



SHREEJI SHIPPING

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DETAILS

IPO Open/Close Dates	August 19, 2025 – August 21, 2025
Issue Size (₹ Cr)	₹410.71 Cr (Fresh Issue)
Price Band & Lot Size	₹240 – ₹252 per share (58 shares per lot)
GMP (Grey Market Premium)	₹30

Total Issue Size: ₹410.71 Cr (as per DRHP)

- Fresh Issue: ₹410.71 Cr

Promoter Dilution:

- 10% of total issue size
- Promoter holding pre-issue:100%

Objects of the Issue:

- Acquisition of **Dry Bulk Carriers in Supramax category** in the secondary market
- Pre-payment/ re-payment, in part or full, of certain outstanding borrowings availed by the Company

Inorganic Expansion (M&A):

- Acquisition of **Dry Bulk Carriers in Supramax category** in the secondary market

INDUSTRY OVERVIEW

INDUSTRY SIZE, GROWTH TRENDS, AND PROJECTIONS

India's shipping & maritime sector covers overseas shipping, coastal trade, dry bulk, container, liquid bulk, and inland waterways, supported by **12 major** and **200+ minor ports with a 7,516 km coastline**.

- **Industry Size (FY24–25):**
 - All Indian Ports: **1,540 MMT** cargo handled (FY24)
 - Gujarat Ports: **317.2 MMT** cargo (FY24)
 - Coastal Shipping: **165.4 MMT** cargo (FY25)
 - Dry Bulk Imports: **367 MMT** (coal, iron ore, grains, etc.) FY25
- **Growth & Projections:**
 - India – All Ports: **1,540 → 2,849 MMT** by FY30 (CAGR **10.8%**)
 - Gujarat Ports: **317.2 → 720 MMT** by FY30 (CAGR **17.5%**)
 - Coastal Shipping: **165.4 → 230 MMT** by FY30 (~**5.6%** CAGR)
 - Maritime Freight Market Value: **\$34.9B (FY24) → \$50.7B (FY33)** (**3.8%** CAGR)

India's port cargo is set to nearly double by 2030, with Gujarat leading growth; coastal & dry bulk trades—the backbone of Shreeji Shipping—are on a steady uptrend supported by strong policy and infrastructure push.

KEY GROWTH DRIVERS & HEADWINDS

Growth Drivers:

- **Rising cargo demand:** India's cement production expected to grow at ~6–7% CAGR till FY28, coal imports projected to increase by ~4% annually, directly boosting bulk cargo volumes.
- **Government push:** Sagarmala projects worth ₹6.5 lakh crore planned, with ~200+ port modernisation and connectivity projects by 2030.
- **Modal shift advantage:** Coastal shipping costs ~20–25% lower than rail and ~40–60% lower than road, expected to capture additional 3–4% market share by 2028.
- **Gujarat's Strategic Growth:** Gujarat ports show the highest cargo growth rate (17.5% CAGR) driven by infrastructure expansion and specialization in bulk & coastal shipping — core to Shreeji's business.
- **Private Sector Participation:** Enhanced private investment and Public-Private Partnership (PPP) models are improving port competitiveness, service quality, and logistical efficiency across India.

Headwinds

- **Freight rate volatility:** Baltic Dry Index (BDI) forecast to remain volatile, with potential ±15–20% swings annually, impacting revenue visibility.
- **Weather-related downtime:** Monsoon disruptions can cause ~10–12% operational downtime annually for coastal operators.
- **Competitive pressure:** Additional capacity from new entrants could reduce freight rates by ~5–7% in oversupply scenarios.
- **Commodity Cycle Volatility:** Dependence on coal, minerals, and energy sector cargo exposes the industry and Shreeji Shipping to fluctuations in demand and pricing.

GOVERNMENT POLICIES/INCENTIVES

- **Sagarmala Programme:** ₹6.5 lakh crore plan to boost coastal cargo share to 12–15% by 2030.
- **Fiscal Incentives:** 5% GST on bunker fuel, reduced port charges, priority berthing.
- **Infrastructure Development:** Dedicated coastal berths, mechanised handling, multimodal links.
- **Ease of Operations:** Digital port systems, single-window clearances.
- **Green Shipping Push:** Incentives for cleaner fuels and energy-efficient vessels.

COMPETITIVE LANDSCAPE & POSITIONING

- **Industry Structure:** Fragmented coastal shipping market in India with a mix of small private operators and larger integrated logistics players.
- **Key Competitors:** Domestic bulk cargo operators like The Great Eastern Shipping, Chowgule Shipping, and global dry bulk operators serving Indian ports.
- **Shreeji's Positioning:** Mid-sized coastal bulk carrier with a diversified cargo mix (cement, coal, fertilisers, minerals) and long-term client relationships.
- **Strengths:** Modern fleet, focus on coastal trade routes, and established contracts with cement and power companies.
- **Differentiation:** Cost-efficient operations, niche focus on high-frequency coastal movements, and flexibility in cargo handling.

PEER COMPARISON TABLE (REVENUE, MARGINS, VALUATION MULTIPLES)

Company	Revenue (₹ Cr)	Net Profit / Margin	Business Model	Valuation/Multiple
Shreeji Shipping	₹731 Cr (FY24) ₹299 Cr (H1 FY25)	₹38.9 Cr profit Margin: ~5.3%	Coastal and inland dry-bulk logistics, non-major port focus	IPO valuation ~₹1,027 Cr ~26× FY24 EPS
Shipping Corporation of India (SCI)	₹5031 Cr (FY24)	₹612 Cr profit Margin: ~12.2%	PSU ocean shipping: tankers, bulk, liners	Listed; trades at ~7-8x P/E
Great Eastern Shipping	₹5255 Cr (FY24)	₹2,614 Cr profit Margin: ~49.7%	Tankers & offshore services	Listed; trades at ~5-6x P/E
Shreyas Shipping	₹328 Cr (FY24)	-₹51 Cr loss Margin: -15.5%	Coastal container feeder & logistics	Listed; small cap; negative P/E

FINANCIAL ANALYSIS

RELATED PARTY TRANSACTIONS (RPTS) TREND IN THE YEAR BEFORE IPO

FY23 → FY24: Significant decline (~₹172 cr drop), suggesting reduced revenue/expense activity with related parties and possible streamlining of intergroup operations.

FY24 → FY25: Very sharp rise (+₹593 cr), driven mainly by financing and asset restructuring between the company and its promoter/group entities.

Key High-Impact Transactions in FY25 (Source : RHP)

Unsecured Loans from Promoters:

-Ashokkumar H. Lal – ₹1,47.72 cr

-Jitendra H. Lal – ₹1,47.69 cr

-**Asset Sale** to Shreeji Shipping Services Ltd: **₹42cr**

-**Asset Purchase** from Shreeji Shipping Services Ltd: **₹28,250 cr**

-Significant recurring Cargo Handling Expenses with related parties (e.g., ₹20.263 cr to Shreeji Shipping Services (I) Ltd).

Pattern shows RPTs are volatile year-to-year – driven less by steady operational items and more by occasional large one-off transactions.

DEBTORS' TURNOVER RATIO TREND ANALYSIS

Year	Debtor Turnover Ratio	Avg. Collection Period	Change vs. Previous Year
FY2023	4.59	~79 days	—
FY2024	4.46	~82 days	Slight decline in collection speed
FY2025	3.97	~92 days	Further slowdown in collections

Trend & Observations

1. Gradual Decline in Efficiency

- Ratio falls from 4.59 → 4.46 → 3.97 over three years, meaning receivables are being collected less frequently each year.
- Average collection days increased by ~13 days from FY23 to FY25.

2. Context with Sales/Trade

- As per RHP, revenues in the same period have declined slightly — so the lower ratio is not due to rapid growth in credit sales but more likely due to slower collections or extended credit terms.
- In a growing sales environment, such a fall might be normal, but here it points more to efficiency pressure.

3. Working Capital Impact

- Longer payment cycles can tighten liquidity and raise dependence on borrowings for operations.
- Given the company's concentrated customer base, even minor payment delays from key clients can impact ratios sharply.

4. Industry/Segment Influences

- In shipping & logistics — particularly bulk cargo segments — payment terms can be variable and linked to seasonal or commodity cycle factors, so some fluctuation is expected.

Year	PAT (₹ million)	YoY Change
FY2023	1,188.85	—
FY2024	1,245.12	+4.7%
FY2025	1,412.37	+13.5%

PROFITABILITY TREND AND REASONING FOR INCREASE IN YEAR BEFORE IPO

Reasons for Trend

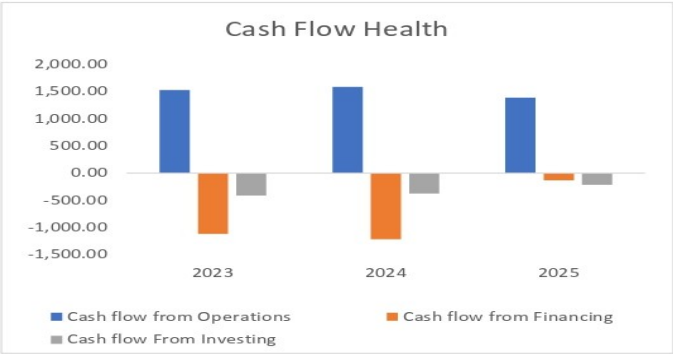
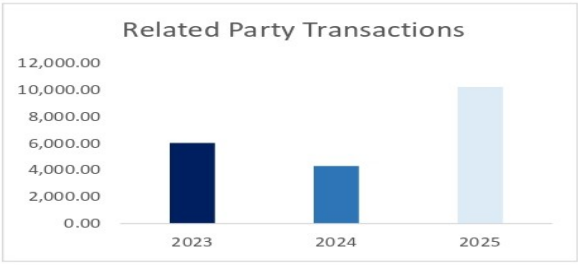
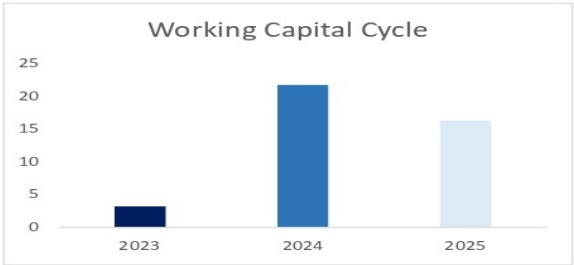
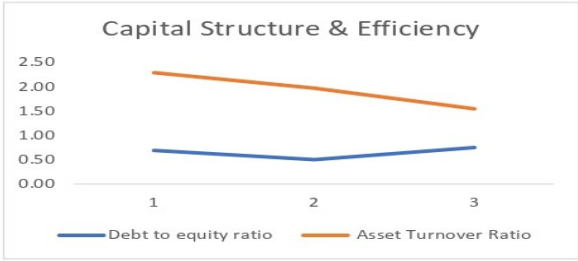
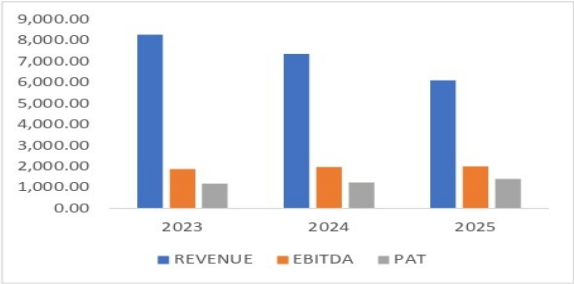
1. Increase in Operating Margins - As per the RHP P&L, EBITDA has grown in both absolute and margin terms over FY23–FY25 despite revenue decline, indicating better cost efficiency in vessel/cargo operations and handling expense.

2. Control over Direct & Operating Costs - Key operating costs like subcontracting/cargo handling have reduced as a % of revenue in FY25, benefiting net profits.

3. Other Income Contribution - FY25 shows a slight increase in other income compared to FY24, adding to the bottom line.

4. Finance Cost Stability - Despite higher promoter loans in FY25, the overall finance cost increase was modest relative to the jump in borrowings, which helped protect net profits.

5. Absence of Large Exceptional Losses - No significant exceptional or one-off losses recorded in FY25 that could dent PAT, unlike some companies in the sector.



Summary of 3 years

CASH FLOW HEALTH

Operating Cash Flow (CFO)

- Consistently strong positive CFO over all three years → ₹1,387 mn to ₹1,585 mn.
- Shows good cash generation from core operations, despite revenue decline.
- FY25 CFO dipped ~**12.5% YoY**, indicating either increased working capital blockage or lower profitability on cash basis.

Investing Cash Flow (CFI)

- Consistently negative — due to asset purchases, fleet additions, and maintenance capex.
- Outflows reduced from ₹413 mn in FY23 to ₹215 mn in FY25 → suggests moderation in capex or completion of major purchase cycles.

Financing Cash Flow (CFF)

- FY23 & FY24: large outflows (₹1,100–1,200 mn) due to loan repayments, promoter loan adjustments, and interest/dividend payouts.
- FY25: Financing outflow dropped sharply to just ₹134 mn → reflecting net inflow from promoter borrowings and reduced repayments that year (matches RPT spike in promoter loans in FY25).

Net Cash Position

- FY23 & FY24: Slight declines in closing cash mainly due to heavy financing outflows offsetting operating inflows.
- FY25: Strong positive swing in net cash (+₹1,038 mn) thanks to much lower financing outflow combined with solid CFO.

Strength:

- Robust and positive operating cash flows across all three years reflect strong core business cash generation.
- Reduced capex spending in FY25 eased pressure on cash.
- FY25 net cash increased meaningfully due to lower financing outflows.

Points to Watch:

- FY25's higher cash balance partly driven by promoter funding (related party loans) rather than sales growth.
- Slight dip in CFO in FY25 needs monitoring — if due to higher receivables (slower collections), this could impact liquidity.
- Heavy dependence on external funding in some years (FY23–FY24) shows financing cash flows can be volatile.

Cash flow health is strong, with operations consistently generating surplus cash. Liquidity improved in FY25 as financing pressures reduced, but working capital discipline will remain key.

AUDITORS' REMARKS

The statutory auditors issued an unmodified ("clean") opinion on the restated financials for FY22–FY24 and H1 FY25, confirming compliance with Indian Accounting Standards and fair presentation of financial position and performance.

RISK FACTORS

BUSINESS RISKS

- **Customer Concentration:** Top 10 clients contribute a large portion of revenue; the largest alone accounts for 17.39% (H1 FY25). Any loss or reduced business from these clients could impact earnings significantly.
- **Route Dependency:** Heavy reliance on western coastal routes and non-major ports; regional disruptions can cause revenue loss.
- **Sector Cyclicity:** The dry bulk logistics sector is cyclical and highly sensitive to macroeconomic factors, global trade policies, commodity price volatility, and environmental regulations. Any downturn in these areas can directly reduce demand for shipping services.

REGULATORY, LEGAL & TAX RISKS

- **Regulatory Permissions:** Operations depend on continuous port permissions, customs clearances, and lease agreements. Changes in port regulations or tax policies could disrupt operations or increase costs.
- **Pending Legal Cases:** The company, its promoters, and group entities are involved in certain legal proceedings. While none have been flagged as materially threatening to operations in the RHP, any adverse rulings could lead to financial liabilities or operational restrictions.
- **Promoter Guarantees:** Some borrowings are backed by personal guarantees of promoters. If these guarantees are withdrawn or revoked, lenders may seek early repayment or impose costlier financing terms.

COMPETITIVE & PRICING PRESSURES

- **Revenue Decline:** The company's revenue fell in FY2025 despite strong profit growth, primarily due to industry-wide headwinds (such as global freight rate fluctuations and increased competition) and initial costs related to fleet expansion.
 - **Collections Efficiency Decline:** The average debtor collection period increased from ~79 days (FY2023) to ~92 days (FY2025), indicating slower receipt of payments and possible working capital pressure.
 - **Currency Risk:** Operations span multiple ports (India, Sri Lanka, West Africa), creating exposure to local regulatory changes, geopolitical tension, and port infrastructure challenges currency risk due to transactions in foreign exchange markets.
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CAPEX & EXECUTION RISKS

- **Expansion Capex:** Shipping is inherently capital-intensive and requires significant ongoing investment in vessels and equipment. Maintenance, upgrades, and regulatory compliance expenses could reduce margins, especially if shipping rates fall
- **Higher Borrowings:** Total borrowings increased to ₹256.47Cr in FY2025 (up from ₹158.88Cr in FY2024), mainly to fund vessel acquisitions. Rising debt exposes the company to interest rate risk and repayment obligations, which could affect future profitability and financial flexibility

PROMOTER & GOVERNANCE RISKS

- **Promoter Guarantees & Conflicts:** Guarantees by Rishi Das, Meghna Agarwal, and Anshuman Das underpin major borrowings; the withdrawal of these guarantees could force the Company into costlier financing.
- **Related Party Transactions:** RPTs spiked from 36.23% of revenues in FY23 to 6.76% in FY24 and 5.50% in Q1 FY25, necessitating vigilance over arm's-length compliance and potential conflicts of interest for promoters .

GMP ANALYSIS

Grey Market Premium (GMP) is the unofficial premium at which IPO shares trade in informal over-the-counter markets ahead of their formal listing. It gives an early read on investor appetite and expected listing gains.

LATEST GMP TRENDS (Shreeji Shipping Global Ltd)

Below is a day-by-day snapshot of the grey market premium for Shreeji Shipping Global Ltd, based on data from leading unofficial trading trackers:

Date (2025)	GMP (₹ per share)	Upper Price Band	Implied Listing Price	Implied Gain
August 14, 2025 (Pre-IPO)	32	252	284	~12.7%
August 13, 2025	31	252	283	~12.3%
August 12, 2025	10	252	262	~4%

- **Pre-IPO sentiment (August 14):** The recent jump from ₹10 (Aug 12) to ₹32 (Aug 14) suggests a sharp increase in grey market demand immediately preceding the IPO opening date.

INTERPRETATION & IMPLICATIONS

- At a GMP of ₹32 and top-end issue price of ₹252, the implied listing price is ₹284. This gives a potential listing gain of around 12.7% for allottees.
- Peak GMP (July 23, 2025): ~₹40 (highest noted), with implied listing gain up to ~17%.

LONG TERM OUTLOOK

SHORT- TERM & LONG- TERM OUTLOOK

- A sharp pre-IPO surge from ₹10 to ₹32 in two days shows strong initial demand and the possibility of positive listing gains.
- Institutional and QIB participation could further boost listing price.
- Near-term dry bulk demand is stable, but freight rates remain volatile due to softening commodity prices and global trade uncertainty.
- Global rate cuts or hikes affecting debt servicing; a sudden drop in freight rates could lead to quick sentiment shifts.

Long-Term Outlook:

- Port Cargo Growth: Indian cargo volume forecast CAGR of ~10.8% (FY24–30) and Gujarat ports CAGR of ~17.5%.
- Policy Support: Sagarmala & PM GatiShakti initiatives to boost coastal shipping volume.
- Replacement and Modernization: Fleet additions/replacements to meet environmental norms will be key.

KEY POSITIVES

- Fleet Expansion: 251.18Cr allocation for new Supramax vessels likely to expand capacity and revenue potential from FY26 onward.
- Integrated Operations: Presence in 20+ ports in India & Sri Lanka, plus West Africa, supports geographic diversification.
- Financial Discipline: Despite FY25 borrowings increase, net worth and asset base have strengthened.

KEY RED FLAGS

- Dry bulk shipping is highly cyclical, tied to the Baltic Dry Index and global commodity trade. Prolonged downturns in global demand or freight rates could significantly depress revenues.
 - Borrowings jumped from ₹158.88 Cr (FY2024) to ₹256.47 Cr (FY2025) due to vessel acquisitions.
 - Revenue dependence on few top consumers
 - Cyclical nature of freight rates, global economic slowdowns.
 - High capital expenditure requirements and rising leverage.
-

TARGET LISTING GAIN (SPECULATIVE ESTIMATE):

- ₹32/share expected GMP
 - Implied Listing Price: ₹252+₹32=₹284
 - Implies ~12.7% listing gain
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LONG-TERM FAIR VALUE ESTIMATE:

- No broker consensus available yet.
- Rough valuation: if the company hits ₹1,200 Cr revenue in 3 years with 15% net margin, fair market cap could range ₹2,160–₹3,600 Cr (modest upside from IPO valuation of ₹411 Cr).

Thank you for reading our detailed analysis on Shreeji Shipping Global Ltd. We hope you found valuable insights that help you understand the company's strategic, operational, and financial landscape. Stay connected with us for more such deep dives and market insights:

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