



IPO Note

Swastika Castal Limited

Recommendation: **NEUTRAL**

Company Background –

The company supplies the casting as original equipment (ready to use component) to reputed Companies in India and also exports to parts of Europe, and U.S.A.

Objects of the Issue –

Particulars	Amt. in Lakhs
Capital expenditure for plant & machinery and construction of shed & building.	500.88
To meet working capital requirements.	550.00
General corporate purposes.	159.68

Promoters Name –

Varun Sharda, and Indra Sharda.

Promoter Share Holding Pattern	
Pre Issue	Post Issue
100.00%	73.49%

Rationale for recommendation – Swastika Castal Limited has a post issue P/E of 20.14 indicating that it is slightly overvalued. The industry has positive growth prospects not only domestically but also globally as aluminium is a vital material in other key industries such as EVs, construction, renewable energy, etc. The company has a well experienced management team and has shown satisfactory growth over the years. Customer concentration is justified because the company sells its products to industrial clients. However, the group company has had no significant business operations and has incurred losses in the previous years. The company has contingent liabilities worth ₹199.5 Lakhs, the lead manager's track record has not been up to the mark, the financials spiked in FY 25, and the issue size is very small. Due to these reasons, investors can stay **NEUTRAL** for now.

IPO Details

Opening Date	Jul 21, 2025
Closing Date	Jul 23, 2025
Allotment Date	Jul 24, 2025
Listing Date	Jul 28, 2025
Stock Exchange	BSE SME
Lot Size	2.000 Shares
Issue Price Per Share	₹65
Issue Size	14.07 Cr.
Fresh Issue	14.07 Cr.
Offer for Sale	-
Application Amt	₹ 2,60,000 (4,000 shares)

KPI's	KPIs (In Lakhs)		
	FY 23	FY 24	FY 25
Revenue	2,401.09	2,277.24	2,966.12
EBITDA	200.39	198.29	455.45
Net Profit	58.47	64.98	263.49
RoCE	11.96%	10.92%	28.53%
ROE	7.92%	8.09%	24.69%
P/E	67.01	60.19	14.81

Valuation Parameters		
Particulars	Pre-Issue	Post Issue
EPS	4.39	3.23
BVPS	17.78	13.07
P/E	14.81	20.14
P/BV	3.66	4.97
Mkt Cap (In Cr)	39.00	53.07

Lead Managers –

Horizon Management Private Limited

Registrar –

Accurate Securities & Registry Private Limited

Business Overview -

The company was incorporated in 1996 with its registered office in Kolkata, West Bengal. The company is engaged in aluminium casting and manufacturing and employing several specialised processes to meet varying industrial requirements. It supplies its products as original equipment. The company has an in-house heat treatment facility which enhances product quality.

Some of the product offerings of the company include electrical equipment and transmissions, railway and diesel engines, air compressor, insulator, etc. The company sells its products to the following industries currently: textile, electronics, railways, automotive, pumps & motors, and exports to Europe and USA.

Geographic-Wise Revenue Breakup:**(in Lakhs)**

Region	FY 23	%	FY 24	%	FY 25	%
Domestic	1,496.66	62.79%	1,483.94	65.54%	1,942.52	65.80%
Export	887.07	37.21%	780.16	34.46%	1,009.84	34.20%
Total	2,383.74	100.00%	2,264.10	100.00%	2,952.36	100.00%

Business Strategies -

1. The company is planning to shift from traditional oil fire furnaces to electrical melting furnaces. The project will be completed in a 2 year time frame.
2. Moreover, to reduce its environment impact, the company will install solar panels. The project will be completed in a 2 year time frame.
3. The company has specialized casting processes like sand, gravity, and centrifugal casting. It will continue to invest in R&D.
4. The company aims to increase its market share in Europe and USA through strategic partnerships and tailored product offerings to meet local demand.
5. The company plans to extend its reach in India by targeting new states and regions through establishing strong distribution networks.

Risk Factors -

- There is customer concentration. The top 10 customers of the company accounted for 97.7%, 93.55%, and 92.03% of the company's revenue in FY 23, 24, and 25 respectively.
- There is supplier concentration. The top 10 suppliers of the company accounted for 99.75%, 99.76%, and 87.35% of the company's purchases in FY 23, 24, and 25 respectively.
- The group company, Swastika Metcast Private Limited has been incurring losses and has negative net worth. The group company has not carried out any significant business operations in recent years and the losses reported are primarily attributable to general administrative and compliance-related expenses.
- The business is such that it is very capital extensive in nature. Moreover, the company has high trade receivables.
- The company has contingent liabilities worth ₹199.5 Lakhs as on Mar 31, 2025.

Key Management

- The management consists of **Varun Sharda (Managing Director)**, and **Varsha Sharda (Non-Executive Director)**. Varun Sharda is responsible for overseeing the strategic direction and operational efficiency of the company. He has 18 years of experience. Varsha Sharda is a CA. Her role is to focus on developing strategic business directions to expand market presence, overseeing financial performance, and leading high-level negotiations with clients.
- Ashwinbhai Kantilal Shah** and **Bharat Dhirajlal Mehta** are **independent directors**. They both have relevant educational qualification and years of experience.
- Gopalkumar Ambalal Gandhi (CFO)** has over two decades of experience and **Mukesh Khanna (CS & CO)**.

The management team is satisfactory as they are experienced and have relevant educational qualifications.

Industry Overview –

-Overview of Aluminium Industry

Global production of Primary Aluminium Metal between April 2024 and January 2025 stood at approximately 60.634 million tonnes, while global consumption during the same period was 60.229 million tonnes, resulting in a supply surplus of 0.405 million tonnes. However, for the January to March 2025 quarter (Q1-CY 2025), global consumption is projected to be 18.109 million tonnes compared to an estimated production of 17.879 million tonnes, implying a deficit of 0.230 million tonnes. During the period April 2024 to January 2025, India accounted for approximately 5.8% of global primary aluminium production. India ranks as the world's second-largest aluminium producer. India's aluminium and copper output trends point to high activity in segments such as energy, infrastructure, automotive, and construction.

-Global Aluminium Casting

The global aluminium casting market is on a high-growth trajectory, expected to reach a market value of \$101.95 billion by 2029, expanding at a CAGR of 8.0%. In 2024, the market is estimated at \$69.78 billion, with projections for 2025 at \$75 billion, reflecting a growth rate of 7.5% for the year. Long-term forecasts anticipate the market reaching \$159.33 billion by 2034, maintaining a steady CAGR of 8.0%. Automotive sector transformation, especially the shift to electric vehicles (EVs), is huge growth driver. Aluminium parts now account for more than 50% of mission-critical vehicle components, especially in transmission housings and structural parts. This demand is expected to rise with increased EV adoption globally. The renewable energy industry also contributes to the surge in aluminium casting demand through heightened requirements for wind turbine components and advanced solar installation hardware. Additionally, aerospace and automotive sectors are driving demand for lightweight construction materials. Building and construction was the dominant consumer of aluminium castings in 2022 and is projected to be the fastest-growing segment through the forecast period.

-Indian Aluminium Casting Industry

The Indian aluminium casting sector is witnessing significant momentum, particularly in the automotive die-casting segment. Between 2025 and 2030, the automotive die-casting market is projected to grow at an accelerated CAGR of 8.8%. The overall Indian aluminium casting industry is forecast to expand by \$7.15 billion during 2023 to 2028, representing a CAGR of 8.5%. Government policies and the push for EVs have intensified demand for precision die-casting in automotive applications. Process-wise, pressure die casting retains a market-leading 60% share due to its scalability and alignment with automotive sector needs. Application-wise, engine components dominate usage, with strong demand from both internal combustion engine (ICE) vehicles and electric vehicle (EV) platforms.

Lead Manager

Horizon Management Private Limited has handled 16 IPOs in preceding 3 years out of which 7 have opened at a premium and 9 have opened at a discount.

Peer Analysis

Particulars	Swastika Castal Limited			Thaai Casting Limited*		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	2.44%	2.85%	8.88%	-	15.00%	8.98%
EBITDA Margin	8.35%	8.71%	15.36%	-	27.75%	24.84%
RoCE	11.96%	10.92%	28.53%	-	18.35%	16.88%
ROE	7.92%	8.09%	24.69%	-	14.76%	13.28%
EPS (INR)	0.97	1.08	4.39	-	4.61	4.78
P/E	67.01	60.19	14.81	-	34.43	19.93

*The company was listed during the end of FY 23. Therefore it is blank.

FINANCIAL SNAPSHOT

Key Performance Indicators: (in Lakhs)			
Particulars	FY 23	FY 24	FY 25
P&L Statement			
Total Income	2,441.34	2,335.46	3,031.28
Total Expenses	2,357.35	2,242.50	2,683.77
EBITDA	200.39	198.29	455.45
EBIT	145.76	140.68	393.76
PBT	83.99	92.96	347.51
Tax Expenses	25.52	27.98	84.02
Net Profit	58.47	64.98	263.49
Balance Sheet			
Total Equity	738.51	803.49	1,066.98
Assets			
Non-Current Assets	907.60	931.44	1,004.15
Current Assets	1,715.99	1,450.64	2,078.79
Total Assets	2,623.59	2,382.08	3,082.94
Liabilities			
Non-Current Liabilities	480.27	485.16	313.22
Current Liabilities	1,404.81	1,093.43	1,702.74
Total Liabilities	2,623.59	2,382.08	3,082.94
Cash Flow Statement			
CFO	111.88	189.81	187.22
CFI	-90.47	-74.42	-129.71
CFF	24.76	-172.12	-97.72

Key Ratios:			
Particulars	FY 23	FY 24	FY 25
Per Share Data			
Diluted EPS	0.97	1.08	4.39
BV per share	49.23	53.57	17.78
Operating Ratios			
EBITDA Margins	8.35%	8.71%	15.36%
PAT Margins	2.44%	2.85%	8.88%
Inventory days	105.65	101.51	95.33
Debtor days	106.73	91.54	131.61
Creditor days	90.80	61.98	114.43
Return Ratios			
RoCE	11.96%	10.92%	28.53%
RoE	7.92%	8.09%	24.69%
Valuation Ratios (x)			
EV/EBITDA	7.58	7.95	4.16
Market Cap / Sales	0.41	0.43	1.31
P/E	67.01	60.19	14.81
Price to Book Value	1.32	1.21	3.66
Solvency Ratios			
Debt / Equity	1.30	1.12	0.85
Current Ratio	1.22	1.33	1.22
Quick Ratio	0.73	0.75	0.77
Asset Turnover	0.92	0.96	0.96
Interest Coverage Ratio	1.43	1.33	3.53

Financial Analysis

- The reason for the drop in total income in FY 24 by 4.34% is because of decrease in export of products by 13.1%. It subsequently increased by 30.25% because of increase in export of its products by 30.56%.
- There was a decrease in employee benefit expenses in FY 24 by 39.61%. This was because of a decrease in salaries, wages, and staff welfare expenses as the company started focusing on contractual labour.
- Even though the total income declined, EBITDA margin of the company increased in FY 24.
- Operating margins of the company spiked in FY 25. While the total income increased by 29.79%, due to reduction in changes in inventories by 480.47% total expenses increased by 19.68% only. Thus increasing EBITDA and PAT margins.
- Trade payables and receivables form a major part of current liabilities and assets.
- CFO suggests that the company employs satisfactory cash management policies.

The company has performed well over the past years. If the company is able to consistently export its products then high growth can be expected.

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