



KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known As KRN Heat Exchanger And Refrigeration Pvt. Ltd.)

Registered & Work Office: Plot No.: F-46,47,48,49, EPIP, RIICO Industrial Area, Neemrana-301705 (RJ)

CIN No.: U29309RJ2017PLC058905

Ph No.:9116629184

Wednesday | February 12, 2025

To, BSE Ltd Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001, Maharashtra, India Script Code: 544263	To, National Stock Exchange of India Limited Exchange Plaza, C-I Block G, Bandra Kurla Complex, Bandra (East), Mumbai-400051, Maharashtra, India Script Symbol: KRN
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ISIN: INE0Q3J01015

Sub: Monitoring Agency Report issued by Crisil Ratings Limited for the utilization of funds raised through Initial Public Offer (“IPO”) for quarter ended December 31, 2024

Dear Sir/Madam,

Pursuant to Regulation 32(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 41(4) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, please find enclosed herewith Monitoring Agency Report for the quarter ended on December 31, 2024, issued by the Crisil Ratings Limited, Monitoring Agency, appointed by the company for monitoring the utilization of raised through Initial Public Offering (IPO) of the company.

Kindly take the same on your records.

Thanking you,

For and on behalf of
KRN Heat Exchanger and Refrigeration Limited

Praveen Kumar
Company Secretary and Compliance Officer
ACS: 32631

Monitoring Agency Report
for
KRN Heat Exchanger and
Refrigeration Limited
for the quarter ended
December 31, 2024

CRL/MAR/KRHERL/2023-24/1285

February 11, 2025

To
KRN Heat Exchanger and Refrigeration Limited
Plot No. F -46, 47, 48, 49 EPIP,
RIICO Industrial Area, Neemrana,
Ajmer, Rajasthan-301705, India

Dear Sir,

**Monitoring Agency Report for the quarter ended December 31, 2024 - in relation to the Initial Public Offer
("IPO") of KRN Heat Exchanger and Refrigeration Limited ("the Company")**

Pursuant to Regulation 41(2) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Monitoring Agency Agreement dated August 28, 2024, enclosed herewith the Monitoring Agency Report, issued by Crisil Ratings Limited, Monitoring Agency, as per Schedule XI of the SEBI ICDR Regulations towards utilization of proceeds of IPO for the quarter ended December 31, 2024.

Request you to kindly take the same on records.

Thanking you,
For and on behalf of Crisil Ratings Limited



Sushant Sarode
Director, Ratings (LCG)

Report of the Monitoring Agency (MA)

Name of the issuer: KRN Heat Exchanger and Refrigeration Limited

For quarter ended: December 31, 2024

Name of the Monitoring Agency: Crisil Ratings Limited

(a) Deviation from the objects: Not applicable

(b) Range of Deviation: Not applicable

Declaration:

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit-related analyses. We confirm that we do not perceive any conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.

Signature: 

Name and designation of the Authorized Signatory: Sushant Sarode

Designation of Authorized person/Signing Authority: Director, Ratings (LCG)

1) Issuer Details:

Name of the issuer: KRN Heat Exchanger and Refrigeration Limited

Names of the promoter: Mr. Santosh Kumar Yadav
Mr. Manohar Lal
Mrs. Anju Devi

Industry/sector to which it belongs: Other Industrial Products

2) Issue Details

Issue Period: Wednesday, September 25, 2024, to Friday, September 27, 2024

Type of issue (public/rights): Initial Public Offer (IPO)

Type of specified securities: Equity Shares

IPO Grading, if any: NA

Issue size: Rs 34,194.60 lakhs

Particulars	Amount (Rs. lakhs)
Gross proceeds of the Fresh Issue	34,194.60*
Less: Issue Expenses	3082.94
Net Proceeds	31,111.66

*Crisil Ratings shall be monitoring the gross proceeds amount.

3) Details of the arrangement made to ensure the monitoring of issue proceeds:

Particulars	Reply	Source of information/certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes	Management undertaking, Statutory Auditor Certificate [^] , Final Offer Document, Bank Statements	No Comments	No Comments
Whether shareholder approval has been obtained in case of material deviations from expenditures disclosed in the Offer Document?	NA	Management undertaking, Statutory Auditor Certificate [^]	No Comments	No Comments
Whether the means of finance for the disclosed objects of the issue has changed?	No		No Comments	No Comments
Is there any major deviation observed over the earlier monitoring agency reports?	No		No Comments	No Comments
Whether all Government/statutory approvals related to the object(s) have been obtained?	Yes		No Comments	No Comments

Crisil Ratings Limited

Corporate Identity Number: U67100MH2019PLC326247

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Registered Office Address: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai- 400 076, India

Phone: +91 22 6137 3000 | www.crisilratings.com

Particulars	Reply	Source of information/certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Yes		No Comments	No Comments
Are there any favorable events improving the viability of these object(s)?	NA		No Comments	No Comments
Are there any unfavorable events affecting the viability of the object(s)?	No		No Comments	No Comments
Is there any other relevant information that may materially affect the decision making of the investors?	No		No Comments	No Comments

NA represents Not Applicable

^Certificate dated January 27, 2025, issued by M/s Keyur Shah & Co., Chartered Accountants (Firm Registration Number: 141173W), Statutory Auditors of the Company.

4) Details of object(s) to be monitored:

i. Cost of the object(s):

Sr. No	Item Head	Source of information/certification considered by MA for preparation of report	Original cost (as per the Offer Document) (Rs in lakh)	Revised Cost (Rs in lakh)	Comment of the MA	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
1	Investment in wholly owned subsidiary, KRN HVAC Products Private Limited in the form of equity for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan	Management undertaking, Statutory Auditor Certificate [^] , Final offer document	23,575.66	NA	No revision	No Comments	No Comments	No Comments
2	General Corporate Purposes [#]		7,536.00	NA	No revision	No Comments	No Comments	No Comments
	Sub-total		31,111.66	-	-	-	-	-
	Issue related expenses		3082.94	NA	No revision			
	Total		34,194.60	-	-	-	-	-

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ii. Progress in the object(s):

Sr. No.	Item Head#	Source of information/certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document (Rs in lakh)	Amount utilized (Rs in lakh)			Total unutilized amount (Rs in lakh)	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
1	Investment in wholly owned subsidiary, KRN HVAC Products Private Limited in the form of equity for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan	Management undertaking, Statutory Auditor Certificate^, Final Offer Document, Bank Statements	23,575.66	0.00	7,236.57	7,236.57	16,339.09	No comments	No Comments	No Comments
2	General Corporate Purposes		7,536.00	0.00	7,536.00	7,536.00	0.00	No comments	No Comments	No Comments
	Sub-Total		31,111.66	0.00	14,772.57	14,772.57	16,339.09	-	-	-
3	Issue related expenses		3,082.94	0.00	2,916.98	2,916.98	165.96	No comments	No Comments	No Comments
	Total	34,194.60	0.00	17,689.55	17,689.55	16,505.05		-	-	

^Certificate dated January 27, 2025, issued by M/s Keyur Shah & Co., Chartered Accountants (Firm Registration Number: 141173W), Statutory Auditors of the Company.

*As per the offer document, the Company needs to route back the amount spent from its own funds towards Object 1, i.e., capex for the subsidiary company, from the net issue proceeds to its own account. Furthermore, the funds utilized towards Object 2 from internal accruals prior to August 21, 2024, do not form part of the cost of objects as per the prospectus. Hence, the Company has taken reimbursement of Rs 26.75 crore for the amount spent towards Object 1 between August 22, 2024, and the date of infusion of funds into the subsidiary, i.e., November 25, 2024.

Note: All figures in the above table are rounded off to two decimals.

#Brief description of objects:

Object of the Issue	Description of objects as per the offer document filed by the issuer
Investment in wholly owned subsidiary, KRN HVAC Products Private Limited in the form of equity for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan	The proposed investment by the Company will be undertaken to set -up a new manufacturing facility for manufacturing bar and plate heat exchanger, oil cooling with blower, motor and roll band evaporator.
General Corporate Purposes (GCP)	<p>The general corporate purposes for which the Company proposes to utilize Net Proceeds including but not restricted to the following:</p> <ul style="list-style-type: none"> (i) Strategic initiatives; (ii) brand building exercises; (iii) Funding growth opportunities and (iv) On - going general corporate exigencies, which the Company in the ordinary course of business may not foresee or (v) any other purposes as approved by the Board of Directors, subject to compliance with the necessary provisions of the Companies Act. <p>The quantum of utilization of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time, subject to compliance with applicable law.</p>

iii. Deployment of unutilised proceeds^:

S No	Type of instrument and name of the entity invested in	Amount invested (in Lakhs)	Maturity date	Earning (in Lakhs)	Return on Investment (%)	Market Value at the end of quarter (in Lakhs)
1.	Fixed Deposits (AU Small Finance Bank)	3,000	26-01-2025	22.44	7.40%	3,022.44
2.	Fixed Deposits (HDFC Bank)	3,000	25-02-2025	21.30	7.20%	3,021.30
3.	Fixed Deposits (AU Small Finance Bank)	4,000	08-03-2025	31.54	7.80%	4,031.54
4.	Fixed Deposits (Kotak Mahindra Bank)	2,000	26-03-2025	14.60	7.20%	2,014.60
5.	Fixed Deposits (AU Small Finance Bank)	2,000	26-05-2025	16.48	8.15%	2,016.48
6.	Fixed Deposits (Unity Small Finance Bank)	3,000	30-05-2025	26.14	8.50%	3,026.14
7.	Public issue account balance	165.96	NA	NA	NA	165.96
Total		17,165.96				17,298.46

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Note: The company has deployed internal accruals of Rs 660.91 lakhs towards fixed deposits which is included in Rs 17,165.96 lakhs.

^On the basis of Management undertaking and Certificate dated January 27, 2025, issued by M/s Keyur Shah & Co., Chartered Accountants (Firm Registration Number: 141173W), Statutory Auditors of the Company.

iv. Delay in implementation of the object(s)^:

Object(s)	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the Offer Document	Actual		Reason of delay	Proposed course of action
Not applicable					

^On the basis of Management undertaking and Certificate dated January 27, 2025, issued by M/s Keyur Shah & Co., Chartered Accountants (Firm Registration Number: 141173W), Statutory Auditors of the Company.

5) Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document^:

S. No.	Item heads	Amount (in Lakhs)	Remarks
1.	Funding growth opportunities – as per offer document	7,536.00*	<ul style="list-style-type: none"> Towards custom duty payments For Import of Material, and payment to both Domestic & Imports vendors

^On the basis of Management undertaking and Certificate dated January 27, 2025, issued by M/s Keyur Shah & Co., Chartered Accountants (Firm Registration Number: 141173W), Statutory Auditors of the Company.

**As approved by the board of directors of the Company vide resolution dated January 27, 2025*

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- a) *This Report is prepared by Crisil Ratings Limited (hereinafter referred to as "Monitoring Agency" / "MA" / "CRL"). The MA has taken utmost care to ensure accuracy and objectivity while developing this Report based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever.*
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