



## IPO Note

# Shree Refrigerations Limited

Recommendation: **AVOID!**

**Company Background:** Shree Refrigerations Limited is engaged in the business of manufacturing Chillers, refrigeration and air conditioning appliances and other parts of Heating, Ventilation, Air Conditioning (HVAC) Industry.

### Objects of the Issue -

Particulars	Amt. in Lakhs
To meet the working capital requirements	7,000.00
General Corporate Purposes	-

### Promoters Name -

Ravalnath Gopinath Shende, Rajashri Ravalnath Shende and Devashree Vishwesh Nampurkar

Promoter Share Holding Pattern	
Pre Issue	Post Issue
56.61%	44.60%

### Rationale for recommendation -

Shree Refrigerations Limited, established in 2006, has vast industry experience and the IPO is highly priced at a post-issue P/E of 32.88 times. The management is satisfactory with good experience in the industry; however, the CFO has limited experience. The company saw increase in top line and a sudden increase in EBITDA and bottom line due to decrease in overall expenses. The company had negative CFO for the last three years. and the cash conversion cycle also remained quite high. Overall, the financials look slightly sustainable in the long run. The company has high customer, suppliers and geographic concentration (Maharashtra and West Bengal) which adds business risk. The post issue promoter holdings have come down to 44% which reduces investors' confidence. Thus, investors can **AVOID** this IPO for now. Informed investors may evaluate the performance post listing and make a decision.

### IPO Details

Opening Date	Jul 25, 2025
Closing Date	Jul 29, 2025
Allotment Date	Jul 30, 2025
Listing Date	Aug 01, 2025
Stock Exchange	BSE SME
Lot Size	1,000 Shares
Issue Price Per Share	₹119 to ₹125
Issue Size	117.33 Cr.
Fresh Issue	88.64 Cr.
Offer for Sale	22.81 Cr.
Application Amt	₹ 2,50,000 (2,000 shares)

KPIs (In lakhs)			
KPI's	FY 23	FY 24	FY 25
Revenue	5,057.61	8,030.55	9,872.70
EBITDA	1,189.62	2,438.43	2,694.39
Net Profit	257.41	1,153.07	1,354.66
RoCE	15.81%	29.56%	18.24%
ROE	5.69%	18.99%	11.81%
P/E	96.15	22.52	23.81

Valuation Parameters		
Particulars	Pre-Issue	Post Issue*
EPS	5.25	3.80
BVPS	40.88	32.20
P/E	23.81	32.88
P/BV	3.06	3.88
Mkt Cap (In Cr)	350.87	445.38

\*Annualized

### Lead Managers -

**Narnolia Financial Services Limited**

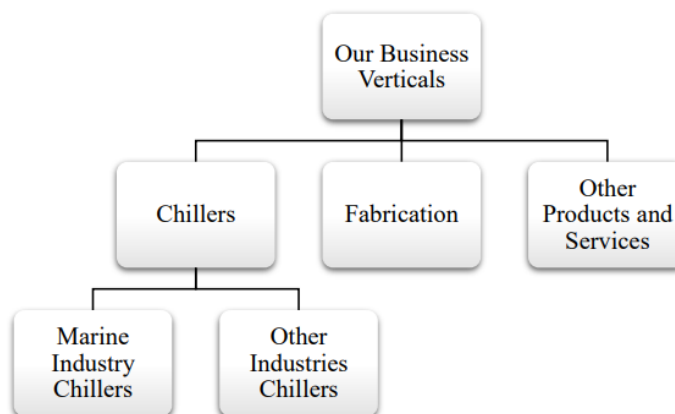
### Registrar -

**MUFG India Private Limited**

## Business Overview -

The company was established April 24, 2006. It 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. Their products cater to industries including Automotive, Marine, Print Media, Chemical, Pharma and General engineering sectors. The company has an outstanding order book of 23,141.13 lakhs as of 25 May 2025. Additionally, the company has submitted bids for several tenders which is approx. Rs. 12,450 lakhs.

**Client Base:** Private Sector clients include Amul, Godrej, Delaval, Nestle & Hatsun and government clients include GRES GSL, HSL and MDL.



## Product-wise Bifurcation:

(In lakhs)

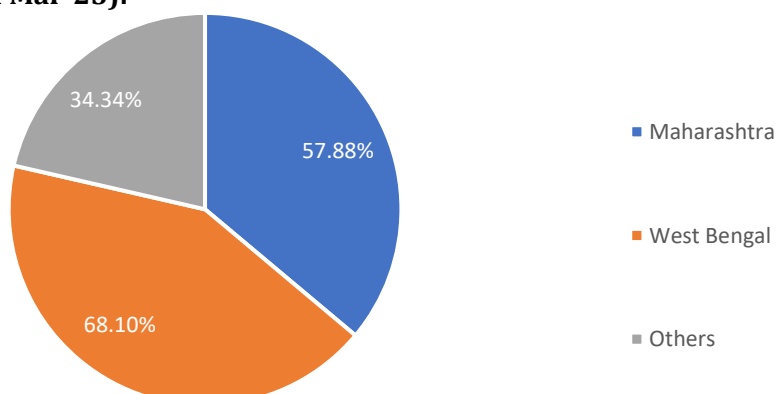
Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
<b>Chillers</b>						
Marine	3,720.31	73.56%	7,060.59	87.92%	8,278.94	83.86%
Other Chillers	358.55	7.09%	348.66	4.34%	519.32	5.26%
<b>Fabrications</b>	559.99	11.07%	319.29	3.98%	401.43	4.07%
<b>Other Products/ Services</b>	418.76	8.28%	302.01	3.76%	673.01	6.82%
<b>Total</b>	<b>5,057.61</b>	<b>100%</b>	<b>8,030.55</b>	<b>100%</b>	<b>9,872.70</b>	<b>100%</b>

**Manufacturing Facility:** The facility is located at Satara, Maharashtra. The details of installed and actual capacity:

Particulars	Installed annual capacity	FY 2023	FY 2024	FY 2025
<b>1. Marine Industry Chillers</b>		(No. of units)		
Sea Water cooled AC plants	36	30	23	18
Air-cooled AC plants	36	-	-	1
<b>2. Other Industry Chillers</b>	180	70	81	74
<b>TOTAL</b>	<b>252</b>	<b>100</b>	<b>104</b>	<b>93</b>

**Subsidiary:** Trezor Technologies Private Limited is involved in design, manufacture, and servicing of control panels, industrial fabrications, heat exchangers, HVAC, and specialized equipment across sectors like marine, agriculture, food, pharma, and hospitality.

## Geographic Bifurcation (As of Mar-25):



## Business Strategies -

1. The company intends to expand and improve product range.
2. The company intends to maintain strong relationships with suppliers and customers.

## Risk Factors –

- The company is highly dependent on top 10 customers constituting to 89.69%, 95.71% and 91.64% in FY23, FY24 and FY25 respectively.
- The company is highly dependent on top 10 suppliers constituting to 81.17%, 69.15% and 51.79% in FY23, FY24 and FY25 respectively.
- The company had negative cash flow from operations since the last three years.
- The company has 5 cases against it for tax matters amounting to Rs. 78.64 lakhs.
- The promoters have 9 cases against it for tax (1 case) and criminal (8 cases) matters amounting to Rs. 90.72 lakhs.
- The company has contingent liabilities of Rs. 966.47 lakhs as of Mar-25.

## Key Management

- The management consists of **Ravalnath Gopinath Shende (Managing Director)**, **Rajashri Ravalnath Shende (Whole-Time Director)**, **Devashree Vishwesh Nampurkar (Whole-Time Director)** and **Sunil Kaushik (Whole-Time Director)**. They have an average experience of 20 years and have relevant education.
- **Umesh Ramaswamy Shastry, Nandkumar Madhav Athawale, Vivek Karnawat** and **Col. Lalit Rai** are the **Independent Directors**. They have good experience in the industry with relevant education in their respective fields.
- **Abhijeet Govind Saoji (CEO)** holds B. Tech (Agricultural Engineering) and has 15+ years of experience.
- **Manoj Mahavir Kothale (CFO)** is a qualified CA and has 4+ years of experience.
- **Ashvini Ghanashyam Godbole (CS & Compliance Officer)** is a member of ICSI and has 14+ years of experience.
- The senior management consists of **Chief Proposal Officer, Chief People Officer, SBU Head Marine, AVP- Design Naval HVAC, DGM- Quality Assurance, Senior GM- Facility and Maintenance** and **GM-Manufacturing**. They have an average experience of 15 years.

**Outlook:** Overall, the management is satisfactory with the management having vast experience in the industry and no dual chairmanship.

## Industry Overview –

### Indian HVAC & Fabrication Market Overview

India's HVAC and fabrication sectors are growing steadily, driven by infrastructure development, urbanization, and industrial demand. The HVAC market, valued at **~USD 7.5 billion in 2023**, is expected to grow at a **CAGR of 8–10%**, supported by real estate, data centers, and green building norms. The fabrication industry—serving oil & gas, food, pharma, and power—benefits from rising investments in modular construction and industrial automation.

### Outlook & Analysis of the industry:

The outlook is strong, with demand fueled by:

- **Smart cities, energy efficiency mandates, and manufacturing expansion**
- Increased adoption of **digitized HVAC systems** and **prefab solutions**
- Government incentives and **Make in India** push

By 2030, India's HVAC market is projected to cross **USD 15 billion**, while fabrication will remain vital to infrastructure and industrial growth, positioning the sector as a key enabler of India's economic transformation.

## Lead Manager

Narnolia Financial Services Limited is the lead manager. In the last three years (including current year), they have handled 19 mandates and 2 of them opened at a discount.

## FINANCIAL SNAPSHOT

Key Performance Indicators				Key Ratios			
(In Lakhs)							
Particulars	FY 23	FY 24	FY 25	Particulars	FY 23	FY 24	FY 25
<b>P&amp;L Statement</b>				<b>Per Share Data</b>			
Total Income	5,090.46	8,118.70	9,909.53	Diluted EPS	1.30	5.55	5.25
Total Expenses	4,665.46	6,428.21	8,057.09	BV per share*	235.52	316.24	110.86
EBITDA	1,189.62	2,438.43	2,694.39	<b>Operating Ratios</b>			
EBIT	832.86	2056.4	2270.21	EBITDA Margins	23.52%	30.36%	27.29%
PBT	425.00	1,690.49	1,852.44	PAT Margins	5.09%	14.36%	13.72%
Tax Expenses	167.59	537.42	497.78	Inventory days	216.40	146.77	175.73
Net Profit	257.41	1,153.07	1,354.66	Debtor days	228.52	289.71	352.93
<b>Balance Sheet</b>				Creditor days	143.69	107.24	95.62
Total Equity	4,521.94	6,071.81	11,474.08	<b>Return Ratios</b>			
<b>Assets</b>				RoCE	15.81%	29.56%	18.24%
Non-Current Assets	1,971.28	1,700.85	2,163.79	RoE	5.69%	18.99%	11.81%
Current Assets	7,460.63	10,709.88	16,395.70	<b>Valuation Ratios (x)</b>			
Total Assets	9,431.91	12,410.73	18,559.49	EV/EBITDA	6.29	3.96	5.51
<b>Liabilities</b>				Market Cap / Sales	0.27	0.167	0.73
Non-Current Liabilities	746.81	886.02	973.68	P/E	53.85	12.61	13.33
Current Liabilities	4,163.16	5,452.90	6,111.74	Price to Book Value	0.297	0.221	0.63
Total Liabilities	4,909.97	6,338.92	7,085.42	<b>Solvency Ratios</b>			
<b>Cash Flow Statement</b>				Debt / Equity	0.71	0.61	0.35
CFO	-445.55	-516.10	-2,489.43	Current Ratio	1.79	1.96	2.68
CFI	-762.68	-193.69	-936.58	Quick Ratio	1.07	1.37	1.91
CFF	1,397.93	563.17	3,923.38	Asset Turnover	0.54	0.65	0.53
				Interest Coverage Ratio	1.89	4.53	4.99

\*Annualized

## FINANCIAL ANALYSIS –

- The top line has increased over the years. It increased in FY24 by 58.78% which was mainly due to increase in successful delivery of 12 P17A plant compared to 9 in PY. In FY25 by 22.94% which was primarily due to new project deliveries like CTS and FPV. Apart from these reasons, overall increase in labour hours helped completing more work and revenue from base and depot spares grew.
- The EBITDA increased by 104.98% in FY24 and it increased by 10.50% in FY25.
- The net profit increased by 347.95% in FY24 and it increased by 17.48% in FY25.  
The reason for sudden increase in FY24 for EBITDA and net profit was contributed by reduced cost of materials, employee benefit cost and other expenses in relation to revenue.
- The company had negative cash flow from operations for last three years.
- The return ratios also saw a sudden increase in FY24 and stabilized in FY25.
- The DE ratio has remained low over the years.
- The cash conversion cycle remained quite high and has been increasing over the years.

Overall, the financials of the company look unsustainable in the long run.

## Peer Analysis

Particulars	Shree Refrigerations Limited			Johnson Controls Hitachi Air Conditioning India Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	5.09%	14.36%	13.72%	-3.43%	-3.90%	2.11%
EBITDA Margin	23.52%	30.36%	27.29%	-0.93%	-0.93%	5.66%
RoCE	15.81%	29.56%	18.24%	-12.67%	-12.45%	12.11%
ROE	5.69%	18.99%	11.81%	-12.46%	-12.89%	9.18%
EPS (INR)	1.30	5.55	5.25	-30.21	-27.84	21.64
P/E	96.15	22.52	23.81	-	-	81.79

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Recommendation: **AVOID**

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