KRN Heat Exchanger & Refrigeration

IPO Sep 2024

ACCUMULATE

NSE: KRN | HVAC · Data Centre Cooling · Bus AC · Exports | Bhiwadi, Rajasthan | Report Date: 04 Mar 2026

CMP	MKT CAP	P/E FY26E	52W RANGE	PROMOTER	ROCE
₹919	₹5,717 Cr	~71x	₹590–₹1,032	70.79%	20.8%
As of 04 Mar 2026	~₹5.7K Cr	FY27E ~51x	CMP: -11% from ATH	Strong / Stable	ROE 16.8%

DEBT	REVENUE CAGR	ENTRY ZONE	TARGET T2
₹33 Cr	45%	₹820–880	₹1,400
Down from ₹87 Cr	FY21–FY25	Pullback preferred	R:R ~1:3.7

PART A — FUNDAMENTAL ANALYSIS

Company overview, financials, management quality, risks, and catalysts

A1

Company Overview & Value Chain Position

KRN Heat Exchanger and Refrigeration Limited (NSE: KRN) is a **fast-growing manufacturer of aluminium and copper fin heat exchangers, coils, and refrigeration components** based in Bhiwadi, Rajasthan. Founded in 2017 by Santosh Kumar Yadav — a first-generation entrepreneur and farmer's son from Tijara, Rajasthan — the company went public via IPO in September 2024, raising ₹342 Cr at ~₹220/share.

The company occupies a **critical component position** in the HVAC (Heating, Ventilation, Air Conditioning) and refrigeration value chain, manufacturing the heat transfer core (fin-and-tube assemblies) that go into air conditioners, chillers, cold rooms, data centre cooling systems, and bus HVAC units.

KRN has expanded from a single product line into four distinct verticals: (1) HVAC coils & heat exchangers (core), (2) Data centre liquid/air cooling components, (3) Bus air conditioning units (new FY26 launch), and (4) Export markets (UAE 38%, USA 37%, Canada 9%, Italy 8%). The company claims a **15–20% landed price advantage** over established suppliers in export markets due to India's manufacturing cost base and backward integration.

VALUE CHAIN POSITION

Raw Material	Aluminium strips, copper tubes, refrigerant headers
KRN (Component)	**Fin-tube heat exchangers, coils, refrigeration assemblies**
OEM/System	Voltas, Blue Star, Daikin, Carrier, Amber Enterprises
End Market	Residential/commercial HVAC, cold chain, data centres, buses

KEY FACTS

Founded	2017 (Bhiwadi, Rajasthan)
IPO	September 2024 | ₹342 Cr raised | Price ₹220
Capacity	1M → 6M units (post expansion)
New Plant	Inaugurated 11 March 2026
Segments	HVAC, DC Cooling (15% rev), Bus AC (new)
Export %	~15–20% revenue (target 50% in 3 years)

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Capabilities, Competitive Moat & Strategy

🔧 MANUFACTURING CAPABILITY

Backward-integrated: internally produces fins, tubes, and FRP components — reducing cost and improving quality control. Capacity has scaled 6x: 1M → 6M units with new plant inauguration on 11 March 2026. New geometry testing capability allows custom designs for export markets.

🌍 EXPORT MOAT

15–20% landed price advantage vs established suppliers in UAE, USA, and European markets. Export mix: UAE 38%, USA 37%, Canada 9%, Italy 8%. Recently appointed **Export Sales President** and added new Directors of Operations to accelerate export push. Target: 50% exports from current ~15–20% in 3 years.

💡 NEW VERTICALS

Data Centres: 15% of revenue by Q3 FY26 end; structural demand from India's ₹5L Cr DC investment pipeline. **Bus AC:** Targeting ₹1,000+ Cr Pan-India bus AC market (20–25% YoY growth); aims for 15% market share. Leverages backward integration in heat exchangers + FRP for buses.

STRATEGIC PRIORITIES 2026–2028

New Plant Ramp (Mar 2026) · Data Centre Cooling Scale · Bus AC Market Entry · Export Revenue → 50% · PLI Incentive Benefits · Solar Power Cost Savings

Management Hiring (3 New Directors) | LME Price Hedging Strategy

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Market Opportunity & TAM

ADDRESSABLE MARKETS

SEGMENT	EST. TAM (INDIA)	GROWTH	KRN SHARE
HVAC Heat Exchangers	₹3,000–5,000 Cr	15–18% CAGR	~8–10%
Data Centre Cooling	₹5L Cr DC capex → cooling ~5%	40%+ CAGR	Early stage
Bus Air Conditioning	₹1,000+ Cr (Pan-India)	20–25% CAGR	Target 15%
Export (UAE/USA/EU)	Global HVAC >$100Bn	12–15% CAGR	Early stage

EIC ANALYSIS — MACRO DRIVERS

Economy: India urbanisation + rising disposable income driving HVAC penetration. India AC penetration ~8% vs 90%+ in developed markets → massive headroom. Data Centre investments projected ₹5L Cr over 5 years (AI infrastructure boom).

Industry: Heat exchanger market growing at 15–20% CAGR driven by cooling demand. India becoming global manufacturing hub (China+1). PLI schemes incentivising domestic component manufacturing.

Company: Post-IPO capital deployment, 6x capacity scale, four revenue verticals, management strengthening — all converging in FY26–27 ramp cycle.

DATA CENTRE OPPORTUNITY (KEY DRIVER)

India's data centre investment pipeline is estimated at **₹5 lakh crore over 5 years** (AI/cloud driven). Heat exchangers and cooling components constitute ~3–5% of DC capex. KRN entered DC cooling in FY25; by Q3 FY26, DC already contributes **~15% of revenue**. With new plant capacity, DC cooling addressable revenue for KRN could reach ₹150–200 Cr by FY27E alone.

BUS AC MARKET ENTRY

Pan-India bus AC market estimated at **₹1,000+ Cr growing 20–25% annually**. State bus operators (BEST, KSRTC, DTC) + private operators accelerating electric bus deployments with mandatory AC requirements. KRN's backward integration in heat exchangers + FRP components gives cost advantage. Management target: **15% market share = ₹150+ Cr revenue from FY27E**.

EXPORT EXPANSION PATH

Current export revenue ~15–20% with UAE and USA as top markets. Management committed to reaching 50% exports in 3 years. New geometry testing capability unlocks custom design orders. Export President recently appointed. If 50% export mix at ₹900 Cr revenue = ₹450 Cr export revenue vs ~₹130 Cr today — **3.5x export scale over 3 years**.

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Operations, Capacity & Key Projects

MANUFACTURING FOOTPRINT

FACILITY	LOCATION	STATUS	CAPACITY
Plant 1 (Core)	Bhiwadi, Rajasthan	Operational	~1M units (near full)
Plant 2 (Expansion)	Bhiwadi, Rajasthan	Operational	+incremental capacity
New Plant (IPO Funded)	**Bhiwadi, Rajasthan**	**INAUGURATED 11 Mar 2026**	**~5M additional units**

CAPACITY UTILISATION ROADMAP (NEW PLANT)

PERIOD	HVAC UTILISATION	REVENUE IMPACT
FY26 (Q4)	~20%	+₹20–30 Cr incremental
FY27E	~50%	+₹150–200 Cr incremental
FY28E	~70–80%	+₹300–350 Cr incremental

SUPPLY CHAIN & RAW MATERIAL STRATEGY

Primary inputs: Aluminium strips (LME linked) + copper tubes. Management maintains **2–2.5 months inventory + transit stock** as buffer against LME volatility. Quarterly price adjustments follow LME averages — pass-through mechanism to customers. Backward integration in fins, tubes, and FRP components provides cost advantages.

WORKING CAPITAL PROFILE

Cash Conversion Cycle: **125 days** — elevated due to inventory holding strategy and export receivables. Management is focused on improving this as the business scales. IPO funds reduced borrowings from ₹87 Cr to ₹33 Cr — debt nearly eliminated. Fresh plant funded through IPO proceeds (₹342 Cr raised).

IPO FUND UTILISATION

IPO raised ₹342 Cr in Sep 2024. Proceeds deployed primarily for: new manufacturing facility (inaugurated 11 Mar 2026), working capital requirement, and debt repayment. This positions KRN for **FY27E capacity step-up** fully funded with no fresh equity dilution required.

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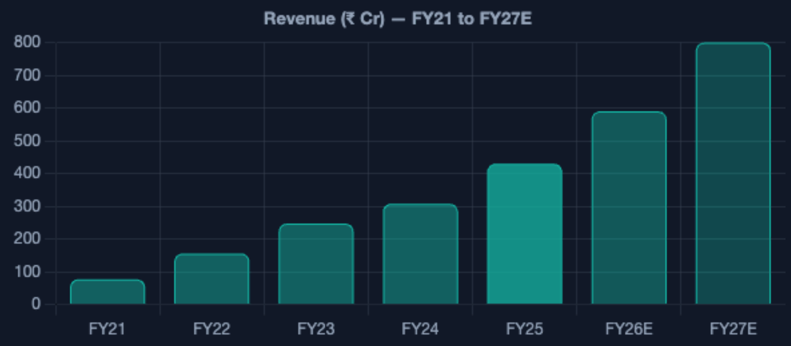
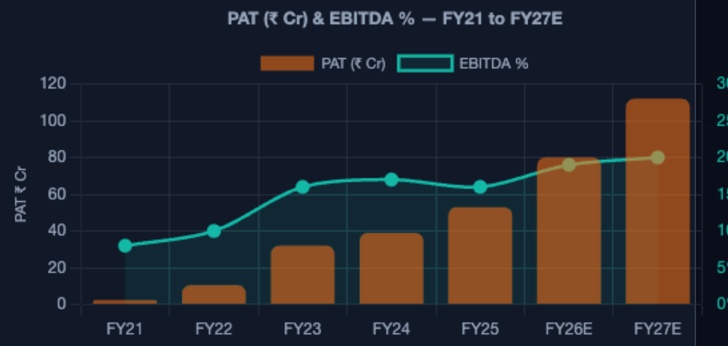
Financial Performance — Trailing & Forward Estimates





METRIC	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue (₹ Cr)	77	156	247	308	430	*590*	*800*
Revenue Growth %	—	103%	58%	25%	40%	*37%*	*36%*
EBITDA Margin %	~8%	~10%	~16%	17%	16%	*19%*	*20%*
PAT (₹ Cr)	**2.5**	**10.6**	**32**	**39**	**53**	***80***	***112***
PAT Margin %	3%	7%	13%	13%	12%	*14%*	*14%*
EPS (₹)	~0.4	~1.7	~5.1	~6.3	8.51	*~12.9*	*~18.0*
P/E (at CMP ₹919)	—	—	—	—	—	*~71x*	*~51x*

FY26E/FY27E are estimates based on management guidance, 9M FY26 actuals, and new plant ramp-up assumptions. Italicised = estimates.

Q3 FY26 & 9M FY26 Actuals (Latest Quarter)

METRIC	Q3 FY25	Q3 FY26	YOY	9M FY25	9M FY26	YOY
Revenue (₹ Cr)	**~116**	**155**	**+33%**	**~305**	**428**	**+40%**
EBITDA (₹ Cr)	~16	31	+97%	~52	79	+53%
EBITDA Margin %	**~14%**	**20.3%**	**+610 bps**	**~17%**	**18.8%**	**+180 bps**
PAT (₹ Cr)	~14	23	+65%	~38	53	+40%
PAT Margin %	~12%	14.8%	+280 bps	~12%	12.4%	—

Standalone 9M FY26: Revenue ₹485 Cr (+58% YoY) | PAT ₹54 Cr (+49% YoY) — standalone higher as consolidation adjusts for subsidiary.

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Regulatory, Policy & Geopolitical Context

FAVOURABLE POLICY TAILWINDS

- **PLI for HVAC/White Goods:** India's Production Linked Incentive scheme for white goods (₹6,238 Cr scheme) benefits domestic HVAC component manufacturers. New plant qualifies for 15% lower corporate tax rate.
- **Bureau of Energy Efficiency (BEE) Star Ratings:** Mandatory energy efficiency upgrades in AC/refrigeration units drive component replacement cycles — benefits quality heat exchanger manufacturers.
- **Smart Cities / Metro Bus Electrification:** Government push for electric city buses with mandatory AC systems expands Bus AC addressable market by ₹1,000+ Cr. KRN's entry is timely.
- **India DC Investment:** Government data centre parks in Noida, Hyderabad, Mumbai drive cooling component demand.

EXPORT & GEOPOLITICAL FACTORS

- **USD/AED exposure:** 75%+ of exports in USD/AED — currency fluctuation risk. Company currently has limited formal hedging disclosure.
- **China+1 in HVAC components:** Global HVAC OEMs reducing China component dependency. India's cost advantage + Bhiwadi's proximity to Delhi NCR ports makes KRN well-positioned.
- **LME Aluminium/Copper Volatility:** Input costs linked to global commodity markets. Company's 2–2.5M inventory buffer + quarterly price pass-through partially mitigates but doesn't eliminate risk.
- **Middle East AC market:** UAE/Saudi construction boom + cooling demand. UAE is KRN's single largest export market (38%). Stable and growing.

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Management Commentary & Concall Insights (Q3 FY26)

KEY MANAGEMENT STATEMENTS (Q3 FY26 CALL)

- **"20% EBITDA margin is sustainable over the medium term"** — management targets 20%+ EBITDA with new plant operating leverage + PLI + solar savings.
- **Data Centre = 15% of revenue by Q3 FY26** — structural demand, not one-off. Management sees DC cooling as a multi-year revenue driver.
- **New plant fully inaugurated March 11, 2026** — 20% utilisation target FY26, scaling to 50% FY27. Revenue contribution to be visible from Q1 FY27.
- **Bus AC: "Targeting at least 15% of ₹1,000+ Cr market next year"** — ~₹150 Cr potential revenue stream from FY27E.
- **"15–20% landed price advantage in export markets"** — new geometry testing lab enhances custom order capability.

MANAGEMENT HIRING (GOVERNANCE UPGRADE)

- **Export Sales President** appointed — dedicated leadership for international expansion.
- **President — Food & Non-Food Business** — new business vertical leadership.
- **Three Directors of Operations** — operations management scaling ahead of plant ramp.
- **Management bandwidth risk:** Company transitioning rapidly from founder-led startup to professional management. Integration quality of new hires is a watch item.

PAT MARGIN ROADMAP

Management: PAT margin expected to improve **1–1.5% over next 2–3 years** driven by: (1) Solar power → lower energy costs, (2) PLI incentives qualifying at new plant, (3) 15% lower corporate tax rate at new facility, (4) Operating leverage as revenue scales.

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Balance Sheet, Cash Flows & Fraud Filter Checklist

BALANCE SHEET SNAPSHOT (MAR 2025)

Total Assets	₹595 Cr
Borrowings	₹33 Cr (↓ from ₹87 Cr)
Book Value/Share	₹85
P/Book	10.8x (premium justified by growth)
Cash Conversion Cycle	125 days (elevated)
Dividend Yield	0% (growth reinvestment phase)
Debt:Equity	<0.1x (effectively debt-free)
IPO Capital	₹342 Cr deployed in new plant

🔍 FRAUD FILTER CHECKLIST

✓ **OCF vs PAT — Aligned**
Company shows consistent cash generation; OCF broadly tracks PAT. No large divergence observed.

✓ **Promoter Holding — 70.79% (Stable)**
High and stable promoter stake post-IPO. No pledging disclosed. Founder Santosh Kumar Yadav fully engaged.

! **Working Capital — Elevated (CCC 125 days)**
Higher than ideal; driven by export receivables and inventory strategy. Watch for improvement in FY27E.

✓ **Debt Reduction — IPO Proceeds Used Properly**
Borrowings reduced from ₹87 Cr to ₹33 Cr post-IPO. Capital allocation disciplined.

✓ **Revenue Growth Real — Consistent Multi-Year**
Revenue CAGR 45% over 5 years with improving margins. Not a single-year spike.

! **Recently Listed (Sep 2024) — Limited Public Track Record**
IPO was less than 18 months ago. Watch for consistency between listed-company disclosures and historical numbers.

✓ **Related Party Transactions — No Flags**
No material related-party transaction concerns disclosed in IPO prospectus or post-listing filings.

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P&L Deep Dive — Revenue Mix & Margin Analysis

REVENUE SEGMENTATION (ESTIMATED FY26E)

SEGMENT	FY25	FY26E	DRIVER
HVAC Coils (Core)	~₹360 Cr	~₹420 Cr	Capacity + domestic growth
Data Centre Cooling	**~₹45 Cr**	**~₹88 Cr**	**DC boom; 15% rev**
Bus AC (New)	Nil	~₹30 Cr	New launch FY26
Exports (UAE/USA/EU)	~₹65 Cr	~₹120 Cr	Export president hired
Total	**~₹430 Cr**	**~₹590 Cr**	

MARGIN BRIDGE — FY25 → FY27E

FACTOR	IMPACT ON EBITDA%
FY25 Base EBITDA%	16.0%
Operating leverage (new plant volumes)	**+1.5%**
Solar power installation	+0.5%
PLI incentives (new plant)	+0.5%
Product mix (DC + Bus AC higher margin)	+0.5%
LME commodity risk offset	-0.5%
FY27E Target EBITDA%	**~20.0%**

EXPORT REVENUE BY GEOGRAPHY (9M FY26)

MARKET	SHARE	COMMENTARY
UAE	38%	Construction boom; largest export market
USA	37%	Price advantage vs China; growing fast
Canada	9%	HVAC replacement cycle
Italy	8%	Industrial refrigeration OEM supply
Others	8%	Diversification in progress

KEY PROFITABILITY DRIVERS

Tax benefit: New plant eligible for 15% corporate tax rate vs standard 25.17% → ~10% PAT margin uplift on new plant profits. PAT margin improvement of 1–1.5% guided over 2–3 years.

Energy costs: Solar installation reduces power bills (power is significant cost in heat exchanger manufacturing). Estimated savings: ₹5–8 Cr/year by FY27E.

Backward integration: In-house fin stamping + tube drawing + FRP moulding reduces purchased component costs vs outsourced models.

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Valuation Analysis

VALUATION MATRIX (CMP ₹919)

METRIC	FY25A	FY26E	FY27E
Revenue (₹ Cr)	430	590	800
EBITDA (₹ Cr)	69	112	160
PAT (₹ Cr)	53	80	112
P/E (at CMP ₹919)	**107x**	**71x**	**51x**
EV/EBITDA	~81x	~50x	~35x
P/Sales	13.3x	9.7x	7.1x

COMPARABLE UNIVERSE

COMPANY	P/E TTM	REVENUE CAGR	COMMENTARY
Amber Enterprises	~55x	~30%	AC component OEM
Voltas	~45x	~20%	HVAC brand/system
Blue Star	~50x	~25%	HVAC brand/system
KRN (CMP ₹919)	**~71x FY26E**	**45% CAGR**	**Premium justified by growth**

BULL/BASE/BEAR SCENARIOS

SCENARIO	REVENUE FY27E	PAT FY27E	P/E TARGET	TARGET PRICE
Bull (60x FY27E)	₹950 Cr	₹133 Cr	60x	₹1,980
Base (55x FY27E)	**₹800 Cr**	**₹112 Cr**	**55x**	**₹1,540**
Bear (40x FY27E)	₹650 Cr	₹85 Cr	40x	₹850

VALUATION VERDICT

At 71x FY26E, KRN is **priced for perfection** near term. However, the 45% revenue CAGR trajectory, new plant optionality (fully funded), and four distinct revenue verticals justify a premium vs HVAC peers trading at 45–55x. The stock has returned +318% since IPO (Sep 2024 at ₹220).

Key insight: The Bear scenario target of ₹850 is BELOW current price (₹919) — this confirms the stock is expensive at CMP and requires a pullback entry to generate acceptable R:R. Wait for ₹820–880 zone.

A11

Management Quality & Governance Scorecard

PROMOTER PROFILE

Santosh Kumar Yadav — Founder, Chairman & MD. First-generation entrepreneur, farmer's son from Tijara, Rajasthan. 19+ years experience in heat exchanger manufacturing. Built KRN from scratch (founded 2017) to ₹430 Cr revenue in 8 years. Successfully navigated IPO (Sep 2024) and is now transitioning from founder-operator to professional-management-led company. Currently holds 70.79% stake — fully aligned.

Board additions: Three new Directors of Operations, Export Sales President, President (Food & Non-Food) — all added in FY26 to manage scaling.

MANAGEMENT SCORECARD (0–10)

Criterion	Score
Capital Allocation	8/10
Execution Track Record	8/10
Promoter Alignment	9/10
Guidance Credibility	7/10
Governance & Disclosures	7/10
Professional Mgmt Transition	6/10

Overall: 7.5/10 — Strong founder, good track record, transitioning to professional management. Monitor execution quality as new plant ramps up.

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Risk Register

RISK	SEVERITY	LIKELIHOOD	MITIGATION
Valuation Risk — At 71x FY26E, any earnings miss leads to sharp de-rating	HIGH	Medium	Wait for pullback entry; strict stop at ₹700
LME Commodity Volatility — Aluminium/copper spike compresses margins	MEDIUM	Medium	Quarterly pass-through; 2.5M inventory buffer
New Plant Ramp Risk — Delays in reaching 50% utilisation target	MEDIUM	Low	March 11 inauguration completed on schedule
Working Capital — CCC 125 days; cash flow under pressure as revenue scales	MEDIUM	Medium	Monitor debtor days; export factoring potential
Mgmt Transition Risk — New professional management; integration quality unclear	MEDIUM	Medium	Founder Santosh Kumar Yadav still at helm; watch for 2 quarters
Customer Concentration — Export markets dominated by UAE + USA	LOW	Low	Diversifying to Europe + other markets; multiple export clients
Bus AC Execution — New unproven segment; market entry uncertain	MEDIUM	Medium	Small revenue base; treat as optionality, not core thesis
IPO Overhang — Only 18 months post-listing; institutional price discovery ongoing	LOW	Low	Strong promoter lock-in; DIIs + FIIs already building positions

A13

Key Catalysts & Event Timeline

NEAR-TERM CATALYSTS (0–6 MONTHS)

- **New Plant Inauguration — 11 Mar 2026 (IMMINENT)**: Full commissioning of IPO-funded plant. Capacity goes to 6M units. Revenue ramp begins Q1 FY27.
- **Q4 FY26 Results (May 2026)**: First quarter with partial new plant contribution. Watch for ₹160+ Cr quarterly revenue and 19%+ EBITDA margin confirmation.
- **Bus AC Launch Orders**: First batch of bus AC orders expected H2 FY26 — news flow could re-rate stock on new market entry confirmation.
- **Data Centre Contracts**: Any public announcement of DC supply contracts (15% of rev growing) would boost confidence in the DC thesis.

MEDIUM-TERM CATALYSTS (6–24 MONTHS)

- **FY27E Revenue ₹800+ Cr**: New plant at 50% utilisation + DC ramp + Bus AC contribution = potential ₹800 Cr+ revenue. At 55x P/E, fair value ~₹1,540.
- **PLI Incentive Disbursements**: New plant PLI qualification → cash incentives boosting PAT margin by 0.5%+ from FY27E.
- **Export Revenue Milestone**: Crossing 30% exports (from ~15–20%) would demonstrate export competitiveness, attracting global HVAC sector investors.
- **Index Inclusion**: Growing market cap (~₹5,717 Cr) approaching Nifty SmallCap 250 consideration threshold. FII inflows on inclusion.

PART B — TECHNICAL ANALYSIS

Stage analysis, momentum, key levels, relative strength, and risk/reward setup

B0

Weinstein Stage Analysis

STAGE CLASSIFICATION

STAGE 2

EXTENDED BULL — HIGH MOMENTUM

Monthly RSI estimated >75 (approaching overbought)
Caution: Pullback entry preferred over chasing

STAGE HISTORY (KEY PHASES)

PERIOD	PHASE	PRICE RANGE
Sep 2024	IPO Listing at ₹220	₹220 base
Oct–Dec 2024	Stage 1 → Stage 2 breakout	₹220 → ₹550
Jan–Feb 2025	Stage 2 pullback / base	₹550 → ₹590 (52W low)
Mar–Dec 2025	Stage 2 bull continuation	₹590 → ₹950
Jan–Mar 2026	**ATH ₹1,032; Consolidation**	**₹919 (CMP)**

STAGE CHARACTERISTICS

- IPO listed September 2024 at ₹220; stock made Stage 2 breakout quickly as fundamentals were confirmed.
- Multiple breakout-and-hold phases over 18 months; each fundamental catalyst (quarterly results) accelerated the uptrend.

KEY STAGE 2 CHARACTERISTICS PRESENT

- ✓ Price above 30-week MA
- ✓ 30-week MA sloping upward

- +318% since IPO in ~18 months — elevated momentum; near-term pullback to 10/20-week MA healthy and expected.
- ATH ₹1,032 achieved; CMP ₹919 is -11% from ATH — consolidation underway. No Stage 3 characteristics yet.

- ✓ Strong volume on up-moves
- ! Monthly RSI potentially overbought (>75)
- ! -11% from ATH; consolidation needed before next leg

B1

Momentum, Volume & Price Action

PRICE MOMENTUM

Since IPO (Sep 2024)	+318%
1 Year	+56%
6 Months	+32%
From 52W Low (₹590)	+56%
From ATH (₹1,032)	-11%
IPO Price (₹220)	+318%

VOLUME & BREADTH SIGNALS

Volume pattern: **Volume expanded on breakout moves** and contracted on pullbacks — classic Stage 2 healthy pattern. The ATH ₹1,032 was reached on decent volume.

Current consolidation (₹919 zone) appears orderly — no distribution volume. New plant inauguration on 11 March 2026 is potential next catalyst for volume re-entry.

PRICE ACTION NOTES

Stock has formed a series of **higher highs + higher lows** since IPO — textbook Stage 2. The ₹590 level (52W low, Jan 2025) was a critical test that held, setting up the second leg higher.

Current setup: stock is in **pullback mode from ATH ₹1,032**. Preferred buy zone is ₹820–880 (10/20-week MA confluence).

B2

Key Technical Levels

LEVEL	PRICE (₹)	SIGNIFICANCE
ATH / Breakout Level	₹1,032	All-time high; breakout above = extremely bullish
Resistance	₹970–1,000	Psychological ₹1,000 round number + ATH zone
CMP	**₹919**	**Current price — 04 Mar 2026**
Support 1	₹860–880	Prior breakout zone / 10-week MA area
Buy Zone (Preferred)	₹820–880	20-week MA / prior base support — ideal entry
Support 2	₹750–780	Prior consolidation base (Jul–Sep 2025)
Critical Support	₹700	Post-52W low bounce level; below = trend damage
Stop Loss	₹700	Weekly close below = exit position
52W Low	₹590	Absolute support floor (Jan 2025 tested)

ENTRY SCENARIOS

📍 **Scenario A — Preferred Pullback Entry**

Entry Zone	₹820–880
Mid Entry	₹850
Stop Loss	₹700 (-17.6%)
Target 1	₹1,100 (+29.4%)
Target 2	₹1,400 (+64.7%)
R:R (to T2)	**1 : 3.7**

📍 **Scenario B — Current Price Entry**

Entry	₹919 (CMP)
Stop Loss	₹700 (-23.8%)
Target 2	₹1,400 (+52.3%)
R:R (to T2)	**1 : 2.2 (sub-optimal)**

📍 **Scenario C — ATH Breakout Entry**

Entry	₹1,040+ (above ATH)
Stop Loss	₹900 (-13.5%)
Target 2	₹1,600 (+53.8%)
R:R (to T2)	**1 : 4.0 (momentum trade)**

B3

Trend Analysis & Relative Strength vs CNX500

TREND SUMMARY

Primary Trend (Monthly)	STRONG BULLISH ↑
Intermediate Trend (Weekly)	BULLISH / PULLBACK ↗

RELATIVE STRENGTH VS CNX500

KRN has significantly **outperformed CNX500 since IPO**: +318% vs CNX500's ~+15% over the same period (Sep 2024 – Mar 2026). RS Ratio is strongly positive. RS Line is in an uptrend, confirming that KRN is a market leader in the HVAC/manufacturing theme.

Short-Term Trend (Daily)	NEUTRAL / RANGE ⇔
Price vs 30W MA	ABOVE (positive)
30W MA Direction	RISING

RS vs Nifty FMCG/Auto is also positive. KRN competes with Amber Enterprises, Blue Star, and Voltas for sector allocation — has outperformed all of them since IPO.

VOLUME ANALYSIS

Volume confirmed the up-move from ₹590 (52W low) to ₹1,032 (ATH). Current pullback from ATH showing lower volume — constructive. New plant inauguration (11 Mar) and Q4 FY26 results (May 2026) are the next volume re-entry triggers. Watch for volume expansion above ₹970 as confirmation of next leg.

SECTOR MOMENTUM

HVAC and capital goods sectors have strong momentum in 2026 driven by: (1) India infrastructure buildout, (2) Data centre investment surge, (3) Urbanisation + rising AC penetration. KRN benefits from all three sector tailwinds simultaneously — sector rotation from IT to capex/manufacturing is structural.

B4

Risk:Reward Framework

🎯 Primary Thesis R:R

Pullback entry ₹850 | FY27E base case target

Entry (mid zone)	₹850
Stop (weekly close)	₹700
Risk per share	₹150 (17.6%)
T1 (6M target)	₹1,100
T2 (18M target)	₹1,400
Reward (T2)	₹550 (64.7%)

1 : 3.7

Risk:Reward (Pullback Entry)

📊 Sizing Framework

Portfolio Allocation	3–5% (small cap)
Phase 1 Entry	50% at ₹820–850
Phase 2 Entry	50% at ₹800–820
T1 (₹1,100)	Trim 30% position
T2 (₹1,400)	Trim 40% position
Remainder	Hold for 3Y thesis

Note: IPO-vintage small cap — position size carefully. Liquidity lower than large caps.

🔭 Long-Term Framework (3Y)

FY28E Revenue	₹1,100+ Cr
FY28E PAT	₹165+ Cr
Target P/E (3Y)	45x (re-rating lower)
3Y Target Price	₹1,850–2,000
Upside from ₹850	+118–135%

~2.2x

3-Year Return Potential (Base)

B5

Entry, Exit & Monitoring Milestones

📅 MONITORING MILESTONES (DECISION POINTS)

DATE / TRIGGER	WHAT TO WATCH	ACTION
11 Mar 2026	**New Plant Inauguration**	**Watch for news flow; volume surge = bullish signal**
Apr 2026	Q4 FY26 Results Preview	Expect ₹160+ Cr revenue + EBITDA 19%+ for confirmation
May 2026	Q4 FY26 & FY26 Annual Results	FY26 PAT ₹78+ Cr confirms thesis; below ₹70 Cr = reassess
Jun 2026	Q1 FY27 Guidance	New plant contribution + Bus AC first orders = re-rate trigger
Aug 2026	Q1 FY27 Results	First full quarter with new plant; ₹185+ Cr revenue target

🚪 EXIT / DE-RATING TRIGGERS

- **Technical stop:** Weekly close below ₹700 — exit entire position regardless of fundamentals.
- **Q4 FY26 PAT below ₹18 Cr:** Implies full-year PAT below ₹71 Cr — signals plant ramp or margin failure.
- **Promoter stake decreases below 65%:** Would signal dilution concerns or stress.
- **LME aluminium +20% sustained:** Would compress margins if pass-through is delayed; monitor quarterly margin delivery.

📋 INVESTMENT SUMMARY

Rating	ACCUMULATE
CMP	₹919 | Wait for pullback
Preferred Entry	₹820–880 (₹850 mid)
Stop Loss	₹700 (weekly close)
Target 1	₹1,100 (+29% from ₹850)
Target 2	₹1,400 (+65% from ₹850)
R:R	1 : 3.7 (Scenario A)
Investment Horizon	12–24M (layered)

Thesis Pillar	New plant ramp + DC cooling + Bus AC + Export