

## IPO Note

# Neetu Yoshi Limited

Recommendation: **AVOID**

**Company Background:** The company is engaged in the business of manufacturing of customised products in different grades of ferrous metallurgical products.

### Objects of the Issue -

Particulars	Amt. in Lakhs
Setting up of a new manufacturing facility.	5078.37
General Corporate Purpose	-

### Promoters Name -

Himanshu Lohia, Subodh Lohia, and Saundarya Lohia.

Promoter Share Holding Pattern	
Pre Issue	Post Issue
95.23%	70.03%

**Rationale for recommendation** – Neetu Yoshi Limited was incorporated in 2020 with its registered office in Dehradun. The company has unnatural spiked in FY 24 suggesting that it is unsustainable. The spike may be a result of starting the manufacturing process. However, there is no proven track record as a manufacturing company so continuing such revenue figures cannot be guaranteed. The overall lack of experience of the management team raises further concerns. The company also faces geographic, supplier, and customer concentration. The company has also incurred negative cash flow from operations in FY 23. Lastly, the track record of the lead manager is not satisfactory as well. Due to all of these reasons, investors are advised to **AVOID** this IPO for now.

### IPO Details

Opening Date	Jun 27, 2025
Closing Date	Jul 01, 2025
Allotment Date	Jul 02, 2025
Listing Date	Jul 04, 2025
Stock Exchange	BSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹75
Issue Size	77.04 Cr.
Fresh Issue	77.04 Cr.
Offer for Sale	-
Application Amt	₹ 1,20,000 (1,600 shares)

KPIs (In Lakhs)				
KPI's	FY 22	FY 23	FY 24	Dec-24
Revenue	458.85	1,623.07	4,733.42	5,136.08
EBITDA	13.35	110.80	1,706.62	1,674.11
Net Profit	7.03	42.32	1,257.72	1,199.24
RoCE	3.23%	7.28%	57.26%	16.45%*
ROE	2.61%	7.59%	63.72%	13.17%*
P/E	104.17	49.67	10.15	18.24*

\*Annualized

Valuation Parameters		
Particulars	Pre-Issue	Post Issue*
EPS	7.39	4.11
BVPS	50.97	31.21
P/E	10.15	18.24
P/BV	1.47	2.40
Mkt Cap (In Cr)	214.05	291.01

\*Annualized

### Lead Managers -

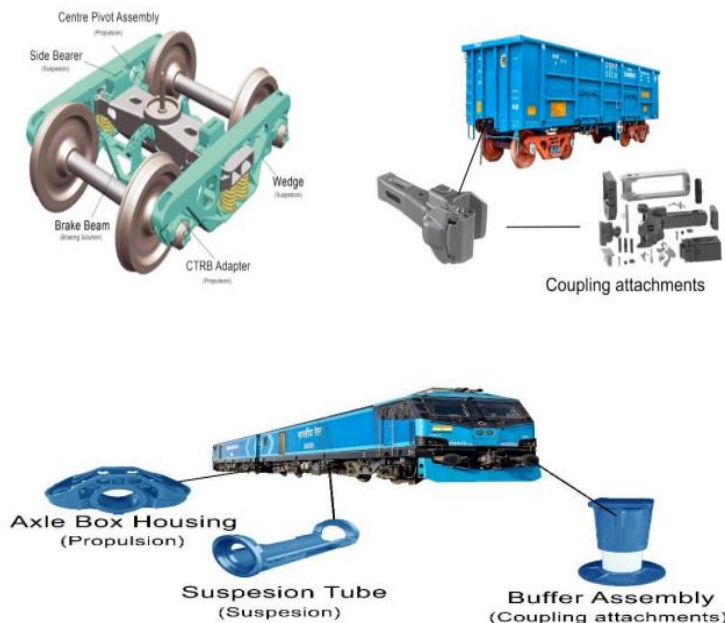
#### Horizon Management Private Limited

(Handled 15 mandates and 9 opened at a discount in preceding 3 years)

### Registrar -

#### Skyline Financial Services Private Limited

## Business Overview -



The company was incorporated in 2020 with its registered office in Dehradun, Uttarakhand. It was incorporated as a trading company dealing in sale of specific grade raw materials to Original Equipment Manufacturers (OEMs) of Indian Railways. Later, it rented a factory in Rudrapur with Computer Numerical Control (CNC) Machines and commenced commercial activities of machining railway components for (OEMs).

The company established its own manufacturing facility to enter metallurgical engineering and provide customised products in different grades of ferrous metallurgical products. The manufacturing facility is certified as class 'A' by RDSO. The company is a certified vendor of Indian Railways.

As a result, the company derives majority of its revenue from Indian Railways. 87%, 99%, 99%, and 98.98% of revenue from operations were from Indian Railways in FY 22, 23, 24 and Dec 24 respectively. There is geographic concentration as well. The company derived a total of 92.12%, 81.53%, 82.28%, and 48.21% of revenue from operations from West Bengal and Uttarakhand in FY 22, 23, 24, and Dec 24.

**Manufacturing Facility:** The company has a manufacturing facility at Bhagwanpur, Uttarakhand. The company started manufacturing activities from FY 24. It utilised 50.70% and 45.96% of the total installed capacity (8,087 MT) in FY 24 and Dec 24 respectively.

## Business Strategies -

- The company intends to actively work on getting more products/parts approved by RDSO and expand product offerings to Indian Railways.
- Setting up of new manufacturing facility in Bhailamau, Kanpur. The facility will produce railway assembly parts like bogie and coupler.
- Improving operational efficiency through data analytics.
- Expand customer base and geographic reach to beyond India.
- Focused on advanced technology products

## Risk Factors –

- There is concentration in industry and geography wise as well.
- The company is dependent on small number of customers. Its top 10 customers contributed 99.94%, 95.17%, 94.36%, and 86.67% of revenue from operations in FY 22, 23, 24, and Dec 24 respectively.
- The company is dependent of few number of suppliers for raw materials. Its top 10 suppliers contributed 99.21%, 78.96%, 84.06%, and 58.23% of purchases in FY 22, 23, 24, and Dec 24 respectively.
- The company has limited track record as it started manufacturing recently in FY 24 and was engaged in trading of stock-in-trade before.
- The company has experienced negative cash flow from operations worth (₹195.27) Lakhs in FY 23.
- The company has 2 outstanding tax litigations worth ₹4.27 Lakhs.
- The track record of the lead manager is not satisfactory.

## Industry Overview –

### -India Metal Casting Market:

The India metal casting market was valued at USD 12,473 million in 2023 and is expected to reach USD 21,252 million by 2032, growing at a CAGR of 5.8% from 2024 to 2032. In India, metal casting plays a critical role in the mass production of automotive and construction equipment components. Its growth drivers include: rising demand for lightweight vehicles, increasing consumer incomes, rapid urbanization, and increased construction activity. Metal casting also forms a critical part of the manufacturing ecosystem for home appliances, surgical instruments, and components in the automotive and aerospace sectors. India stands out as one of the largest metal casting markets in the Asia Pacific region.

### -Indian Railway Industry:

India has the fourth-largest railway network in the world after the US, China, and Russia, with a total track length of 126,366 km and 7,335 stations. During FY23, 5,243 km of new track was commissioned compared to 2,909 km in FY22. The system contributes approximately 1.5% to India's GDP and handles 45% of the country's modal freight share. Indian Railways achieved its highest-ever freight loading of 1,512 million tonnes in FY23. In FY23, Indian Railways produced 785 electric locomotives. As of May 31, 2023, 6,427 stations (98.8% of total) were equipped with electronic signalling systems. The sector is actively working to achieve Net Zero Carbon Emissions by 2030. The 2023–24 Union Budget allocated Rs. 2.4 lakh crore (USD 29 billion) for railway development—the highest ever and nearly 9 times the allocation from 2013–14.

The government's investment in railway infrastructure between 2024 and 2030 is expected to reach Rs. 143 trillion (USD 1.71 trillion). A total of 58 supercritical and 68 critical projects worth Rs. 1,15,000 crore (USD 15.44 billion) have been announced, including 29 supercritical projects spanning 1,044 km and costing Rs. 11,588 crore (USD 1.5 billion). The Union Cabinet also approved seven projects costing Rs. 32,500 crore (USD 3.93 billion) to add 2,339 km of new routes in nine states. As of January 31, 2024, 82 Vande Bharat train services are operational, with 41 of them integrated into the Broad Gauge (B.G.) electrified network. These semi-high-speed trains can travel at speeds of up to 160 km/h. 400 new-generation Vande Bharat trains are planned for production over the next three years.

### -Indian Railway Equipment Market:

The Indian Railway Equipment Market was valued at USD 12.31 billion in 2023 and is projected to grow at a CAGR of 3.61% during the forecast period. This market has seen substantial momentum owing to heavy government investment. Notable government initiatives are Dedicated Freight Corridor and High-Speed Rail Project. The increasing demand for advanced train control systems, signalling systems, rolling stock, and real-time monitoring tools is fuelling growth in the equipment segment.

## Key Management

- The management consists of **Himanshu Lohia (Managing Director & CFO)**, **Subodh Lohia (Whole-Time Director)**, and **Saundarya Lohia (Non-Executive Director)**. They have relevant educational qualifications but limited experience. Subodh Lohia and Himanshu Lohia have been associated with the company since its incorporation.
- **Kumar Sharat Chandra** and **Jyoti Sudhir** are the **Independent Directors**.
- **Pranjul Gupta (CS & CO)** is a member of ICSI and has 9 years of experience.

**Outlook:** Overall, the management is not very satisfactory as all of them have limited experience and few of the members have been appointed recently.

**FINANCIAL SNAPSHOT**

Key Performance Indicators					Key Ratios				
(In lakhs)									
Particulars	FY 22	FY 23	FY 24	Dec-24	Particulars	FY 22	FY 23	FY 24	FY 25*
<b>P&amp;L Statement</b>					<b>Per Share Data</b>				
<b>Total Income</b>	<b>462.98</b>	<b>1,632.83</b>	<b>4,745.36</b>	<b>5,146.86</b>	Diluted EPS	0.72	1.51	7.39	4.11
Total Expenses	450.12	1,576.55	3,226.84	3,694.69	BV per share*	192.45	24.41	50.97	31.21
<b>EBITDA</b>	<b>13.35</b>	<b>110.80</b>	<b>1,706.62</b>	<b>1,674.11</b>	<b>Operating Ratios</b>				
<b>EBIT</b>	<b>8.73</b>	<b>77.23</b>	<b>1,626.81</b>	<b>1,561.55</b>	EBITDA Margins	2.91%	6.83%	36.05%	32.60%
<b>PBT</b>	<b>12.86</b>	<b>56.28</b>	<b>1,518.52</b>	<b>1,452.17</b>	PAT Margins	1.53%	2.61%	26.57%	23.35%
Tax Expenses	5.83	13.96	260.80	252.93	Inventory days	59.83	9.39	20.54	29.07
<b>Net Profit</b>	<b>7.03</b>	<b>42.32</b>	<b>1,257.72</b>	<b>1,199.24</b>	Debtor days	59.14	72.88	65.38	70.21
<b>Balance Sheet</b>					Creditor days	10.90	12.28	-	6.91
<b>Total Equity</b>	<b>269.43</b>	<b>557.46</b>	<b>1,978.88</b>	<b>4,023.12</b>	<b>Return Ratios</b>				
<b>Assets</b>					RoCE	3.23%	7.28%	57.26%	16.45%
Non-Current Assets	116.08	821.95	2,388.38	3,262.39	RoE	2.61%	7.59%	63.72%	13.17%
Current Assets	192.12	641.19	1,461.14	2,053.75	<b>Valuation Ratios (x)</b>				
<b>Total Assets</b>	<b>308.20</b>	<b>1,463.14</b>	<b>3,849.52</b>	<b>5,316.14</b>	EV/EBITDA	18.94	10.11	2.03	0.32
<b>Liabilities</b>					Market Cap / Sales	0.23	1.06	0.62	4.26
Non-Current Liabilities	0.79	503.18	862.39	729.47	P/E	104.17	49.67	10.15	18.24
Current Liabilities	37.98	402.50	1,008.25	563.55	Price to Book Value	0.39	3.07	1.47	2.40
<b>Total Liabilities</b>	<b>38.77</b>	<b>905.68</b>	<b>1,870.64</b>	<b>1,293.02</b>	<b>Solvency Ratios</b>				
<b>Cash Flow Statement</b>					Debt / Equity	-	1.48	0.88	0.06
<b>CFO</b>	<b>1.89</b>	<b>-195.27</b>	<b>767.25</b>	<b>983.56</b>	Current Ratio	5.06	1.59	1.45	1.45
<b>CFI</b>	<b>-70.48</b>	<b>-753.88</b>	<b>-1,622.36</b>	<b>-908.19</b>	Quick Ratio	2.43	1.46	1.1	1.1
<b>CFF</b>	<b>73.39</b>	<b>1,041.88</b>	<b>956.88</b>	<b>-151.28</b>	Asset Turnover	1.49	1.11	1.23	1.78
					Interest Coverage Ratio	-	2.51	13.53	13.00

\*Annualized

**FINANCIAL ANALYSIS –**

- Revenue from operations has increased by 253.73% and 191.63% and total income has increased by 252.68% and 190.62% in FY 23 and 24 respectively. Commissioning of machining workshops led to increase in revenue in FY 23. In FY 24, the company started manufacturing so revenue increased.
- The spike in purchase of stock-in-trade in FY 23 was because of commissioning of machining workshops.
- Employee benefit expenses have increased every year due to increase in salaries and wages.
- The company availed borrowings in FY 24.
- Purchase of stock-in-trade subsequently became negligible and cost of materials consumed increased when the company started production.
- The cash flows from operating activities of the company was negative in FY 23 because of a spike in trade receivables and other current assets. Later, the company may have implemented better cash management policies as we can see positive cash flows in FY 24 and Dec 24.
- The company has increased not only its revenue figures but also its operating margins given by the increasing EBITDA and PAT margin every year.

**Overall, the company has shown satisfactory performance and has positive financial health. There is a spike in revenue figures and operating margins in FY 24 because the company started with manufacturing process.**

## Peer Analysis

Particulars	Neetu Yoshi Limited			Gujarat Intrux Limited			Nelcast Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	1.53%	2.61%	26.57%	7.02%	10.96%	12.60%	1.52%	2.32%	4.19%
EBITDA Margin	2.91%	6.83%	36.05%	13.78%	17.64%	19.77%	7.20%	7.46%	9.57%
RoCE	3.23%	7.28%	57.26%	8.03%	12.90%	15.95%	7.29%	10.74%	14.89%
ROE	2.61%	7.59%	63.72%	5.71%	9.88%	11.92%	3.04%	5.73%	9.84%
EPS (INR)	0.72	1.51	7.39	8.88	16.71	21.51	1.64	3.42	6.25
P/E	104.17	49.67	10.15	13.93	16.78	20.18	38.20	25.96	20.56

Particulars	Neetu Yoshi Limited			Steelcast Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	1.53%	2.61%	26.57%	11.0%	14.7%	18.2%
EBITDA Margin	2.91%	6.83%	36.05%	21.2%	24.3%	29.1%
RoCE	3.23%	7.28%	57.26%	28.3%	43.9%	36.6%
ROE	2.61%	7.59%	63.72%	21.3%	32.8%	27.8%
EPS (INR)	0.72	1.51	7.39	16.44	34.85	37.05
P/E	104.17	49.67	10.15	21.48	13.10	17.65

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