



November 20, 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 November 17, 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 November 17, 2025

This is for your information and record.

Thanking You,

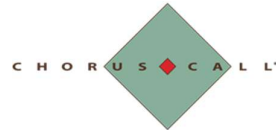
For Kross Limited

Debolina Karmakar
Company Secretary and Compliance Officer
ACS 62738



“Kross Limited
Q2 & H1 FY ‘26 Post-Results Conference Call”
November 17, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 17th November 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 Kross Limited Q2 FY26 Results 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 this conference call, please signal an operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded.

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

Mihir Vora: Yes. Thank you. Good morning, everyone. On behalf of Equirus Securities, I welcome you all to the Q2 FY26 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.

So, without further ado, I now hand over the floor to management for opening remarks. Over to you, sir.

Sudhir Rai: Good morning, everyone. Thank you for joining us for this earnings call of Kross Limited for the quarter and half year ended September 2025. Along with me, I have Sumeet Rai, Whole-Time Director, Mr. Kunal Rai, Whole-Time Director and CFO, as well as other senior members and our Investor Relations Advisors, Strategic Growth Advisors.

Let me give you some flavors of our performance and the industry in which we operate for the quarter & half year gone by. The announcement of GST rate cut led to customers to postpone purchase from August and September into Q3, impacting the CV business in Q2. Though MHCV volumes remained soft during the quarter, demand has picked up meaningfully from Q3.

Revenues for the quarter stood at INR130.9 crores, reflecting a 6% decline compared to Q2 FY25. EBITDA was INR14.8 crores with a margin of 11.3%. For H1 FY26, revenues were INR270 crores, down 5% year-on-year, while EBITDA was INR30.9 crores with a margin of 11.4%.

Our capacity expansion initiatives are progressing well. Trials for the extrusion plant are already underway and commercial production scheduled to commence by end of Q3 FY26. This will enhance our axle capacity by 50%.

Also, construction of our seamless tube unit is on schedule with foundation work for heavy machinery underway and deliveries from our overseas supplier progressing as planned. Our export business continue to build momentum. We have secured purchase orders from leading Tier-1 OEMs in Europe and across two families of parts. Samples have been dispatched and final supplier approval is expected in Q3 FY26.

Exports contributed 4.2% of the revenue in H1 FY26, up 24% year-on-year, with similar traction expected in Q3. We remain on track to achieve a full-year revenue contribution of 5%, with a clear roadmap to reach double-digit export share by FY27.

We have also entered the Tipping jack segment to deepen our presence in the trailer ecosystem and diversify revenue streams from Q4 FY26. The facility is fully installed, production of the first batch of Tipping jacks is scheduled in the month of November 2025 itself.

Our tractor business delivered a double-digit growth in H1 FY26, with strong traction sustaining into Q3. We have completed commercial and quality audits of a leading MNC off-highway OEM, with business volumes expected to be finalized by Q4 FY26. This supports our goal of increasing this segment's contribution to 15% of our revenue over the next two years.

Supported by a favorable economic environment, GST rate reduction, a strong monsoon, strong domestic demand visibility, new product lines introduced, and capacity expansions underway, we remain optimistic about delivering significant H2 compared to H1.

With this, I would like to hand over the call to Mr. Kunal Rai to update you on the financial performance for the quarter and half year ended 30th September 2025. Thank you.

Kunal Rai:

Hi. Good morning, everybody. Let me take a moment to walk you through our key financial performance. For quarter two, our revenue for the quarter stood at INR130.9 crores, reflecting a decline of 5.8% year-on-year basis. EBITDA for the quarter was at INR14.8 crores, our PAT was at INR8.1 crores, and our PAT margin stood at 6.2%.

In terms of sales split, the revenue contribution from our tractor-trailer division, that is for axles and suspensions, stood now at 43.6%, while the component business stood at 56.4% in quarter two FY26.

For H1, our revenue for the period stood at INR270.3 crores, reflecting a decline of 5.3% on a year-on-year basis. EBITDA for the H1 was at INR30.9 crores. Margins were at 11.4%. Our PAT came at INR18.8 crores compared to INR17.3 crores in H1 FY25. The PAT margin stands at 6.9%. Revenue contribution from trailer axles and suspensions for H1 stood at 41.7%, while the component business attributed 58.3% for H1 FY26.

Just an update in terms of our IPO proceeds utilization. 84% of the proceeds have already been deployed and the balance 16% we plan to deploy within FY26 as well.

We thank you once again for your continued support. We also now open the floor for any questions. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Sucrit Patil from Eyesight FinTrade Pvt. Ltd. Please go ahead.

Sucrit Patil:

Good morning to the team. I have two forward-looking questions. My first question is looking beyond this quarter's number, what is the bigger plan for Kross as auto components industry shift towards more electrification or premium suspension and braking models?

And as global supply chain integration, how are you planning to put the company to build a lasting edge beyond just order wins or OEM contracts? Is there a deeper plan of action that the

company is planning which will make your competitors hard to copy you? This is my first question. I will ask my follow-up question later.

Kunal Rai:

Hi. Thanks, Sucrit, for your question. I think the first question was on the outlook for the commercial vehicle industry and its electrification bit. I just wanted to inform you, after I think 17, 18 months of subdued period in the auto sector, we've finally seen some kind of a revival. Not to forget the first quarter production for the OEMs was due to the AC mandate implementation, then the GST implementation of a rate cut.

October onwards, we see a good demand coming in. The visibility for this, at least from the OEMs and Tier-1 companies, has been till this March, that is, H2 visibility suppliers have received that it remains to be good.

Secondly, on the electrification bit, you know, we are in the sector supplying our auto components to the medium and heavy commercial vehicle segment. We are not really in the LCV segment. And this segment, fortunately, isn't threatened really by any electrification yet. That's the answer to your question. And just wanted to ask you once again, what was the other question, please?

Sucrit Patil:

Yes. It's for Mr. Sumeet Rai, again a forward-looking one, you know, when costs rise, whether it is raw material, logistics or any compliance, how do you make sure the margins stay steady without, you know, putting any pressure on the growth? Is there any system that you have built, you know, like maybe smarter sourcing or pricing discipline that helps you keep the profits in line even when things sometimes get a bit -- you know, sometimes you cannot foresee some unknown crisis down the line? Yes. Thank you.

Kunal Rai:

So on the, you know, cost side, the bottom-line and everything, we are looking at a lot of cost saving proposals. One of our major inputs is steel. And we, for example, for our steel requirement, we do procure our steel mostly from sources in and around the Eastern area. There's more that Sumeet can also add to it.

Sumeet Rai:

So, I think your question was on how we sort of safeguard our margins going into the future. I think it was basically what you were asking. So, you know, right from the beginning, we have had a strategy of producing in-house rather than relying on offloading, whether it be components that we supply to the OEMs or whether it be for our own designed trailer axles and suspensions, or now whether it be the Tipping jack project that we are setting up.

So, that is one strategy which we are continuing with where we are investing in plant and machinery to grow our capacities to make sure that we are a company that produces in-house rather than offloads our work.

Sucrit Patil:

Very nice. Thank you for the guidance and I wish the entire team best of luck for Q3.

Sumeet Rai:

Thanks.

Moderator:

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

- Mihir Vora:** So, my question was basically on the trailer axle part. So, this quarter, we have underperformed the industry sales in trailer segment. So, is it that, you know, we have enough stocks with our, you know, dealers or suppliers of axles and how do we see going ahead in the trailer axle side? Are we losing some market share or is it just a temporary phase right now?
- Kunal Rai:** On our axle and suspension segment, it's not that we are losing any kind of market share. The overall industry in the quarter has been very, very slow. In fact, now we have our entire range of axles and suspensions to offer. If you look into the entire dip in the tractor-trailer segment, whether it be H1 versus H1, that also has been almost at 7% decline in terms of sales.
- So, market shares, it seems to be -- it remains to be the same. If you look into the total volume of trailer axles that we have done over the last two quarters, that is H1, we've done approximately 13,700 axles. So, there are stocks, good stocks, lying at our dealers. And as we did mention, the October and November months have picked up on demand. So, the axles and overall suspension will further improve in this quarter.
- Mihir Vora:** Just a follow-up on this. So, in the quarter, will you see the component business growing faster or the axle one? So, just to gauge what segment is growing.
- Kunal Rai:** Well, both the segments are going to grow. Now within the components space, one of the growing aspects are the exports. We've recently got some trailer components export orders as well from the U.S., which we are going to be doing in quarter three itself.
- Further to which, the domestic segment in terms of OEMs also now in quarter three has picked up. Axles & suspensions, by the end of next month, we will have our extrusion line also ON. And within the trailer ecosystem, as we did mention in the call, our first batch of tipping jacks that we are producing is going to be in this month itself.
- So I think the growth will be in both the tractor-trailer segment and the commercial vehicle segment. I wouldn't say that one is going to be faster than the other.
- Mihir Vora:** Okay.
- Kunal Rai:** The sales split will remain at what it is. Maximum, if you know, we see a very strong tractor-trailer segment, it might go up to, say, 45% of our total revenue. But we have, within the component space, even the tractors this year have been continuously making tractors even in the month of November.
- Usually, if you see the years previous to this, the tractor sales usually are there up to September, after which there is a dull period. But this year has been different where things have remained consistent even in November.
- Mihir Vora:** All right. And just a follow-up on that, your extrusion plant is going to be on-stream from December, so do we see some production loss because of the transition from the traditional method to the extrusion, or we continue to supply the current trend rate which we are doing?

- Sumeet Rai:** The transition from our current production method to the single axle beam will take one or two months. It will not be a sudden change between what we are producing right now to what we will produce.
- So our current method of production is going to be ongoing till a full handover is not done to the single beam axle. That infrastructure and those lines are still in place and will be in place till a complete handover is not done.
- Mihir Vora:** Okay.
- Sumeet Rai:** So there will be no loss in production because of this change.
- Mihir Vora:** Right. Okay. And sir finally, the last question on the margins. The margins have been weak in the quarter as such. But how do we see the margins going ahead? And basically, what are we targeting in terms of the steady run rate of margins?
- Kunal Rai:** In terms of our margins, we are trying to have a good control on our cost of materials being consumed. Steel prices also over the last two to three quarters may have been on a decline. As we did mention during our previous call, in terms of all of our new projects coming up, due to which the total employee benefits cost has come up.
- But once these projects do start and they add to our top line, they are going to be offset on that. That's in terms of our existing margin. But going forward with the extrusion line and with more exports in the next one or two years, we are looking at margins of approximately closer to 15%.
- Mihir Vora:** All right. Okay. Thank you. That's all from my side.
- Moderator:** Thank you. A reminder to all the participants, that you may press star and one to ask a question. The next question comes from the line of Shubham Batra from Ambit AMC. Please go ahead.
- Shubham Batra:** Hi, sir. Thanks for taking my question. I would like to continue with the previous participant's first question. So, if I compare the industry growth versus our segmental growth across both the tractor-trailer segment as well as the tractor-segment, we seem to be lagging the industry growth. So, tractor-trailer in Q2 was up, I think, production numbers were up 2%, whereas we are down 9% in that segment
- And tractors were very strong in Q2. It was up some 20-odd percent, and we are at a 1% growth. Not very clear as to what is happening really. Are we losing some kind of market share or if you could elaborate on this?
- Kunal Rai:** The tractor-trailer segment sales -- because these aggregates and assemblies, Shubham, are directly sold to the trailer fabricators. So, we have to look into the sales volumes of these OEMs in terms of tractor-trailers. Whatever data that SIAM has been publishing, you can cross-check on the H1 data of 55-tonners.

There has been a decline of H1 versus H1 of approximately 7%. If you look into the quarter versus quarter, we saw in quarter one also, versus the quarter one of FY25, there was a decline of 8.5% to 9%, in fact, in terms of the total tractor-trailer volumes drop. So, there has been a considerable drop in this overall CV volume, especially of the prime movers.

They might have produced, but till it is sold directly to the dealer and the fabricator, we have to capture those volumes. We do see a shift of these volumes in the month of October and November. We do feel that things have picked up in the tractor-trailer segment by at least 20% to 25%. So, volumes are coming back on track. In the month of October, we did approximately 3,000-plus axles. So, things are getting back on track right now.

Within the tractor industry, yes, the tractor industry has been aggressive. Our tractor exposure on our total revenue is approximately at just 10% to 11%. We are working with a couple of OEMs. So, the sales within our product mix are good. We haven't lost any share as such.

Shubham Batra: Right, sir. But if I look at Q1 numbers of tractors, we had grown quite well. So, suddenly, what was the laggard in Q2, as to industry doing well, but we are still not growing very strong?

Kunal Rai: Of the tractors?

Shubham Batra: Right, right, sir, the tractor component business?

Kunal Rai: The tractor-component business has done much, better than what we had done in H1. If you look into -- I'll just give you these -- it's at 11.1%. I don't have the year-on-year volumes with me right now, but once I get these, I'll let you know. But the overall tractor sales for us, has been up approximately 20% over last year, H1. So, working at 11% exposure of our total revenue, I think the tractor-component sales are doing okay.

Shubham Batra: Sir, could you give me the number for revenue of tractor components in Q2?

Kunal Rai: Yes. It is at approximately INR14 crores - INR15 crores.

Shubham Batra: That's right, sir. Sir, if I look at your Q1 versus Q1 numbers this year, 2026 versus 2025, it's a growth of around 20%.

Kunal Rai: Yes.

Shubham Batra: Whereas Q2 is largely flat. It's a 1% kind of growth. So still not clear as to Q2 being strong for the industry, being very weak for us.

Kunal Rai: I'll have a look at the overall sales which are there. We'll let you know once we get a breakup of the Q1 and Q2 tractor-component sales.

Shubham Batra: Sure, sir. Secondly, sir, exports seems to be on a decent track for us. We are growing double-digit. We are doing very well in exports. Is it fair to assume that we'll close the year at around 30% kind of growth in the exports segment in FY26?

Kunal Rai: Sorry, can you please repeat the question?

- Shubham Batra:** Sir, exports seem to be doing very strong and good for us. Is it fair to assume this year we can close at around 25%-30% kind of revenue growth in the export segment?
- Kunal Rai:** Yes, over last year, yes, absolutely.
- Shubham Batra:** Okay.
- Kunal Rai:** At least the export plans which we do have, they are going as per track. We did mention in our call, we've also got some purchase orders, confirmed orders from another European large tier-1 company. And in the month of September-October, we've already dispatched them the samples to which we will be having our approvals in this quarter itself. We're looking at revenues from another European tier-1 company from FY27 onwards. So...
- Shubham Batra:** Sir what kind of orders are you doing?
- Kunal Rai:** Well, we are still -- I mean, we are just at a sample stage right now. I think once we have our approvals on these, we will let you know.
- Shubham Batra:** Sir, if I can squeeze in one more question. So you highlighted that we should look at domestic sales number in the tractor-trailer to compare it with our numbers. If I look at Q2 numbers, domestic tractor-trailer sales is around 2% up Y-o-Y, whereas in the trailer axles & suspension business, we are down 9%. Again, if you could help me understand what is making us underperform this number as well, or if we should look at numbers some other way.
- Kunal Rai:** Every quarter, we don't really look at these volumes. We have to look at volumes over at least a six-month period. If you look into the entire H1 period, it is at approximately 7% drop. And if we look into our market share also, I think we are consistently at around 26%-28% market share. So, we feel is the overall drop in demand, which is there. Would you like to add anything, Sumeet?
- Sumeet Rai:** So basically, like Kunal said, underperforming, over-performing it has to be seen over a period of at least six months. If we look at the H1 data, based on the prime movers sold and the number of axles sold by us, we see that we have a market share or we have retained a market share of about 26-28%, as Kunal said.
- That is good for us, keeping in mind that there are a number of new players that are entering into this. So, that is a good sign for us. And as far as the figures of sales, H1, there has been a 6%-7% drop in domestic sales of tractor trailers over H1 of last year.
- Shubham Batra:** Got it, sir. Got it. Thank you. I'll join back in queue.
- Moderator:** Thank you. The next question comes from the line of Lakshminarayanan from Tunga Investments. Please go ahead.
- Lakshminarayanan:** Thank you. A few questions, sir, so one is that in which products where you have a strong, significant market share? Is it in the axle shaft or in the trailer axles & suspension?

- Kunal Rai:** Well, our business is split into two-three segments. One segment is our component business and axle shafts' is one of the components we do in our entire component business that is there. We are supplying axle shafts to various customers.
- And whereas a trailer axles & suspension is directly to the trailer fabricators where we did mention our market share is at approximately 26%-27% and we are, you could say, the country's second largest manufacturer of axles & suspension. So, they are two quite different in terms of...
- Lakshminarayanan:** Got it sir. So, one you supply to the OEs and the other ones you supply to the dealers, right? So, now the dealers, whatever you supply to the dealers, what percentage of revenue that is?
- Kunal Rai:** That's 40%-43%.
- Lakshminarayanan:** Got it, sir. And in terms of what you supply to the OEs, right? So, where do you have some kind of distinct advantage in terms of design and where do you find things are a little more commoditized in nature? For example, coupling, I mean if you look at differential spiders, I think it would be more commoditized when compared to a coupling flanges, right? So that's my reach. I just want to hear your thoughts on which are the ones where you have a clear advantage over others?
- Kunal Rai:** So, these 2 businesses are completely different, okay?. The trailer axle and suspension is something that is of our own design, whereas the component businesses, which you supply components to OEMs and large Tier-1 companies, they are all made to design. The designs are owned by the companies itself, the OEMs itself.
- So, one of the biggest advantages that we have are in terms of our operations, we are completely backward integrated. We've got a very diversified split. You mentioned about axle shafts, flanges. Axle shafts contribute close to 8% to 9% of our total revenue. Flanges contribute around 8% to our revenue. Likewise, we have many other segments of components like anti-roll bars and planet carriers, bevel gears, differential spiders.
- So, that is a good advantage. And then, again, tractor components is approximately 11% to the total revenue. They all have very similar margins in terms of what we supply to the OEMs and then very recently in the last 2, 3 years, we are also into the exports.
- The exports is at around 4%, 5% of our revenue right now, but that you could say margin wise, bottom line wise, they have the best margins. So, we are looking to increase our margins once our export contributions also do increase.
- Lakshminarayanan:** Got it. In terms of our cash flows, right, so how are you thinking about our cash flows? Because I see that your operating cash flows have been little constrained after the first half.
- Kunal Rai:** It's mostly due to the entire slowdown in the cyclical industry, which has been there. Not to forget that 42% of our revenue is directly to these trailer fabricators. In that, basically the total receivable days and everything is more than 90 days. So there is a tight cash flow in terms of --

from the sales mix that is there, but which is increased -- it is getting better in quarter 3 that we see.

Apart from that, if you look into our creditors, it's mostly in line with our suppliers, mostly based in the MSME segment and steel also, which you have to pay advance and pick up. So the crunch is only due to mostly the entire season being quite subdued, which is now getting better.

Lakshminarayanan: And how many dealers we would actually -- dealers/fabricators we would actually sell our goods to?

Kunal Rai: Approximately 200, 200 plus.

Lakshminarayanan: Got it. And is it concentrated on some of them? Can you just give a kind of a ballpark concentration?

Kunal Rai: Well, the industry is very fragmented in India, but there are states where you could say more trailers are made. And to name a few states, one of the biggest states which does produce more tractor-trailers is Rajasthan. Then in the east, we have Chhattisgarh. Chhattisgarh makes a lot of trailers and tip trailers, Maharashtra, Gujarat. It is concentrated in a few states, but overall, the industry you could say is very fragmented. We also supply to the country's largest trailer manufacturer that is Tata DLT - TIVA Trailers. We supply to them as well.

Lakshminarayanan: Got it. In terms of capital expenditure, right, so how do you think about capital expenditure for this year and the next year and what kind of asset turns you normally expect in your business?

Kunal Rai: So, we have a lot of projects which are coming up, Lakshminarayanan, and in the sense that we've just done our IPO in the month of September '24. And you could -- as we mentioned in the call, close to 85% of the IPO proceeds have already been spent. INR90 crores was towards the repayment of a loan facility, but apart from that everything is towards the capital expense.

We have one of the projects which is the tipping jack project we are getting into in the trailer ecosystem. Apart from that, a very big project in FY27, which we are coming up with is a seamless tube project that's approximately at INR170 crores. So all these units are going to have different asset turn ratio.

The tube project is obviously going to be giving us a top line only from FY28 onwards. But the newly launched -- the newly implemented extrusion facility, the tipping jack facility, these are all expenses which are towards capital. In H1 of FY25, we've already spent approximately INR60 crores in terms of capital expense. So there is a lot more which is coming up right now.

Lakshminarayanan: Got it. Thank you so much for the detailed answers.

Kunal Rai: Thank you.

Moderator: Thank you. The next question comes from the line of Ankur Poddar from Svan Investments. Please go ahead.

- Ankur Poddar:** Yes. Hi Kunal. Sir, my question is regarding your tipping jacks. So since we are starting the production in this month, could you share what the order book looks like and have you like, which OEMs have we received the orders from, or are we still in the sampling stage with them?
- Sumeet Rai:** Thanks. I'll take that question. Sumeet here. So basically, our intention of getting into the tipping jack is initially at least supply the tipping jacks to the trailer manufacturers and then once we have a track record under our belt, we pitch these products to our OEM partners. So initially, we plan to sell these tipping jacks to the trailer manufacturers, all of whom we are already doing business with and have a relationship with.
- To give you an indication of the order book, we expect initially for the first three months of production to have between 450 to 600 units of sale in three months that we plan to be in production, that is December, January, February. And till March, we plan to have at least a 600-unit sale for this financial year. We have, of course, spoken to all our partners, all our customers and informed them of our new products.
- Ankur Poddar:** All right. And what's your target for FY27, or the monthly run rate that you would want to look at in terms of volume -- in terms of units as well as top line?
- Sumeet Rai:** We are targeting 300-to-400-unit volume per month for FY27.
- Ankur Poddar:** All right. And that would translate to a top line addition of approximately?
- Sumeet Rai:** So that will give us a top-line addition of about INR50 cores.
- Ankur Poddar:** All right. Understood. That's all from my side. Thank you.
- Sumeet Rai:** Per annum, for the annum, of course, yes, not for month.
- Ankur Poddar:** All right. Thank you.
- Moderator:** Thank you. The next question comes from the line of Arun Zawar, who is an individual investor. Please go ahead.
- Arun Zawar:** My question is actually more on the grounds of how the IPO was bought last year, because our revenues grew from INR160 crores in 2020 to INR620 crores in 2024 at the CAGR of 40 odd percent.
- So, suddenly after the IPO in FY25, we have posted a flat revenue versus 2024, which is very surprising. I'm very curious to know how a company suddenly started giving an underlying industry performance since linked to its growth since last five quarters, when there was no issue before the IPO numbers. Can you please throw some light?
- Sudhir Rai:** Hi. We had a good past, okay. We had an excellent past. And that really doesn't deny us a good future also. So, it is just the nature of the business that we are in which is quite cyclic and we are part of that business. So look at the industries. Let's for a moment say, why we have not grown.

Look at the amount of our peers who have fallen by 20%, 25%. So we have at least maintained and not lost part of our growth story. We have been at INR620 crores now for the past 18 months, you could say, okay. So with these new investments we are making, we only have to be hopeful. You're quite right. Sometimes we also ask this question amongst ourselves that why has the growth not been there as it was in the past.

But nevertheless, the growth will be there in the future. It is just that the industry needs sometimes a little time to turn around. And we are part of the industry; we are not outside. The growth factors which took us up was one was the trailer axles and suspension. That has, you could say, since we are the number two player now, that has plateaued out and we will now have to grow with what the segment grows by.

It is not going to be a growth where we, of course, with these new product lines like the tipping jacks and our extruded beam, with these two we will be able to eat into the other's share of business. But our previous growth were not by fluke. They were definitely a happening of the factory, and our future growth will also be a happening of the factory.

Arun Zawar:

Sir, see, I'm an investor since almost after the IPO. So, there is an interview of Mr. Kunal Rai, okay, on 16th of September 2024, just after listing to a national media news channel CNBC. So when the interviewer has asked, so, will you be able to grow like the past CAGR? So, our management in the interview clearly told that they aspired to grow at the similar rate.

But my -- the question here is not about the number, it's about the integrity. Because H1 was almost done by that time, and there was no statement on the slowdown or something. But still, Mr. Kunal has actually managed to tell the interviewer that the trailer axles segment is going 20%, 25% and they aspired to deliver the same growth percent CAGR in that interview because it's a national media channel.

So we are the retail individual investors. We try to follow the management. And the other part is when we have the results after the listing, so we saw that the revenue was flat. And even in the Q2 con call, management told that there will be a double-digit sales growth.

And even in Q4 of FY25, management told that they are seeing some positive momentum. But in the last successive five quarters, we are seeing underperformance in the top line. I just want to know, are these statements misleading? And how you are able to save the investors?

Sudhir Rai:

See, yes, if you go by reading our figures, you will see that the growth has not taken place. You don't need too much more than a calculator to check that out. As far as our information to investors through whichever channel you mentioned is a separate issue. We are always optimistic.

If you ask me now also, we are optimistic. We have to be able to deliver according to an opportunity. We are not trying to paint a pink cloud in the sky. It's not like that. It is just that we are optimistic about what was happening in the past. It has definitely given us a lot of confidence of growing in that speed. And we aspire to grow at that speed. It is not something to mislead investors.

It is only something which was happening in the past, which we always will predict will happen in the future. So it's just a period of a delay rather than, I would say, trying to mislead anyone. That's definitely not the intention of anyone in the company. Leave alone, Kunal, but not any...

Arun Zawar: Yes, the point is because we have a call for every quarter since last five quarters. And every time we have a result of a 45 days window and the Kross Limited usually comes at the end of the SEBI guidelines. So almost we are 50% -- we are already 50% completing the existing quarter. And still, we try to misguide investors.

Sudhir Rai: Again, you used the word misguide. Please refrain from such statements. What I'm trying to say is that if the SEBI has given a window, you have to comply with it. It's not that we are going outside the window. We are trying to be within the window. We are also, I would say, just one year & few months into compliance of requirements of SEBI. We may take a little time. If we have something very exciting, we will definitely try and see how fast this information can be provided.

And like always, like for instance, it was not necessary for telling our investors about the tipping jack business when it's not even matured as yet. But we want to tell them because -- you please try and understand our line of investments. It has been the tipping jacks and who are the players of the tipping jacks, all large multinationals. No component manufacturer has got into this business. Who is the component manufacturer who has got into seamless tubes, only Kross. There is no component manufacturer in the country manufacturing seamless tubes.

Look at the projects the company has undertaken with the help of the IPO proceeds. They are large and done only by -- not the Tom, Dick and Harries of the auto component business. They are done by multinational people who have got large technology backups and everything. So it is our ability to undertake such projects -- look at the size of these projects, and they are only done by large companies. So it is definitely not to mislead our investors.

Moderator: Thank you. The next question comes from the line of Pritesh from Lucky Investments. Please go ahead.

Pritesh: Sir, when is the expected capitalization of the extruded axle plant?

Sudhir Rai: It will be in this financial year itself. See, we have already done dry runs. A team of experts on this from China will be expected here in this calendar year itself. And they will do the wet runs where the components are manufactured. You see alongside the extrusion plant is what you call the machining setup because the machining setup for this line is also absolutely new. And this has already also been established. We have already installed all the machines needed for completing the extruded axle extrusion. So in this -- within this financial year, that is in Q4, we will start running this plant.

Pritesh: And how much capex you will capitalize on the extruded axle plant?

Sudhir Rai: How much capex?

Pritesh: Total capex.

Sudhir Rai: See, we have spent approximately INR24 crores on this, not only on the extrusion, but also on the machining setup.

Pritesh: Yes. INR24 crores.

Sudhir Rai: INR24 crores we have spent on this line.

Pritesh: Okay, INR24 crores. So basically, there will be a depreciation number, which is linked to this incremental INR24 crores. And whenever there is a seamless plant, whenever it comes, that will be additional.

Sudhir Rai: Well, this is not the only expansion which we are doing. There is a sizable expansion other than this also. There is a new foundry line coming up. There are various new presses come up. They are already in production. So all this will be capitalized. I mean, if you look into that figure, it is something which we'll calculate and do let you know. But...

Pritesh: So then can you tell growth capex ex of the seamless plant. So ex of the seamless tube plant, what is the total spend?

Sudhir Rai: Okay, the ex of the seamless tube plant will be close to about INR150 crores.

Pritesh: INR150 crores. So, this all will commence operation in the second half or how...

Sudhir Rai: No. This is already our spend from October '24 till now on capex.

Pritesh: Okay. So it's already -- some of it is a part of the spend and some of it is going to be in the spend. That's how it is. Okay.

Sudhir Rai: Yes.

Pritesh: The other question is, so is it fair to assume that the extruded axle, the revenue contribution from that will materially start coming from quarter one of next year?

Sudhir Rai: See, this idea of putting up the extruded beam, it was not to do anything except to be the number one trailer axle manufacturer in the country. This is basically -- it's a marketing game, but it's a marketing strategy, you could say, we wanted to do because the Indian trailer segment has seen this technology, has witnessed this technology and has tried this technology when imports were allowed. Today, imports are allowed, but there is a huge anti-dumping duty. So it is not a viable way.

So in order for us to be the number one player in this, this is our biggest bet. Because we have a very good coverage over the country as far as sales and service is concerned. We have with us the second part which goes with the axle that is the suspension. We have with us the air suspension.

Now it is only basically a technology enhancement, which will take us up to the number one position. So whether we are able to get business from -- in Q1 of next year or this year is a different question. It is basically to be - how do you get to the number one position in this segment. That is our drive to be the number one player.

Pritesh: Sir, we are with you on the...

Sudhir Rai: We want to do it with this technological change because no one else....

Pritesh: Sir, we are with you on the strategy. We just wanted to pin down when will we start seeing the product available in the market.

Sudhir Rai: Okay.

Pritesh: It's a very simple question, sir, when will your product be available in the market?

Sudhir Rai: Sir, in Q4, from January onwards, do visit us and you will see the product rolling out of the line from January onwards.

Pritesh: Okay. The other thing is I just want to confirm, to one of the participants, you mentioned that H1 was a situation where the industry volumes were down 7%. We were down 7% on trailer volumes. When we see October, we are seeing the pickup. So we are seeing about 25%, 30% volume growth.

So to start with quarter three after like four, five quarters and obviously, you have four, five quarters of base also that every quarter you decline. Is it fair to conclude as of now that at least 40%, 50% of your business, which is a trailer business, will grow, if you don't lose your market share, should grow at whatever this 20%, 30% volume growth rate beginning October. Is this correct?

Sudhir Rai: Sir, the growth is not 20%, 25% in the OEM segment. In the prime mover segment, it is not 20%, 25%. It could be 25% if you only look at August and September sales, but not otherwise. You see August and September, the buyers put a break on the...

Pritesh: Sir, I was referring to your comment on October. So we understand what happened in H1. In October, you made some comments. I was trying to understand that.

Sudhir Rai: Yes. In October, the sales have picked up. But let's say, you look into the car business also, just post the announcement of GST, there was a queue outside the showroom. It's not that the queue will continue. I think Kunal will brush you on the figures.

Kunal Rai: Yes. The OEM production has gone up in the month of October. If you look into the preceding quarters, yes, it has gone up by 20%, 25% in terms of what volumes they are producing. It has also reflected in the tractor trailer segment by one month, it's right to see what sales are going to be done in terms of the tractor trailers. We'll be able to know that in the next one or two months. But the production volumes of OEMs overall, yes, have gone up by around 20%, 25% in this month.

- Pritesh:** And just last question, sir. When you fully commercialize the extruded axle facility along with machining and everything, will it be a drag to your margins considering a certain capacity utilization that you will operate initially because you will feed the market in Jan, the volumes will ramp up. Is it fair to assume that there will be a certain breakeven level? If there is a breakeven level, what is that number?
- Kunal Rai:** It's not really a breakeven point, as we did mention the reason why we are doing. It's an alternate technology to which we are currently giving our axles. This is a single extruded beam, which we feel that the market will accept much better for us to gain more market share. In terms of your first question was on the volume? Was it on the volume?
- Pritesh:** Yes. My first part of the question was, will there be a certain...
- Kunal Rai:** Margin, margin.
- Pritesh:** Fixed cost, which get added in the system. And I understand that the traditional axle will make way for the newer technology axle and market should accept it immediately. But will there be -
- from a finance point of view, will there be a certain opex structure, certain plant utilization?
- Kunal Rai:** See, once we do have our volumes that we are currently producing entirely with the extruded beam, there will be a margin benefit to the company. The reason is that this entire axle is lighter in weight. That is one of the main reasons why we see that there would be more margins in this.
- The cost saving in terms of making the trailer axle with the extruded beam is at approximately 2% to the existing realization value of the axle. So once we do have -- once we do reach a good production number on the extruded axle beams, it is going to be margin beneficial to us overall.
- Pritesh:** Okay, sir. Okay. Thank you very much.
- Kunal Rai:** Thanks, thanks.
- Moderator:** Thank you. As there are no further questions from the line of participants, I now hand the conference over to the management for closing comments.
- Kunal Rai:** Thank you, everybody, for joining the call and we appreciate everyone's participation in today's call. We hope we've addressed all the queries. And in case of any further questions, please feel free to reach out to SGA, who are our Investor Relations advisers. Thank you.
- Moderator:** On behalf of Equirus Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.