



Issue Opens - September 9, 2024 to September 11, 2024

Price Band
₹228 to ₹240

Face Value

₹5 per share

Lot Size

62 Shares

Issue Size

₹500.00 Cr

Issue Type

Book Built

Important Events



Issue Size

20,833,334 shares / ₹500.00 Cr

Fresh Issue

10,416,667 shares / ₹250.00 Cr

Offer for Sale

10,416,667 shares of ₹5 / ₹250.00 Cr

Basis of Allotment

Thursday, September 12, 2024

Initiation of Refunds

Friday, September 13, 2024

Credit of Shares to Demat

Friday, September 13, 2024

Kross IPO Listing Day

Monday, September 16, 2024

Objects of The Offer

The company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects:

- Funding of capital expenditure requirements of the Company towards the purchase of machinery and equipment;
- Repayment or prepayment, in full or in part, of all or a portion of certain outstanding borrowings availed by the Company, from banks and financial institutions;
- Funding working capital requirements of the Company; and
- General corporate purposes

Brief profile of the Directors



Sudhir Rai is the Chairman and Managing Director of kross Company. He holds a bachelor's degree in science from the University of Delhi and diploma in business administration from the Xavier Institute of Management. He is currently associated with Tuff Seals Private Limited as a Director and is a director on the board of Tuff Seals Private Limited since 1982, he was associated as a director with Narbheram & Co Limited from September 20, 2004 to August 06, 2007 and as a director with TSF Limited from October 18, 2005 to September 01, 2015, each of which are his associations post his association with the Company. He has been associated with our company since incorporation and is primarily involved in policy matters of the company.

Anita Rai is a Whole-time Director of kross LTD. She holds a bachelor's degree in education from University of Delhi and postgraduate certificate in logistics and supply chain management from XLRI Jamshedpur, School of Business and Human Resources. She has been associated with our company since incorporation and is primarily involved in store and purchase activity of the company.

Sumeet Rai is a Whole-time Director of kross LTD. He has a bachelor's degree in science in engineering (mechanical engineering) from the University of Michigan. He has been associated with their company since April 1, 2008 and is primarily involved in plant operation of the company.

Kunal Rai is a Whole-time Director (Finance) and CFO of kross LTD. He has a bachelor's degree in science from Aston University. He has been associated with our company since April 8, 2014 and is primarily involved in Finance and commercial activities of the company.

Sanjiv Paul is an Independent Director on their Board. He has a bachelor's degree in science from Regional Institute of Technology, Ranchi University and has participated in the General Management Programme held by European Centre for Continuing Education. He was previously associated with Tata Steel Limited as vice president and Tata Metaliks Limited as managing director.

About The Company.

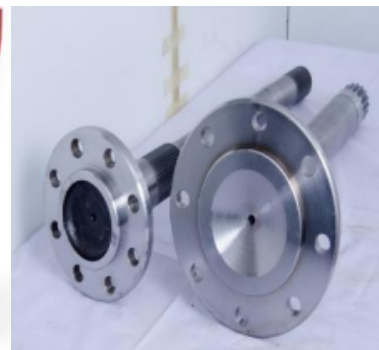
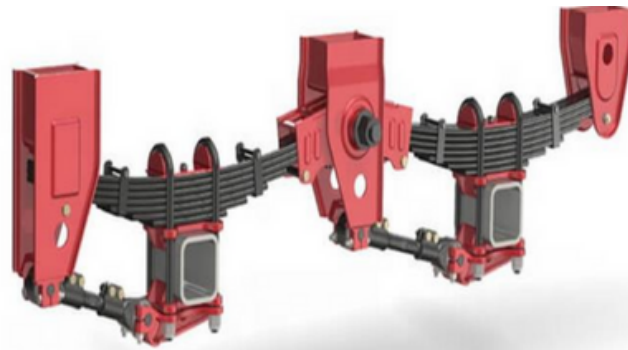


Kross Limited is a leading manufacturer of trailer axles and suspension assemblies for medium and heavy commercial vehicles and farm equipment. With a focus on quality, innovation, and customer satisfaction, Kross has established a strong presence in the Indian market. The company's expertise in design, manufacturing, and after-sales service has enabled it to build long-term relationships with OEMs and other customers. Kross' commitment to operational excellence and sustainability positions it as a trusted partner in the automotive and agricultural industries.

Key operation of their Business

1. Key Operations of Kross Limited

- a. Manufacturing Capabilities: Kross operates five manufacturing facilities located in Jamshedpur, Jharkhand. These facilities are equipped to produce a wide range of products, including trailer axles, suspension assemblies, and various high-performance components.
- b. The company focuses on forged and precision-machined parts, ensuring high standards of quality and safety in its products.
- c. Product Portfolio: The product range includes axle shafts, companion flanges, anti-roll bars, stabilizer bar assemblies, suspension linkages, differential spiders, bevel gears, and components for hydraulic lift arrangements and power take-off (PTO) shafts.
- d. Kross supplies these components to major Original Equipment Manufacturers (OEMs) and domestic dealers, establishing a strong presence in the automotive supply chain.



Set out below are the revenues generated from various end-use industries and as a percentage of their revenue from sale of products:

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (in ₹ million)	% of total revenue from operations	Amount (in ₹ million)	% of total revenue from operations	Amount (in ₹ million)	% of total revenue from operations
M&HCV*	5,512.06	88.87%	4,043.46	82.75%	2,230.92	75.00%
Farm Equipment	559.60	9.02%	592.73	12.13%	546.52	18.37%
Other Component/ Service	130.85	2.11%	250.10	5.12%	197.11	6.63%
Total	6,202.50	100.00%	4,886.28	100.00%	2,974.55	100.00%

Kross Ltd key performance indicators for the last three Fiscals are as follows:

Particulars	As of/ For the year ended March 31,		
	2024	2023	2022
Revenue from Operations (₹ million)	6,202.50	4,886.28	2,974.55
Total Income (₹ million)	6,214.64	4,893.57	2,978.81
Gross Profit (₹ million) ⁽¹⁾	2,643.47	1,989.19	1,371.69
Gross Margin (%) ⁽²⁾	42.62%	40.71%	46.11%
EBITDA (₹ million) ⁽³⁾	807.58	575.22	295.48
EBITDA Margin (%) ⁽⁴⁾	13.02%	11.77%	9.93%
Restated Profit Before Tax (₹ million)	612.90	417.10	163.10
Restated Profit for the year (₹ million)	448.81	309.31	121.69
PAT Margin (%) ⁽⁵⁾	7.22%	6.32%	4.09%
Return on Equity (%) ⁽⁶⁾	30.57%	30.29%	16.81%
Return on Capital Employed (%) ⁽⁷⁾	28.15%	27.51%	14.97%
Gross Block (i.e. cost of property, plant and equipment right of use assets, capital work-in-progress and cost of intangible assets) (₹ million)	1,678.68	1,398.34	1,222.97
Gross Fixed Assets Turnover Ratio (in times) ⁽⁸⁾	3.69	3.49	2.43
Net Debt to EBITDA (in times) ⁽⁹⁾	1.33	1.29	2.89

Statement of Profit and Loss



Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
(1) Revenue from operations	6,202.50	4,886.28	2,974.55
(2) Other income	12.14	7.29	4.26
(3) Total Income (1) + (2)	6,214.64	4,893.57	2,978.81
(4) Expenses			
(a) Cost of raw materials consumed	3,786.81	2,941.66	1,595.67
(b) Changes in inventories of finished products and work in progress	(227.78)	(44.57)	7.19
(c) Employee benefits expense	304.23	265.09	201.77
(d) Finance costs	148.96	122.19	81.61
(e) Depreciation and amortization expense	57.86	43.22	55.03
(f) Other expense	1,531.66	1,148.88	874.44
Total Expenses (4)	5,601.74	4,476.47	2,815.71
(5) Profit before tax (3) - (4)	612.90	417.10	163.10
(6) Tax Expense			
(a) Current tax			
(i) Current tax	154.89	100.80	39.51
(ii) Current tax for the earlier years	5.60	0.98	-
(b) Deferred tax			
(i) Deferred tax	3.60	6.01	1.90
Total tax expense (6)	164.09	107.79	41.41
(7) Profit for the period/ year (5) - (6)	448.81	309.31	121.69
(8) Other comprehensive income/ (loss)			
(A) Items that will not be reclassified to profit or loss			
(a) Remeasurement of the employees defined benefit plans	(2.45)	1.64	4.36
(b) Income tax relating to above items	0.62	(0.41)	(1.10)
(B) Items that will be reclassified to profit or loss			
(a) Remeasurement of the employees defined benefit plans	-	-	-
(b) Income tax relating to above items	-	-	-
Total other comprehensive income (8)-(A+B)	(1.83)	1.23	3.26
(9) Total comprehensive income for the period/ year (7 + 8)	446.98	310.54	124.95
(10) Earnings per equity share (Face value of share of ₹ 5 each)			
Basic (in ₹)	8.30	5.72	2.25
Diluted (in ₹)	8.30	5.72	2.25

Strengths



- **Strong Financial Performance** - Kross Limited has demonstrated impressive financial growth, with a revenue increase of 27% and a profit after tax (PAT) growth of 45% from FY23 to FY24. The company reported revenues of ₹621.46 crore and a net profit of ₹44.88 crore for FY24, showcasing its ability to generate consistent earnings growth.
- **Diverse and Comprehensive Product Portfolio** - Kross manufactures a wide range of safety-critical components, including trailer axles, suspension assemblies, and various forged and precision-machined parts. This diverse product line caters to medium and heavy commercial vehicles (M&HCV) and farm equipment, allowing the company to serve multiple market segments effectively.
- **Established Client Base** - The company has long-term relationships with major original equipment manufacturers (OEMs) such as Ashok Leyland and Tata International DLT. This established clientele provides stability and enhances Kross's market credibility, ensuring a steady demand for its products.
- **Advanced Manufacturing Facilities** - Kross operates five state-of-the-art manufacturing facilities equipped with the latest technology in forging and precision machining. The integration of modern machinery, including robotic welding systems, enhances production efficiency and product quality, positioning the company as a competitive player in the industry.
- **Focus on Innovation and R&D** - Kross has a dedicated research and development wing committed to innovation and product development. This focus on continuous improvement helps maintain a competitive edge in the market, allowing the company to adapt to changing industry demands.

Threats



- **Market Competition** - Kross Limited operates in a highly competitive environment, facing significant competition from established players such as Automotive Axles, GNA Axles, Ramkrishna Forgings, and Jamna Auto Industries. This competition could impact Kross's market share and profitability, putting pressure on margins and potentially limiting growth opportunities.\
- **Economic Cycles** - The performance of Kross is closely tied to the economic cycles affecting the medium and heavy commercial vehicle (M&HCV) and agricultural equipment sectors. Economic downturns or fluctuations in demand can adversely affect sales and overall financial performance. Changes in interest rates and consumer spending patterns could further complicate market conditions.
- **Operational Risks** - The company faces operational risks, including potential disruptions in the supply chain and production processes. Issues such as machinery breakdowns, quality control failures, or labor disputes could negatively impact production efficiency and the company's reputation in the market.
- **Volatility in Raw Material Prices** - Kross relies heavily on steel and other raw materials, which are subject to price volatility and supply chain uncertainties. Fluctuations in raw material costs can significantly affect the company's cost structure and profitability, especially if these costs cannot be passed on to customers.
- **Dependence on Key Customers** - Kross has established long-term relationships with major original equipment manufacturers (OEMs) like Ashok Leyland and Tata International. However, this dependence on a few key clients poses a risk; losing any of these clients could lead to a substantial decline in revenue and market position.
- **Regulatory Risks** - As a manufacturer in the automotive sector, Kross is subject to various regulatory requirements and standards. Changes in regulations, compliance costs, or shifts in industry standards could impose additional burdens on the company and affect its operational flexibility



Valuation and Outlook

Kross Limited IPO is expected to be priced between ₹228 to ₹240 per share. At this price, the company shows a Price-to-Earnings (P/E) ratio of 28.91x with an FY24 EPS of Rs 8.3 and whereas the Industry P/E of 24.85x.

Name of Company	Consolidated/ Standalone	Revenue from Operations (in ₹ million)	EPS (₹ per share)		NAV (₹ per share)	P/E	RONW (%)
			Basic	Diluted			
Kross Limited*	Standalone	6,202.50	8.30	8.30	27.14	28.91	30.57%
Ramkrishna Forgings Limited	Consolidated	39,548.83	20.27	20.09	148.48	46.55	12.72%
Jamna Auto Industries Limited	Consolidated	24,267.73	5.15	5.14	22.64	24.30	22.74%
Automotive Axles Limited	Standalone	22,291.74	109.95	109.95	579.63	17.05	18.97%
GNA Axles Limited	Consolidated	15,062.62	23.28	23.28	186.69	17.32	12.47%
Talbros Automotive Components Limited	Consolidated	7,782.67	17.82	17.82	87.02	19.03	20.47%

Kross has gained a strong market share in the trailer axle and suspension assembly sectors, giving it an advantage over competitors. Its focus on quality and innovation helps maintain this edge. Kross's steady revenue growth and healthy profit margins support its valuation. Long-term partnerships with major OEMs further strengthen its market reputation and stability. While the IPO valuation, with a P/E ratio of 28.91x, is on the higher side compared to peers, Kross's strong growth and established position provide a solid base for its future.

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