

Shree Refrigerations Limited

December 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	7.61 (Reduced from 10.40)	CARE BB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	29.50	CARE BB+; Stable / CARE A4+	LT rating and Stable outlook assigned and ST rating reaffirmed
Long Term / Short Term Bank Facilities	30.00	CARE BB+; Stable / CARE A4+	LT rating reaffirmed and ST rating assigned
Long Term / Short Term Bank Facilities	22.89 (Enhanced from 20.10)	CARE BB+; Stable / CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Shree Refrigerations Limited (SRL) continue to remain constrained on account of its moderate scale of operations and working capital intensive nature of operations. The ratings are further constrained due to tender driven and competitive nature of business, volatility in raw material prices and exposure to changes in government regulations. The ratings, however, derive strength from experienced promoters, reputed clientele base, healthy profitability, healthy orderbook position reflecting medium term revenue visibility and comfortable capital structure and debt coverage indicators.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operation above Rs.120 crore while maintaining profitability on a sustained basis.
- Managing working capital cycle efficiently with improvement in overall operating cycle below 200 days on a sustained basis.

Negative factors

- Elongation in operating cycle above 360 days with substantial decline in scale of operations impacting liquidity.
- Deterioration in capital structure marked by overall gearing above unity on a sustained basis.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered consolidated financials of SRL, including SRL and its wholly owned subsidiary Trezor Technologies Private Limited (TTPL) owing to financial, business and operational linkages with TTPL and common management.

Outlook: Stable

The 'Stable' outlook on the rating reflects CareEdge Ratings' expectation that SRL will continue to benefit from the extensive experience of its promoters and established relationships with its clients.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations

SRL's total operating income improved but remained moderate at ₹98.73 crore in FY25 (FY refers to April 1 to March 31), reflecting a year-on-year increase of 22.90% from ₹80.31 crore in FY24, supported by successful execution of projects.

In H1FY26 (H1FY refers to April 1 to September 30), the company reported total operating income of ₹50.72 crore compared to ₹51.15 crore in H1FY25. Total operating income is expected to grow moderately over the medium term, supported by successful execution of current orderbook.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Working capital intensive nature of operations

SRL's operations continued to remain working capital intensive primarily due to elongated receivable cycle and high inventory levels. SRL's operating cycle deteriorated to 378 days in FY25 compared to 316 days in FY24, mainly due to elongated collection period of 258 days in FY25, compared to 193 days in FY24. This elongation is attributable to long execution period requiring high inventory and multiple inspection and verification activities which lead to delay in approvals from customers, thereby blocking funds in receivables and inventory.

Tender driven and competitive nature of business

The HVAC industry is characterized by fragmentation, with numerous prominent players operating at the national level. The company primarily supplies HVAC systems to the Indian Navy, where orders are awarded based on tenders, thus exposing the company to risks associated with tender based business, which is also characterised by intense competition. The growth of business depends on SRL's ability to successfully bid for the tenders and emerge as the lowest bidder.

Volatility in raw material prices and regulated industry

The primary raw materials used in the production of industrial heaters and air-cooled condensers are steel sheets, plates, and tubes. SRL's profitability is highly sensitive to fluctuations in raw material prices and market conditions. Due to the inherent volatility in steel prices and the absence of a price adjustment clause in its contracts, the company is vulnerable to sudden price increases. Such fluctuations could significantly affect profitability, especially if costs rise unexpectedly and cannot be passed on to customers.

Additionally, contracts with government entities are exposed to delays and uncertainties due to extensive internal procedures, frequent policy changes, and budgetary limitations. These factors can hinder the timely execution and completion of projects, posing a significant risk to operational performance.

Key strengths

Long and established track record of promoters and key managerial personnel

The company is led by Ravalnath Gopinath Shende, Promoter and Managing Director, who brings extensive experience in sales, manufacturing, operations, and management. The Shende family oversees the financials and overall management of the company. Other key leaders bring significant industry expertise, including Sunil Kaushik, Whole-time Director, with over 35 years of experience in the Indian Navy and shipbuilding projects; Nandkumar Madhav Athawale, Independent Director, with vast experience in heavy engineering, defence, and aerospace; Umesh Ramaswamy Shastry, Independent Director, a qualified Chartered Accountant and Company Secretary with expertise in finance and internal audit; Col. Lalit Rai, Independent Director, a former army officer with leadership experience; and Vivek Karnavat, Independent Director, with a distinguished career in the Indian Navy. Their combined experience ensures excellence in executing and securing additional defence projects.

Healthy profitability

SRL's profitability, though declined, remained healthy with a profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin of 24.34% in FY25, compared to 27.02% in FY24. The decline was primarily attributable to higher employee costs. Profit after tax (PAT) margins remained stable at 12.78% in FY25 compared to 12.85% in FY24, supported by reduced interest expenses.

During H1FY26, the company reported a decline in operating margins to 11.79% (H1FY25: 30.58%). This decline was mainly due to the hiring of experienced personnel for project management and the aftermarket service team, and high tender-related expenses.

Comfortable capital structure and moderate debt coverage indicators

SRL's debt profile mainly comprises working capital borrowings and term loans. As of March 31, 2025, capital structure remained comfortable marked by overall gearing at 0.39x, compared to 0.67x as on March 31, 2024, with repayment of term debt and accretion of profits to reserves.

In FY25, debt coverage indicators improved and remained comfortable marked by total debt to gross cash accruals (TDGCA) and interest coverage (PBILDT/interest) of 2.76x and 5.29x respectively (PY: 2.67x and 4.28x respectively). Further, in July 2025, SRL launched an SME IPO, raising net proceeds of ₹80 crore, which strengthened its net worth to ₹196.19 crore as of September 30, 2025. The company's overall gearing stood comfortable at 0.12x as on September 30, 2025.

Reputed clientele base

SRL primarily focuses on securing and executing naval (marine) orders, specialising in the manufacturing and installation of HVAC systems for ships and submarines. SRL has developed long-term established relationship with prominent players in the industry including Garden Reach Shipbuilders and Engineers Limited [CARE AAA; Stable/ CARE A1+]; Mazagon Docks Shipbuilders Limited and Goa Shipyard Limited [CARE AAA; Stable/ CARE A1+]. SRL generated ~73% of its total operating income from its top three customers (PY: ~88%). This exposes the company's performance to orders from a limited customer base, which is partially mitigated by its established relationship that results in repeat orders.

Healthy orderbook position with medium term revenue visibility

As of September 30, 2025, SRL had an order book worth Rs.327.57 crore (3.30x FY25 TOI), scheduled for execution over the next three to five years, ensuring medium-term revenue visibility. Timely project execution will be crucial to maintaining healthy cash flows.

Liquidity: Adequate

SRL's liquidity position remained adequate with expected cash accruals of ₹18-₹20 crore in FY26, against minimal debt repayment obligations. Average utilisation of fund-based and non-fund-based working capital limits over the 12 months ended October 31, 2025, stood at 62.30% and 60.97% respectively. SRL raised ~Rs.80 crore by way of IPO to support its working capital requirements. As on September 30, 2025, SRL had a free cash and liquid investments of Rs.67.09 crore. Cash flow from operating activities remained negative in FY25. Effective management of operating cycle is expected to be a key monitorable over the long term.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria[Consolidation](#)[Definition of Default](#)[Liquidity Analysis of Non-financial sector entities](#)[Rating Outlook and Rating Watch](#)[Manufacturing Companies](#)[Financial Ratios – Non financial Sector](#)[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Other Industrial Products

Shree Refrigerations Limited (SRL), based in Karad, Maharashtra, was originally established as a partnership firm in 1990 before transitioning into a private limited company. In 2024, SRL further expanded its corporate structure, becoming a limited company. The company is engaged in the business of manufacturing Chillers, refrigeration and air conditioning appliances and other parts of Heating, Ventilation, Air Conditioning (HVAC) Industry, offering array of advanced systems and equipment to industries majorly in domestic market. These products serve multiple industries including Automotive, Marine, Print Media, Chemical, Pharma and General engineering sectors. Company is also actively involved in the manufacturing of marine chillers, having approved supplier registrations from DME (Directorate of Marine Engineering), DNA (Directorate of Naval Architecture), and DEE (Directorate of Electrical Engineering) certifications, enabling the in-house manufacturing of chillers, turnkey HVAC solutions, and electrical control panels. In July, 2025, SRL went public and was listed on the Bombay Stock Exchange (BSE) on August 01, 2025

Brief Financials (₹ crore) – Consolidated – SRL	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26(UA)
Total operating income	80.31	98.73	50.72
PBILDT	21.70	24.03	5.98
PAT	10.32	12.61	1.57
Overall gearing (times)	0.67	0.39	0.12
Interest coverage (times)	4.28	5.29	2.61

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Brief Financials (₹ crore) – Standalone – SRL	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26(UA)
Total operating income	80.31	98.73	50.72
PBILDT	21.70	24.12	5.99
PAT	11.03	13.00	1.48
Overall gearing (times)	0.64	0.41	0.13
Interest coverage (times)	4.70	5.38	2.51

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	10-02-2030	4.09	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	31-03- 2028	3.52	CARE BB+; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	22.89	CARE BB+; Stable / CARE A4+
Fund-based/Non-fund-based-LT/ST		-	-	-	30.00	CARE BB+; Stable / CARE A4+
Non-fund-based - LT/ ST-BG/LC		-	-	-	29.50	CARE BB+; Stable / CARE A4+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/Non-fund-based-LT/ST	LT/ST	30.00	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable (25-Mar-25)	-	-
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	29.50	CARE BB+; Stable / CARE A4+	-	1)CARE A4+ (25-Mar-25)	-	-
3	Fund-based - LT-Term Loan	LT	4.09	CARE BB+; Stable	-	1)CARE BB+; Stable (25-Mar-25)	-	-
4	Fund-based - LT-Term Loan	LT	3.52	CARE BB+; Stable	-	1)CARE BB+; Stable (25-Mar-25)	-	-
5	Fund-based/Non-fund-based-LT/ST	LT/ST	22.89	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (25-Mar-25)	-	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Trezor Technologies Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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