

KROSS LIMITED



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CIN - L29100JH1991PLC004465

A Trailer's First Choice

May 22, 2025

To
The General Manager
Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort Mumbai – 400 001

To
The General Manager
Department of Corporate Services,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

Scrip Code: 544253

Symbol: KROSS

Sub - Submission of Transcript of Earnings Conference Call held on May 19, 2025

Dear Sir/Ma'am,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Earnings Conference Call held on May 19, 2025

This is for your information and record.

Thanking You,

For Kross Limited

Debolina Karmakar
Company Secretary and Compliance Officer
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**“Kross Limited
Q4 & FY25 Post-Results Conference Call”
May 19, 2025**

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 19th May 2025 will prevail.



**MANAGEMENT: MR. SUDHIR RAI – CHAIRMAN AND MANAGING
DIRECTOR – KROSS LIMITED
MR. SUMEET RAI – WHOLE TIME DIRECTOR – KROSS
LIMITED
MR. KUNAL RAI – WHOLE TIME DIRECTOR AND CHIEF
FINANCIAL OFFICER – KROSS LIMITED**

MODERATOR: MR. MIHIR VORA – EQUIRUS SECURITIES

Moderator: Ladies and gentlemen, good day and welcome to the Kross-Limited Q4 FY '25 Conference Call hosted by Equirus Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mihir Vora. Thank you and over to you, sir.

Mihir Vora: Good morning, everyone. On behalf of Equirus Securities, I welcome you all to the Q4 FY '25 Results Conference Call of Kross-Limited. From the management side, we have Mr. Sudhir Rai, Chairman and Managing Director, Mr. Sumeet Rai, Whole Time Director, and Mr. Kunal Rai, Whole Time Director and CFO. Without further ado, I now hand over the floor to Sudhir sir for opening remarks. Over to you, sir.

Sudhir Rai: Good morning. Thank you for joining us on the earnings call for Kross Limited for the fourth quarter and full year ended FY '25. Along with me, I have Mr. Sumeet Rai, Whole-Time Director, Mr. Kunal Rai, Whole-Time Director and CFO, as well as other senior members & our Investor Relations Advisors, Strategic Growth Advisors. I'll begin by walking you through our performance highlights and then share updates on our key strategic initiatives and growth plans.

Firstly, performance highlights. The company delivered a strong performance in Q4 FY '25, improving over Q3 and meeting expectations. Q3 was marked by inconsistent order flows, starting on a positive note in October but softening in November and December. In contrast, Q4 saw a clear rebound with healthy demands in January, February, and March, recording our highest-ever monthly trailer production and sales of nearly 4,200 units per month. As a result, Q4 FY '25 top line grew by 23.3% over Q3. The trailer axle and suspension assembly segment performed particularly well.

We expect this positive momentum to carry forward in FY '26 too. On the export front, we closed the year with INR19.3crores (Errata: Actual number to be read as INR 19.7 crores) in export revenues, with our partnership with global partners progressing smoothly. We have made steady progress in our export business, with the universal joint cross already in regular supply. Building on this momentum, we will be positioning to expand our export offerings in FY '26, further strengthening our global relationship and reinforcing our long-term strategy.

We do not anticipate any material impacts from the tariffs as our current exposure is largely limited to European OEMs who have onboarded us following a rigorous validation process. With this foundation in place, we are confident of growing exports meaningfully and are targeting a 5% revenue share from our exports in FY '26.

Outlook and growth initiatives for Kross in FY26. As we step into FY '26, we have seen a steady start to the year, with April volumes holding strong, consistent with the momentum we saw at the close of FY '25. One of the most transformative developments underway is our new extrusion line, a first of its kind in India. There have been some delays in timelines due to logistic challenges.

Equipment arrival is June '25, with production likely to commence in Q2 FY '26. This new capability will also support us into our entry of TAG axles, making an important expansion of our product portfolio and strengthening our positions in this place. Currently, we have a capacity to manufacture 4,500 to 5,000 axles per month. And with this upcoming technology upgrade, we will significantly add headroom for scaling up volumes.

With the new technology, while selling prices remain stable, costs reduce, which directly enhance our margin. Our seamless tube plant, which is one of the most ambitious and capital-intensive projects the company has undertaken, the equipment is expected to arrive in nine months. As earlier informed, the land for this project is already available with us, and we have also started our construction work. The total capex for this plant is estimated at INR167 crores, with a capacity to produce 120,000 tons per annum.

This plant will serve both captive consumption as well as external customers. The company sees significant opportunities in catering to India's oil and gas transportation pipeline, automotive, and general engineering sector. The commercial production for this is expected to begin in Q3 FY27, and the business will contribute meaningfully from FY28.

We have some other product initiatives which we'd like to share with you. Building on this strong foundation, we are expanding our product portfolio with the introduction of Tipping jacks by H2 FY '26, a strategic addition to enhance our presence in the trailer ecosystem. This launch will deepen our engagement with the trailer manufacturers and further diversify our revenue stream.

Kross has already earned a strong reputation of its trailer axles and suspensions, particularly in states like Rajasthan, Chhattisgarh, and Jharkhand, where our brand is widely used in tipping trailers. Since tipping trailers require Tipping Jacks, we will already have a strong foothold in this region. We are well positioned to drive market adoption.

We are confident these initiatives will enhance profitability and further strengthen our market position. With this, I'd like to hand over the call to Mr. Kunal Rai. He will update you on our financial performance for Q4 and the full year FY '25.

Kunal Rai:

Hi, good morning everybody. I'd like to speak on the financial performance for the quarter ended and the full year ended 31st March 2025. Starting from the quarter, that is Q4 FY '25, our revenue stood at INR185 crores, showing a sequential growth of approximately 23.3% as compared to INR150.1 crores in Q3 FY '25.

EBITDA was at INR26.8 crores, up by 35.8% sequentially from INR19.7 crores in Q3 FY '25. EBITDA margin improved to 14.5% this quarter, up from 13.1% in Q3 FY '25. Our PAT has reached INR17.1 crores, reflecting a sequential increase of 26.1% from INR13.6 crores in Q3 FY '25. And as far as PAT margins are concerned, it stood at 9.3% as compared to 9.1% in Q3 FY '25.

For FY25, on the total revenue front, our year-on-year growth was flat and it stood at INR620.4 crores. The contribution from the trailer axles and suspensions business stood at 44.1%, while the other businesses in the component structure such as exports, CV components and the tractor components contributed the balance 55.9%.

Our export sales stood at 3.2% in FY '25 and we are confident of growing exports meaningfully and targeting at least a 5% revenue share in this FY '26. Our total EBITDA stood at INR81.3 crores compared to INR80.8 crores in FY '24, an absolute growth of 0.6% over the same period last year.

EBITDA margins were at 13.1% as compared to 13% in FY '24. PAT stood at INR48 crores compared to INR44.9 crores in FY '24, a growth of 7% over the same period last year. Our PAT margin for the entire year was at 7.7% as compared to 7.2% in FY '24. On the balance sheet front, ROCE as on 31st March 2025 stood at 16.7%. The Gross Fixed Asset turnover stood at 4.7 times and debt-to-equity for the period was at 0.1 times.

I would like to close with these following remarks. To summarize, FY '25 was a year of strategic progress and operational resilience. We have laid a strong foundation for sustainable growth across both core and emerging product categories. We would like to inform you that close to 75% of the IPO proceeds have already been deployed by us and the balance 25% will also be fully utilized within the current financial year.

With the ongoing investments and continued product diversification, we are excited about the opportunities ahead and remain committed to delivering long-term value to all our stakeholders. We thank you for your continued support. We thank you for joining this call and we can now open the floor for further questions.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin with the question and answer session. The first question comes from the line of Rohit Singh from Nvest Solutions. Please go ahead.

Rohit Singh: Sir, my question is you are planning to enter into EMS manufacturing. What about this plan?

Kunal Rai: Which manufacturing, sir?

Rohit Singh: EMS manufacturing..

Kunal Rai: What is EMS manufacturing, please?

Moderator: Rohit, please go ahead.

Rohit Singh: Electronic manufacturing services.

Sudhir Rai: You see, we are not manufacturing electronic goods, okay? Our trailer axle has certain electronic components like the ABS, which we will be manufacturing in the electronic unit where we have our plant, okay? We are not into electronic equipment. Rather, some electronics are used in the trailer axle, which we will be making over there. Do you understand?

Rohit Singh: Okay, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Mihir Vora from Equirus Securities. Please go ahead.

- Mihir Vora:** Yes. Hi, sir. Basically, my question was on this new business, the new initiative, which you are talking about, the jacks business. Basically, just some industry sense on what is the percentage of tipping trailers as a percentage of total trailer market. First would be that, and then I will follow up with further questions.
- Kunal Rai:** Sumeet you want to take it up?
- Sumeet Rai:** Yes, I can take it up. So, as we mentioned already, tipping jacks are used on the tipping trailers particularly. And tipping trailers are mainly manufactured in the state of Chhattisgarh and in the state of Rajasthan in large volumes. They are, of course, manufactured in the other states as well.
- But these two states largely focus on this particular segment. As far as what the volume of tipping trailers to the overall volume of trailers produced, it will be about you can say, 30. It depends, of course, on the scenario, but 35.
- Mihir Vora:** 35% of the total.
- Sumeet Rai:** 30% to 35% of the overall trailers produced would be tipping trailers according to our market knowledge and we feel that because we have our customer base in these two states, well-entrenched, and we are already doing business with these customers. We will have a good opportunity of growth in this segment.
- Mihir Vora:** What could be the realizations and what volumes are we targeting in FY '26 here, like some number?
- Sumeet Rai:** There are a few models out here, but the average realization would be Rs 1,15,000 per tipping jacks. This is the basic value. And we are hoping that in H2 of this FY '26, we sell, at least, 300 to 400 tipping jacks or we sell at least, I would say, 800 tipping jacks for the Indian market.
- Mihir Vora:** And that is per month or?
- Sumeet Rai:** We would like to reach a volume of 800 per month in the coming years. But initially gaining market share will be a process because this is again a product which is defined by the user, which is by the transporter himself. So there will be a process of gaining market share, but it should be an easier process than what our trailer axle was because we have done a lot of groundwork.
- Mihir Vora:** And sir what would be the competition here?
- Sumeet Rai:** There are companies who manufacture these tipping jacks. There is a company called Hyva that has been in this industry from the beginning. There is also a company called Hidromas. These two are the market shareholders. And the third company which is present in this market is Wipro Hydraulics Division.
- Mihir Vora:** All right. And all of them have their plants in India?
- Sumeet Rai:** Yes. This is all three manufacture these tipping jack in India.

- Mihir Vora:** All right. Okay, thank you. This was all from my side. I'll fall back in the queues for further questions.
- Moderator:** Thank you. The next question comes from the line of Pritesh Shah from Lucky Investments. Please go ahead.
- Pritesh Shah:** What was the trailer market growth in FY '25 in volumes and what was your growth in FY '25 in volume? If you could tell us and within trailer to suspension, was there any mixed change between FY '25 and FY '24?
- Kunal Rai:** So firstly, on the overall trailer volume increase, there has been no increase in the overall volumes. In fact, we feel that there has only been a reduction. I think the overall trailer market, if I'm not mistaken has reduced by close to 3% to 5% on overall volumes.
- If we look into our overall business on this axle and suspension, in terms of value we had done INR269 crores of revenue in FY '24. And in FY '25, we have done INR274 crores revenue. The axles more or less have been quite similar. We've sold close to 31,000 axles in FY '24 and we've sold close to 32,500 axles in FY '25. Only in the suspension, we feel that the shift towards air suspensions are growing.
- That is one shift that we've been able to see. Plus, the overall presence with all the product mix now that we have, except the only car carrier axle that is under development, we've developed the entire range of axles and suspensions right from the 12-ton to the 18-ton. The only shift in the suspension would be now that we've gained on more air suspensions in this last year.
- Pritesh Shah:** I didn't understand the second part of your answer. Which means that suspensions in your revenue mix would have come down, right?
- Kunal Rai:** No, it's been more or less the same, sir.
- Pritesh Shah:** My second question is, in your opening remarks you mentioned that when the new line of axles come into market, those will be a better margin product. Is it also a better pricing product or it's a similar pricing and a better margin product?
- Kunal Rai:** It's a better product with a better margin. And we would like to retain that margin with us since we're offering the fabricator a better product. Now, whether we need to change the price, that we'll see according to the market scenario, but the company would like to sell it at the existing price and have better margins on it for sure.
- But since the entire product is not welded at all and it is a one-piece construction, it's lighter in the total weight. That's where the margins basically come in.
- Pritesh Shah:** So this margin expansion will be on the tractor portion of your revenue, where you mentioned that tractor and suspension put together is about 45%. In that, the tractor portion of the revenue is where the margin expansion will come through – the trailer not the tractor just trailer?
- Kunal Rai:** Yes, only on the trailer plus what it would give us is an entry into the OEM sector with the tag axle business. The OEM on their rigid vehicles also use a lot of tag axle. So they're all being

manufactured currently by the fabricated route. And we would be coming in with the extruded technology, but the margin obviously would be on the trailer axle business.

Pritesh Shah: Can you comment on the incremental margin range without your own seamless?

Kunal Rai: The overall price benefit that we have on the realization value is close to 5% to 6% that would be the benefit that would be there.

Pritesh Shah: Okay. And can you just lastly comment on the capacity? You said you have 5,000 axle capacity today, with the new line of axle, the capacity will rise to?

Kunal Rai: 7,500 numbers, firstly. And then we can also go up to 10,000 numbers. See, the thing is that we will be able to make axle beams close to 9,000 to 10,000 numbers. Now, in our manufacturing of the axle is that we make close to 70% of the parts in-house. The brake drums and hubs are an important product in the axle. We make it in-house. We have a casting plant. The rest of the forging also we make. So it's just a ramp up on our capacities that has to be done.

Pritesh Shah: So just with the opening of the OE tag axle market as well and your ongoing trailer axle. So this capacity of 7,500 per month from whatever volumes you are doing at about 3,000. This journey should finish in how many years?

Kunal Rai: One year.

Pritesh Shah: So you will double your volumes in 12 months' time.

Kunal Rai: See, the thing is we have to obviously hope that the market remains good, number one. Number two is when we make this axle beam extruded design for the trailer industry, there is no validation which is required. So we can immediately start selling this. The only thing with the tag axle business with the OEM that there would be certain validation obviously which would be required.

So we are only projecting that revenue to come in from quarter 4 of this financial year. But by the end of this year, with the business of trailer axles and the tag axles put together, by the end, we at least plan to be at the volume of 7,000, 7,500 numbers.

Pritesh Shah: Okay. Thank you and I will come back if there are more questions.

Moderator: Thank you. The next question comes from the line of Akshay Rane from DSL Securities. Please go ahead.

Akshay Rane: So I have a question on revenue contribution from your top five customers. It has been declined from around 66% previously to 60% currently. So was this a one-off shift or it is a part of a strategy to diversify and derisk from your customer base?

Kunal Rai: Sir, it is a strategy to diversify. It was earlier, two years back, it was close to 68%. Then it has reduced to 64%, 65%. Now it has come down to 59%. Now we are diversified into mostly three segments. That is one is the axle, CV, tractor and then the exports. Exports is obviously still very small.

But if you look into our top five customers, we have two from the OEM sector from our component business, one from our tractor business, and two from our trailer business. So we are quite well diversified into the entire segment.

Akshya Rane:

Okay. Thank you. That's it from my side.

Kunal Rai:

Plus, our existing customers in the CV business where earlier the share was just 3% to 4% of our revenue has also been increasing. Customers like DANA, where we were doing close to 3%, 4% of our entire business is now also in the increasing trend. So further to which you will see a further decline of the top five customers. We would like it to be at close to 55%-56% by this year.

Akshya Rane:

Okay. Thank you, sir. And all the best.

Moderator:

Thank you. The next question comes from the line of Sriram, an individual investor. Please go ahead.

Sriram R.:

So thank you for the opportunity. I just have one question. On slide number 22, you have given capacity utilization. You see, like, most of them are upwards of 70%. So my question is with current capacity, what is the potential turnover that we can do?

Kunal Rai:

So these capacities as far as on the utilization level has been at around 70 odd percent as of March 31st. Also, from the IPO proceeds, we have invested a lot to enhance these capacities now. So there will be a drastic increase as far as available capacity. We are almost doubling our forging capacity. One of our forging presses, a 2,000-ton screw press, has been commissioned in this month.

We also bifurcate the capacities into mostly two segments. One is on the machining side and one is on the forging or casting. If you look into our forging and casting capacities, they are still at close to, you know, less than 70%. And we are constantly enhancing these capacities as well. On the machining front, it's a continuous process that we do throughout the year. And machines, as far as CNCs, VMCs and all, they don't take too long to, you know, start. We can start them in the next 45-60 days. So machining capacities also, we have drastically enhanced with the capex funds.

Sriram R.:

Okay. So we still have a balance of 30%, right? Something like that.

Kunal Rai:

Yes. And more than that. And again, that's the process of increasing it. And I think from the revenue side, as to whatever we are planning to grow, we have got obviously sufficient capacities in place for that, for all of our segments, whether be it on our exports, whether be it on our axle and suspensions or our component business.

Sriram R.:

Okay. And so there's one more question. How do you see the trailer and the CV market overall this year?

Kunal Rai:

The CV market, you know, I mean, it's not that we get too much as to what these OEMs are making. But I'll just tell you, Q1 has been good, of this year. The reason is that, you know, the

OEMs are going in for a mandate in the month of October. And they would be producing these vehicles with air conditioning on all their cabins from the month of July itself.

They basically expect an increase in height in their vehicles from quarter two. So they expect some pre-buying to happen. Not too sure how the retail sales are. But at least production-wise, Q1 has been more or less a continuation of how Q4 was. The volume still holds quite strong. Leyland and Tata Motors both producing, I think, more than close to 9-10,000 vehicles in the first month. So we'll have to wait and see. At least if we go quarter-wise, yes, Q1 seems to be good. We'll have to see how Q2 phases out.

Sriram R.: Okay. Thank you so much, sir. All the best.

Moderator: Thank you. The next question comes from the line of Payal Shah from Premium Securities. Please go ahead.

Payal Shah: Good morning, sir. Thank you so much for the opportunity. I have two questions. First, our exports have been contributing and increasing its share to our revenue. So just wanted to check, at what level of export contribution do you believe that it would start meaningfully driving the margin expansion?

Kunal Rai: That would be approximately when the exports reach at around 15%. Is when we feel that it would enhance our margins further.

Payal Shah: Okay. And my next question is, sir, also, is there any export potential in extruded axle? And if so, how much can it drive the export growth?

Kunal Rai: Absolutely. There once we have the extruded axle, then only we would be able to export our trailer axles to other countries, other jurisdictions. We must see that, you know, the leader in the trailer axle market, world over is China. And Chinese axles have been manufactured in the extruded route for decades.. And we would be the first to get this technology in India. And that is only when we would be able to at least display our product to the other markets.

And I feel that with the manufacturing that is there in India now and the backward integration that we have at Kross, we will surely be competitive. I'm not too sure as to how long this process would take, but we will surely be working in this year itself to see how we can gain exports in our trailer axle business as well. But only once we have the product ready, that is in by July, we'll have the product ready. And then we can have avenues to export our product.

Payal Shah: That's it from my end. Thanks so much.

Moderator: Thank you. The next question comes from the line of Mihir Vora from Equirus Securities. Please go ahead.

Mihir Vora: Yes. Thanks for taking my question again. So my question was on the working capital. So if I see the working capital for FY '25, that seems to be a bit stretched. The debtors and inventories have sort of gone up. And so what is driving this higher working capital in this year? Had we

had to push more products or give more favorable schemes to our dealers here in the trailer axle business? Can you throw some light on it?

Kunal Rai:

Yes. The trailer business, at least for the first three quarters, has been extremely slow. And that is where we wanted to, you know, sell strong. And we've had to give out more credit to the fabricators to maintain our sale and to maintain our market share. Also, in quarter four, we feel that it is coming down. Our receivable days as far as in quarter four over quarter three have reduced.

And also on our exports, I know they are still at a very small percentage. It's around 3.5% (Errata: Actual number to be read as 3.2%). But the credit line obviously over there is in excess of 120 days. It's not mostly from the OEM business. That's where there is no issue at all. But it's mostly pertaining to the trailer business. And we feel that it should get better in the next one or two quarters.

Mihir Vora:

But when we are entering this tipping trailer business and, you know, with the market being at such, we have some competition in the trailer axle as well. Don't we see a risk that working capital may go up ahead? Like tipping jacks, it is a new product for you. Don't you have to give a favorable kind of terms to the fabricators?

Kunal Rai:

Our product will be attractive as far as the pricing is concerned. We will like to have the same credit line what the other manufacturers have with their fabricators. It all depends a lot on market scenarios. You know, the last year was not very strong on the trailer side. The year before that, we really didn't have this kind of an issue where the working capital cycle was in excess of 100 days.

So we feel that, you know, when the market is performing better, the receivables and the working capital cycle, it does reduce. But we're getting into the tipping jack segment, not seeing what our working capital cycle would be. I think it's a great growth engine for us. We have our marketing and service divisions already ready for this product. We would be doing it mostly with all the same people employed. And it's going to be a new avenue also in the same trailer ecosystem.

Mihir Vora:

So that's all from my side. Thank you for it.

Moderator:

Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Sudhir Rai for the closing comments.

Sudhir Rai:

We appreciate your participation in our earnings call today. We trust that we have addressed all your queries. Should you have any further questions, please feel free to reach out to Strategic Growth Advisors, or you can call our company also for any related questions. I'd like to leave you all with this remark that we surely hope that FY '26 would, in the auto space, be more positive seeing the Q1 growth over the previous years. Thank you so much for joining us today.

Moderator:

Thank you, sir. Ladies and gentlemen, on behalf of Equirus Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.