STEEL STRIPS GROUP

STEEL STRIPS WHEELS LTD.
CIN: L27107PB1985PLC006159
Head Office : ISO/TS16949 Certified
SCO 49-50, Sector 26,
Madhya Marg, Chandigarh 160 019 (INDIA)
Tel : +91 172-2793112, 2790979, 2792385
Fax : +91 172-2794834 / 2790887
Website : www.sswlindia.com

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BSE Limited
Department of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
BSE Scrip Code: 513262

The National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051
NSE Symbol: SSWL

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Transcripts of Conference Call (Earnings Call) - Analysts/Institutional Investors Meet

Dear Sir/Ma'am,

Please find enclosed the transcripts with respect to "Q2FY27 Financial Performance Conference Call (Earnings Call)" held with Analysts/Institutional Investors on 26.10.2026.

The aforesaid transcript is also available on the Company's website at https://sswlindia.com/investors/analysts-investors#transcripts-of-conference-call-with-analysts-institutional-investors

Kindly take the above on your records please.

Thanking you.

Yours faithfully,
For **Steel Strips Wheels Limited**

Kanika Sapra
Digitally signed by Kanika Sapra
Date: 2026.10.30 18:13:21 +05'30'

(Kanika Sapra)
Company Secretary & Compliance Officer

“Steel Strips Wheels Limited

Q2 FY27 Earnings Conference Call”

October 26, 2026

MANAGEMENT: **MR. DHEERAJ GARG – MANAGING DIRECTOR – STEEL STRIPS WHEELS LIMITED**
MR. RAHUL KUMAR – CHIEF FINANCIAL OFFICER -- STEEL STRIPS WHEELS LIMITED
MR. ADITYA DIXIT – EXECUTIVE DIRECTOR, INTERNATIONAL MARKETING AND OPERATIONS – STEEL STRIPS WHEELS LIMITED
MR. PRANAV JAIN – VICE PRESIDENT, FINANCE – STEEL STRIPS WHEELS LIMITED

MODERATOR: **MR. DINESH KUMAR – 360 ONE CAPITAL MARKET PRIVATE LIMITED**

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 26th October 2026 will prevail.

Moderator: Ladies and gentlemen, good day, and welcome to Steel Strips Wheels Limited Q2 FY27 Earnings Conference Call, hosted by 360 ONE Capital Market Private 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 on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Dinesh Kumar from 360 ONE Capital Market Private Limited. Thank you, and over to you, Mr. Kumar.

Dinesh Kumar: Good morning, everyone. On behalf of 360 ONE Capital Market, I would like to welcome you all to 2Q FY27 Earnings Call of Steel Strips Wheels 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 the call with brief opening remarks from the management team, both the quarter gone by, and then we will proceed to the Q&A session. I will now hand the call over to the management team. Over to you, sir.

Dheeraj Garg: Okay. Good morning, everyone. I hope you're all doing well and have had the opportunity to go through our financial results and the investor presentation, which has been already uploaded on the stock exchanges and our company's website.

I'm pleased to share that the second quarter of financial year '27 was the strongest quarter in the company's history with the highest ever quarterly revenue, EBITDA and PAT. This reflects our continued focus on strengthening our market position and creating sustainable long-term value for all our stakeholders.

Before I walk you through our performance, I would like to highlight that the Board has approved an interim dividend of INR1.50 per equity share. Now coming to our quarterly performance. Revenue grew 61% Y-o-Y to INR1,930 crores. Stand-alone EBITDA, including other income, stood at INR237 crores, up 107% Y-o-Y.

EBITDA margin improved to 12.3% from 9.6% in quarter 2 of last financial year. And EBITDA per wheel rose to INR404 from INR242 same quarter last year. This improvement was driven by a richer product mix with a higher share of aluminum wheels, continued cost optimization across all our factories and a higher contribution from exports.

In addition, as mentioned on the last call, we have received price revisions from customers for increase towards input costs other than raw material, which has further supported our margins. Profit after tax grew 209% Y-o-Y to INR119 crores, with PAT margin improving

to 6.2% from 3.2%.

Turning to our half year performance. Revenue for H1 stood at INR3,440 crores compared with INR2,387 crores in last year's same half, a growth of about 44%. Stand-alone EBITDA, including other income, stood at INR403 crores, up 68% Y-o-Y and EBITDA margin expanded to 11.7% from 10.1%.

EBITDA per wheel for the first half stood at INR362 per wheel. That was in the full 6 months of this financial year. Profit after tax for the half year was INR190 crores, up 115% Y-o-Y.

Now let me take you through our segment performance. The alloy wheel segment remained our key growth driver, contributing to about 45% of our total revenue for the quarter and about 42% for the first half year. Volumes reached approximately 12 lakh units in Q2 and 23 lakh units for the whole of the first half.

Volume growth was driven by premiumization in passenger vehicles and the rising share of EVs in India, while higher aluminum prices also supported revenue. Given increasing alloy wheel penetration and strong OEM demand, we expect this upward volume trajectory to continue.

Our aluminum knuckle business is progressing in line with our expectations. We remain focused on securing more customer approvals and scaling up commercial supplies. We believe this business will become an important growth engine over the medium term as lightweight aluminum components gain wider adoption across both ICE and electric vehicles.

The Commercial Vehicles segment delivered another very strong quarter and recorded the highest growth amongst all our segments across domestic and export markets. Truck wheel demand was supported by sustained OEM offtake, replacement demand and infrastructure-led activity. This marks a clear recovery from the weakness we saw in the second quarter of last financial year.

The Tractor segment performed steadily during the quarter and our market share improved from 43% to 45%. Demand was supported by increasing farm mechanization, healthy rural economic activity and a growing preference for higher horsepower tractors. We will continue to leverage our established customer relationships and manufacturing capabilities to meet the evolving requirements of tractor manufacturers.

In the Steel Wheel segment, we saw that there was an increased demand for high vent hole wheels. These are wheels that are similar looking to aluminum wheels, but are made out of steel. So the cost is much less than the aluminum wheel, and we are pursuing this opportunity wholeheartedly and gaining market share in this segment.

Coming to exports. After a soft first quarter, export revenue grew 69% Y-o-Y in Q2 to reach INR187 crores, taking H1 export revenue to INR314 crores, a growth of 16% Y-o-Y. This reflects the diversification we have undertaken over the last 2 years across Europe, Latin America and Asia, alongside our established presence in the United States. As discussed on our previous earnings call, we remain on track to exceed our FY27 export target of INR600 crores.

We remain focused on improving export volumes strengthening our customer mix and ensuring that our international business contributes meaningfully to both revenue growth and profitability.

Coming to our expansion in Bhuj, both the projects are progressing as planned. The aluminum wheel plant will add 1.2 million wheels of annual capacity, taking our total aluminum wheel capacity beyond 6.2 million. With our existing alloy wheel capacity running at near full utilization, this expansion is well timed.

The aluminum knuckle facility will have an annual capacity of 1.1 million units. We are on track to commence commercial production of knuckles in the last quarter of this financial year, and aluminum wheel start in early April of next year.

Moving on to capex plans. We expect a total expenditure of over INR600 crores in this financial year. INR420 crores is allocated to the Bhuj facility, INR120 crores will go towards increasing our tractor wheel capacity by almost 0.5 million tractor sets in Dappar, and approximately INR70 crores will go towards machineries replacement and automation, which is our big focus area now and has been for the last couple of years to increase our operational efficiency and strengthen our manufacturing capabilities.

On our greenfield expansion, rather, I would say, the Board has also approved subject to regulatory clearances, setting up of a state-of-the-art greenfield manufacturing facility at Sambhajinagar, Aurangabad.

The facility will manufacture alloy wheels and steel wheels for passenger car vehicles and OTR applications and will include also a hot stamping line for body structural parts of the car, which is again a part of our lightweighting strategy to enter businesses that call for lightweighting in cars. The total project outlay is estimated at about INR1,400 crores, and it's going to be spread over the next 60 months. And this will be funded by a mix of debt, internal accruals and also likely strategic investments from strategic partners.

Looking ahead, we remain confident about the rest of financial year '27. At the start of the year, we guided a top line growth of over 20% and EBITDA per wheel of more than INR310. Our first half performance has exceeded both, and we are extremely confident of having a very strong guidance for the remaining 2 quarters based on what we have achieved in the last quarter.

Demand across our domestic segments remain strong. Exports are recovering. And after the -- hopefully after a new trade deal with America, exports should actually exceed our expectations or our planned revenue this year.

Our priorities remain unchanged, operational excellence, expanding our premium and aluminum portfolio, growing exports, having deeper customer relationships and investing in automation and AI to improve our productivity.

With that, I would like to thank all our employees, customers, suppliers, shareholders and business partners for their continued trust and support. Now we are open for your questions, please.

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

Aditya Khetan: Congrats on a superb performance. Sir, just a couple of questions. Sir, first, when we look in this quarter, obviously, the per wheel EBITDA looks on to the higher side when we compare the history over the last few years. What do you see the sustainable number, sir, could be going ahead?

And also, sir, you had mentioned like in first half, we have got some INR183 crores of pass-on benefits. So suppose if we exclude that benefit, what would have been the EBITDA per wheel in first half? And what would be the sustainable number going ahead?

Dheeraj Garg: Let me, first of all, clarify this doubt in everyone's mind because this question is being raised by everyone. This INR183 crores supplementary invoicing is only based on raw material price changes, which are a pass-through. I've repeatedly made it clear to everyone that raw materials are a pass-through. The settlement takes longer.

So when we report our monthly numbers, those don't incorporate the increase in the selling price of steel or the purchase price of steel. As a result, the increase in selling price of our invoices. So number is nothing, but what was actually spent while we were doing all these manufacturing and sales activities in the first 6 months. So this is not to be conflated with an increase in EBITDA because this has no role to play in the EBITDA per wheel or overall EBITDA of the company. This is one.

And going forward, what we have seen, we have seen an EBITDA per wheel of INR404, and this is borne out all our bigger volume -- profit earner businesses for example, CV, which has grown in this -- in the first 6 months, it has grown 28% is the highest growth in terms of the domestic market is concerned for steel wheels.

But generally speaking, CV wheel, tractor wheels have been showing Y-o-Y growth. We

have seen exports growing remarkably, the knuckles business growing and to top it all, aluminum wheels business growing. So you have more and more cars requiring aluminum wheels, and we are at the forefront. So ex-Maruti, we have a very dominant market share.

We have more than 64% market share ex-Maruti. So you can see ex-Maruti, all the car companies that have done well have, in fact, increased the penetration of wheels in the portfolio. So that is the reason why we are running at almost 5 million capacity in aluminum. In fact, in this month, we will cross 5 million.

We have done a lot of -- necessity is the mother of invention. So we got more orders than we had capacity for, but we were able to debottleneck the factory. And you will be happy to note that we have increased our capacity by 10% in this month of October, we will cross 5 million. So it could be close to a number of 5.4 million annualized basis.

So one could assume that, yes, the capacity because of debottlenecking in aluminum has increased organically without having to spend much money or rather no money, and we've been able to increase the productivity by 10%, more or less. So going forward, these things, enhanced capacity output from Mehsana, increased demand for CV products, CV is on an absolute tier. And so this is all heralding and exports are doing great.

And so all this means that going forward, this EBITDA level of INR404 should be sustainable and perhaps we will exceed that depending -- I mean, for example, October has been a great month. If this trend continues in November and December, then obviously, we will have a much better number in EBITDA per wheel.

Aditya Khetan: Got it. Sir, on to the newer capex aligned of INR1,400 crores. Sir, is there any internal workings on the IRR for alloy wheels and steel wheels? And also, sir, like because this is a big number. So how much contribution would be from internal accruals, debt because already our debt is on to the higher side, any workings on that, sir?

Dheeraj Garg: So I mean, these projects are going to be highly profitable. First of all, let me put it this way. The IRR -- right now, I think what I've understood is that we've got an ROCE of 24% in the first 6 months of this financial year. And I think Sambhajinagar addition would only add to this number. So we would be looking at a higher than 24% return on capital employed.

So I think one need not worry about the return because we are getting close to the customer. We're getting into a business where freight plays a big role. And Maharashtra, as you know, is growing in terms of automobile investment and volume growth.

So I think this really brings a lot of operational leverage to us by being closer to the customer, plus the new investment that we're doing are going are to be much more automated than the previous investment.

And so this would mean that we would be able to bring our costs down and become even more competitive in the market in India. So I'm very, very confident that we will better what we are right now getting on ROCE.

Aditya Khetan: Sir, just one more follow-up on to the last answer, you mentioned on the per wheel of INR400 that is sustainable. But sir, considering the benefits we have received in first half, you see like these benefits will continue even for FY28.

And whatever sort of capacity expansions we are doing, that is fine. But still this number looks on to the much higher side, INR400 per wheel. So what is the confidence, sir, we are building like this number can be sustainable or a realistic number also would help, sir, for the next 2 to 3 years?

Dheeraj Garg: Listen to me. How are you saying that special circumstances were prevalent in the first half this year? What is your premise here?

Aditya Khetan: Because sir, we are finding like this pass-on of RM pricing that has helped to boost the per wheel and also...

Dheeraj Garg: No, sir, you are absolutely mistaken. I told you repeatedly that the raw material is a pass-through. So I don't want to repeat myself again on this. So there are no special circumstances in the first half. So please, I don't know how you're getting this impression.

Aditya Khetan: Okay. Got it. So this number would be sustainable. Like sir, you mentioned some INR400 per wheel, that could be sustainable.

Dheeraj Garg: That's based on operational efficiencies and higher volume growth. As I told you, we've been able to unearth 10% more capacity in the alloy wheel business. That should be a great sign for profitability growth per wheel.

Aditya Khetan: Got it. Sir, for FY28, just one last question.

Moderator: Mr. Khetan, there are others who are waiting for their turn. I would request you to kindly rejoin the queue. We'll take the next question from the line of Aaryan from Aequitas Investments.

Aaryan: Congratulations, sir, for the results. So just wanted to understand more on alloy wheels. You mentioned that you have a very good market leadership in India. But I think a growth lever for us is, of course, exports. So exports, like if you could just give some kind of color on what is our global market share or global standing in the global market?

Who are the other companies -- global companies which we complete with? What is the price differential? What is the technology or the product specification differential where we can come ahead or where we can compete? So just some color on that.

Dheeraj Garg: No, I'm not able to follow what your question is. Can you summarize what your question is?

Aaryan: So global market alloy wheels, competitive intensity, which are the players we compete with and price competition and these product-specific competition?

Dheeraj Garg: Okay. So for the aluminum wheels, the majority of the competition is based in Turkey. And Turkey, we are much more competitive than Turkey and with not only in manufacturing costs, but also in logistics, we are very competitive, notwithstanding what's happening right now in the Hormuz. But generally, our freight from India are very competitive compared to Turkish exports to Europe, for example.

So we have a good competitive edge on the cost front. And in terms of quality, you have to match global standards. There is no other way. So it's not a differentiator. It's an absolute requirement if you have to sell aluminum wheel in the export market. So I think that should answer your question.

Aaryan: So what is the qualification cycle here? And do you not face any competition from China?

Dheeraj Garg: Qualification of what?

Aaryan: Time taken for qualification. So once you have given the product, how much time does it take to get onboarded?

Dheeraj Garg: Yes, about 9 months. After you win the business, it's about 9 months' cycle for a new program.

Aaryan: And no competition from China yet?

Dheeraj Garg: No, China, there is anti-dumping duty on Chinese wheels exports. So China is out of the market. We are competing in America, but we don't supply to America.

Aaryan: Okay. Why don't you supply to America? It is a geographical issue.

Dheeraj Garg: No, no, because of the Chinese competition.

Aaryan: Okay. Okay. So China supplies to America. All right. And just wanted to understand more on the hot stamping capex, which we are doing. So what is the competition here? And what exactly value we'll be adding? Is it synergies with the other products which we have or...?

Dheeraj Garg: So the thing is the customers are the same. The buyers and the customers are the same or similar. So they're looking for strong suppliers. And this is a new business that is going to grow globally also. It is a new technology to lightweight the cars and with electrical vehicles and generally CAFE norms, you need to have lighter vehicles.

So more and more cars are requiring the structural parts to be made out of hot stamping

process. Because the hot stamping process brings the weight down of the part. And since our customers are going to be in Nagpur or Nashik, we will be very close to the customer by putting this investment.

So we obviously are making this investment for a specific customer. We are not just shooting in the dark that we'll stick somewhere. We are doing this because the customer has asked us to set up this factory.

Aaryan: And what is the competition here? Are there any other auto anc companies already doing this at the scale which you want to do?

Dheeraj Garg: Yes. There is a company called Gestamp, which is a multinational, multibillion-dollar group out of Spain, and they are our competition. And there are other players also. JBM is also getting into it. And there's 2 more players, Autogen from Korea.

But there's enough market for competitive players. People who have good technology, who have good process controls, who have good execution capabilities. These companies are always in demand for such new investments.

Aaryan: And what is the fixed asset turnover for this kind of capex in the hot stamp?

Dheeraj Garg: So I think we are targeting INR170 crores, all including land building, etcetera, and this. And we should hit a turnover of close to INR400 crores on this investment.

Moderator: The next question is from the line of Ansh Gupta from Niveshaay.

Ansh Gupta: Am I audible?

Dheeraj Garg: Yes.

Ansh Gupta: Congratulations for good set of numbers. My first question was on the margin side. As promised, what is the margin gap between steel alloy and knuckle side?. And excluding the INR140 crores reimbursement that we got in the Q2, what is the EBITDA per wheel in the revised FY27 guidance?

Dheeraj Garg: Ansh, I've already clarified this question in the beginning. That 140 -- the supplementary invoicing has no bearing on the EBITDA.

Ansh Gupta: Okay. Sir, can you give the margin gap between steel alloy and knuckle side?

Dheeraj Garg: So I can say that the aluminum segment, which comprised of aluminum wheels and aluminum knuckle is about 40% more than the steel segment, the EBITDA per wheel. So more or less, I can't reveal to you the exact numbers in each segment. But I can tell you that, that's more or less the ratio.

Ansh Gupta: Okay. Understood. My next question was on the SOB side. Shares fell at the Escorts, HMSI and Tata Alloy side this quarter. Was that because of the capacity limit? Or did you lose on price? And does it come back after Bhuj?

Dheeraj Garg: Man, I don't know what your question is again. What are you assuming?

Ansh Gupta: Yes. So my question was on the SOB side. Shares fell at Escorts, HMSI and Tata Alloy side this quarter. Was that because of a capacity limit? Or did you lose on the price?

Dheeraj Garg: The share of business -- in Tata background, I don't think we have lost any share of business, but perhaps in the presentation, it's not clear. One second. So our overall tractor share market share has gone up by 2 points. I mean we have gone to 45%. I don't know why are you assuming that we lost market share in Escorts.

Ansh Gupta: Yes. Sorry sir. And last question, where do you see the export versus domestic revenue mix in 2 to 3 years? Can SSWL become India's largest alloy wheel exporter? And how much of this is exports?

Dheeraj Garg: Yes. I think the last question is quite relevant that yes, we already are the largest, and we will become a major supplier of aluminum wheels to the international market. And so far as ratio is concerned, I think all businesses are going to grow. So ratio I cannot spell out. But for sure, we will target in 3 years' time an export of at least INR1,500 crores, if not INR2,000 crores, but INR1,500 crores is visible in 3 years' time for us.

Ansh Gupta: Okay sir. And any revised FY27 guidance?

Dheeraj Garg: For this year, I think you can construe from what we have delivered in the second quarter. And I think if things go well in terms of demand, then we should exceed what we have done in this second quarter. So you can from there figure out what kind of revenue or what kind of EBITDA, what kind of net profit we will make.

Ansh Gupta: Understood, sir. And lastly, on the hot stamping side, are we having any anchor customers? And can you give a light on that, the hot stamping part?

Dheeraj Garg: Yes. So as I said, that we are putting up this hot stamping factory for a customer that is situated in Maharashtra, close to our factory. And so that's your anchor customer. Besides that, we are talking 2 other customers for the hot stamping space, and this business is going to grow.

So once we start production, and we are targeting to start production next year around this time or a little bit later than this time, the fourth quarter of next quarter calendar year for hot stamping. And by then, if we are sold out, I think when the plant starts, it will start with a sold-out capacity because that's how this business works, that you integrate it with the customer and take up the volume that is required for that customer.

And very soon, during the execution itself, we will be adding another line, depending on how many other businesses we convert. But right now, we are talking to 2 other customers, and the conversion is very possible in the near future.

Ansh Gupta: Congratulation for good sets of numbers.

Moderator: The next question is from the line of Shashank Kanodia from ICICI Securities.

Shashank Kanodia: Congratulations for superlative performance. Sir, firstly, you just guided that EBITDA per wheel in aluminum is 40% higher than steel. Our understanding in the past was that aluminum wheel EBITDA per wheel is roughly twice of the steel. So is it changed in that sense?

Dheeraj Garg: I think in that -- what we were comparing was passenger car to passenger car. Now what the number I've given you is that includes CV, tractor, EV and everything. So obviously, the benchmark is different. And you're right. If you look at a pure play pass car to pass car aluminum versus steel, it's definitely twice.

Shashank Kanodia: Okay. Second, sir, the supplementary allowance thing is well taken. Just wanted to understand the amount that you mentioned is INR140 for Q2 and INR183 for first half. Is this just for this period? Or is it cumulative of, let's say, 4, 5 to 6 quarters in...

Dheeraj Garg: No, no, boss. It is only for April through September.

Shashank Kanodia: Okay. Only for that period?

Dheeraj Garg: Yes. We don't settle so late. We settle late, all right, but not that late. Everything gets settled within the financial year.

Shashank Kanodia: Okay. And sir, thirdly, the greenfield plant capex that you mentioned about INR1,400-odd crores, even if you make INR400 as EBITDA per wheel on this, the capacity that I have mentioned, I think we're going to generate closer to INR200 crores to INR220 crores of EBITDA and post depreciation is roughly around INR70 crores and INR88 crores, which makes it just 12%, 13% ROCE incremental business.

Dheeraj Garg: No, but when you're -- I don't -- see, you're trying to put numbers in my mouth. I don't want to reveal my numbers. But all I can tell you is that we are bringing in operational efficiencies. As I mentioned in my speech, we are bringing in proximity to the customer. We are cutting on the freight costs. So these are very important things in aluminum wheels.

One thing I can tell you, and that's something that is important for everyone to understand, that SSWL is the lowest cost producer of aluminum wheels and steel wheels in the world, barring China. So I won't comment on the Chinese cost of manufacturing at all because a lot of that is subsidized.

But ex-China, our factory in Mehsana has the lowest cost of production compared to any competition. And when we start when we start in Sambhajinagar, those facilities are going to be more automated and they're going to be more operationally effective in terms of bringing the costs and rejections down.

So what you will see in Sambhajinagar will, on an operational level, be at least 25% more productive than what we are currently doing. So you can imagine what we are trying to create with new technology. All -- so right now, our moat is not going to be based on volumes or customer relationships alone.

It's going to be based on technology. And technology that differentiates in terms of cost, in terms of actual weight of the wheel and the total cost of purchase for the customer. So it's a win-win for all sites. So that's how we are building our moat in this case.

It's something I'm glad that I'm talking about it because I haven't spoken to the investors on this account that we are increasingly confident of increasing the gap between our nearest competitor in terms of productivity, in terms of efficiencies, in terms of cost per wheel. And that's a big thing.

So when I say that I will have a very strong ROCE in Sambhajinagar, it is borne by a lot of factors, maybe a couple of factors I haven't spoken about. But you will see the results when they come out.

Shashank Kanodia: And sir, but all the...

Moderator: Mr. Kanodia, I'm sorry to interrupt you, sir, I would request you to kindly rejoin the queue for follow-ups. There are others who are waiting. The next question is from the line of Rahul Jain from Capri Global Ventures.

Rahul Jain: Sir, can you hear me?

Dheeraj Garg: Please.

Rahul Jain: Sir, congrats on a great set of results, first. Sir, you had mentioned about the strategic partner for the newer capex. Can you discuss in detail who the technology partner is and...?

Dheeraj Garg: No, so you're talking about which -- partner or strategic partner? What are you talking about?

Rahul Jain: Strategic partner, which you are telling on the newer capex, INR1,400 crores.

Dheeraj Garg: Yes. So there are a couple of them, and they predominantly work in the commodity space. So I cannot reveal you more than that that they are commodity players and they are our partners for a long time. They are partners with us since we started our factory.

Rahul Jain: Right. Okay. Okay. And then regarding the export business, so we have targeted around INR600 crores export target for this year. So how much of it are we targeting from other than steel wheel business?

Dheeraj Garg: Yes, it's a good question. I don't have those figures with me. But all I can say is that there is a growth in exports for aluminum wheels and steel wheels, both put together. And this INR600 crores might go to INR700 crores, INR750 crores, depending on how soon we get the trade deal from America. We have about 5 months left. So I think a lot can happen in these next 5 months.

And luckily, we have capacity, and we have capacity coming up in truck wheels. We have capacity coming up in aluminum wheels, we have capacity coming up in tractors and in cars. So all in all, looks great. And in fact, I talked about this in my previous calls that there's a lot of OEM business we have won in steel wheels, and that should start playing out next year. And once that happens, that's going to be a big growth driver.

So let me clarify this to everyone. So next year, we see a big increase in exports, mainly from OEM exports of car steel wheels, car aluminum wheels and truck wheels from Europe. We've won certain certifications for lightweighting wheels, which were very difficult to get by. It took us 12 years to get them, but now luckily or like it has happened. And we have this approval for selling to OEMs like MAN, Scania, all the big guys, Daimler, for example. So that thing is going to play out.

It will start playing out in the fourth quarter this year itself, financial year and next year should catch a massive speed. So you will see a real turnaround in the steel wheel business. So don't count this business down. Earlier, I had mentioned that input costs are coming for 2 years and they finally arrived. Now you see the difference in the EBITDA margins.

Now -- but when you wait until you catch the wind on the volume growth, volume growth of OEMs, not fickle orders from distributors, but OEMs sitting in Europe. And so that's going to be the growth driver for exports going next year. So when I say INR1,500 crores, it's quite possible even with the current set of circumstances from the U.S.

Rahul Jain: So INR1,500 crores which you mentioned...

Moderator: Mr. Jain, please rejoin the queue for follow-up, please. There are others who are waiting. The next question is from the line of Nishita from Sapphire Capital.

Nishita: Congratulations on such a good set of numbers. So I just had a few questions. My first question is on our total capacity. So I just wanted to understand, so at the start of FY28, we'll have 21 million of steel wheel capacity, 6.2 million of aluminum wheel capacity and 1.1 million of aluminum knuckle capacity. Is that right?

Dheeraj Garg: Yes.

Nishita: Okay. And like what utilization are you expecting in these facilities in FY28?

Dheeraj Garg: So I have mentioned this previously, too, that we expect 100% utilization of these facilities next year. As soon as they are commissioned, we should reach the 100% utilization rate in maybe 3 to 4 months maximum of starting up commercial production. But yes, so we could easily say with a high degree of confidence that we will cross 80% for the whole financial year in these new facilities.

But you'll also see a lot of growth coming in from the brownfield expansion. Please don't preclude that we've added capacity in the tractor segment. We've added capacity in the truck segment. And so these capacities are already sold out. Given the current state of affairs, this bull run is just not stopping.

Even today, we have customers crying for materials. Even though we are more productive than previously. In fact, all our factories are more productive. We are producing more of -- I mean we are producing more parts in the same day, in the same 24 hours than we were doing it, say, 3 months ago in each of our facilities.

So you will see a lot of growth anyway is coming from the organic or what you call brownfield expansion. And yes, the new capacity enhancement in Bhuj should be taken at 80% utilization for next financial year.

Nishita: Right. Okay. So the overall capacity with the brownfield expansion is going to be what I mentioned, right? Plus 21 million...

Dheeraj Garg: A little bit more because as I said, we've debottlenecked that facility in Mehsana, and we've added wheels there. So you can say 5.4 million aluminum wheels plus 1.2 million in Bhuj, so that's 6.6 million. And then we will add another 2.5 million in Sambhajinagar, that will take it to 9.1 million. So I think that looks a pretty healthy situation.

And also remember that we are going to be very competitive with the new facilities, much more competitive than Mehsana. This message, I think would run universal that our new facilities in Sambhajinagar are going to be very, very efficient, are going to be much more profitable than Mehsana or Bhuj.

Nishita: And Sambhajinagar facility, when will it be operational? You mentioned hot stamping will operationalize in...

Dheeraj Garg: Next year around this time. The first quarter of next calendar year, that's when we intend to sort of get it commissioned and ready for trials and approvals.

Nishita: And what sort of steel wheel capacity are we adding in Sambhajinagar?

Dheeraj Garg: So we are adding 1.6 million steel wheels, 1 million pass car and 0.6 million OTR. And there's a lot of demand for exports from here. And we didn't have the current range. So we're going to target that current range -- target those export market with this new buildup, plus there's local demand that we were uncompetitive with because we were away from the customer, for example, we were away from John Deere. We were away from TAFE. We were away from certain customers in the South, for example. So we bridge that gap and it needs a lot of our competitive ability. So this plant will absolutely be a winner from day 1.

Nishita: And because there we are also going to be operationally more efficient, you can expect EBITDA per wheel to improve in FY28?

Dheeraj Garg: That's what I've been guiding.

Nishita: Right. So like we can reach around INR450 - INR500.

Dheeraj Garg: Yes, why not? I think with just the richness of the product mix itself should take us there eventually. Yes. Absolutely.

Nishita: Okay. And my last question would be on hot stamping. So what sort of capacity are we adding for hot stamping?

Dheeraj Garg: I think we mentioned 1.3Mn Strokes P.a.. That's how it is counted. So it's basically...

Nishita: 83,000 stamps.

Dheeraj Garg: INR400 crores turnover, as I mentioned.

Nishita: It's 83,000 stamps?

Dheeraj Garg: 13lac Strokes.

Nishita: 183,000. Okay. Got it.

Moderator: We'll take the next question from the line of Abhay Tibrewala from Vision 8 Investments.

Abhay Tibrewala My questions have been answered. But majorly, sir, because of the global uncertainties and all, you are not seeing any risk in freight costs and all and any of your exports. So just wanted to get a sense on that.

Dheeraj Garg: So right now, we are whiplashed with this freight market a lot. So -- but still, the freight is prevalent for others also who are competing with us. So -- but yes, when the freights come down, our competition -- competitive ability will further increase. So that's why I'm very bullish on exports now. And once this US trade, India trade deal happens, then it will be very clear direction. In fact, next time when we speak in January, we will have more data to tell you as to where we look.

But OEM exports are going on. So OEM exports are going on and as we have added capacity, and we are going to get new businesses on stream. So as and how they come in on stream, they will take up our increasing capacity also. So we are very, very sanguine about this at the moment. We are fine.

Abhay Tibrewala Okay. And sir, in the last conference call, you had been kind of cautious for EBITDA per wheel number for closer to INR310. And suddenly, we are seeing a very increased confidence like you have been talking for closer to INR400, INR400 plus. So what gives you this confidence in this challenging environment?

Dheeraj Garg: I think I talked about input increase, cost increases from 2% to 5% I had mentioned, if I'm wrong, maybe 2% to 10%, I had mentioned to you. And we've been able to get our increases. And this has been due for the last 20 years. We were always subjected to competition, competition, competition. But this time we broke free, said, you have to cover our costs.

We are making money through aluminum wheels or knuckles or exports, but doesn't mean that we continue subsidizing our existing business with you. So the OEMs understood that -- and they need more wheels. By the way, there's a shortage of capacity in the market.

So we told the OEMs, if you want me to build a factory, we have to pay for it. And the way we pay for it, you have to increase my prices on the existing business, otherwise, I won't invest in them. And the OEMs understand that we are getting wheels for the lowest price in the whole world, including China.

I mean the price of steel wheel was so low. It was abysmally low. And now -- so we then decided not to work on those margins. And then you add operational efficiencies also. Obviously, the volumes have gone up. And so it's becoming a good mix for us. This is the last question we'll take.

Moderator: Sure, sir. This will be the last question for today from Shashank Kanodia from ICICI Securities.

Shashank Kanodia: I just wanted to check this INR1,400 crores is for additional capacities you mentioned, but there will be a scope of further expansion of capacity at Aurangabad, right? And...

Dheeraj Garg: There will be -- we are taking a big chunk of land. And obviously, hot stamping, we will expand. As soon as we get the next order, we will expand our hot stamping line. And that will come at a marginal cost because most of the expenses will be done in the first phase. And similarly, if at all, we need to add more capacity, then perhaps we will add in a different product, for example, it could be knuckle, for example.

We could be looking at adding capacity of knuckle here. That could be one thing to watch out for. So if you have to add more aluminum wheel capacity, then we'll probably go to the

south, get closer to the customers there and also be participating in the export market. So this is how we would look at it.

Shashank Kanodia: So sir, what is the project IRR for this Aurangabad? Internally, you must have worked upon what is the project IRR we are working?

Dheeraj Garg: Look, there are many things I cannot share with you, but I have said that in the beginning, that the ROCE for these investments would be better than what we are actually getting at the moment. So it will be plus 24%. So you can figure out the IRR, how much it would be, then how we used to do it.

Shashank Kanodia: Sir, last quarter, the CV and the tractor did well, right? Now hypothetically, we are sitting on a very high base and this kind of segments taper off going forward. Still we are confident of maintaining this closer to INR400 EBITDA per wheel?

Dheeraj Garg: Well, this is a point that we will have to address. Obviously, this will impact our EBITDA per wheel if the volumes go down. That is very clear. But right now, we don't see -- in fact, in CV, we see desperation for the customer to secure product. And we were quite surprised. Normally, we expect this season to be a little bit loose after Diwali. But in fact, this month, let me tell everyone here that we will have our highest ever CV sales in our history by a wide margin, by a wide margin.

It will be -- and it's quite shocking to us also, how this is happening, but we are able to generate this kind of interest from the OEM. And of course, tractors is growing about -- the tractor has grown about 15% in volume in the first half. And even if this growth goes to 10% or we don't believe it will go down to 10%. I think we'll cross 15%.

So right now, we withstood the shock of the Iran war, I don't think worse is going to happen. From here on, things are going to get better. So if they don't fall into play the way they are at the moment, then yes, it will affect our EBITDA per wheel. Thank you, everyone, for this call.

Moderator: Ladies and gentlemen, due to time constraint, this will be the last question for today. I would now like to hand the conference over to Mr. Dinesh Kumar for closing comments. Over to you, sir. Mr. Kumar, you are audible? Please go ahead.

Dinesh Kumar: Yes. Thank you, everyone, for joining the call.

Moderator: Thank you. Ladies and gentlemen, on behalf of 360 ONE Capital Markets Private Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.