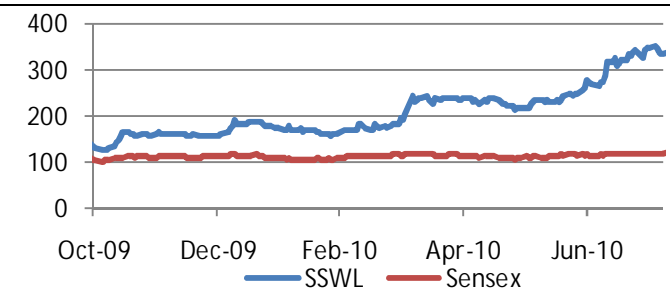


Event Update
Steel Strips Wheels Ltd. (SSWL)

Recommendation	HOLD
CMP (03/09/2010)	Rs. 258
Sector	Auto Ancillary

Stock Details	
BSE Code	513262
NSE Code	SSWL
Bloomberg Code	SSW IN
Market Cap (Rs. cr)	350
Free Float (%)	45%
52- wk HI/Lo	264/62
Avg. volume BSE (Monthly)	53,127
Face Value	Rs.10
Dividend payout (FY 2010/09)	10%/-
Shares o/s (Crs)	1.36

Relative Performance	1Mth	3Mth	1Yr
SSWL	12.6%	69.1%	289.3%
Sensex	0.7%	7.1%	18.4%


Shareholding Pattern as of 31/03/2010

Promoters Holding	53.98%
Institutional (Incl. FI)	4.81%
Corporate Bodies	27.34%
Public & others	13.86%

Sunil Jain - V.P Equity Research (+91 22 3027-2371)
sunil.jain@nirmalbang.com
 Ashish Khetan - Research Analyst (+91 22 3027-8201)
ashish.khetan@nirmalbang.com
 Aditya Powani - Research Associate (+91 22 3027-1525)
aditya.powani@nirmalbang.com

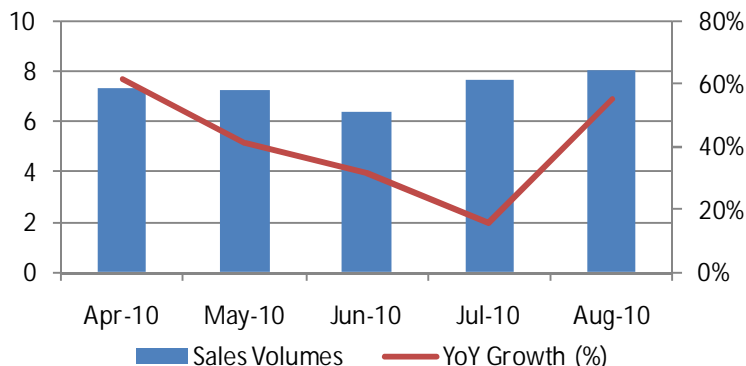
Snapshot

Steel Strips Wheels (SSWL), a part of the multifaceted Steel Strips group, is engaged in manufacturing wheel rims for Cars, LCV, CV's & tractors. SSWL started commercial production from 1991. The company is armed with the latest know-how, manufacturing automobile wheel rims at its state-of-the-art manufacturing unit at Chandigarh, Chennai & Jamshedpur.

- Sales volumes continue to surprise
 SSWL reported highest ever sales of 8.0 lakhs wheel rims for the month of August 2010 representing a growth of 55% on a YoY basis and 6% on a MoM basis. The sales were higher than our expectations. Going forward, we expect the monthly sales numbers to increase substantially with the ramp up at the Jamshedpur plant.
- Regular inflow of export orders
 The company continues to receive exports order from Europe. After receiving a big order from German car manufacturer AUDI couple of months back, the company has recently bagged a few more exports order from Europe. On 18 August 2010, SSWL received an order to supply 5000 wheels to 2 European companies. Today, it has again bagged an order to supply 4000 wheel rims from another German company. Though these orders are currently small in volumes but it provides great opportunity the company to further strengthen its position in export market.
- Setting up of new plant
 The company is setting up a new plant in Pune which is expected to have a capacity of 5 mn wheel rims. The plant is expected to complete in FY 2013. The Pune plant will be used to manufacture wheel rims for agricultural vehicles to the tune of 2 mn wheel rims. While the rest 3 mn capacity will be used to manufacture car wheel rims. This plant will provide significant growth opportunities to the company.

Year	Net Sales (RS. Crs)	Growth %	EBITDA (Rs. Crs)	MARGIN %	PAT (Rs. Crs)	MARGIN %	EPS (Rs.)	P/E (x)	P/BV (x)
FY 2009	317.3	18.4%	45.1	14.2%	7.8	2.5%	5.97	43.23	1.98
FY 2010	418.5	31.9%	60.8	14.5%	14.3	3.4%	10.98	23.50	1.78
FY 2011E	749.4	79.1%	107.0	14.3%	35.3	4.7%	25.06	10.29	1.65
FY 2012E	969.9	29.4%	142.6	14.7%	51.6	5.3%	36.59	7.05	1.36

Growing sales



The volumes has grown at a very robust pace with SSWL reaching a sales of more than 8 lakhs wheels rims in August 2010.

Change in Estimates

Particulars	FY 2011 Estimates			FY 2012 Estimates		
	Previous	Revised	Variation	Previous	Revised	Variation
Net Sales	717.3	749.4	4.5%	882.7	969.9	9.9%
PAT	32.3	35.3	9.4%	47.7	51.6	8.1%

- Considering the new order and the fact that SSWL has reported better than expected sales for August 2010, we have revised our sales estimates upwards for the company for FY 2011 and FY 2012.
- We have also revised our PAT estimates upwards as the growth of higher margin products and increasing expoerts will have a positive impact on the company's overall profitability.

Valuation & Recommendation

We expect the company's sales and profitability to witness a robust growth over next couple of years. At the CMP of Rs. 258 per share, SSWL is currently trading at a PE of 10.29x FY11E and looks fairly attractive. Based on the EPS estimate of Rs. 25.06 and our target multiple of 12.0x we arrive at a target of Rs. 300 for the stock. We initiated coverage on SSWL on 31 May 2010 at Rs. 133 with a BUY rating and a target price of Rs. 250, indicating a potential upside of 88%. This target has been achieved today. We continue to remain positive on the stock and recommend to HOLD the stock for a target of Rs.300.

Event Update
Steel Strips Wheels Ltd.

Profitability (Rs. In Cr)	FY09A	FY10A	FY11E	FY12E
Net Sales	317.3	418.5	749.4	969.9
Other op income	0.0	0.0	0.0	0.0
Total Income	317.3	418.5	749.4	969.9
EBITDA	45.1	60.8	107.0	142.6
Dep	17.1	25.0	31.5	36.8
Op Income	27.9	35.8	75.5	105.8
Interest	16.0	16.9	26.0	28.7
Other Income	1.1	0.9	1.0	1.0
Other Adjustments	0.3	0.3	0.1	0.0
PBT	12.8	19.5	50.5	78.2
Tax	5.0	5.2	15.1	26.6
PAT	7.8	14.3	35.3	51.6
Adj PAT	7.8	14.3	35.3	51.6
Shares o/s (Cr.)	1.31	1.31	1.41	1.41
EPS	5.97	10.98	25.06	36.59
Adj EPS	5.97	10.98	25.06	36.59
Cash EPS	19.09	30.11	47.41	62.69

Quarterly (Rs. In Cr)	Sep.09	Dec.09	Mar.10	Jun.10
Net Sales	96.7	115.6	123.8	148.4
EBITDA	15.0	14.2	17.9	20.3
Dep	5.5	6.8	6.8	7.5
Op Income	9.4	7.4	11.0	12.8
Interest	4.0	3.8	3.9	4.6
Other Income	0.1	0.1	0.5	0.1
Other Adjustments	0.0	0.0	0.3	0.0
PBT	5.4	3.6	7.4	8.3
Tax	1.1	1.2	1.9	1.1
PAT	4.3	2.4	5.5	7.2
EPS (Rs.)	3.3	1.8	4.2	5.3

Performance Ratio	FY09A	FY10A	FY11E	FY12E
Sales growth (%)	51.9%	31.9%	79.1%	29.4%
EBITDA margin (%)	14.2%	14.5%	14.3%	14.7%
Adj.PAT margin (%)	2.5%	3.4%	4.7%	5.3%
RoNW	4.6%	7.6%	16.0%	19.2%

Valuation Ratio	FY09A	FY10A	FY11E	FY12E
Price Earnings (x)	26.80	14.57	5.91	4.05
Price / Book Value (x)	1.60	1.44	1.33	1.10
EV / Sales	1.01	0.77	0.47	0.37
EV / EBITDA	7.13	5.31	3.32	2.51

Financial Health (Rs. In Cr)	FY09A	FY10A	FY11E	FY12E
Share Capital	13.7	18.8	18.8	18.8
Reserves & Surplus	156.7	170.2	201.8	249.6
Share Holder's Funds	170.4	189.1	220.6	268.5
Total Loans	234.8	300.4	349.4	350.2
Deferred Tax Liabilities	15.4	15.9	15.9	15.9
Total Liabilities	420.6	505.4	585.9	634.6
Net Fixed Assets	359.9	422.9	451.4	444.6
Investments	0.2	0.4	0.4	0.4
Sundry Debtors	43.7	63.1	96.5	124.9
Cash & Bank	6.9	24.8	25.4	51.4
Loans & Advances	13.4	17.8	26.2	29.1
Inventories	52.8	77.1	120.0	155.2
Other Current Assets	1.6	4.0	7.5	9.7
Total CA	118.4	186.9	275.6	370.3
Curr Liab & Prov	58.0	104.7	141.5	180.6
Net Current Assets	60.4	82.2	134.2	189.7
Total Assets	420.5	505.4	585.9	634.6

Cash Flow (Rs. In Cr)	FY09A	FY10A	FY11E	FY12E
Operating				
Net Income	12.8	19.5	50.5	78.2
Change in WC	-21.6	-3.5	-44.5	-27.5
Other Adjustment	27.7	36.4	35.4	36.8
CF from Opeartion	18.9	52.4	41.5	87.5
Investment				
Capex	-64.1	-87.9	-60.0	-30.0
Other Inv & Int	0.7	0.0	0.0	0.0
Total Inv	-63.3	-87.9	-60.0	-30.0
Financing				
Diviend Paid	-2.0	-3.8	-3.8	-3.8
Share Capital	10.0	5.2	0.0	0.0
Debt Repayment & Int	35.8	48.7	22.9	-27.8
Total Financing	43.8	50.1	19.2	-31.6
Net Chg. in Cash	-0.7	14.6	0.6	25.9
Cash at beginning	7.6	6.9	24.8	25.4
Cash at end	7.0	21.5	25.4	51.4

Per Share Data	FY09A	FY10A	FY11E	FY12E
Reported EPS	5.97	10.98	25.06	36.59
Adjusted EPS	5.97	10.98	25.06	36.59
BV per share	130.5	144.8	156.5	190.4
Cash per share	5.31	19.01	18.04	36.42

Note

Disclaimer

This Document has been prepared by Nirmal Bang Research (Nirmal Bang Securities PVT LTD). The information, analysis and estimates contained herein are based on Nirmal Bang Research assessment and have been obtained from sources believed to be reliable. This document is meant for the use of the intended recipient only. This document, at best, represents Nirmal Bang Research opinion and is meant for general information only. Nirmal Bang Research, its directors, officers or employees shall not in anyway be responsible for the contents stated herein. Nirmal Bang Research expressly disclaims any and all liabilities that may arise from information, errors or omissions in this connection. This document is not to be considered as an offer to sell or a solicitation to buy any securities. Nirmal Bang Research, its affiliates and their employees may from time to time hold positions in securities referred to herein. Nirmal Bang Research or its affiliates may from time to time solicit from or perform investment banking or other services for any company mentioned in this document.