

THAAI CASTING LIMITED:

1) Company Profile:

Company is specializing in **High-Pressure Die Casting**, as well as the **precision Machining of both Ferrous and Non-Ferrous materials and Induction heating and quenching**. Founded by Mr. Sriramulu Anandan, a seasoned professional with extensive expertise in Pressure Die Casting and Machining Processes, company's business model is firmly rooted in a B2B approach, catering to leading entities in the automotive components sector. Company product portfolio encompasses a diverse range of Automobile components, including Engine Mounting Support Brackets, Transmission Mounts, Fork Shift and Housing, Armature – Steering Wheel, Electrical Connectors, YFG Base Frame (Right-hand drive side/Left-hand drive side), Housing, Top Cover, and more.

Continuous Improvement (KAIZEN Process): Company proudly upholds a culture of continuous improvement through the implementation of the Kaizen philosophy within its business verticals of aluminum die casting and Induction Heating and Quenching (IHQ). Recognizing that sustained success requires an unwavering commitment to refinement, the company systematically integrates Kaizen principles into its operations. The company encourages employees at all levels to contribute ideas for incremental improvements in processes, fostering a dynamic environment that values innovation and efficiency. This commitment to continuous improvement not only enhances the overall quality of aluminum die casting and IHQ processes but also believes that the company remains at the forefront of industry advancements.

RESEARCH AND DEVELOPMENT AND TECHNOLOGICAL CAPABILITIES: Company have in house Research and Development facility located in the manufacturing and registered office. Company places a strong focus on R&D, with an emphasis on lean design and continuous improvement in product performance, cost and reliability, to enhance product range. Company has invested in Specialized Testing Equipment and General Testing Equipment Scope in R&D centres for each of the product segments.

REVENUE BIFURCATION

GEOGRAPHICAL WISE REVENUE BIFURCATION

(In Lakhs)

Particulars	For the period ended October 31, 2023	For the period ended July 31, 2023	Fiscal		
			2023	2022	2021
Revenue from Operations	-	-	-	-	-
- Offshore*					
- Domestic	2,888.93	1,958.52	4,896.06	3,833.80	2,042.87

*Our company currently not operating in the international market.

PRODUCT WISE REVENUE BIFURCATION

(In Lakhs)

Particulars	For the period ended October 31, 2023	For the period ended July 31, 2023	Fiscal		
			2023	2022	2021
Revenue from					
- High Pressure Die Casting	2,719.67	1,806.69	4,523.08	3,393.87	1,787.87
- Machining of Ferrous and Non-Ferrous and Induction Heating and Quenching (IHQ)	169.26	151.83	372.98	439.93	255.00
Total	2,888.93	1,958.52	4,896.06	3,833.80	2,042.87

STATE WISE REVENUE BIFURCATION:

(in Lakhs)

S.No	Sector	For the period ended October 31, 2023		For the period ended July 31, 2023		For the year ended March 31, 2023		For the year ended March 31, 2022		For the year ended March 31, 2021	
		Value	Percentage (%)	Value	Percentage (%)	Value	Percentage (%)	Value	Percentage (%)	Value	Percentage (%)
		1	Andhra Pradesh	13.98	0.48%	40.77	2.08%	73.85	1.51%	10.31	0.27%
2	Haryana	12.48	0.43%	10.07	0.51%	50.30	1.03%	9.92	0.26%	0.76	0.04%
3	Karnataka	363.72	12.59%	203.84	10.41%	335.13	6.84%	-	0.00%	-	0.00%
4	Kerala	-	0.00%	-	0.00%	-	0.00%	2.58	0.07%	-	0.00%
5	Maharashtra	37.87	1.31%	94.64	4.83%	218.90	4.47%	147.26	3.84%	87.72	4.29%
6	Puducherry	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.51	0.02%
7	Rajasthan	11.08	0.38%	4.35	0.22%	47.22	0.96%	988.68	25.79%	537.43	26.31%
8	Tamil Nadu	2,449.81	84.80%	1,604.84	81.94%	4,170.65	85.18%	2,675.05	69.78%	1,414.58	69.24%
Total		2,888.94	100.00%	1,958.51	100.00%	4,896.05	100.00%	3,833.80	100.00%	2,042.87	100.00%

SECTOR WISE REVENUE BIFURCATION:

(in Lakhs)

S.No	business sectors of the company's customers	For the period ended October 31, 2023		For the period ended July 31, 2023		For the year ended March 31, 2023		For the year ended March 31, 2022		For the year ended March 31, 2021	
		Value	Percentage (%)	Value	Percentage (%)	Value	Percentage (%)	Value	Percentage (%)	Value	Percentage (%)
		1	Agriculture Sector	49.82	1.72%	9.55	0.49%	51.50	1.05%	0.01	0.00%
2	Automotive Sector	2,636.21	91.25%	1,715.06	87.57%	4,269.99	87.21%	3,158.21	82.38%	1,654.49	80.99%
3	Non-Automotive Sector	176.54	6.11%	194.29	9.92%	482.69	9.86%	494.55	12.90%	321.72	15.75%
4	Power Sector	26.35	0.91%	39.61	2.02%	91.89	1.88%	181.02	4.72%	64.49	3.16%
5	Textile Sector	-	0.00%	-	0.00%	-	0.00%	-	0.00%	2.16	0.11%
Total		2,888.93	100.00%	1,958.52	100.00%	4,896.06	100.00%	3,833.80	100.00%	2,042.87	100.00%

SWOT ANALYSIS:**STRENGTHS: -**

- a) Continuous Improvement (KAIZEN Process)
- b) Workforce Expertise
- c) Leadership Excellence
- d) Production Scalability
- e) Advanced Inspection Systems
- f) Delivery Commitment
- g) Specialized Talent Retention

WEAKNESSES: -

- a) Cost Management
- b) Talent Turnover management

OPPORTUNITIES:

- a) Digital Expansion b) Geographical Growth c) Market Development d) Corporate Responsibility e) Investment Attraction

THREATS: -

- a) Technological Disruption b) Environmental Regulation Compliance c) Competitive Technology d) Market Volatility

2) INTERNAL RISK FACTORS:

- A) Company heavily dependent on the performance of the automotive sector in India, particularly the market for four-wheelers in India. Any adverse changes in the conditions affecting these markets can adversely impact the company's business, results of operations and financial condition.
- B) An increase in the cost of or a shortfall in the availability of raw materials (**aluminum ingots**) could have an adverse effect on the company's business, results of operations and financial condition.
- C) Company's revenues are highly dependent on operations in the geographical region of the state of **Tamil Nadu**. Any adverse development affecting operations in this region could have an adverse impact on business, financial condition and results of operations.
- D) Company may be unable to adequately protect intellectual property (**Trademark**) and may be subject to risks of infringement Claims.

3) Industry overview:

Aluminum casting is a process of forming aluminum casts of fixed dimensions. Aluminum casting is used for making aluminum objects by pouring molten aluminum into an empty shaped space. The metal then cools and hardens into the form given to it by this shaped mold. Aluminum casting is used in various end use sectors including automotive & transportation, electrical & electronics, building & construction, industrial, aerospace, and others.

However, aluminum casting involves several processes such as melting of metal, transferring the molten metal to mold cavity, and solidification of molten metal. These processes require a relatively large amount of heat energy. Furthermore, the overall process consists of different sophisticated equipment that are fabricated to work at high temperature application. These factors make aluminum casting an expensive process which in turn may restrain manufacturers with less investment potential to enter into aluminum casting market.

The aluminum casting market is segmented on the basis of process, end user, and region. On the basis of process, the market is categorized into die casting, sand casting, and permanent mold casting.

As per end user, it is divided into transportation, industrial, building & construction, and others.

The die casting segment accounted for the largest volume share of around 53.0% owing to the rising demand for aluminum casting products in the automotive sector. Die casting is used to manufacture various auto parts such as engines, cylinders, gears, and flywheels, which are used in high-end vehicles to mass-produce vehicles. This is owing to factors such as the low cost of die casting and strict CO2 emission laws being laid down around the world.

INDIAN ALUMINIUM DIE CASTING INDUSTRY:

The Indian die casting industry is expected to grow at a CAGR of 15-20% in the next 2 years, driven by factors such as increasing demand from automotive, electronics, and consumer goods sectors. The industry is also expected to benefit from the government's focus on "Make in India" and "Atmanirbhar Bharat" initiatives. The Indian die casting industry is also expected to benefit from the government's focus on the "Make in India" and "Atmanirbhar Bharat" initiatives. These initiatives are aimed at promoting domestic manufacturing and reducing reliance on imports. The government has also taken steps to improve the infrastructure and business environment in the country, which is expected to further boost the growth of the die casting industry.

The Indian die casting industry is casting a bright future for itself. With increasing demand from key sectors and government support, the industry is poised for strong growth in the coming years. The industry is also playing a vital role in the government's "Make in India" and "Atmanirbhar Bharat" initiatives.

By manufacturing die-cast components domestically, the industry is helping to reduce India's reliance on imports and boost its manufacturing sector. The Indian die casting industry is truly a casting call for success. With its strong fundamentals and bright prospects, the industry is set to play a leading role in India's economic growth in the years to come. **Aluminium being the metal of the future, the developed world moved in that direction decades ago, to the extent that, on an average, their automobiles use close to 180 kg of it, against India's 45 kg.** In other sectors too, the world has moved ahead, with automotive making up 23% of overall usage, construction 22%, packaging 13%, electrical 12%, machinery and equipment 8.5%, consumer durables 4.5%, and others 4%. There are attributes to the metal that has made the world change from ferrous metals to aluminium.

It is lightweight, doesn't corrode, is strong and durable, conducts heat and electricity, is flexible where needed and impermeable otherwise, and remains highly recyclable. **A US study estimates a 6-8% fuel savings for every 10% weight reduction achieved by switching to aluminium in vehicles.** With a life span of 40 to 50 years, it is increasingly finding application in the building and construction industry as well. Add to that the metal's recyclability, which can take place endlessly for only a 5% increment in energy and emissions. A World Bank study states that the metal is extremely crucial to achieving a low carbon footprint when used in wind and solar energy generation, besides energy storage batteries.

India's tryst with aluminium, on the other hand, has been a mixed bag. We are the world's 4th largest alumina producer, 3rd largest aluminium producer, and 5th largest consumer, with abundant quantities of some of the best bauxite anywhere. **Yet, our per capita consumption at 2.5 kgs against the world's 11 kgs leaves a lot to be desired.** It also gives hope of building an entire aluminium industry ecosystem. As of now, its usage is just 2% of the GDP, compared to steel at 12%, and cement at 9%.

4. Challenges Faced by The Industry:

FUTURE OF DIE CASTING IN INDIA:

The automobile and electrical industry in India consumes 70% of die cast Aluminium parts. The recent past has seen the birth of many alternate sources of power to propel vehicles. Most of these involve disruptive technologies and are in a nascent stage. The future will demand lighter materials as compared to Steel & Cast Iron to compensate for the additional weight of lithium ion batteries. • Thus increasing the percentage of use of Aluminum and other composite materials.

The future is still unclear on the way forward, if it is electric or hybrid and this will significantly change the dynamics of the Aluminum High Pressure Die Casting Industry. The pressure die casting industry in India has experienced remarkable growth, driven by technological advancements, the shift towards lightweight materials, and the expanding automotive sector. This industry offers tremendous opportunities for manufacturers to expand their presence in the global market, diversify into new sectors, and invest in research and development. With its skilled workforce, competitive costs, and technological capabilities, India is poised to become a leading player in the pressure die casting industry. By leveraging these trends and opportunities, Indian manufacturers can unlock new avenues for growth and contribute to the country's overall economic development.

5) COMPANY FINANCIALS:

(Rs. in lakhs)

Particulars	For the period ended Oct 31, 2023	For the period ended March 31, 2023	For the period ended March 31, 2022	For the period ended March 31, 2021
Revenue	2888.93	4896.06	3833.80	2042.87
Gross Profit	1255.36	1900.56	1185.51	699.72
GP Margin	43.45%	38.81%	30.92%	34.25%
Net Profit	557.12	503.71	115.40	40.33
NP Margin	19.28%	10.29%	3.01%	1.97%
EBITDA	921.83	1236.45	505.63	267.62
EBITDA Margin	31.91%	25.25%	13.19%	13.10%
EBIT	839.74	952.55	309.16	125.29
Finance Cost	86.62	232.40	133.02	66.65
Interest Coverage Ratio	9.69	4.09	2.32	1.88
Debt	4410.07	3070.87	2351.15	1313.51
Equity	2320.78	1617.31	894.84	473.46
D/E Ratio	1.90	1.90	2.62	2.77

Cash Flow Statement:

(Rs. in lakhs)

	For the period ended Oct 31, 2023	For the period ended March 31, 2023	For the period ended March 31, 2022	For the period ended March 31, 2021
CFOA	(260.75)	726.05	(237.74)	(164.60)
CFIA	(530.84)	(1,340.31)	(966.57)	(711.78)
CFFA	870.99	620.32	1210.60	876.64

6) COMPARISON WITH INDUSTRY PEERS:

	EPS	P/E Ratio	ROCE	D/E	EBITDA Margin
Thaai Casting Ltd.	5.61	13.72	31.36%	1.90	31.91%
Endurance Technologies Limited(Listed)	43.14	41.50	13.80%	0.15	12%
ElectroSteel casting Limited(Limited)	10.13	17.40	9.99%	0.54	11.40%

7) CONCLUSION:

Thaai Casting Ltd revenue is growing at a CAGR of 34.34%. The EBITDA margin of the company is 31.91% which is better than peers. However Company's D/E ratio is high as compared to peers. Company valuation is also low in terms of PE ratio in comparison with peers.