



Certificate on financial indebtedness

To,

**The Board of Directors,
Kross Limited**
M-4, Phase VI,
Adityapur Industrial Area,
Jamshedpur - 832 108
Jharkhand, India

Equirus Capital Private Limited
12th Floor, C Wing,
Marathon Futurex,
N. M. Joshi Marg, Lower Parel,
Mumbai - 400 013
Maharashtra, India

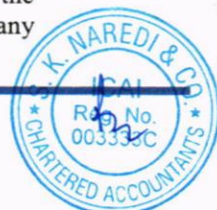
(Equirus Capital Private Limited is referred to as the “Book Running Lead Manager” or “BRLM” in relation to the Offer)

Re: Proposed initial public offering of equity shares of face value of ₹ 5 each (the “Equity Shares”) of Kross Limited (the “Company”) and such offering, the “Fresh Issue”) and an offer for sale of Equity Shares by certain existing shareholders of the Company (the “Offer for Sale”, and together with the Fresh Issue, the “Offer”)

We, M/s S. K. Naredi & Co., the statutory auditor of the Company, have examined the restated financial information of the Company as of and for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, prepared in accordance with Section 133 of Companies Act, 2013 as amended, read with Companies (Indian Accounting Standards) Rules, 2015, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”) and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI (“Restated Financial Information”). We have been requested by the Company to issue this certificate in connection with the Offer in accordance with the SEBI ICDR Regulations *vide* our engagement letter dated July 03, 2023 with the Company.

We have also reviewed the books of accounts, ledgers, annual reports, bank statements of the Company, statutory records and registers maintained by the Company, minutes of the meetings of the board of directors of the Company, minutes of the committee meetings, minutes of annual general meeting and extra-ordinary general meetings of the Company and other relevant documents as provided by the management of the Company.

Based on our examination of the (a) the Restated Financial Information of the Company as of the end of and for the Financial Years 2024, 2023 and 2022 (“Review Period”), prepared in accordance with the Companies Act, 2013, as amended and the rules framed thereunder, the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “Restated Financial Information”); (b) relevant records, like ledgers and other documents of the Company; (c) documents pertaining to the financial indebtedness of the Company, including, *inter alia*, sanction letters issued by the banks/ financial institutions, loan agreements, unsecured loans, deeds of hypothecation, memoranda of deposit, other letters and correspondence between the lenders and the Company; (d) confirmation obtained from certain financial institution/ borrowers confirming the status of repayment of loan and interest by the Company from the sanctioned date of respective loans ; and (e) minutes of the meetings of the Board of Directors of the Company (the “Board”), minutes of annual general meetings and extra-ordinary general meetings of the Company, minutes of the meetings of various committees of the Board, return of charge filed by the Company



with Registrar of Companies, Jharkhand at Ranchi (“RoC”), relevant forms and documents filed with the relevant RoC and the Reserve Bank of India, and other documents and accounts presented to us, bank statements, relevant statutory registers and the books of accounts as prepared and provided by the management of the Company, trial balance as on June 30, 2024, we confirm the following:

- 1) The summary of the borrowings outstanding, as of June 30, 2024 is stated in **Annexure A**.
- 2) The principal terms of the borrowings and assets charged as security by the Company are stated in **Annexure B**.
- 3) Except as stated in **Annexure C**, the Company has not provided any guarantees for the repayment of any loans availed by other entities.
- 4) Except as stated in **Annexure D**, the Company has not availed any loans or facilities from the Promoters or Directors of the Company.

We also confirm that –

- a) As on the date of this certificate, none of the banks or institutions from whom the Company have availed of debt facilities, have accelerated payment of the facility in full or in part on account of default in the repayment in any instalment or interest due or for violation of any other terms of any of the outstanding loans/ debt facilities granted to the Company;
- b) The Company has not defaulted, at any point of time, in repayment of any loan/ facility or interest thereon till the date of this certificate including any of the loans outstanding as on June 30, 2024; and
- c) The Company has not delayed in repayment of interest due for the loans outstanding as on the date of this certificate including any delay in payment of instalment;

The management of the Company is responsible for the preparation of accompanying annexure and maintenance of relevant records, books and documents as may be required as well as Compliance with the extant provisions.

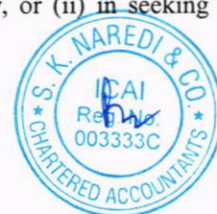
We have conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes’ issued by the Institute of Chartered Accountants of India. We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.

This certificate is issued by us on the basis of the documents and information as mentioned in the foregoing paragraphs as shared by the Company for the purpose of the Offer. We confirm that the information in this certificate is true, fair, and correct and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

This certificate can be used, in full or part, for inclusion in the red herring prospectus, prospectus and any other material used in connection with the Offer (together, the “Offer Documents”) which may be filed by the Company with Securities and Exchange Board of India (“SEBI”), BSE Limited and National Stock Exchange of India Limited (collectively, the “Stock Exchanges”), RoC and / or any other regulatory or statutory authority.

We hereby consent to our name and the aforementioned details being included in the Offer Documents and/or consent to the submission of this certificate as may be necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required in relation to the Offer and/or for the records to be maintained by the BRLM in connection with the Offer and in accordance with applicable law.

This certificate may be relied on by the BRLM and its affiliates in relation to the Offer and to assist the BRLM in conducting and documenting their investigation of the affairs of the Company in connection with the Offer. We hereby consent to this certificate being disclosed by the BRLM, if required (i) by reason of any law, regulation, order or request of a Court or by any Governmental or Competent Regulatory authority, or (ii) in seeking to



establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We undertake to immediately communicate, in writing, any changes to the above information/confirmations to the BRLM and the Company until the equity shares allotted in the Offer commence trading on the relevant stock exchanges. In the absence of any such communication from us, the Company, the BRLM and its affiliates appointed with respect to Offer can assume that there is no change to the information/confirmations forming part of this certificate and accordingly, such information should be considered to be correct.

All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours faithfully,

For and on behalf of

**M/s S.K. Naredi & Co.
Chartered Accountants
Firm Registration Number: 003333C**



**Name: Rahul Naredi
Designation: Partner
Membership No.: 302632**



UDIN: 24302632BKBXTS4582

**Place: Jamshedpur
Date: August 22, 2024**

CC:

**J. Sagar Associates
One Lodha Place, 27th Floor,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400013
Maharashtra, India**

ANNEXURE A

(in ₹ million)

Category of borrowing	Sanctioned Amount as of June 30, 2024	Outstanding amount as of June 30, 2024
Secured		
Term Loan	742.29	331.44
Working Capital Facilities		
Fund based	1,015.00	886.50
Non-Fund based	100.00	50.73
Total Secured	1,857.29	1,268.67
Unsecured		
Loan from directors	17.60	17.60
Total Unsecured	17.60	17.60
Total	1,874.89	1,286.27



Name of lender	Date of Sanction letter/ loan agreement	Nature of borrowing	Amount Sanctioned	Amount Outstanding at June 30, 2024	Applicable rate of interest	Remaining Tenor as on June 30, 2024 (In Months)	Security	Purpose for which the loan was sanctioned and utilized	Prepayment penalty/ conditions
Axis Bank Ltd	24.06.2024	Cash Credit	385.00	62.76	9.1% p.a.	12	<p>Working capital: Primary: Extension of hypothecation of entire current assets of the borrower, both present and future, Extension of hypothecation of entire moveable and immovable fixed assets of the borrower (except which are specifically charged axis bank or other lenders), both present and future, first pari passu basis with DBS Bank India Ltd and HDFC Bank. Collateral: Extension of equitable mortgage of the following property/ies on pari passu basis: (1) Leasehold Industrial property situated at unit 2. Property at C-78, Phase II, Industrial Area Adityapur (832109) (2) Leasehold Industrial property situated at Plot No. B 30 & 31 phase III Industrial Area Adityapur plot size 60000 sq. Ft. Seraikela-Kharsawan Jharkhand (832109) (3) Leasehold Industrial property situated at - M4 phase VI (4) Leasehold Industrial property situated at Plot No M2 phase IV Industrial Area Adityapur plot size 72000 sq. Ft. Seraikela-Kharsawan Jharkhand (832108) (5) Leasehold industrial property situated at Plot No. N56, Phase V, corresponding to RS Plot No. 811(P), 812,813,815(P),819(P),820, acres situated at village basubad, adityapur seraikela kharsawan Jharkhand (832108). Fresh Equitable mortgage of the following property on exclusive basis (6) Industrial property situated at B-32, B-33, B-34, 3rd phase, mouza:- Asangi, P.S :- seraikela, thana no: -131, Industrial Area, adityapur seraikela kharsawan jharkhand (832109). Personal Guarantor/s: Mr. Kunal Rai, Mr. Sumeet Rai, Mr. Sudhir Rai & Mrs. Anita Rai. Term</p>	To meet the working capital requirements	<p>Working Capital & Term Loan - 4% (within 12 months), 3% (12 to 24 months), 2% (more than 24 months)</p>
	24.06.2024	WCDL(sub limit of CC)	300.00	240.00	8.85% p.a.	12		To meet the working capital requirements	
	24.06.2024	Export credit facility(sub limit of CC)	40.00	-	SOFRA+1.00 P.A	N.A.		To meet the working capital requirements	
	24.06.2024	Foreign Bills Purchased	40.00	-				To meet the working capital requirements	
	24.06.2024	SBLC for buyer credit(sub limit of CC)	85.00	-	1% (Commission) P.A + GST	N.A.		For availment of buyers credit	
	24.06.2024	BG	30.00	-	1% (Commission) P.A + GST	N.A.		In favour of govt./ semi- gov. departments, earnest money for traders or any other in connection with the trade/activities of borrower	
	23.06.2023	Term Loan-3	17.62	9.72	9.75% p.a	18		Take over from canara bank	
	27.10.2021	Term Loan-1	80.38	25.36	9.75% p.a	17		Take over from Federal bank	
	27.10.2021	Term Loan-2	20.00		9.75% p.a	28		For Procurement	



Jharkhand (832109) (2) Leasehold Industrial property situated at Plot No. B 30 & 31 phase III Industrial Area Adityapur plot size 60000 sq. Ft. Seraikela-Kharsawan Jharkhand (832109) (3) Leasehold Industrial property situated at - M4 phase VI (4) Leasehold Industrial property situated at Plot No M2 phase IV Industrial Area Adityapur plot size 72000 sq. Ft. Seraikela-Kharsawan Jharkhand (832108) (5) Leasehold industrial property situated at Plot No. N56, Phase V, corresponding to RS Plot No. 811(P), 812,813,815(P),819(P),820, acres situated at village basubad, adityapur seraikela kharsawan Jharkhand (832108). Fresh Equitable mortgage of the following property on exclusive basis (6) Industrial property situated at B-32, B-33, B-34, 3rd phase, mouza:- Asangi, P.S :- Seraikela, thana no: -131, Industrial Area, adityapur seraikela kharsawan Jharkhand (832109).

Personal Guarantor/s: Mr. Kunal Rai, Mr. Sumeet Rai, Mr. Sudhir Rai & Mrs. Anita Rai. Term loan 4:
Primary: Exclusive charge on the P&M and factory to be procured/setup out of the proceeds of the term loan.
Collateral: Extension of equitable mortgage of the following properties on pari passu basis: (1) Leasehold industrial property situated at Plot No. N56, Phase V, corresponding to RS Plot No. 811(P), 812,813,815(P),819(P),820, acres situated at village basubad, Adityapur Seraikela Kharsawan Jharkhand (832108). Fresh Equitable mortgage of the following property on exclusive basis (2) Industrial property situated at B-32, B-33, B-34, 3rd phase, mouza:- Asangi, P.S :- seraikela, thana no: -131, Industrial Area, Adityapur Seraikela Kharsawan Jharkhand (832109). Personal Guarantor/s: Mr. Kunal Rai, Mr. Sumeet Rai, Mr. Sudhir Rai & Mrs. Anita Rai. Term Loan- ECLGS: Second charge on primary & collateral security except guaranteees. 100% guaranteee from



HDFC Bank Ltd	14.11.2023	Cash Credit	300.00	302.71	rate as per previous sanction letter	4	Area:- 15,000 Sq. ft Unit 3: Pari passu first charge with Canara, HDFC & Axis Bank on the leasehold property in jamshedpur at M-04P, 6th Phase, Industrial Area Adityapur, Survey Plot No. 1311(P)/1312(P)/1313(P)/1315(P)/1316(P). Khata No. 43 Plot No. B-30 & B-31. 3rd Phase, Total Area:- 60,000 Sq.ft Unit 4: Pari passu first charge with Canara, HDFC & Axis Bank on the leasehold property in jamshedpur at Plot No. M- 02P, 4th Phase, Industrial Area Adityapur, Total Area:- 1.65 Acres. Cash Margin of 15% on LC/ BG Limits. Personal Guarantees of- Mr. Sudhir Rai, Mrs. Anita Rai, Mr. Sumesh Rai and Mr. Kunal Rai	To meet the working capital requirements	No prepayment penalty shall be charged
	14.11.2023	LC	70.00	50.73		4	Secured by pari passu first charge on stock with and receivables up to 120 days pari passu first charge on specified lease hold property of Company, Pari-passu first charge on entire Plant and Machinery (Excluding Assets specifically financed by Siemens and L&T Finance) and fixed deposit. Industrial property- first pari passu charge on below property (1) Plot No M4 , phase 6 , industrial area adityapur (2) plot no C-78, phase 3 industrial area adityapur (3) Plot no B30& 31, phase 3 industrial area adityapur (4) plot no M2, phase 4 industrial area adityapur.	To meet the working capital requirements	No prepayment penalty shall be charged
	28.12.2022	Term Loan	75.00	62.89	8.85% p.a.	43		Capex	As applicable
	12.07.2022	Term Loan	35.00	24.82	(8.25% to 9.08%)	38		Capex	As applicable
	25.10.2023	Term Loan	80.00	75.48	9% p.a	45		Capital expenditure for purchase of machines in jamshedpur unit 5 for expansion	As applicable
	12.01.2021	GECL- WCTL	98.00	26.61		19	For tem loan: Secured by Pari-passu second charge over the entire current assets of the Company, both present and future, exclusive charge on Plant and	To augment working capital requirement to	No prepayment penalty shall be



ANNEXURE B

Principal terms of the facilities sanctioned to the Company:

The details below are indicative and there may be additional terms, conditions and requirements under the various borrowing agreements entered into by the Company.

1. **Interest:** In respect of the facilities sanctioned to the Company, the current prevailing interest rate ranges from 7.50% per annum to 10.50% per annum. The interest rate for the loans sanctioned to the Company is typically tied to a base rate / marginal cost of lending rate, which may vary from lender to lender.
2. **Tenor:** Typically, the tenor of the facilities sanctioned to the Company are as follows:
 - a) Term loans: for a period of up to 60 months
 - b) Cash credit / Working capital facility : for a period of up to 12 months;
3. **Security:** The facilities sanctioned are typically secured by way of hypothecation on our assets, plant and machinery, furniture and machinery spares, and charge on fixed and current assets (including book debts and receivables). Further, personal guarantees have been given by the promoters, namely, Sudhir Rai, Anita Rai, Sumeet Rai and Kunal Rai for the sanctioned facilities to Axis Bank Limited, HDFC Bank Limited, DBS India Bank. Further, personal guarantee has also been given by Sudhir Rai and Anita Rai to Siemens Financial Services Private Limited. The nature of securities described herein is indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by the Company.
4. **Pre-payment:** The facilities availed by the Company allow pre-payment. Certain facilities allow for pre-payment of the outstanding amount by serving prior notice to the lender. Pre-payment may be subject to pre-payment penalties as may be prescribed. These pre-payment penalties typically range from 2.00% to 6.00% of the principal amount or of the amount being prepaid.
5. **Re-payment:** The Company may repay all amounts of the facilities on the due dates for payment. Certain of our loans are repayable on demand.
6. **Events of Default:** Borrowing arrangements entered into by the Company contain standard events of default, including, among others:
 - a) failure or inability to pay outstanding principal and interest amounts on due dates;
 - b) providing incorrect or misleading information and representations;
 - c) providing inadequate security or insurance;
 - d) liquidation or dissolution of the Company;
 - e) cessation or change in business or control of the Company;
 - f) cross default; and
 - g) default in the performance of any covenant, condition or undertaking on our part.

This is an indicative list and there may be additional terms that may amount to an event of default under the borrowing arrangements entered into by the Company.

7. **Consequences of occurrence of events of default:** In terms of our borrowing arrangements, the following, among others, are the consequences of occurrence of events of default, whereby the lenders may:
 - a) terminate and cancel either whole or part of the facility;
 - b) suspend further access/drawals, either in whole or in part, of the facility;



- c) appoint a nominee director on the Board;
- d) impose a monetary penalty;
- e) accelerate repayments/ initiate recall of the loans.

8. **Restrictive Covenants:** The facilities sanctioned to the Company contain certain restrictive covenants, which require prior written consent of the lender or prior intimation to be made to the lender, including:

- a) any change in the ownership or control of the Company whereby the effective beneficial ownership or control of the Company shall change;
- b) any material change in the management of the business;
- c) any amendments in the memorandum and articles of association;
- d) change in shareholding pattern;
- e) resort to any additional borrowing in the Company;
- f) invest in, extend any advance or loans, to any group companies, associates, subsidiary or any other third party;
- g) diversify into non-core areas viz., business other than the current business;
- h) undertake any new project without demonstrating the financial viability of the same to the lenders;
- i) any change in its capital structure (including any change in the shareholding pattern which shall in any way be subject to the provisions of the finance documents);
- j) implement any scheme of expansion/ diversification or capital expenditure or acquire fixed assets (except normal replacement indicated in funds flow statement submitted to and approved by the lender) if such investment results in breach of Financial Covenants or diversion of working capital funds on financing of long term assets;
- k) implement any scheme of expansion / modernization / diversification.

This is an indicative list and there may be such other additional terms under the borrowing arrangements entered into by the Company, that may require the consent of the relevant lender, the breach of which may amount to an event of default under various borrowing agreements entered into by the Company, which may lead to consequences other than those stated above. We are also required to keep our lenders informed of any event likely to have a substantial effect on our business.

For the purpose of the Offer, the Company has obtained the necessary consents from our lenders as required under the relevant borrowing arrangements for undertaking activities relating to the Issue, such as, inter alia, effecting changes to our shareholding and making amendments to our memorandum and articles of association.



ANNEXURE C

The Company has not provided any guarantees for the repayment of any loans availed by other entities.



ANNEXURE D

(in ₹ million)

Name of the Director	Amount Outstanding as on June 30, 2024
Sudhir Rai	12.53
Anita Rai	3.42
Sumeet Rai	0.86
Kunal Rai	0.79

