

Steel Strip wheels Ltd. (SSWL)

Nifty: 24,574 CMP: Rs. 218 Target Price: Rs. 272 Rating: BUY

Components & Equipments

SSWL's Q1FY26 revenue rose 16% YoY to INR 1,187 crore, but declined 4% QoQ, reflecting CV segment challenges, seasonal PV shutdowns, and cautious US demand. EBITDA advanced 8% YoY to INR 122 crore, with a 10.2% margin, down 78 bps YoY, pressured by higher aluminium and steel costs and front-loaded maintenance, spares, and consumables expenses. PAT grew 16% YoY to INR 47 crore, driven by a lower tax rate, but margins stayed flat as depreciation increased due to capex for alloy wheel expansion and the high-growth aluminium knuckle business. Exports soared 30% YoY to INR 160 crore, comprising 13.4% of total revenue.

Segment wise Performance Overview:

- Alloy Wheel (PV):** Despite domestic slowdown, this segment grew with strong export demand leading to higher realizations, increasing its revenue share from 29% in Q1FY25 to 35%.
- Tractor Segment:** Showed decent growth supported by favourable monsoons, strong export orders, and rising domestic demand.
- CV Segment:** Underperformed this quarter potentially due to front-loading purchase effect prior to AC cabin mandate in October 2025.
- Aluminium Knuckle:** Delivered a strong first full quarter after Q3 FY25 commercialization, selling 50,000 units and generating INR 13.2 crores in Q1 FY26, surpassing FY25's INR 11 crores revenue.
- Export:** Growth was witnessed in both the steel and alloy wheel segments. The diversification strategy helped reduce dependence on the US market from 70% in FY24 to 52% in Q1 FY26. Incremental growth was primarily driven by the European region and South America.

European Expansion Boosts Order Book:

SSWL has secured INR 300 crores worth of new steel wheel orders from European OEMs, following the establishment of its wholly-owned EU subsidiary. Notably, this order is equivalent to approx. 30% of the company's typical quarterly revenue, marking a significant milestone in its international growth strategy. With Indian operations offering cost advantages of 20-25% in energy and manpower, the company is gaining traction as OEMs shift production outside Europe.

Operational Efficiency Remains Strong:

SSWL has maintained healthy utilization levels across key steel wheel plants 80-85% at Chennai, Jamshedpur, and Mehsana, and 70% at Dappar. Additionally, the company has reallocated 0.5 million units of AMW capacity to Jamshedpur and plans to add another 0.5 million units by September-October 2025 to support growth in the CV segment.

Product Mix Shift Toward Premium & Lightweight Components:

Alloy wheels continue to dominate growth in the PV segment, cannibalizing steel wheels. The LCV segment is witnessing rapid expansion, supporting demand for steel wheels. The aluminium knuckle business is scaling up well, and new component development (lower/upper control arms) is underway, with RFQs currently under discussion.

Capacity Expansion Supporting Strong Operational Performance:

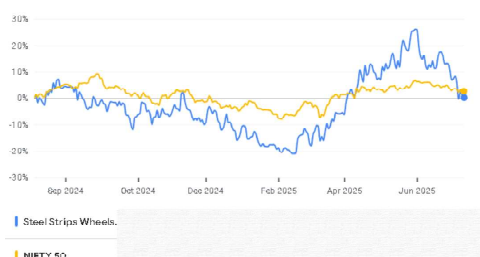
SSWL is focused on expanding capacities for alloy wheels and aluminium knuckles to capture growth opportunities. This expansion complements the company's strong operational efficiency, with key steel wheel plants running at 70-85% utilization. Additionally, 0.5 million units of AMW capacity have already been transferred to the Jamshedpur plant, with plans to add another 0.5 million units by September-October 2025 to bolster growth in the commercial vehicle segment.

Outlook and Valuation:

SSWL is poised for impressive revenue growth in FY26, supported by strong export traction amid turbulent domestic sales and an improving product mix led by alloy wheels and aluminium knuckles, which are contributing significantly to revenue expansion. Additionally, an expected recovery in the commercial vehicle and tractor segments domestically will further support growth. Key capacity expansions are backed by confirmed orders, while margin recovery is anticipated as input costs normalize. Diversified global expansion also helps the company mitigate overdependence on the US, as validated by the significant European order. With controlled leverage and improving profitability, current valuations appear attractive relative to growth visibility. Accordingly, we estimate the company's Revenue/EBITDA/PAT to grow at a 9%/12%/12% CAGR over FY25-FY27E and assign a **BUY** rating with a target price of **INR 272**, valuing the stock at 15.3x FY27E EPS and 17.8x FY27E P/E.

Shareholding (%)	Dec-24	Mar-25	Jun-25
Promoters	61.0%	61.2%	61.2%
FII's	6.8%	6.7%	7.9%
DII's	4.9%	5.1%	5.3%
Others	27.3%	27.0%	25.7%

Relative Price Performance



Key Data	
BSE Code	513262
NSE Symbol	SSWL
Bloomberg Code	SSW IN
Reuters Code	STWS NS
Shares Outstanding (mn)	157
Face Value	1
Mcap (INR bn)	34
52 Week H/L	280/167
2W Avg. Qty.NSE	2,19,655
CMP	218
Beta	0.4

(RS. Cr.)	FY24	FY25	FY26E	FY27E
Net Sales	4,357	4,429	5,033	5,295
Growth (%)	8.0%	1.7%	13.6%	5.2%
EBITDA	478	487	556	613
EBITDA Margin	11.0%	11.0%	11.1%	11.6%
Reported PAT	675	195	199	245
PAT Growth (%)	13.1%	-71.1%	2.1%	23.1%
Net Profit Margin	15.5%	4.4%	4.0%	4.6%
Debt/Equity	0.8	0.6	0.4	0.3

Components & Equipments

Quarterly Financials (Consolidated)

Rs. in Cr.	Q1FY26	Q1FY25	Q4 FY25	% Chg (YoY)	% Chg (QoQ)	FY25	FY24	% Chg (YoY)
Revenue	1,187	1,025	1,234	15.8	-3.8	4,429	4,357	1.7
RM Cost	771	664	818	16.1	-5.7	2,858	2,836	0.8
Employee Cost	102	90	98	13.5	4.7	380	358	6.1
Other Expenses	192	158	184	21.4	4.3	707	699	1.0
Total Expenditure	1,065	912	1,100	16.8	-3.1	3,945	3,894	1.3
EBITDA	122	113	134	7.5	-9.4	484	464	4.5
Depreciation	32	29	28	13.7	17.5	111	104	6.6
Other Income	1	1	1	-38.1	-20.4	3	14	-76.8
EBIT	90	86	108	4.8	-16.4	376	373	0.9
Interest	29	31	29	-7.5	-2.3	117	103	14.2
Exceptional Items	-	-	-	-	-	-	473	-100.0
PBT	61	55	78	11.8	-21.7	259	743	-65.2
Tax	14	14	17	-	-20.1	64	69	-7.3
Profit After Tax	47	41	61	15.8	-22.2	195	675	-71.1
Equity	15.7	15.7	15.7	0.0	0.0	156.9	156.9	0.0
Face Value	1.0	1.0	1.0	0.0	0.0	1.0	1.0	0.0
EPS	3.0	2.6	3.9	15.8	-21.8	12.4	43.1	-71.1
% of Sales				bps	bps			bps
RM Cost	65.0	64.8	66.3	20.3	-132.6	64.5	65.1	-55.7
Employee Expenses	8.6	8.8	7.9	-17.1	69.9	8.6	8.2	36.0
Other Expenses	16.2	15.4	14.9	75.0	125.5	16.0	16.1	-9.6
EBITDAM (%)	10.2	11.0	10.9	-78.2	-62.8	10.9	10.6	29.3
PATM (%)	4.0	4.0	4.9	0.2	-93.8	4.4	15.5	-1107.6

Components & Equipments

Financials

Income Statement

Y/E Mar (RS. Cr)	FY24	FY25	FY26E	FY27E
Revenue	4,357	4,429	5,033	5,295
Cost of goods sold	3,683	3,733	4,224	4,433
Selling & Distribution Expenses	210	212	255	263
Operating Profit	464	484	554	599
Other income	14	3	2	14
EBITDA	478	487	556	613
Depreciation	104	111	187	199
EBIT	374	376	369	414
Interest & Fin Chg.	103	117	100	83
Extraordinary Income/(Expense)	473	0	0	0
PBT	744	259	269	331
Tax	69	64	70	86
PAT	675	195	199	245

Balance Sheet

Y/E Mar (RS. Cr.)	FY24	FY25	FY26E	FY27E
Total assets	2,645	2,783	2,832	2,925
Net Block	1,628	1,979	1,992	1,993
CWIP	363	100	100	100
Investments	3.7	3.7	3.7	3.7
Working Capital excluding cash	608	676	623	652
Cash / Bank balance	26	27	113	177
Misc. Assets	0	0	0	0
Capital employed	2,645	2,783	2,832	2,925
Equity capital	16	16	16	16
Reserves	1,427	1,606	1,791	2,021
Pref. Share Capital	0	0	0	0
Minority Interests	0	0	0	0
Borrowings	1,102	927	777	626
Def Tax Liabilities	101	234	248	262

Key Ratios

Y/E	FY24	FY25	FY26E	FY27E
Profitability(%)				
Gross Profit Margin	15.5	15.7	16.1	16.3
Operating Profit Margin	10.7	10.9	11.0	11.3
EBITDA Margin	11.0	11.0	11.1	11.6
Net Profit Margin	15.5	4.4	4.0	4.6
Return on Assets	25.5	7.0	7.0	8.4
Return on Equity	46.8	12.0	11.0	12.0
Solvency(x)				
Debt-to-Equity	0.8	0.6	0.4	0.3
Debt-to-Assets	0.4	0.3	0.3	0.2
Interest Coverage Ratio	3.6	3.2	3.7	5.0
Efficiency Ratio				
Asset Turnover Ratio	1.7	1.6	1.8	1.8
Fixed Asset Turnover Ratio	2.7	2.2	2.5	2.7
Working Capital Turnover Ratio	7.2	6.6	8.1	8.1
Valuation Ratios (Rs)				
Earnings Per Share	42.2	12.2	12.4	15.3
Book Value Per Share	89.5	101.6	112.9	127.3

Cash Flow

Y/E Mar (RS. Cr.)	FY24	FY25	FY26E	FY27E
Sources	1,047	249	236	291
Cash profit	882	424	488	527
(-) Dividends	16	16	16	16
Retained Earnings	866	408	472	512
Change in Reserves	-353	0	0	0
Borrowings	361	-175	-150	-151
Others	173	16	-86	-69
Applications	1,047	249	236	291
Capex	945	200	200	200
Investments	0	0	0	0
Net current assets	104	68	-52	28
Change in cash	-2	-18	89	63

Components & Equipments

Analyst Certification of Independence: The analyst(s) for this report certifies that all the views expressed in this report accurately reflect his or her personal views about the subject company(ies) or issuers and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Arete Securities Limited, and have no bearing whatsoever on any recommendation that they have given in the Research Report. Disclaimer and Disclosures as required under SEBI (Research Analyst) Regulations, 2014: Arete Securities Limited (hereinafter refer as Arete Securities) and its affiliates are engaged in investment banking, investment advisory, stock broking, institutional equities, Mutual Fund Distributor and insurance broking. Arete Securities is a SEBI registered securities broking Company having membership of NSE and BSE for Equity, Future & Option, Currency Derivatives segment and Wholesale Debt Market. The Company is focused primarily on providing securities broking services to institutional clients and is empanelled as an approved securities broker with all the major Nationalised, Private and Co-operative banks, Corporate houses, Insurance Companies, Financial Institutions, Asset Management Companies and Provident Fund Trusts. Details of affiliates are available on our website i.e. <http://www.aretesecurities.com>. Arete Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. Vide SEBI Reg. No. INH00002615.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in the last five years. We have not been debarred from doing business by any Stock Exchange/ SEBI or any other authorities, nor has our certificate of registration been cancelled by SEBI at any point of time.

General Disclosures: This Research Report (hereinafter called "report") has been prepared by Arete Securities and is meant for sole use by the recipient and not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, (as defined under section 2(h) of securities Contracts (Regulation) Act.1956, through Arete Securities nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments.

This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by Arete Securities to be reliable, although its accuracy and completeness cannot be guaranteed. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. Any review, retransmission or any other use is prohibited.

The information, opinions, views expressed in this Research Report are those of the research analyst as at the date of this Research Report which are subject to change and do not represent to be an authority on the subject. While we would endeavour to update the information herein on a reasonable basis, we are under no obligation to update the information. Also, there may be regulatory, compliance or other reasons that prevent us from doing so. Hence all such information and opinions are subject to change without notice.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

This Research Report should be read and relied upon at the sole discretion and risk of the recipient. If you are dissatisfied with the contents of this complimentary Research Report or with the terms of this Disclaimer, your sole and exclusive remedy is to stop using this Research Report. Neither Arete Securities nor its affiliates or their respective directors, employees, agents or representatives shall be responsible or liable in any manner, directly or indirectly, for the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Arete Securities may have issued other reports in the past that are inconsistent with and reach different conclusion from the information presented in this report.

Arete Securities, its affiliates and employees may, from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report.

The user should consult their own advisors to determine the merits and risks of investment and also read the Risk Disclosure Documents for Capital Markets and Derivative Segments as prescribed by Securities and Exchange Board of India before investing in the Indian Markets.

A graph of daily closing prices of securities is available at www.nseindia.com and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>. (Choose a company from the list on the browser and select the "three years" icon in the price chart).

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject Arete Securities or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially, USA, the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of Arete Securities.

List of Associates as per SEBI (Research Analyst) Regulations, 2014

Statements on ownership and material conflicts of interest, compensation - Arete and Associates

Disclosure of interest statement	Yes/No
Arete Securities/its Affiliates/Analyst/his or her Relative financial interest in the company	No
Arete Securities/its Affiliates/Analyst/his or her Relative actual/beneficial ownership of more than 1% in subject company at the end of the month. Immediately preceding the date of the publication of the research report or date of public appearance	No
Investment banking relationship with the company covered	No
Any other material conflict of interest at the time of publishing the research report	No
Receipt of compensation by Arete Securities or its Affiliated Companies from the subject company covered for in the last twelve months:	
• Managing/co-managing public offering of securities	
• Investment banking/merchant banking/brokerage services	
• products or services other than those above	No
• in connection with research report	
Whether Research Analyst has served as an officer, director or employee of the subject company covered	No
Whether the Research Analyst or Research Entity has been engaged in market making activity of the Subject Company;	

For statements on ownership and material conflicts of interest, compensation, etc. for individual Research Analyst(s), please refer to each specific research report.

Arete Securities Ltd: Mittal Court, A-Wing, 10th Floor, Nariman Point, Mumbai - 400 021, Tel. No. : +91-022-4289 5600, Fax: +91 (22) 2657 3708/9

For More Information Visit Us At : www.aretesecurities.com

Arete Securities Ltd.

ARETE SECURITIES LTD	SEBI Reg. Nos.
NSE Capital Market	INZ000241036
NSE Future & Option	INZ000241036
NSE Currency Derivatives	INZ000241036
NSE Future & Option	INZ000241036
BSE Cash	INZ000241036
BSE Wholesale Debt Market	INZ000241036
BSE Currency Derivatives	INZ000241036
NSDL DP	DP ID IN303680
Research Analyst	INH100002615
Merchant Banker	INM000012740
Investment Advisor	INA000014614