



IPO NOTE

KROSS LIMITED



Rating:
Neutral



ISSUE OFFER

Issue Opens on	SEP 09, 2024
Issue Close on	SEP 11, 2024
Total IPO size (cr)	₹500.00
Fresh issue (cr)	₹250.00
Offer For Sale (cr)	₹250.00
Price Band (INR)	₹228- ₹240
Market Lot	62
Face Value (INR)	₹5
Listing At	NSE, BSE
Market Capitalization (cr)	₹1548.23

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

PROMOTER HOLDING %

Pre Issue	Post Issue
100.00%	67.7 %

INDICATIVE TIMETABLE

Basis of Allotment	12-09-2024
Refunds/Unblocking ASBA Fund	13-09-2024
Credit of Share to Demat A/c	13-09-2024
Listing Date	16-09-2024

Kross Limited is a Diversified manufacturer of trailer axles, suspension assemblies, forged and precision machined high-performance safety critical parts for M&HCV and farm equipment.

OBJECTS OF THE ISSUE

- Funding of capital expenditure requirements.
- Payment of debt.
- Working capital requirements.

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (IN CRORE)	FY 2024	FY 2023	FY 2022
Equity Share Capital	27.04	13.52	13.52
Net Worth	146.80	102.10	72.40
ROCE %	28.15%	27.51%	14.97%
Total Revenue	620.25	488.62	297.45
Operating Profit Margin%	13.02%	11.77%	9.93%
Net Profit of the year	44.88	30.93	12.16

FINANCIAL RATIOS OF FY24



OUTLOOK & VALUATION

- A rapidly growing player in the organized trailer axle manufacturing industry, with backward integration capabilities.
- long-term relationships with major domestic and global clients.
- Consistent growth in revenue, profit, and margins, with a favorable debt-to-equity ratio.
- The IPO's valuation is relatively high.
- Considering the premium valuation and potential challenges in the current market, we recommend a neutral rating for the IPO.



COMPANY PROFILE

- One of the few players domestically, with the competency to manufacture trailer axles and suspension assembly in-house.
- Diversified client base including OEMs, tier-one suppliers, domestic dealers, and fabricators.
- Possesses design, engineering, forging, casting, and machining capabilities, enabling greater control over processes, timelines, pricing, and quality.
- Operate out of five manufacturing facilities in Jamshedpur, Jharkhand.



COMPETITIVE STRATEGIES

- Expand capacities at our existing manufacturing facilities.
- Develop axle beam extrusion and backward integration seamless tube production.
- Expand its geographical reach.
- Continuing focus on reducing operating costs.
- Improve its financial profile.



KEY CONCERNS

- Customer concentration risk.
- Dependence on end-user industry.
- Product concentration risk.
- Lack of long-term contracts.
- Any change in availability and cost of steel.



KEY STRENGTHS

- Long-standing relationship with Clients.
- Widely recognized as one of the prominent manufacturers.
- Diversified product portfolio.
- Integrated manufacturing operations and In-house product and process design capabilities
- Track record of sustained growth.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME (In CR.)	ROCE (%)
Kross Limited	8.30	27.14	28.91	620.25	28.15%
Peer Group					
Ramkrishna Forgings Limited	20.27	148.48	46.55	3,954.88	15.00%
Jamna Auto Industries Limited	5.15	22.64	24.30	2,426.77	26.75%
Automotive Axles Limited	109.95	579.63	17.05	2,229.17	25.13%
GNA Axles Limited	23.28	186.69	17.32	1,506.26	14.77%
Talbro's Automotive Components Limited	17.82	87.02	19.03	778.26	17.56%



DISCLAIMER:

The information contained herein are strictly confidential and are meant solely for the information of the recipient and shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written permission of Swastika Investmart Ltd. ("SIL"). The contents of this document are for information purpose only. This document is not an investment advice and must not alone be taken as the basis for an investment decision. Before taking any decision to invest, the recipient of this document must read carefully the Red Herring Prospectus ("RHP") issued to know the details of IPO and various risks and uncertainties associated with the investment in the IPO of the Company. All recipients of this document must before acting on the given information/details, make their own investigation and apply independent judgment based on their specific investment objectives and financial position. They can also seek appropriate professional advice from their own legal and tax consultants, advisors, etc. to understand the risks and investment considerations arising from such investment. The investor should possess appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances before making any decisions on the investment. The Investor shall be solely responsible for any action taken based on this document. SIL shall not be liable for any direct or indirect losses arising from the use of the information contained in this document and accept no responsibility for statements made otherwise issued or any other source of information received by the investor and the investor would be doing so at his/her/its own risk. The information contained in this document should not be construed as forecast or promise or guarantee or assurance of any kind. The investors are not being offered any assurance or guaranteed or fixed returns on their investments. The users of this document must bear in mind that past performances if any, are not indicative of future results. The actual returns on investment may be materially different than the past. Investments in Securities market products and instruments including in the IPO of the Company are highly risky and they are generally not an appropriate avenue for someone with limited resources/ limited investment and low risk tolerance. Such Investments are subject to market risks including, without limitation, price, volatility and liquidity and capital risks. Therefore, the users of this document must carefully consider all the information given in the RHP including the risks factors before making any investment in the Equity Shares of the Company.

Swastika Investmart Ltd or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Swastika Investmart Ltd nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Swastika Investment Ltd may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the Subject Company or third party in connection with the Research Report.

CORPORATE & ADMINISTRATIVE OFFICE - 48, Jaora Compound, M.Y.H. Road, Indore - 452 001 | Phone 0731 - 6644000

Compliance Officer: Ms. Sheetal Duraphe Email: compliance@swastika.co.in Phone: (0731) 6644 241

Swastika Investmart Limited, SEBI Reg. No. : NSE/BSE/MSEI: INZ000192732 Merchant Banking: INM000012102 Investment Adviser: INA000009843 MCX/NCDEX: INZ000072532

CDSL/NSDL: IN-DP-115-2015 RBI Reg. No.: B-03-00174 IRDA Reg. No.: 713.