



To,
Holani Consultants Private Limited
401-405 & 416-418, 4th Floor,
Soni Paris Point, Jai Singh Highway,
Bani Park Jaipur – 302016

CA Keyur Shah
FCA, B.Com, ISA,
FAFP Certified

INITIAL PUBLIC OFFER OF M/S KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

We have examined the records, books and papers (collectively referred to as “the records”) of **M/s KRN Heat Exchanger and Refrigeration Limited** and its Wholly Owned Subsidiary **M/s KRN HVAC Products Private Limited** (“Subsidiary”) made available and placed before us. In our opinion and to the best of our knowledge and according to the examinations carried out by us and explanations furnished to us by the issuer, its officers, agents and other intermediaries involved in the aforesaid Initial Public Offer, we hereby certify the details Financial and Operational Key Performance Indicators company as per **Annexure - I** enclosed herewith.

Yours Faithfully,

M/s Keyur Shah & Co.
Chartered Accountants,
Firm Registration No.: 141173W

Keyur Shah
Proprietor
Membership No.: 153774
UDIN: 24153774BKBOCC1117



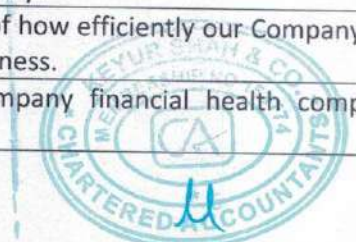
Date: 20th August, 2024
Place: Ahmedabad

Cc:
KRN Heat Exchanger and Refrigeration Limited
Plot No. F-46,47,48,49 EPIP, RIICO Industrial Area
Neemrana, Alwar, Rajasthan – 301705

ANNEXURE - I

Explanation for KPI metrics

KPI	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business.
Growth in Revenue from Operations	Growth in Revenue from Operations provides information regarding the growth of our business for the respective year.
Gross Profit	Gross Profit provides information regarding the profits from manufacturing of products by the Company.
Gross Profit Margin	Gross Profit Margin is an indicator of the profitability on sale of products manufactured by the Company.
EBITDA	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin	EBITDA Margin is an indicator of the operational profitability and financial performance of our business.
Profit After Tax	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin	PAT Margin is an indicator of the overall profitability and financial performance of our business.
RoE	RoE provides how efficiently our Company generates profits from shareholders' funds.
RoCE	ROCE provides how efficiently our Company generates earnings from the capital employed in the business.
Net Fixed Asset Turnover	Net Fixed Asset turnover ratio is indicator of the efficiency with which our Company is able to leverage its assets to generate revenue from operations.
Net Working Capital Days	Net working capital days indicates the working capital requirements of our Company in relation to revenue generated from operations.
Operating Cash Flows	Operating cash flows provides how efficiently our company generates cash through its core business activities.
Inventory Turnover Days	Inventory Turnover Days provides information regarding how many days a company turned over its inventory relative to its cost of goods sold (COGS).
Earnings per Share (Basic & Diluted)	Earnings per Share provides information regarding how efficiently our company generate earnings on each weighted average number of Equity Shares outstanding.
Operating Profit before Working Capital Changes	Operating Profit before Working Capital Changes provides information regarding how much cash profit generated by our company from his business operations.
Debt/EBITDA Ratio	Debt/EBITDA Ratio provides information regarding to the actual cash generated by our company to pay of his total debt.
NAV per Equity Share	NAV per Equity Share provides information regarding how much our company net assets value on each weighted average number of Equity Shares outstanding.
Net Worth	Net Worth represent value of our company.
Return on Net Worth	Return on Net Worth ratio is indicator of how efficiently our Company generates earnings from the Net Worth in the business.
Debt to Equity Ratio	Debt to Equity Ratio Depicts the company financial health compare to its outstanding debt.



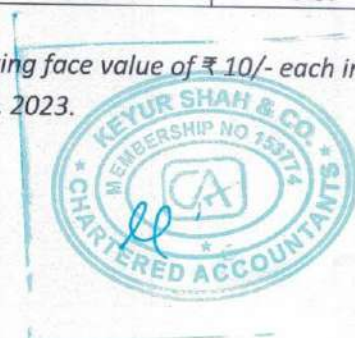
KPI	Explanations
Debt Service coverage ratio	Debt Service Coverage Ratio measures Company's available cashflow to pay its current debt obligation
Total Quantity Sold (in Units)	This metric indicates the volume of the goods sold by the company according to its various product offerings
Total Quantity Produced (in Units)	This metric indicates the quantity of the products produced by the company according to its various product offerings
Total number of customers served during the year	This metric indicates the total number of customers served by the company further divided into International and Domestic clients showing the diversification in the customer base
Total Number of Employees	This metric indicates the total number of Employees hired by the company categorized into employees on company's payroll, Trainees and contractual employees hired.

Financial KPIs of our Company

(In Rs. Lakhs)

Particulars	For the Financial Year ended on		
	March 31, 2024 (Consolidated)	March 31, 2023 (Standalone)	March 31, 2022 (Standalone)
Revenue from Operations ⁽¹⁾ (₹ in Lakhs)	30,828.31	24,748.08	15,611.46
Growth in Revenue from Operations ⁽²⁾ (%)	24.57%	58.53%	105.89%
Gross Profit ⁽³⁾ (₹ in Lakhs)	8,026.91	6,379.84	2,633.25
Gross Profit Margin ⁽⁴⁾ (%)	26.04%	25.78%	16.87%
EBITDA ⁽⁵⁾ (₹ in Lakhs)	5,845.24	4,931.75	1,693.56
EBITDA Margin ⁽⁶⁾ (%)	18.96%	19.93%	10.85%
Profit After Tax ⁽⁷⁾ (₹ in Lakhs)	3,906.86	3,231.35	1,059.04
PAT Margin ⁽⁸⁾ (%)	12.67%	13.06%	6.78%
RoE ⁽⁹⁾ (%)	40.86%	75.94%	54.88%
RoCE ⁽¹⁰⁾ (%)	31.21%	50.46%	34.65%
Net Fixed Asset Turnover ⁽¹¹⁾ (In Times)	5.48	7.70	7.32
Net Working Capital Days ⁽¹²⁾	88	65	36
Operating Cash Flows ⁽¹³⁾ (₹ in Lakhs)	275.88	507.25	448.35
Inventory Turnover Days ⁽¹⁴⁾	112	76	38
Earnings per Share (Basic & Diluted)			
Basic ⁽¹⁵⁾	8.69	7.34	2.41
Diluted ⁽¹⁶⁾	8.69	7.34	2.41
Operating Profit before Working Capital Changes ⁽¹⁷⁾ (₹ in Lakhs)	6,303.72	5,136.99	1,874.51
Debt/EBITDA Ratio ⁽¹⁸⁾ (In Times)	1.02	0.74	1.31
NAV per Equity Share ⁽¹⁹⁾	28.53	13.54	5.80
Net Worth ⁽²⁰⁾ (₹ in Lakhs)	13,164.71	5,957.01	2,553.15
Return on Net Worth ⁽²¹⁾ (%)	29.68%	54.24%	41.48%
Debt Service Coverage Ratio ⁽²²⁾	8.64	8.46	6.16
Debt to Equity Ratio ⁽²³⁾	0.45	0.62	0.87

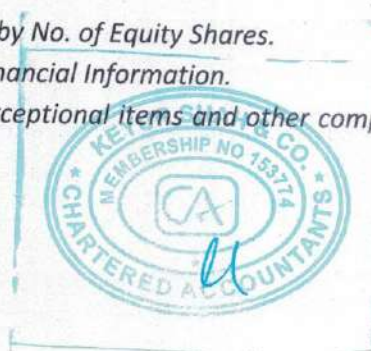
#The company has incurred a bonus issue of 3,96,00,000 equity shares having face value of ₹ 10/- each in the ratio of 9:1 i.e 9 equity shares for every 1 equity shares on February 23, 2023.



#The company has further raised the paid up capital by issuing 21,36,600 (Twenty One Lakhs Thirty Six Thousand Six Hundred) Equity Shares of the face value of INR 10/- (Rupees Ten) through private placement by passing special resolution in EGM held at the registered office of the company on September 25th, 2023. The shares were allotted to the new shareholders vide board resolution dated October 21st, 2023.

Notes:

- (1) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Information.
- (2) Growth in Revenue from Operations (%) is calculated as a percentage of Revenue from Operations of the relevant period/year minus Revenue from Operations of the preceding period/year, divided by Revenue from Operations of the preceding period/year.
- (3) Gross Profit is calculated as Revenue from Operations less Cost of Materials consumed, Purchase of Traded goods, Changes in inventories of finished goods and work-in-progress.
- (4) Gross Profit Margin (%) is calculated as Gross Profit divided by Revenue from Operations.
- (5) EBITDA is calculated as profit for the period/year, plus tax expenses (consisting of current tax, deferred tax and current taxes relating to earlier years), finance costs and depreciation and amortisation expenses, less other income.
- (6) EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations.
- (7) Profit After Tax Means Profit for the year as appearing in the Restated Financial Information.
- (8) PAT Margin (%) is calculated as Profit for the period/year as a percentage of Revenue from Operations.
- (9) RoE (Return on Equity) (%) is calculated as net profit after tax for the period/year divided by Average Shareholder Equity.
- (10) RoCE (Return on Capital Employed) (%) is calculated as earnings before interest and taxes divided by capital employed.
- (11) Net Fixed Asset Turnover is calculated as Net Turnover divided by Fixed Assets which consists of property, plant and equipment and capital work-in-progress.
- (12) Net Working Capital Days is calculated as working capital (current assets minus current liabilities) as at the end of the period/year divided by revenue from operations multiplied by number of days in a period/year.
- (13) Operating cash flows means net cash generated from operating activities as mentioned in the Restated Financial Information.
- (14) Inventory Turnover Days is calculated as average inventory as at the end of the period/year divided by cost of goods sold multiplied by number of days in the period/year
- (15) Earnings per Share (Basic) is calculated as Net profit/ (loss) after tax, as restated attributable to equity shareholders divided by weighted average number of Equity Shares outstanding during the period/year.
- (16) Earnings per Share (Diluted) is calculated from Net profit/ (loss) after tax, as restated attributable to equity shareholders divided by weighted average number of diluted Equity Shares outstanding during the period/year.
- (17) Operating Profit before Working Capital Changes means cash generated before change of working capital adjustments.
- (18) Debt/EBITDA Ratio is calculated as total Debts (includes long term and short term borrowings) divided by EBITDA.
- (19) NAV per Equity Share is calculated as Net Assets Value divided by No. of Equity Shares.
- (20) Net Worth means Total Equity as mentioned in the Restated Financial Information.
- (21) Return on Net Worth is calculated as profit after tax before exceptional items and other comprehensive income/ expenses divided by net worth.



(22) Debt Service Coverage Ratio is calculated by Earning available for debt service divided by interest and instalment paid during the year on borrowing repayable in installment.

(23) Debt to Equity Ratio is calculated as total debt of the company divided by Total shareholders equity which includes share capital and reserves and surplus.

Operational KPIs of the Company

Particulars	For the Financial Year ended on		
	March 31, 2024 (Consolidated)	March 31, 2023 (Standalone)	March 31, 2022 (Standalone)
Total Quantity Sold (in Units)			
Evaporator Coils	2,02,273	1,13,182	1,07,564
Condenser Coils	2,45,950	2,74,890	2,25,063
Headers/ Copper Parts	1,29,580	96,630	14,977
Sheet Metal Parts	1,141	7,138	652
Total Quantity Produced (In units)			
Evaporator Coils	2,20,152	1,13,027	1,07,356
Condenser Coils	2,56,264	3,05,944	2,26,300
Headers/ Copper Parts	6,06,854	4,85,552	3,60,118
Sheet Metal Parts	4,77,557	4,22,214	3,34,090
Total Number of Customers served during the year	113	112	95
- International Clients	32	16	10
- Domestic Clients	81	96	85
Total Number of Employees	538	478	307
- Permanent Employees	147	124	92
- Trainee	24	32	38
- Contractual Employees	367	322	177

