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IPO REVIEW **KRN HEAT EXCHANGER & REFRIGERATION LTD**

NIFTY STRATEGY

LIVE 



LIVE TONIGHT AT 8.30PM ON YOUTUBE

CA Mohit Sareen

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Markets Now

(As at 8.00pm)

Dow Jones	Dn 202 (0.48%)
NASDAQ	Up 46 (0.25%)
GIFT NIFTY	Up 79 (0.30%)
Brent Crude	\$74.24 (1.24%)
Gold	\$2666 (0.30%)

Institutional Investor Activity (Provisional)- Cash Segment

FII Sell	Rs. 974 Cr
DII Buy	Rs. 1779 Cr
Total (Net)	Rs. 805 Cr

Indian Markets Today

<div>🕒</div> <div>SENSEX</div> <div>🇮🇳 Sep 25, 16:10</div>	85,169.87	<div>255.83</div> <div>+0.30%</div>
<div>🕒</div> <div>NIFTY 50</div> <div>🇮🇳 Sep 25, 16:10</div>	26,004.15	<div>63.75</div> <div>+0.25%</div>
<div>🕒</div> <div>NIFTY BANK</div> <div>🇮🇳 Sep 25, 16:10</div>	54,101.65	<div>133.05</div> <div>+0.25%</div>
<div>🕒</div> <div>NIFTY Midcap 100</div> <div>🇮🇳 Sep 25, 16:10</div>	60,465.15	<div>385.65</div> <div>-0.63%</div>

MARKET OUTLOOK

IPO REVIEW
KRN HEAT EXCHANGER &
REFRIGERATIONS LTD

Issue Details

Issue Open	25.09.24
Issue Close	27.09.24
Price Band	Rs. 209-220
Issue Size	Rs. 3,244-3,415 Mn

- Founded in 2017, KRN Heat Exchanger and Refrigeration Limited is based in Bhiwadi, Alwar, Rajasthan.
- Specializes in manufacturing fin and tube-type heat exchangers for the HVAC&R industry.
- Key products include condenser coils, evaporator units, and fluid coils, made from copper and aluminum.
- Products serve various sectors like air conditioning, heating, ventilation, refrigeration, and process cooling.
- Offers customized heat exchangers in different shapes and sizes to meet market demands.
- The company's robust manufacturing capabilities allow for a wide diameter range of heat exchanger tubes for both domestic and industrial use.

Financial Summary

Particulars	FY22	FY23	FY24
Revenue	1561	2475	3083
EBITDA	169	493	585
EBITDA Margin (%)	11%	20%	19%
Profit After Tax (PAT)	106	323	391
PAT Margin (%)	7%	13%	13%
Net Worth	255	596	1316
RONW (%)	41%	54%	30%

Products & Revenue Segmentation

Particulars	FY22 (INR Mn)	FY22 (%)	FY23 (INR Mn)	FY23 (%)	FY24 (INR Mn)	FY24 (%)
Evaporator Coils	514	32.95%	715	28.90%	1156	37.49%
Condenser Coils	995	63.71%	1523	61.53%	1703	55.24%
Headers/Copper Parts	6	0.37%	18	0.73%	47	1.52%
Sheet Metal Parts	1	0.04%	2	0.07%	1	0.05%
Other Operating Revenue	46	2.93%	217	8.77%	176	5.70%
Total Revenue	1561	100.00%	2475	100.00%	3083	100.00%

Revenue Mix

Particulars	FY22 (INR Mn)	FY22 (%)	FY23 (INR Mn)	FY23 (%)	FY24 (INR Mn)	FY24 (%)
Domestic Sales	1411	90%	2191	89%	2629	85%
Export Sales	149	10%	282	11%	453	15%
Other Operating Income	1	0.08%	2	0.07%	2	0.05%
Total	1561	100%	2475	100%	3083	100%

Customer Base

Particulars	FY22 (INR Mn)	FY22 (%)	FY23 (INR Mn)	FY23 (%)	FY24 (INR Mn)	FY24 (%)
Top 1 Customer	504	32%	813	33%	1028	33%
Top 5 Customers	933	60%	1381	56%	1699	55%
Top 10 Customers	1184	76%	1754	71%	2229	72%

Customers
Daikin Airconditioning India Private Limited
Schnieder Electric IT Business India Private Limited
Kirloskar Chillers Private Limited
Blue Star Limited

User Industries
Chemical Industry
Oil & Gas
Power & Energy
HVAC

Income Statement

Particulars	FY22	FY23	FY24
Revenue	1561	2475	3083
Operating Expenditure	1392	1982	2498
EBITDA	169	493	585
EBITDA Margin (%)	11%	20%	19%
Other Income	21	24	53
Depreciation	25	32	40
Interest	15	31	40
PBT	150	455	557
Tax	44	132	167
Profit after Tax (PAT)	106	323	391
PAT Margin (%)	7%	13%	13%
Adjusted EPS	1.7	5.2	6.29

Cashflow Statement

Particulars	FY22	FY23	FY24
Cash Flow from Operations	44	51	28
Cash Flow from Investing	-27	-140	-664
Cash Flow from Financing	34	110	665
Net Increase/(Decrease) in Cash	52	21	29
Cash at beginning	2	54	75
Cash at end	54	75	103

Balance Sheet

Particulars	FY22	FY23	FY24
Assets			
Non-Current Assets			
Property, plant and equipment	213	321	518
Other noncurrent assets	5	8	358
Current Assets			
Inventories	213	551	844
Trade receivables	298	387	524
Other current assets	199	220	339
Total Assets	928	1,488	1,584

Equity & Liabilities	FY22	FY23	FY24
Equity share capital	44	440	461
Other equity	211	156	855
Total Equity	255	596	1,316
Non Current liabilities			
Financial liabilities	110	165	293
Other noncurrent liabilities	6	6	8
Current liabilities			
Financial liabilities	111	201	576
Trade payables	402	494	366
Other current liabilities	43	25	24
Total Equity and Liabilities	928	1,488	1,584

Strengths

- **Long-standing business relationships with leading clientele**
- **Effective quality control checks**
- **Consistent financial performance**
- **Promoters exhibit strong leadership and are supported by highly experienced senior management**

Strategies

- **Expand its customer base**
- **Enhancing existing products base and product quality**
- **Regular Improvement in product design and development**
- **Increasing global footprint and augmenting growth in current geographies**

Risks

- **Customer Concentration- Daikin 33%**
- **Identification of customer demand accurately & inventory**
- **Supplier Concentration-57% from top 5 suppliers**
- **Supplier Country concentration- Vietnam, China, Malaysia**

Key Points

Details	Information
Company Growth Position	Well-positioned for growth in HVAC&R industry
Manufacturing Capabilities	Strong capabilities in heat exchangers, condenser coils, evaporator units
FY24 Revenue	INR 3,083 Mn with 96.66% from evaporator and condenser coils
FY24 ROE & ROCE	ROE of 40.86%, ROCE of 31.21%
Customer Retention Strategy	Long-standing relationships with key clients like Daikin
Expansion Plans	Expansion into North America and Europe with innovation focus
Diversification Strategy	Aims to diversify portfolio and reduce customer dependency
New Manufacturing Capabilities	New capabilities under KRN HVAC Products Pvt. Ltd.
IPO PE Multiple	IPO priced at PE multiple of 35x