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(Please scan the QR code to view the RHP)



KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

Our Company was incorporated in Shivadi, Alwar as 'KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED', a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated August 25, 2017, issued by Central Registration Centre, Mumbai. Thereafter, our Company was converted from a private limited company to a public limited company pursuant to a resolution passed in the extraordinary general meeting of our Shareholders held on March 17, 2023, and consequently, the name of our Company was changed to 'KRN HEAT EXCHANGER AND REFRIGERATION LIMITED' by deletion of the word 'Private'. A fresh certificate of incorporation consequent upon conversion from private company to public company dated April 03, 2023, was issued by the Registrar of Companies, Jaipur, Rajasthan to our Company bearing Corporate Identification Number 'U29309RJ2017PLC058905'. For details of incorporation, change of name and registered office of our company, please refer to chapter titled 'History and Certain Other Corporate Matters' beginning on page 239 of Red Herring Prospectus ('RHP or Red Herring Prospectus') filed with the ROC.

Registered and Corporate Office: Plot No. F-46, 47, 48, 49 EPIP, RICO Industrial Area, Neemrana, Alwar, Rajasthan-301705, India

Tel No: +91 - 9257025440 | Email: cs@krheatexchanger.com | Website: www.krheatexchanger.com. Contact Person: Mr. Praveen Kumar, Company Secretary and Compliance Officer | CIN: U29309RJ2017PLC058905

PROMOTERS OF OUR COMPANY: MR. SANTOSH KUMAR YADAV, MRS. ANJU DEVI AND MR. MANOHAR LAL

THE ISSUE

INITIAL PUBLIC ISSUE OF UP TO 1,55,23,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF KRN HEAT EXCHANGER AND REFRIGERATION LIMITED ("COMPANY") FOR CASH AT A PRICE OF ₹ 10/- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 10/- PER EQUITY SHARE), AGGREGATING TO ₹ 155.23 LAKHS ("THE ISSUE"). THE ISSUE WILL CONSTITUTE 14% OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

*Our Company, in consultation with the BRLM, has undertaken a Pre-IPO Placement of 4,77,000 Equity Shares at an Issue Price of ₹ 200/- per Equity Share (including a premium of ₹ 190/- per Equity Share) for cash consideration aggregating to ₹ 954 Lakhs, ("Pre-IPO Placement")

KRN Heat Exchanger and Refrigeration Limited is engaged in the manufacturing of fin and tube type heat exchangers for the Heat Ventilation Air Conditioning and Refrigeration Industry ("HVAC&R") in the city of Neemrana, Alwar, Rajasthan. Heat exchangers manufactured by us are made of non-ferrous metals primarily Copper and Aluminium.

The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

QIB Portion: Not More Than 50% of the Issue | Retail Portion: Not Less Than 35% of the Issue | Non-Institutional Investor Portion: Not less than 15% of the Issue

PRICE BAND: ₹ 209/- TO ₹ 220/- PER EQUITY SHARE OF FACE VALUE OF ₹ 10/- EACH

THE FLOOR PRICE IS 20.90 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 22.00 TIMES OF THE FACE VALUE OF THE EQUITY SHARES

BIDS CAN BE MADE FOR A MINIMUM OF 65 EQUITY SHARES AND IN MULTIPLES OF 65 EQUITY SHARES THEREAFTER

THE PRICE TO EARNING RATIO BASED ON DILUTED EPS FOR FINANCIAL YEAR 2024 AT THE UPPER END OF THE PRICE BAND IS 25.32 TIMES AS COMPARED TO THE NIFTY 50 PE RATIO OF 22.90 TIMES

WEIGHTED AVERAGE RETURN ON NETWORTH FOR LAST THREE FINANCIAL YEARS IS 39.83%

In accordance with the recommendation of the Independent Directors of our Company, pursuant to their resolution dated August 20, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Issue Price" section of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s) as applicable, disclosed in the "Basis for Issue Price - Explanation for Issue Price" on page 150 of the RHP and provided below in the advertisement. In making an investment decision, potential investors must only rely on the information included in the Red Herring Prospectus and the terms of the Issue, including the merits and risks involved and not rely on any other external sources of information about the Issue available in any manner.

RISK TO INVESTORS

(For details refer to section titled "Risk Factors" on page 33 of the RHP)

1. **Sustainability of revenue growth Rate:** Our revenue from operations has significantly increased from ₹ 15,611.46 Lakhs in FY 2021-22 to ₹ 24,748.08 Lakhs in FY 2022-23 resulting in growth of over 58% (YOY). Similarly, our revenue from operations has further increased from ₹ 24,748.08 Lakhs in FY 2022-23 to ₹ 30,828.31 Lakhs in FY 2023-24 leading to growth of 24% (YOY). The details of certain of our financial parameters showcasing this growth has been set out below: (Amount in Lakhs)

Particulars	For the Year ended on March 31,			CAGR
	2024 (Consolidated)	2023 (Standalone)	2024 (Standalone)	
Revenue from Operations	30,828.31	24,748.08	15,611.46	25.46%
Growth in Revenue from Operations (%)	24.57%	58.53%	-	-

If we are unable to sustain or manage our growth rate our business operations and results of operations may be adversely affected, and this rate of growth may not be achievable in the future.

2. **Maintainability of Profit Margins:** Our Profit after Tax ("PAT") has significantly increased from ₹ 1,059.04 Lakhs in FY 2021-22 to ₹ 3,231.35 Lakhs in FY 2022-23 resulting in growth of over 205.12% (YOY). Similarly, our PAT has further increased from ₹ 3,231.35 Lakhs in FY 2022-23 to ₹ 3,906.86 Lakhs in FY 2023-24 leading to growth of 20.90% (YOY). Our PAT from the last three financial years is increasing by CAGR of 54.52%. If we are unable to maintain these profit margins in future, our financial condition may be adversely affected.

3. **Customer concentration Risk:** We are dependent on and derive 33.34%, 32.85% and 32.28% of our revenue for the Financial Year 2024, 2023 and 2022 from our single customer namely Daikin Airconditioning India Private Limited and further we derive 72.31%, 70.87% and 75.82% of our revenue from our top 10 key customers for the Financial Year 2024, 2023 and 2022 respectively.

The contribution to the revenue from operations of our Company from our top ten, top five and the largest customers is as set out below: (₹ in Lakhs)

Particular	For the Financial Year ended on March 31,					
	2024 (Consolidated)		2023 (Standalone)		2022 (Standalone)	
	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations
Largest customer Daikin Airconditioning India Private Limited	10,279.22	33.34%	8,130.92	32.85%	5,039.40	32.28%
Top 5 customers	16,993.50	55.12%	13,814.21	55.82%	9,334.00	59.79%
Top 10 customers	22,293.56	72.31%	17,540.09	70.87%	11,835.45	75.82%

Delay or Cancellation of orders by any one or all of our top customers could have a material and adverse effect on our business, results of operations and financial condition.

4. **Dependency on limited suppliers:** We rely on limited number of suppliers and procure 14.94%, 17.29% and 17.46% of our raw materials for the Financial Year 2024, 2023 and 2022 from our top largest supplier and further we procure 57.73%, 57.98% and 52.38% of our raw materials from our Top 5 suppliers and 77.99%, 78.48% and 70.07% of our raw material from our top 10 key suppliers for the Financial Year 2024, 2023 and 2022 respectively.

The contribution to the raw material purchase of our Company by our top ten, top five and the largest supplier is as set out below: (₹ in Lakhs)

Particular	For the Financial Year ended on March 31,					
	2024 (Consolidated)		2023 (Standalone)		2022 (Standalone)	
	Amount	% of total purchase	Amount	% of total purchase	Amount	% of total purchase
Largest Supplier	3,759.70	14.94%	3,632.40	17.29%	2,425.46	17.46%
Top 5 Suppliers	14,525.54	57.73%	12,178.82	57.98%	7,277.01	52.38%
Top 10 Suppliers	19,620.77	77.99%	16,486.00	78.48%	9,734.18	70.07%

Any delay in the supply of our raw materials by these suppliers may adversely affect the results of operations and financial condition.

5. **Credit Risk:** Our inability to collect receivables from our customers or default in payment by them could result in the reduction of our profits and affect our cash flows. In the period ended on Financial Year 2024, 2023, and 2022, our trade receivables were ₹ 5244.41 Lakhs, ₹ 3,865.83 Lakhs and ₹ 2979.02 Lakhs respectively, which represented 17.01%, 15.62% and 19.08% of our Revenues from Operations for such periods, respectively. An increase in bad debts or defaults may compel us to utilize greater amounts of our operating working capital and result in increased financing costs, thereby adversely affecting our results of operations and cash flows.

6. **Risk of Holding High Inventory:** Our inventory holding is ₹ 8,440.52, ₹ 5,508.43 and ₹ 2,130.85 for the Financial Year ended on March 31, 2024, 2023 and 2022 which

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tantamount to 37.02%, 29.99% and 16.42% of our Cost of Goods Sold.

The details of the inventories during past 3 Financial Years ended on March 31, 2024, 2023 and 2022 are as under:

(₹ in Lakhs)

Particulars	For the Financial Year ended on March 31		
	2024 (Consolidated)	2023 (Standalone)	2022 (Standalone)
Raw Material	6,788.74	4,314.42	1,798.13
Work in Progress	680.31	403.23	35.26
Finish Goods	971.47	790.78	297.46
Total	8,440.52	5,508.43	2,130.85
Cost of Goods Sold (COGS)	22,801.40	18,368.24	12,978.21
% of Inventory over COGS	37.02%	29.99%	16.42%

The inventory levels have increased substantially, reflecting both an overestimation of demand and potential inefficiencies in production planning. Such continuous increase has led to sub optimal utilization of resources. If we fail to manage the inventory and forecast the demand our business operations and financial conditions may be adversely affected.

7. **Dependency on overseas Vendors for supply of raw materials:** We rely heavily for our raw materials from our vendors in Malaysia, South Korea, Thailand, Vietnam and China and in Financial Year 2024, 2023 and 2022, our import purchases accounted for 78.17%, 79.08% and 72.16% of our total raw materials purchased. The details of Raw material imports from top 5 jurisdictions for the Financial Year ended on March 31, 2024, 2023 and 2022 is as under:

(₹ in Lakhs)

Name of the Country	For the Financial Year ended on March 31,					
	2024 (Consolidated)		2023 (Standalone)		2022 (Standalone)	
	Amount	%	Amount	%	Amount	%
Malaysia	8,464.56	43.04%	6,534.20	39.34%	3,381.99	33.74%
Vietnam	6,461.74	32.86%	3,104.10	18.69%	3,660.60	36.52%
South Korea	2,385.97	12.13%	2,467.47	14.85%	327.15	3.26%
Thailand	1,270.88	6.46%	2,360.20	14.21%	1,859.29	18.55%
China	1,079.57	5.49%	2,122.91	12.78%	771.46	7.70%
Total Imports from Top 5 Jurisdictions	19,662.72	99.98%	16,588.88	99.87%	10,000.49	99.77%
Total Imports	19,664.64	100.00%	16,611.12	100.00%	10,024.40	100.00%

Any country-related risk or any change in Government policies in relation to import of goods or import of goods from any specific country or region may adversely affect the sourcing of our raw materials which may have an adverse effect on our business, operations and financial condition.

8. **Risk of no long-term agreements or contracts with customers and suppliers:** We do not have any long-term agreements with any of our customers and suppliers. We primarily follow a business-to-business (B2B) model that relies on purchase orders rather than long-term contracts with our customers. If our customers choose not to source their requirements from us, it would lead to financial instability and operational uncertainty and our business and financial conditions may be adversely affected.

Further we are heavily dependent on overseas suppliers to ensure quality supplies to us as per our quality specifications. Without long-term contracts with suppliers, we may be exposed to price volatility and supply chain uncertainties, which could affect our ability to meet customer demand effectively and have an adverse effect on our business, results of operations and financial condition.

9. **Geographical Risk:** A major part of our total revenue from operations is generated from the State of Rajasthan which accounts for 41.24%, 43.79% and 49.19% respectively, of our total revenue from operations for the Financial Year ended on March 31, 2024, 2023 and 2022. The following table sets forth our revenue from operations from Rajasthan in the periods indicated:

(₹ in Lakhs)

Geography	For the Financial Year ended on March 31					
	2024 (Consolidated)		2023 (Standalone)		2022 (Standalone)	
	Amount	%	Amount	%	Amount	%
Rajasthan	12,713.72	41.24%	10,837.95	43.79%	7,681.01	49.19%

Any adverse developments affecting our operations in such region, could have an adverse impact on our business, financial condition, results of operations and cash flows.

10. **Limited Operating History:** Our Company has a limited operating history, which will make it difficult for the investors to evaluate our historical performance or future prospects. Our Company was incorporated on August 25, 2017, and commenced its operations in June 2018. Due to this short period of operations, there is limited historical data available for evaluation, which increases the uncertainty regarding our business model, strategies, and potential for future success.

11. **Utilization of IPO proceeds risk:** Our Objects to issue is to make Investment in wholly owned subsidiary, incorporated on August 25, 2017 in the form of equity for setting up a manufacturing unit located at SP1-24, Kolila Joga, Neemrana, Alwar, Rajasthan-301705 which is subject to the risk of unanticipated delays in implementation, cost overruns and certain Government approvals and licenses. If we are unable to implement the expansion plans at the planned cost or time or unable to obtain Government approvals and licenses, it could materially and adversely impact our business, results of operations and financial condition.

12. **Working capital risk:** We have significant working capital requirements which are funded through bank secured borrowings for the Financial Years 2024, 2023 and 2022. Most of the working capital is funded as secured borrowings by bank loans. Such financing could cause our debt-to-equity ratio to increase. The Debt-to-Equity Ratio of our Company is 0.45, 0.62 and 0.87 for the Financial Year ended on March 31, 2024, March 31, 2023 and March 31, 2022. If we are unable to secure adequate bank borrowings for working capital on commercially reasonable terms it could have a material adverse effect on our business, financial condition, and results of operations.

13. **Competition Risk:** Our Company operates in a highly competitive HVAC industry, facing numerous international players and well-established domestic companies such as Prijai Heat Exchangers Private Limited, Spirotech Heat Exchangers Private Limited, Alfa Laval India Private Ltd, REX Heat Exchanger Private Limited, Danfoss Power Solutions India Private Ltd, Kelvion India Private Ltd. as per report titled "Industry Assessment: Indian Heat Exchanger Industry" dated August 12, 2024 ("D&B Report") exclusively commissioned and paid only for the purposes of the Issue. This intense competition presents significant risks to our business operations and financial performance. The industry is characterized by several key competitive factors, including product quality, technical expertise, performance track record, client and vendor relationships, utilization of advanced machinery,

timely delivery, and overall reliability.

14. **Dependency on Single Industry:** We are highly dependent on the HVAC industry and any unfavorable effect on HVAC industry will adversely affect our revenue generation and future growth possibilities. Our financial performance is significantly influenced by the demand and market conditions within the Heating, Ventilation, and Air Conditioning (HVAC) industry. Our revenue is derived from products and services associated with this sector. Consequently, any downturn in the HVAC industry—whether due to economic conditions, shifts in consumer preferences, technological advancements, regulatory changes, or increased competition—could adversely impact our sales and profitability.

15. **Regulatory Risk:** We are required to obtain, renew or maintain certain statutory and regulatory permits and approvals required to operate our business and if we fail to do so in a timely manner or at all and our business, financial conditions, results of operations and cash flows may be adversely affected.

16. **Litigation Risk:** Our Company, its Promoters and our Directors are party to certain legal proceedings. Any adverse outcome in such proceedings may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.

17. The Weighted Average Cost of Acquisition of all Equity Shares transacted in 1 year, 18 months and in last 3 years preceding the date of the RHP:

Period	Weighted Average Cost of Acquisition on (WACA)	Upper end of the Price Band is 'X' times the WACA (in ₹)*	Lower end of the Price Band is 'X' times the WACA	Range of acquisition price: Lowest Price – Highest Price (in ₹)*
Last 1 Year	160.76	1.37	1.30	160.76
Last 18 Months	160.76	1.37	1.30	160.76
Last 3 Years	160.76	1.37	1.30	160.76

*As certified by the Statutory Auditor, pursuant to the certificate dated September 12, 2024.

Note: Our Company, in consultation with the BRLM, has undertaken a Pre-IPO Placement of 4,77,000 Equity Shares aggregating to ₹ 954 Lakhs ("Pre-IPO Placement"). The proceeds of the Pre-IPO Placement shall be utilized towards General Corporate purposes and the fresh issue size disclosed in the Draft Red Herring Prospectus is reduced by 4,77,000 equity shares, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement has not exceeded 20% of the size of the Fresh Issue.

18. The Price-Earning (P/E) Ratio based on Diluted EPS for Financial Year 2024 for our Company at upper end of the Price Band is as high as 25.32 times as compared to the PE Ratio of 22.90 of Nifty 50.

19. The average cost of acquisition of Equity Shares by Promoters may be less than the Issue Price.

20. Weighted Average Cost of Acquisition compared to Floor Price and Cap Price:

Past Transactions	Weighted Average Cost of Acquisition (in ₹)*	Floor Price	Cap Price
Based on Primary Issuance (except for bonus issue)	160.76/-	1.30	1.37
Based on secondary transactions in last 3 years	100.00/-	2.09	2.20

*As certified by the Statutory Auditor, pursuant to the certificate dated September 12, 2024.

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21. Weighted Average Return on Net Worth for Fiscals 2024, 2023 and 2022 is 39.83%.
22. The BRLM associated with the Issue have handled Nine public issues in the past three Financial Years.

Name of the BRLM	Total Public Issues	Issue Closed below the Issue Price on Listing Date
Holani Consultants Private Limited	9	NIL
Total	9	NIL

The Objects of the proposed Issue is (i) Investment in our wholly owned subsidiary KRN HVAC Products Private Limited in the form of equity, for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan ("Proposed Project") (ii) General corporate purposes. For further details on the objects of the Company, please refer to the section titled "Objects of the Issue" beginning on Page 118 of the RHP.

BID/ISSUE PROGRAMME

BID/ISSUE OPENS FOR ANCHOR INVESTORS
ON, TUESDAY, SEPTEMBER 24, 2024*

BID/ISSUE OPENS ON WEDNESDAY,
SEPTEMBER 25, 2024

BID/ISSUE CLOSING ON FRIDAY,
SEPTEMBER 27, 2024**

*Our Company, in consultation with the BRLM may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date.

**UPR mandate and time and date shall be at 5:00 p.m. on the Bid/Issue Closing Date.

DETAILS OF PRE-IPO PLACEMENT

Our Company, in consultation with the BRLM, has undertaken a Pre-IPO Placement of 4,77,000 Equity Shares aggregating to ₹ 954 Lakhs (Pre-IPO Placement) on August 14, 2024. The proceeds of the Pre-IPO Placement shall be utilized towards General Corporate purposes and the fresh issue size disclosed in the Draft Red Herring Prospectus is reduced by 4,77,000 equity shares, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement has not exceeded 20% of the size of the Fresh Issue. For the details of the list of allottees, please refer "Capital Structure" section on page 105-109.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Book Running Lead Manager on the basis of assessment of market demand for the Equity Shares in the Issue through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10/- each and the Issue Price is 20.30 times the face value of the Price Band and 22.00 times the face value at the higher end of the Price Band. The financial data presented in this section are our Company's Restated Financial Information. Investors should also refer to the sections titled "Risk Factors", "Our Business", "Restated Financial Information" and "Management's Discussion and Analysis of Financial Position and Results of Operations" on pages 33, 202, 270 and 346 respectively, to get a more informed view before making the investment decision.

QUALITATIVE FACTORS

Some of the qualitative factors which form the basis for computing the Issue Price are:

Promoters exhibit strong leadership and are supported by highly experienced senior management.

Our management team comprised of our Promoters who are a qualified engineers and have extensive experience and know-how in the engineering sector, including business development, operations, administration, marketing, and human resource management. We leverage the understanding and experience of our management to successfully oversee our operations and growth. Our founder, Promoter and Director Santosh Kumar Yadav has an experience of over 15 years in the business of manufacturing heat exchangers and refrigeration units. His responsibilities encompassed overseeing production processes, ensuring quality standards, and leading a team of qualified and experienced employees and workers who possess the technical capability to further expand our business and operations. The details of technically qualified personnel in our Company are as under:

Particulars	Number of Qualified Employees
Diploma in Mechanical Engineering	29
Bachelors of Technology	16

We continuously strengthen our engineering expertise by providing in-house training to our workforce, to diversify and update their skill sets and keep them updated with the latest changes in manufacturing technologies and processes. The faith of the management in the workforce and their dedicated performance have enabled us to build a niche presence in the market.

Long-standing business relationships with leading clients.

We focus on building sustained and long-term client relationships with our clients and constantly try to cater to customer needs with products in demand. Our experience in automated production facilities is focused on research and development, coupled with technologically advanced, quality consistency on-line delivery and cost-competitive manufacturing technology processes has resulted in repeat orders from our key customer groups. The table set forth represents the continuous and long-standing business relationships of our customers with us since the incorporation of our Company:

Client's Name	Association Since
Dakin Acondicioning India Private Limited	2018
Schneider Electric IT Business India Private Limited	2019
Kotakor Chillers Private Limited	2020
Blue Star Limited	2021
Climaveneta Climate Technologies Private Limited	2021

Our long-term relationship with our customers allows us to understand and cater to their diverse requirements, including the development of new products and helps us solicit new business from potential customers in the same industry.

Effective quality control checks

We maintain an in-house facility for checking the quality of our manufactured products. Our products go through stringent quality control checks such as Helium Leak Test, Water Leak Test, Contamination Test, Salt Spray Testing, Burst Pressure Testing and Pressure Cycle Testing to ensure the best quality products are supplied to our customers. Key employees of our production team hold ISO 9001:2015 certification, which specifies the basic requirements for the qualification testing of batches and tracing operations which is one of the key processes of manufacturing heat exchangers.

We have a dedicated quality management team consisting of 48 employees including 19 contractual employees. The raw materials undergo a quality check, and we have internal procedures in place for procurement of the raw materials as the quality of the final product is dependent on them. Similarly for the quality checks of our final products, our units have dedicated personnel responsible for monitoring the parameters of equipment and strength of materials, reporting any irregularities in the manufacturing process and making adjustments accordingly. These multi-level quality checks ensure that we consistently provide good quality products, enhancing our brand value. For further details on the quality control measures undertaken by us, please refer to "Our Business-Quality Management" on page 224-225.

Consistent financial performance

Our Company has grown from a single product to a multi-product manufacturing Company. We have demonstrated consistent growth in terms of revenue and profitability. The recognition of our product quality has enabled us to penetrate the heat exchanger products market and cater to new customers in addition to our existing customer network. Increased acceptance of newer product categories due to improved designs and efficient pricing has further established our reputation. A summary of our financial performance as per the Consolidated Restated Information for the financial year ended on March 31, 2024, and as per Standalone Restated Financial Information for the financial years ended March 31, 2023 and 2022 is as under:

Particulars	For the Financial Years ended March 31			CAGR Growth
	2024 (Consolidated)	2023 (Standalone)	2022 (Standalone)	
Revenue from Operations	30,828.31	24,748.08	15,611.46	25.46%
EBITDA	8,845.24	4,931.75	1,693.56	51.12%
EBITDA Margin (%)	18.96%	19.93%	10.85%	24.45%
Profit After Tax	3,906.86	3,231.35	1,059.04	54.52%
Profit After Tax Margin (%)	12.67%	13.06%	6.78%	23.16%
Return on Equity	40.86%	75.94%	54.88%	63.27%
Return on Capital Employed	31.21%	50.46%	34.65%	63.42%

For further details, please refer to "Key Financials and Operating Performance Indicators" of "Our Business" page 208-210.

Established Manufacturing Facility

Our registered office and the manufacturing facilities are located at renowned ROIC industrial areas of Neemrana, Rajasthan. Our manufacturing unit is equipped and capable of carrying out end-to-end manufacturing activities. For further information regarding the manufacturing units of our Company, please refer to "Our Business-Our Manufacturing Facilities" on page 221.

Our years of experience in precision engineering, strategically located production facilities, and focus on design, coupled with technologically advanced and cost-competitive manufacturing technology processes have enabled us to meet our customers' bespoke and stringent requirements. We have full-service capabilities across the product cycle including product design and development, material sourcing, designing, testing and measurement infrastructure, all under one roof to meet the requirement of our global customers. The entire process is carried out under one roof. Our dynamic setup not only gives us better control over quality but also benefits us with cost advantages compared to our competitors who resort to job work for lesser activities in the complete manufacturing process. Our engineering expertise and technology-driven manufacturing processes have enabled us to deliver our products and provide timely solution to our customers in accordance with their designs and specifications, in a cost-effective manner without compromising on quality. For further information regarding the manufacturing units of our Company, please refer to "Our Business- Capacity Utilization" on page 220-221.

For further details, see "Our Business - Our Strength" on page 210.

QUANTITATIVE FACTORS

Some of the information presented in this section relating to our Company is derived from the Restated Financial Information. For details, see the chapter titled "Restated Financial Information" beginning on page 270.

Some of the quantitative factors which may form the basis for calculating the Issue Price are as follows:

- I. Basic and Diluted Earnings per share ("EPS") as per the Restated Financial Information.
(Pre-Issue and as adjusted for changes in capital after last balance sheet date).

Financial Year	Basic EPS (₹)	Diluted EPS (₹)	Weights
March 31, 2024	8.69	8.69	3
March 31, 2023	7.34	7.34	2
March 31, 2022	2.41	2.41	1
Weighted Average EPS		7.19	

- II. Price to Earning ("P/E") ratio in relation to Price Band of ₹ 209/- to ₹ 229/- per Equity Share:

Particulars	P/E at Floor Price (Number of times)	P/E at Cap Price (Number of times)
P/E based on Basic & Diluted EPS for FY 2023-24	24.05	25.32
P/E based on weighted average Basic and Diluted EPS	29.07	30.60

Industry Peer Group P/E ratio

There are no listed companies in India that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

- III. Return on Net Worth ("RoNW")

As derived from the Restated Financial Information of our Company:

Financial Year	RoNW (%)	Weight
March 31, 2024	29.68%	3
March 31, 2023	54.24%	2
March 31, 2022	41.48%	1
Weighted Average RoNW	39.83%	

- IV. Net Asset Value per Equity Share (Face Value of ₹ 10/- each)

Financial Year	NAV derived from Restated Financial Information (₹)
March 31, 2024	28.53
March 31, 2023	77.68
March 31, 2022	74.80
Weighted Average NAV	44.80

V. Comparison of Accounting Ratios with Listed Industry Peers:

There are no listed companies in India that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

The Issue Price is [x] times of the face value of the Equity Shares.

The Issue Price of ₹ [x] has been determined by our Company in consultation with the BRLM, on the basis of assessment of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters. Investors should read the above-mentioned information along with chapters titled "Our Business" and "Management's Discussion and Analysis of Financial Position and Results of Operations" and sections titled "Risk Factors" and "Restated Financial Information" beginning on pages 202, 346, 33 and 270 respectively to have a more informed view.

The trading price of the Equity Shares could decline due to the factors mentioned in the section titled "Risk Factors" and you may lose all or part of your investments.

KEY FINANCIAL AND OPERATIONAL PERFORMANCE INDICATORS ("KPIs")

The KPIs disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analyzing the growth of various verticals in comparison to our peers.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated August 20, 2024 and the members of the Audit Committee have verified the details of all KPIs pertaining to the Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of the RHP. Further, the KPIs herein have been certified by M/s Kayar Shah & Co., Chartered Accountants, by their certificate dated August 20, 2024.

The KPIs of our Company have been disclosed in the sections "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" starting on pages 202 and 346, respectively. We have described and defined the KPIs, as applicable, in "Definitions and Abbreviations" beginning on page 2. Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the completion of the process of the Fresh Issue as per the disclosure made in the Objects of the Issue Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations.

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 our Company.
Gross Profit Margin	Gross Profit Margin is an indicator of the profitability on sale of products manufactured by our 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 turns 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 its business operations.
Debt/EBITDA Ratio	Debt/EBITDA Ratio provides information regarding to the actual cash generated by our company to pay off its 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 our financial health compare to its outstanding debt.
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 us according to its various product offerings
Total Quantity Produced (in Units)	This metric indicates the quantity of the products produced by our 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 us 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 us categorized into employees on company's payroll, Trainees and contractual employees hired.

Financial KPIs of our Company

Particulars	For the Fiscal Year ended on March 31		
	2024	2023	2022
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)	8,845.24	4,931.75	1,693.56
Gross Profit Margin ⁽⁴⁾ (%)	28.94%	25.78%	16.87%
EBITDA ⁽⁵⁾ (₹ in Lakhs)	8,845.24	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)	6,305.72	5,138.99	1,874.51
Debt/EBITDA Ratio ⁽¹⁸⁾ (In Times)	1.02	1.22	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 Figure has been certified by our statutory auditors M/s Kayar Shah & Co. Chartered Accountants vide their certificate dated August 20, 2024. Our 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.

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 year minus Revenue from Operations of the preceding year, divided by Revenue from Operations of the preceding 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 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 year as a percentage of Revenue from Operations.
- (9) RoE (Return on Equity) (%) is calculated as net profit after tax for the 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 year divided by revenue from operations multiplied by number of days in a year.

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