

June 27, 2025

Western Refrigeration Private Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/short-term-Fund based/non-fund-based bank facilities	110.00	150.00	[ICRA]AA-(Stable)/ [ICRA]A1+; reaffirmed and assigned for enhanced amount
Total	110.00	150.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation factors in Western Refrigeration Private Limited's (WRPL) established position in the Indian commercial refrigeration segment, extensive experience of the management in the refrigeration industry and the operational synergies derived from its parent company, Hoshizaki Corporation of Japan. The ratings also favourably factor in WRPL's robust financial risk profile as reflected in the absence of any external borrowing on the company's book and strong coverage indicators. The liquidity position of the company is also strong, supported by healthy cash flow from operations, unutilised working capital limits and large free cash and liquid investments.

The ratings are, however, constrained by the working capital-intensive nature of WRPL's business and the susceptibility of its profit margins to commodity price fluctuations owing to partially fixed-price contracts and stiff competition from large, organised players. The profitability is also exposed to foreign exchange fluctuations owing to imports, and absence of hedging policy, although it enjoys natural hedging due to exports. While assigning the ratings, ICRA has taken note of WRPL's long pending litigation and possible impact of the same on its credit profile in case of materialisation of the litigation risk. Nonetheless, ICRA takes comfort from the steady accruals as well as strong liquidity position of WRPL. ICRA, however, will continue to monitor any development related to the materialization of liability and its impact on liquidity profile of the company. ICRA also notes a sizeable share buyback in FY2025 and expected dividend payouts from FY2026. Though the same is likely to impact the cash accruals at absolute levels, however given no large capex plans as well as steady accruals, the coverage indicators as well as liquidity are expected to remain at strong levels.

The Stable outlook on WRPL's long-term rating reflects ICRA's opinion that WRPL's credit profile would remain adequately supported by its strong market position in key products, healthy demand outlook in the commercial refrigeration segment and expected comfortable coverage metrics.

Key rating drivers and their description

Credit strengths

Large scale of operations – In FY2024, the revenues increased significantly from FY2023 by 30% to Rs. 2,073 crore and further by 21% to Rs. 2,518 crore during FY2025 (provisional number), led by continued healthy demand and product diversification. Moreover, operating margins improved in FY2024 and FY2025 to upward of 20% on account of favourable raw material price movement and high-margin product sales. WRPL has also expanded into the export market, which contributed Rs. 425 crore during FY2025 (17% of revenue) compared to Rs. 170 crore (11%) during FY2023 with expansion into Africa and Europe. The revenues are likely to increase by about 10-12% in FY2026, driven by new orders from the existing and new clients.

Strong market position in commercial refrigeration segment – WRPL enjoys a strong market position in refrigerated display cabinets (visi coolers) and deep freezers, which are its flagship products, giving it an edge over its competitors. WRPL's product profile is dominated by the coolers and freezer segments, which together account for more than 85% of the revenues in FY2025. The company also has long relationships with its customers, which reflect its good product quality and result in repeat orders. Besides, strong market position has enabled the company to add new customers, leading to diversification in the customer base. The company also benefits from operational synergies and technology transfers by being a subsidiary of Hoshizaki Corporation of Japan.

Robust financial risk profile – The company has a robust capital structure, with limited dependence on external debt. Besides, stable operating profit margins have led to strong coverage indicators. The financial profile is likely to remain strong, going forward, led by healthy expected growth in revenues and profits. Moreover, the planned capex is likely to be funded by internal accruals. Besides, its sizeable free cash as well as investments as on March 31, 2025, which includes fixed deposits, mutual funds and corporate bonds, also support the liquidity profile of the company.

Credit challenges

Working capital-intensive nature of business – WRPL's operations are working capital intensive in nature, marked by elongated receivables and inventory holding period, largely driven by seasonal nature of business. The company offers credit of 120-180 days to its customers, depending on its relationships with them. WRPL gets a credit of 60-120 days from its suppliers. The inventory levels vary, depending on the order inflow, though they generally remain at ~100 days owing to WRPL's requirement to stock imported raw materials. The working capital intensity as reflected in net working capital to operating income (NWC/ OI) stood at 23% for FY2025 (FY2024: 20%). Nonetheless, the company has been able to manage its working capital requirements through its internal cash accruals. Going forward, prudent management of receivables, which keeps the working capital cycle under check, will be a key rating monitorable.

Susceptibility of profit margins to fluctuations in raw material prices and exchange rates – WRPL remains exposed to the raw material price fluctuation risk owing to the fixed-price nature of most of its contracts and high inventory levels. However, some contracts include a price-variation clause, which is applied if the deviation is more than a predetermined percentage. WRPL also remains exposed to fluctuation in foreign exchange (forex) rates owing to imports, however it enjoys natural hedge as its exports to the Asian and African markets, which stood at around 17% of the total sales in FY2025.

Risk arising from materialisation of litigation claim – ICRA notes the ongoing litigation related to its overseas subsidiary and the resultant exposure of its credit profile due to materialisation of the litigation risk. Nonetheless, ICRA takes comfort from the strong liquidity position and steady cash accruals of WRPL. ICRA, however will continue to monitor any development related to the materialization of the liability and its impact on liquidity profile of the company.

Liquidity position: Strong

The liquidity position of the company is strong, supported by healthy cash flow from operations, its debt-free status, completely unutilised fund-based limits of around Rs. 50 crore (with commensurate drawing power) and its sizeable free cash as well as investments including fixed deposits, mutual funds and corporate bonds of Rs. 410 crore as on March 31, 2025. The company primarily utilises non-fund-based limits. Against this, WRPL has an envisaged capex of Rs. 100-130 crore in FY2026, which will be funded through internal accruals.

Rating sensitivities

Positive factors – The long-term rating may be upgraded, if the company demonstrates a substantial growth in its revenues and profitability, along with prudent working capital management.

Negative factors – Pressure on the ratings may emerge, if a significant decline in revenues and profitability or a stretch in the working capital cycle affects the company’s liquidity profile. ICRA could also downgrade the ratings if a significant debt-funded capex / acquisition adversely impacting the capital structure or debt coverage indicators. Specific trigger of total debt / OPBDITA of more than 1.5 times on a sustained basis would also result in ratings downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Western Refrigeration Private Limited (WRPL) manufactures commercial refrigeration equipment, including refrigerated display cabinets (also known as visi-coolers), freezers, beverage dispensers/vending machines, etc. Till December 2012, WRPL was a closely held company promoted and founded by the Singh family. In January 2013, Japan-based Hoshizaki Corporation Limited (HECL) acquired a 50.01% stake in WRPL and increased it further to 76% in FY2017 and 83% in FY2019. The partnership has led to operational synergies for both the companies, given the related product portfolio as well as clientele. HECL was the first company to implement energy saving in refrigerators. Its business is subdivided into four product-categories – 1) refrigerators and freezers, 2) ice machines, 3) commercial dishwashers, and 4) dispensers. It has manufacturing capability of more than 1 million per annum.

Key financial indicators

Standalone	FY2024 (audited)	FY2025 (provisional)
Operating income	2,073.5	2,518.1
PAT	320.3	404.3
OPBDIT/OI	21.5%	22.2%
PAT/OI	15.4%	16.1%
Total outside liabilities/Tangible net worth (times)	0.5	0.6
Total debt/OPBDIT (times)	0.0	0.1
Interest coverage (times)	91.8	71.8

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	June 27, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based/Non-fund Based Limits	Long-term and Short-term	150.00	[ICRA]AA-(Stable)/[ICRA]A1+	-	-	18-Mar-2024	[ICRA]AA-(Stable)/ [ICRA]A1+	-	-
						30-May-2023	[ICRA]A+ (Positive)/[ICRA]A1+		

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term / Short-term-Fund Based/ Non-fund-based bank facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term / Short-term-Fund Based/ Non-fund-based bank facilities	NA	NA	NA	150.00	[ICRA]AA-(Stable)/ [ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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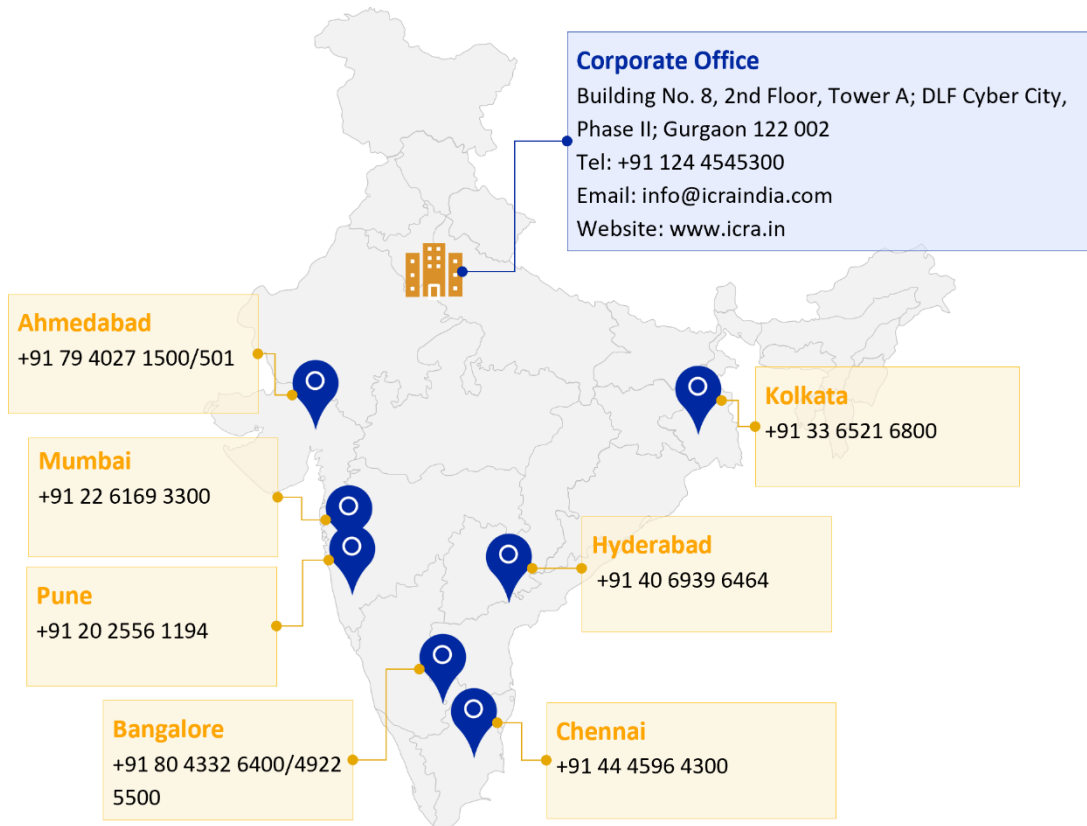


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