

PICK OF THE WEEK

10th January, 2026

Steel Strips Wheels Ltd

Sector: Auto Ancillary

BUY

CMP

200

Target Price

220

Upside

10%

CMP as on 9th January, 2026 | Time horizon: 6-9 Months

Why Steel Strips Wheels Ltd

- Domestic Market Recovery
- Strategic Capex Plans
- New Growth Vertical (Aluminium Knuckle)

About the Company

Steel Strips Wheels Ltd (SSWL) is a leading manufacturer of automotive steel wheels in India, serving passenger vehicles, two-wheelers, commercial vehicles, tractors, and off-highway segments. The company has a diversified presence across domestic and export markets, supplying to major global and Indian OEMs. Supported by strong manufacturing capabilities and a focus on product innovation and quality, SSWL continues to strengthen its position through capacity expansion and increased penetration in export and EV-linked platforms.

Investment Rationale

A. High-Margin Exports and Growth Trajectory:

- The company is expanding its presence in Europe, with the region's contribution rising from 32% in FY25 to 52% in H1FY26. Demand in Europe remains stable, supported by the ramp-up of aluminium wheel programs, two already launched and two more expected in Q4. In contrast, the outlook for the US remains weak, and if the situation persists, SSWL could face an annual revenue impact of Rs 200 Cr. A tariff reduction to 28% (if the 25% penalty on Russian oil imports is lifted) could reopen negotiations with US customers.

B. Alloy Wheel Capacity Expansion:

- Alloy wheels have emerged as a key value driver, contributing 36% of total revenue in H1FY26. The company's alloy wheel capacity currently stands at 4.2 Mn units, with an expansion planned to 5.3 Mn units by FY26. Capex is focused on enhancing capability rather than expanding base capacity. Furthermore, SSWL plans to invest Rs 88-90 Cr to add 1 Mn units of flow-formed wheel capability within existing infrastructure, leveraging advanced German technology for lightweight export applications.

C. Aluminium Knuckles – A New Growth Vertical:

- Aluminium knuckles generated Rs 33 Cr in revenue during H1FY26, with 1,24,000 units sold in the quarter. The company plans to scale capacity to 3 to 5 Lc units in FY26, backed by Rs 130 Cr capex, tapping into the growing electric and premium vehicle segments seeking improved fuel efficiency. Plans are underway to add another 0.5 Mn units, targeting a total 1 Mn unit capacity by Sep–Oct'26, which could generate peak revenues of Rs 240–270 Cr.

Outlook & Valuation

- We estimate total wheel volumes at 2.05 Cr and 2.1 Cr units in FY26 and FY27, respectively, supported by an anticipated gradual recovery in the CV/tractor segment, a rising share of alloy wheels, higher exports, and the introduction of Aluminium Steering Knuckles. Accordingly, we estimate the company's Revenue/EBITDA/PAT to grow at 6%/8%/6% CAGR over FY25–FY28E.

Analyst Insights

We recommend a **BUY** on the stock with a TP of Rs 220, implying an upside of 10% from the CMP.

Research Analyst

Sanchit Karekar

Research Analyst

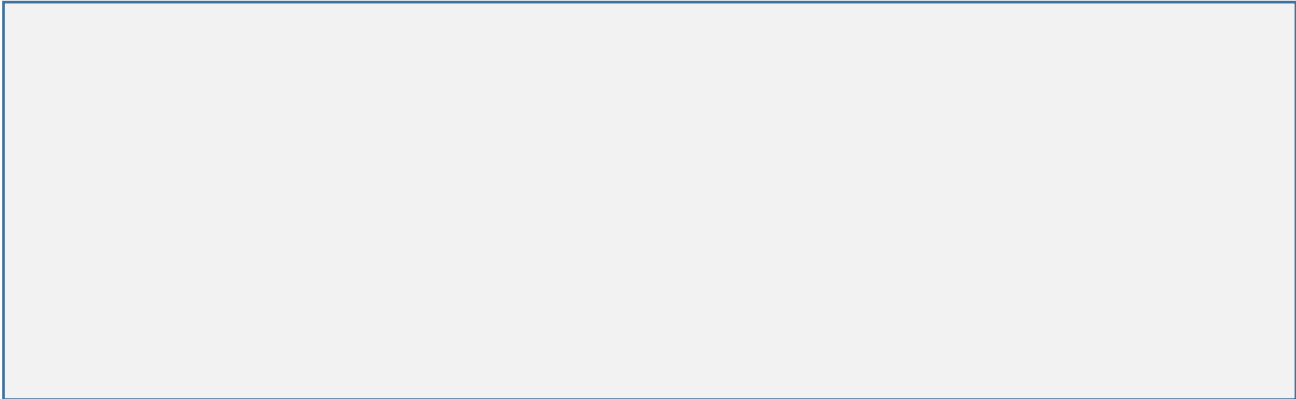
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Financial Summary

	FY25A	FY26E	FY27E
Net Sales (Rs Cr)	4,877	4,979	5,241
EBITDA (Rs Cr)	496	549	610
Net Profit (Rs Cr)	184	212	266
EPS (Rs)	11.7	13.5	17.0
PER (x)	17.1	14.8	11.8
EV/EBITDA (x)	6.0	5.4	4.4
P/BV (x)	1.8	1.6	1.4
RoE (%)	10.7	11.1	12.5

Market Data

No. of Shares	15.7 Cr
Market Cap (Rs Cr)	3,144
52-week High	280
52-week Low	167
PER(x)	16
BSE Code	513262
NSE Code	SSWL



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