

CMP: ₹ 1217 (5 Jun, 2026)

M Cap: ₹ 7,966 Cr.

Target : ₹ 1460

Key Information *##

NSE Code	KRN
BSE Code	544263
Shares o/s (Cr)	6.5
FV (₹)	10
Latest EPS (Cons) ₹	12.30
Latest PE Ratios (x)	98.94
Latest BV ₹	177
52 Wk H (₹)	245
52 Wk L (₹)	108.65

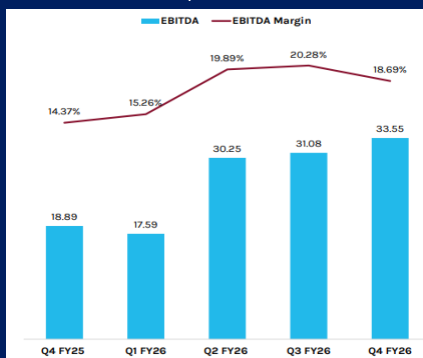
3 Years Price Chart*



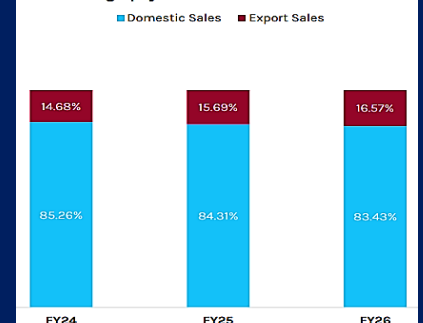
Shareholding Pattern

	Sep'25	Dec'25	Mar'26
Promoter	70.79%	70.79%	70.79%
FII's	5.46%	5.31%	6.66%
DII's	6.21%	6.35%	6.39%
Public	17.53%	17.56%	16.16%

Quarterly Performance



Geography Wise Revenue Distribution



KRN is a leading manufacturer of heat exchangers, cooling coils, and HVAC & refrigeration solutions, offering innovative and high-performance products for industries including HVAC, refrigeration, automotive, power, marine, and others. The company operates 2 manufacturing facilities in Neemrana, Rajasthan. KRN has a strong list of clientele in the likes of Daikin, Blue Star, Voltas, Carrier, Schneider Electric, Kirloskar Chillers, Climaventa, Knorr-Bremse, etc.

Investment Rationale

➤ **India's HVAC market is structurally underpenetrated and growing fast:** The Indian HVAC market is projected to reach ₹29.4 billion by 2030, growing at a CAGR of 16.3% (FY24-FY30). Room AC penetration in India is ~8% vs 90%+ in developed markets. Urbanisation, rising incomes, and climate change are driving demand for residential and commercial cooling that will persist for decades. KRN sits at the supply side of this irreversible structural shift.

➤ **Data centre led demand for large heat exchangers:** India's data centre sector has attracted ₹5 lakh crore in announced investments in 2025 from Reliance, Google, Adani Connex, AWS, and TCS. Jefferies projects installed capacity to grow from 1.6 GW to nearly 8 GW by FY30 – a fivefold increase in industry revenues. Every megawatt of compute generates heat that must be removed. Hyperscale data centres require extremely large, customised heat exchangers that most manufacturers cannot produce. KRN claims it can – and that this differentiation is genuine.

➤ **India's manufacturing push creating import substitution opportunities:** The HVAC component supply chain in India has historically been dominated by imports from China, Malaysia, South Korea, Thailand, and Vietnam. PLI schemes, China+1 supply chain restructuring, and government preference for domestic procurement are creating durable tailwinds for organised domestic manufacturers like KRN.

➤ **6x capacity expansion creating operating leverage:** KRN expanded annual capacity from 1 million units to nearly 6 million units. The new Kolila plant was commissioned in May 2025. Management targets 50% capacity utilisation in FY27 and 80% by FY28. The fixed cost base is now largely set – incremental

revenue should flow through at significantly higher margins, driving EBITDA from ~18% toward the management's stated 20%+ target. The plant is expected to add peak revenue potential of ~Rs. 1,800–2,400 Crs., taking the combined peak revenue capacity to ~Rs. 2,250–2,850 Crs.

➤ **Entry in Bus AC segment:** The company acquired Sphere Refrigeration Systems in Q2FY26 providing it entry into the Rs. 1,000+ crore Bus AC market and strengthens its pathway toward railway HVAC systems. The management has targeted ~Rs. 160 crore revenue from the Bus AC segment.

➤ **Order book:** India largely runs on rolling orders (“one month firm order and then it is the rolling”), while exports provide firmer coverage. Export opening order book cited: ~Rs.120+ cr, including data center.

Key Risks

- ☑ Slowdown in demand
- ☑ Top 10 client concentration is high and dependence on Daikin Airconditioning India which accounted for 33% in FY24
- ☑ Copper accounts for 40–50% and Aluminium 10–15% of BOM. The company may not be able to pass on the increase in prices thus impacting operating margin.

Valuations & Recommendation

KRN is a leading manufacturer of heat exchangers, cooling coils, and HVAC & refrigeration solutions etc. The company is a beneficiary of both the under penetration of HVAC market in India as well as the data center demand. It has a strong list of clientele and has also embarked on massive capacity expansion to cater to the export demand as well.

At the CMP, the scrip trades at 49x FY28E EPS and advice to BUY the scrip.

Financials

Consolidated (In ₹ Cr)	Q4FY26	Q4FY26	YoY	Q3FY26	QoQ	FY26	FY25	YoY	FY27E	FY28E
Operating Revenue	179	132	36.5%	153	17.1%	600	430	39.6%	1,005	1,405
EBITDA	34	19	77.6%	31	7.9%	112	71	59.5%	176	239
EBITDA M	18.7%	14.4%		20.3%		18.7%	16.4%		17.5%	17.0%
Profit for the Period	23	15	57.1%	23	3.1%	76	53	44.6%	108	154
Profit M	13.0%	11.3%		14.8%		12.7%	12.3%		10.8%	11.0%
EPS (Dil)	3.75	2.39		3.65		12.30	9.75		17.39	24.83

##Sources: NSE, BSE PIB, Capitaline Database, Website, EFL Research

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EFL's recommendation nomenclatures (12 months investment horizon)	
BUY	>15%
Accumulate	5% to 15%
Hold	5% to -5%
Reduce	-5% to 15%
Sell	< -15%
NR (Not Rated)	No specific call on the stock
UR (Under review)	Stock being reviewed – rating may change shortly

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