



# Steel Strips Wheels Ltd (SSWL)

## A Low-Valuation Auto Ancillary with High-Growth Triggers

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**CMP: 274 (Market Cap: 4,300 Crores)**

**Targets: 396 (44% Upside)**

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Steel Strips Wheels Ltd. (SSWL) is **one of the leading manufacturers of steel and alloy wheels in India**, serving major OEMs across domestic and global markets.

With a **strong export presence** and a growing focus on high-margin, advanced products like aluminum knuckles, SSWL is **strategically positioned to capitalize on industry shifts toward lightweight, fuel-efficient components**.

### Our Projection

At CMP, **SSWL trades at 7x FY27E EV/EBITDA**, given the ramp in its capacity and foray into margin accretive products, **we value SSWL at 10x FY27E EV/EBITDA to arrive at the Target Price of 396**.

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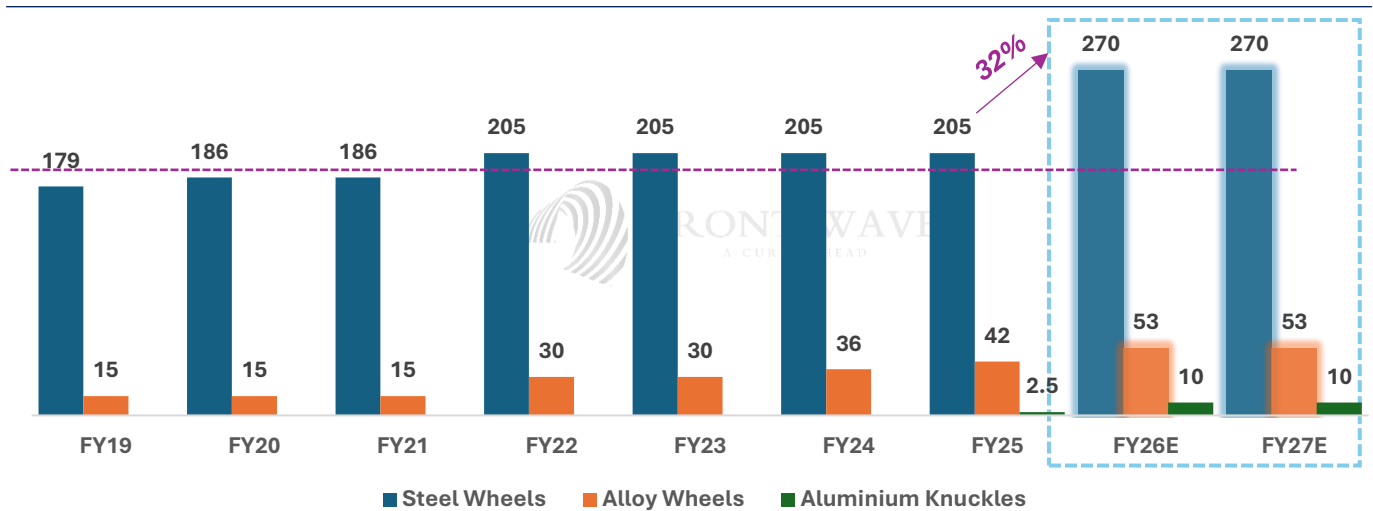
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## What's Fuelling SSWL's Growth?

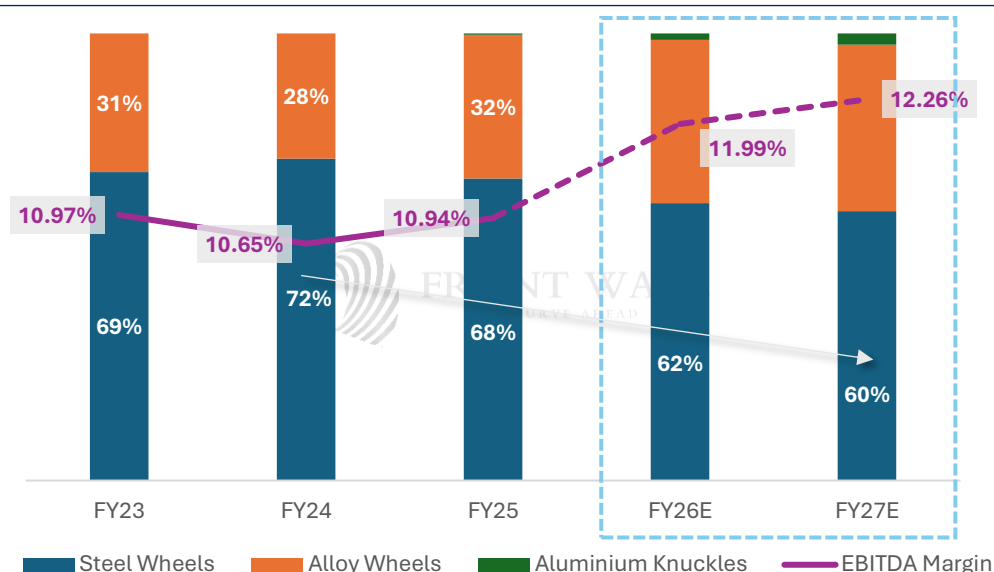
### Capacity Expansion and Evolving Product Mix

#### Capacity Ramp up (In Lakh Units)



As evident from above, **Steel wheel capacity** remains stable until FY25, followed by a **sharp increase** in FY26E and FY27E which is **driven by the AMW Autocomponent acquisition**, marking significant inorganic growth. **This is the trigger point – volume led Revenue growth that will result in higher EBITDA growth.** Alloy wheels and aluminium knuckles grow steadily through organic expansion, with knuckle capacity added from FY25, highlighting SSWL's focus on lightweight, high-value components.

#### Changing Product Mix, **High Margin Products (Alloy Wheels + Knuckles)** to Contribute More



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As depicted in above chart, SSWL's product-wise revenue mix and EBITDA margin trend from FY23 to FY27E is undergoing a change. **While steel wheels continue to dominate the revenue mix, the share of alloy wheels and aluminium knuckles is steadily rising**, supported by ongoing capacity expansion.

As **Alloy Wheels + Knuckles** carry a **higher margin profile** compared to Steel Wheels, we are confident that the rising contribution from alloy wheels and aluminium knuckles will drive **EBITDA margin expansion**, with margins expected to improve from 10.94 % in FY25 to nearly 12.26% (+132 bps) by FY27E.

## Undisputed Dominance in Domestic Markets

### Dominating the Steel Wheel Market in India across all Segments

#### Steel Wheels

##### Domestic Market Share

37%



Passenger Vehicle

Key Customers	Key Platforms	Share of Business
Maruti Suzuki	Ciaz, Baleno, Scross, Brezza, Celerio	36%
Hyundai	Venue, Grandi10, Verna	26%
Mahindra	Scorpio, TUV, XUV, Scorpio N	57%
Honda	Elevate, Amaze, City	91%
MG Motors	Hector, Comet, Windsor	100%
Kia	Seltos, Sonet, Syros	50%

54%



MHCV

Key Customers	Key Platforms	Share of Business
Ashok Leyland	Ecomet, Ross, Viking, Cheetah	68%
TATA Motors	Ultra LPK1512, LPK1518, 2518, 3718, 3118, 4218	57%

42% / 35%



Tractor

OTR

Key Customers	Key Platforms	Share of Business
Mahindra	Jivo, Arjun, Yuvraj, Dhruv	55%
Sonalika	D1745, D16TRX, RX47	46%
Escorts	FT, PT, Kubolta	58%
JCB	3DX, 4DX, Export Model	60%
New Holland	5500, 7500	26%

37%



2-3 Wheeler

Key Customers	Key Platforms	Share of Business
HMSI	Activa, Dio, Activa125, Grazia, Aviator	37%
Suzuki Scooters	Access 125	100%
Mahindra 3W	Alfa, E-Auto	100%

SSWL maintains a **strong leadership** across all segments with **dominant market shares, 54% in MHCVs and over 35% in all others**. Its deep Original Equipment.



Manufacturers (OEM) penetration, **with >60% share in select platforms, highlights strong customer stickiness and entrenched positioning in India's auto supply chain.**

### Marquee Clientele across all Segments



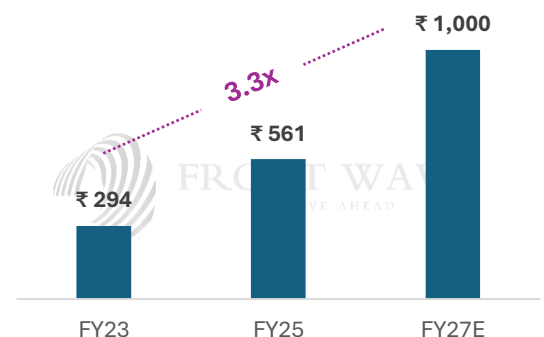
We believe that SSWL's diversified presence across multiple auto segments provides **structural resilience** — enabling it to withstand slowdowns in individual categories while managing cyclicity far more effectively.

### Riding Export Momentum and Potential Tariff Tailwinds

The company has been able to achieve an exceptional **Growth in Exports** from FY23 to FY25.

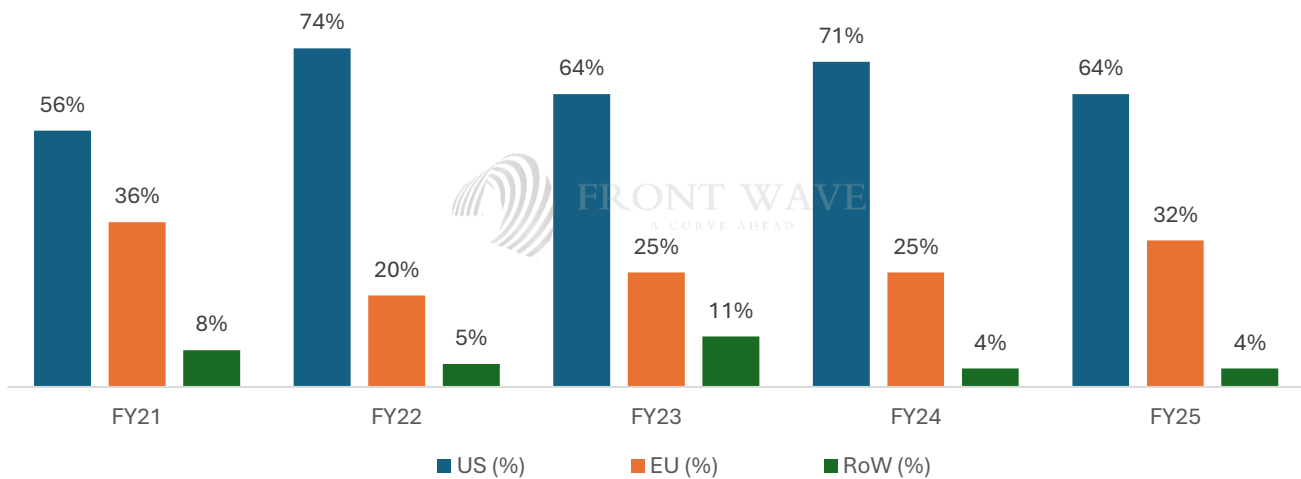
It aims to achieve export revenue of Rs 1,000 crores by FY 2027, **resulting in a 3.3x growth in Exports within 4 years.**

SSWL stands to gain in exports as US Tariffs hit key rivals, Vietnam & Thailand, while financial troubles of European players open market space backed by SSWL's strong OEM ties in the region.





#### Exhibit 4: US Leads the charge in Export Revenue for SSWL



Source: Company, Front Wave Research

As highlighted in above chart, **The US has consistently been the dominant contributor**, peaking at 74% in FY22 and maintaining a strong share around 64–71% thereafter. The EU's share declined from 36% in FY21 to 20% in FY22, then stabilised at 25–32% through FY25. Rest of the World (RoW) has remained a minor contributor, ranging between 4–11%, with a peak in FY23. Overall, **the US continues to be SSWL's key export market. Given these tailwinds, we believe SSWL is well on track to comfortably achieve, if not surpass, its export revenue target of ₹1,000 crore by FY 2027.**

#### Addition of product lines - SSWL Foraying into Aluminum Knuckles, utilizing its strong OEM ties.

SSWL is foraying into aluminium knuckles to tap the growing demand for lightweight, high-performance components driven by EV adoption and stricter fuel efficiency norms. As a **critical part of the steering system**, aluminium knuckles offer up to **25 kilograms in weight savings** and are naturally **corrosion resistant**, making them a **preferred choice for OEMs** and a **high-margin growth avenue for SSWL**.

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**Low Penetration in India:** In developed markets, aluminum knuckles have a high adoption rate of **~70-80%** compared to just **~15% in India**. This gap is expected to narrow as OEMs in India pivot toward aluminum to meet tightening CAFE (Corporate Average Fuel Efficiency) standards.

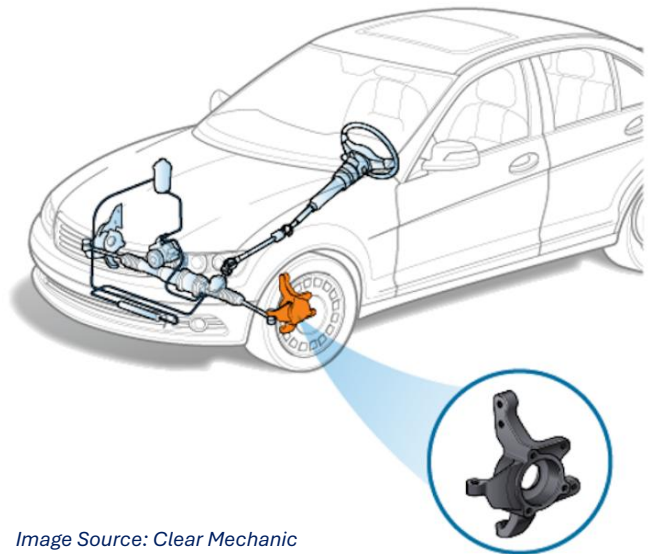


Image Source: Clear Mechanic

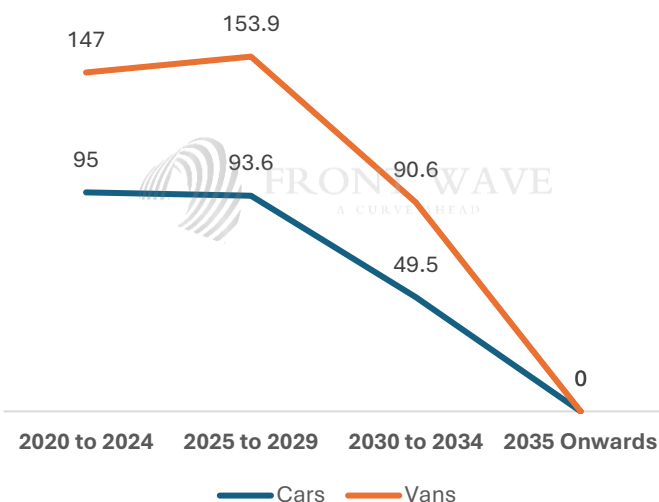
### Implied Shift on account of Regulations:

In Europe, CO<sub>2</sub> emission targets are set at 93.6 g/km for 2025–2029 and 49.5 g/km for 2030–2034, with a goal of net-zero emissions by 2035. India, under CAFE Stage II norms, has enforced an average CO<sub>2</sub> emission target of under 113 g/km since FY23. Historically, India has lagged behind Europe in adopting stringent safety and environmental standards. However, **with fuel economy gaining priority, the shift to lighter materials like aluminum is inevitable.**

A 10% reduction in vehicle mass can boost fuel efficiency by 6–8%, making aluminum knuckles, a smart choice for both emission control and performance

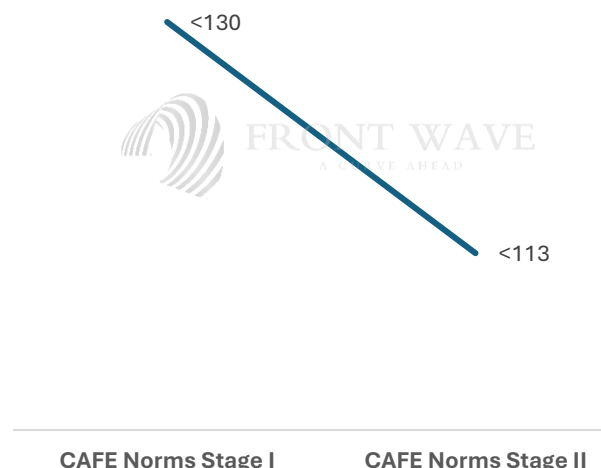
### Emission Norms in Europe

(Figures in grams of CO<sub>2</sub>/Per KM)



### CAFE Norms in India

(Figures in grams of CO<sub>2</sub>/Per KM)



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## Financial Summary (Amount in Cr)

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenue	₹ 4,041	₹ 4,357	₹ 4,429	₹ 5,147	₹ 5,737
Revenue Growth		7.82%	1.65%	16.21%	11.46%
EBITDA	₹ 443	₹ 464	₹ 484	₹ 617	₹ 703
EBITDA Margin	10.97%	10.65%	10.94%	11.99%	12.26%
EBITDA Growth		4.67%	4.38%	27.39%	14.02%
EV/EBITDA Multiple					10x
Enterprise Value					₹ 7,035
Less: Net Debt					₹ 825
Value of Equity					₹ 6,210
No. of Shares (In Crs)					15.69
Share Price					₹ 396

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## Price Chart



## Annexures

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