4.2, 4.5 kg for the product that we are serving. Obviously, the weight ranges from 3.5 kgs to 9 kgs also.

Nishant: Okay, close to 4, 4.5 kgs. And since you mentioned that weight saving of around 18 to 25 kgs, I'm assuming there would be more than 1 knuckle that would fit in a car, right?

Mohan Joshi: So every car has 2 knuckles minimum and 4 knuckles maximum.

Nishant: Okay. Every car has 2 to 4 knuckles? Okay. And...

Mohan Joshi: So fact is that there are 5 million cars, okay? There are 4 knuckles into 0.15 is close to 3 million knuckles into 2,500 is an opportunity that we are trying to step as we are speaking. It is INR750 crores as a minimum, which is bare minimum weight. As soon as the car goes higher, higher, this weight increases and the price increases.

So when you talk about a car, which is, say, a heavy SUV like a Fortuner or something, there, the weight is going to be higher at 6.5 kgs and the price is also going to be at INR3,500 to INR4,000. So this is what we are trying to anticipate over the next 3 to 5 years. And this is minimalistic given that the global trends are between 75% to 80% penetration.

- Nishant:** Yes. But are we seeing any export opportunities for this product or the current orders are only for domestic?
- Mohan Joshi:** With the OEM, there is an opportunity which is for supplying close to maybe a very large quantity per month, which asks for a capex, and it is 100% exports.
- Nishant:** Okay. Fair enough.
- Mohan Joshi:** So there are 5 OEMs which are sitting in India as we speak, which are having to relocate their purchases from China to Europe to US and concentrate on India as a transfer of technology as well as transfer of manufacturing capability. And over the next 2 years, target is to export from here in the numbers worth close to USD3 billion. So in which many commodities are coming, whoever is successful, we can target that. All these are new commodities. And for the first time, we are trying to do it, and I think there is opportunity for everybody.
- Nishant:** One more question. Are there any plans to further diversify our products away from alloy wheels and aluminum knuckles? Are there any other product pipelines that we have?
- Mohan Joshi:** So there are 3 things which we are trying to work upon based on success. I'm not very fairly sure about it. But these are products towards futuristic metal technologies, where some strategic discussions are going on. But yes, it is at a very preliminary stage. But as of now, what we are trying to do is our capex direction towards becoming from a 5 million plant of alloy wheels to a 10 million over the next 5 years. That is one.
- Then we are trying to work upon from 0.5 million knuckles to close to 2.5 million knuckles, that is second, from tractor and CVs on the steel side, where expansion is already underway. These things are going on to take this trajectory of turnover up from INR5,000odd crores to close to INR7,000 crores to INR8,000 crores in terms of the overall revenue in next 5 years.
- Nishant:** That was very helpful sir. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Aditya Khetan from SMIFS Institutional Equities. Please go ahead.
- Aditya Khetan:** Thank you sir for the follow up. Sir, I just had a bookkeeping question. Sir, what was the revenue for the aluminum knuckles during the quarter? And you had also mentioned the volume figure that it operated at around 60% utilization levels. So just wanted to clarify.
- Mohan Joshi:** No. First of all, I never said this is 60% -- it is close to 90% utilization as we are talking about. Naveen, can you tell the 9-month numbers?
- Naveen Sorot:** Around INR2 crores. Revenue? Revenue is around INR2 crores...
- Mohan Joshi:** No, aluminum wheels.
- Naveen Sorot:** Aluminum wheel or aluminum knuckles?

Aditya Khetan: Knuckles.

Mohan Joshi: So first, this is the third quarter where we were utilizing this capacity at close to 35% utilization. And second, the Q4 is working at close to 65% to 70% utilization, including January.

Aditya Khetan: Okay. And sir, the revenue?

Naveen Sorot: Revenue for Q3 for knuckles is around INR2 crores.

Aditya Khetan: INR2 crores? Okay.

Mohan Joshi: What is going to happen is that this month alone, which is Q4 first month, I think we are anticipating this numbers to be at a run rate of minimum, I'm talking about. At a run rate of INR3 crores, INR3.5 crores per month. Next month it is going to be further higher. Fourth month is going to be further higher. So 16,000 is the capacity, and we believe that this is going to be fully hit by March, April.

The second capacity is going to be coming in by June or so. And from July, 16 plus 16, 32 numbers is going to be there. So all will be sold out with a bottleneck capacity of 35,000, which we anticipate to be fulfilled by Q3 end, which is December and fully blocked for next financial year, which is 36,000 per month in terms of '26-'27, fully sold out. This is excluding capex that we are going to be doing and planning in financial year '25, '26.

Aditya Khetan: Got it. Sir, on FY '27, like you had mentioned that from this business, we will be getting around INR115 crores of top line. And the market size also, you mentioned that was close to around INR1,000 crores. So a 10% market share....

Mohan Joshi: What I said is that we are at a situation where the share of businesses of knuckles is going to be fluid, right? So 15%, 20% market share that I anticipate. I anticipate that the average price is going to be here. If the average rate increases, obviously, the price will also increase. But at 15%, 20% market share of this segment, which we are anticipating, the potential of the revenue for the industry is close to INR1,000 crores.

Aditya Khetan: So sir, just wanted to know, apart from us, so who are the other players like who are capturing 80%...

Mohan Joshi: On the aluminum slide, there is nobody all are imports right now. But obviously, there are players which can get into it. And two of the players have entered, but they failed to match up the delivery time lines, the development time lines and the technical capability. So opportunities are there for everyone and anybody and everyone, and we are not working on the competition.

I think we are working on a global platform where we are going to be proving ourselves with the best of the OEMs in domestic market, prove them for 1 year, 2 years and then take the pedestal to the export side, which is a very, very large market for this area.

- Aditya Khetan:** Got it. Sir, just one last question, sir. Is it possible to break up the volumes of our steel and alloy wheels both into the 2-wheeler, 3-wheeler, CV and PV? The breakup, sir?
- Pranav Jain:** Breakup you need for the quarter or for the 9 months?
- Aditya Khetan:** For the quarter.
- Pranav Jain:** For the quarter.
- Mohan Joshi:** I think you can take it separately. I think via SGA, you can take it. No problems.
- Moderator:** Thank you. Ladies and gentlemen, we take the last question from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.
- Sarvesh Gupta:** Thank you for the follow up. Sir, one thing is your employee cost, if I look at it has been sort of rising quite significantly from FY '22 onwards...
- Management:** Can you please be a little louder? The voice is not understood.
- Sarvesh Gupta:** The employee cost, that portion has been increasing at a very, very fast clip in the last 2, 3 years. So any particular reason behind it? And do we expect that to taper down or the increase has already been...?
- Mohan Joshi:** I think we gave clarification on this employee cost earlier also. I think first was the reclassification of the cost that we spoke about. The second thing was the investment on the R&D side that we are trying to do over the last 2 years because there are so many new businesses that we are trying to work upon.
- And I believe on the employee side, we are among the best in the industry. There is nobody who is at the level that we are trying to work upon at 8% to 9%. It should not be taken as granted to not work upon it and continue to compete and be the best.
- I think that we are at INR90 crores something, which is at 8% to 9% of the revenue, with a company which is working on multiple sites, and potential of this is very, very large that there are capacities for which we are preparing ourselves in terms of the top line and the revenue as well as the volume.
- And this strength of employee, which is from R&D to managerial capability, to IT, to systems, to quality, these are necessary for the A category customers to be classified. I believe that we are in for 6,000, 7,000, 8,000 kind of a game where only variable costs will move and fixed costs will tentatively remain the same, is where we are trying to work upon.
- Sarvesh Gupta:** Understood, sir. And since you mentioned about all these tariffs which might play in our favor. So for the products in aluminum knuckles as well as your alloy wheels, is China a major exporter to the kind of business that we are doing? So China is that the primary competition?

- Mohan Joshi:** China is definitely the largest competition in the alloy wheels. I'll not talk about steel wheels, but alloy wheels is obviously very big. They are 30% or 40% of the global suppliers, not from China, but from rest of the world. And their appetite is very different. Their objective is not profitability. Their objective is to convert bauxite into aluminum wheel and get forex.
- And with competition in place, which is without tariffs, I think on alloy wheel side, we are decently placed as a double-digit margin and compete with them in Europe as well as in America. And I think that's a great sign to compete with such a large giant with such a small company of ours and improving on technology and improving on other deliverables will definitely give us an edge.
- Sarvesh Gupta:** So I mean, in case there are tariffs being put on China, then of course, it will be advantageous for us.
- Mohan Joshi:** Tariffs are already there, but we do not get an advantage of tariff. And I think that is not fair, that suddenly the tariff goes up and you start charging customers differently. I think we should be happy that what we are getting is a decent margin where our factor of safety is ensured, our ROCE is ensured and customer delight should be the first focus. And that is where our focus is. I think margin accretion by blackmailing is not the right study. We don't work upon that.
- Sarvesh Gupta:** Okay. And finally, you have mentioned something about, I think one of the questions was related to the proportion of the wheels that we are selling to luxury brands like a BMW or a Jaguar. Now a lot of local sourcing is happening in these luxury cars also. So since you mentioned like you are 50% of, let's say, Tata, Mahindra. So what will be your market share amongst some of these luxury brands in India?
- Mohan Joshi:** I don't know in terms of luxury brands, but as we take domestically, I think we share our business domestically with all these segments and for alloy wheels separately and, what you call, steel wheels separately. And segment-wise, bifurcation is given for the public for business sensitivity and I believe that we will restrict ourselves towards that stand.
- Sarvesh Gupta:** No. For example, you have given the share of business that you have for Hyundai Creta, etcetera. So similarly, are there some models in the luxury space, let's say, a Mercedes E-Class. Can you share some market share data on that? Or what you have?
- Mohan Joshi:** So what is the luxury segment that you are talking about in India? Which segment are you talking about in terms of the car manufacturers?
- Sarvesh Gupta:** German cars, INR50-lakh plus?
- Management:** For India?
- Sarvesh Gupta:** Yes.
- Mohan Joshi:** I think that share will not matter too much because eventually, they sell 40,000, 50,000 cars per year. So I don't think so that we are supplying to BMW, because they are not taking the wheels

from India. They're all imported wheels, and they are forged wheels from a different technology. And that is not the scale that we are trying to. We are a very, very large manufacturer, which is not for this kind of cars, which is fairly very less in terms of numbers.

Sarvesh Gupta: Thank you and all the best for the coming quarters.

Moderator: Thank you. Ladies and gentlemen, I now hand the conference over to the management for their closing comments.

Pranav Jain: Thank you. I hope we have been able to answer most of your queries. We look forward to your participation in the next quarter. For any further queries, you can contact our relationship adviser, SGA. Thank you.

Moderator: Thank you. On behalf of Anand Rathi Share and Stock Brokers Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.