

Q3FY25 Result Highlights

- **Strong topline growth led by margin improvement:** Stove Kraft Ltd (SKL) revenue grew by 11% YoY to ₹4,041mn; EBITDA grew by 35% YoY to ₹405mn. Also, margins expanded by 171 bps to 10%. PAT grew by 80% YoY to ₹121mn.
- **Ikea:** Products for IKEA are set to be rolled out in October and November 2025, with the size of the product line for IKEA being relatively scalable. The opportunity with IKEA is expected to be long-term. The required capital expenditure is estimated to be ₹150-200mn. Initially, the company will supply 3 million cookware pieces worth ₹1500 million. Moving forward, new products will be introduced under the IKEA partnership. IKEA is projected to account for 50% of the company's total export revenue, with around ₹300 million expected to be generated in FY26.
- **Distribution expansion:** During the quarter, the company opened 17 exclusive Pigeon retail stores, with 15 operating under the COCO model and 2 under the FOFO model. The company now has a total of 230 stores and plans to add 25-30 stores each quarter moving forward.
- **Walmart:** The company is establishing a production line for bakeware for Walmart, focusing on the premium segment, along with other customers. Supply is expected to begin in FY26.
- **Exports:** Exports are expected to grow at a faster pace than domestic business, with their contribution rising to 25% of total revenue, up from the current 12%. A shift from non-stick cookware coating to ceramics has led to some slowdown in exports during Q3.
- **Capex:** The company will incur the capex in the range of ₹250-300mn, primarily allocated for maintenance purposes.
- **Market share:** The company is steadily gaining market share across various product categories. It is progressing towards becoming a leader in OTGs, while already holding the position of market leader in induction cooktops.
- **Guidance:** Management continues to reiterate its commitment to achieving growth faster than the industry, with confidence in surpassing a 10% growth rate. The company aims to reach an EBITDA margin of 14% within the next 3-5 years, while operating in an interim EBITDA range of 11-14%. STOVEKRAFT is also focused on reducing receivable and inventory days, which will help significantly lower borrowings.

Important Statistics

Nifty	22,460
Sensex	78,956
LTP* (₹)	758
MCAP (₹ bn)	23.4
52 Week H/L (₹)	975/410
NSE Code	STOVEKRAFT
BSE Code	543260
Bloomberg Code	STOVEKRA:IN

LTP as on 10th March 25*

Shareholding Pattern		Dec'24 (%)
Promoters		55.88
DIIIs		5.41
FIIIs		1.68
Public		37.04

FINANCIALS
(₹ mn)

Particulars	FY21	FY22	FY23
Revenue	8,590	11,364	12,838
EBITDA	1,137	948	990
EBITDA Margin (%)	13.2	8.3	7.7
Net Profit	812	562	358
EPS (₹)	24.6	17.0	10.8
P/E (x)	30.9	44.6	70.1
EV/EBITDA (x)	25.6	32.7	30.6
P/BV (x)	8.2	6.9	6.2
RoE (%)	26.8	15.4	8.9
RoCE (%)	17.4	10.3	14.0

Particulars	FY24	FY25E	FY26E
Revenue	13,643	16,198	19,053
EBITDA	1,188	1,559	1,994
EBITDA Margin (%)	8.7	9.6	10.5
Net Profit	341	552	949
EPS (₹)	10.3	16.7	28.7
P/E (x)	73.5	45.4	26.4
EV/EBITDA (x)	26.3	14.7	11.7
P/BV (x)	5.7	5.2	4.4
RoE (%)	7.8	11.9	17.7
RoCE (%)	12.3	15.8	18.3

Source: Company, Way2Wealth
VIEW

For SKL, Q3FY25 saw a strong topline YoY performance enabled by in-house manufacturing along with strategic access across channels. The company has formed a strategic partnership with IKEA where the company will develop and supply cookware globally from FY26. The company is anticipating ₹1500mn of revenue from the IKEA partnership, most of which will be accrued in FY27. Moreover, the company is setting up bakeware line for Walmart which is premium product and with this company expects its exports contribution to increase to 25% from current 12%. Considering better than expected industry growth and continued strong growth potential and now with sustainable double-digit margins potential we remain positive on the stock. Hence, we continue to view it as an **ACCUMULATE** stock trading at **P/E 26.4x FY26E EPS of ₹28.7**.

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
SKL	57.6	2.8	NA
Nifty 50	(0.1)	29.7	117.6
Sensex	(0.0)	28.0	108.9

Source: Company, Way2Wealth
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FINANCIAL PERFORMANCE

(₹ mn)

Particulars	Q3FY25	Q3FY24	YoY	Q2FY25	QoQ	9MFY25	9MFY24	YoY
Operating Revenues	4,040.6	3,615.9	11.7	4,183.1	(3.4)	11,368.3	10,391.0	9.4
Cost of Matl	2,378.8	2,138.8	11.2	2,439.4	(2.5)	6,574.7	6,242.0	5.3
Stock Purchases	219.8	304.4	(27.8)	301.0	(27.0)	725.9	763.7	(4.9)
Inventory Changes	(75.4)	(219.5)	(65.7)	(155.2)	(51.4)	(249.0)	(447.2)	(44.3)
Gross Margin (%)	37.6	38.5	(95)	38.2	(65)	38.0	36.9	3.0
Employee Exps	459.8	462.5	(0.6)	448.8	2.5	1,328.2	1,264.5	5.0
Other Exps	652.2	628.7	3.7	659.0	(1.0)	1,776.3	1,627.8	9.1
EBITDA	405.4	301.0	34.7	490.1	(17.3)	1,212.2	940.1	28.9
EBITDA Margin (%)	10.0	8.3	171	11.7	(168)	10.7	9.0	17.9
Other Income	(0.8)	(14.1)	(94.3)	(18.6)	(95.6)	(9.1)	5.3	(271.5)
Depreciation	181.4	128.6	41.0	174.0	4.3	505.9	347.2	45.7
Interest Cost	73.9	59.1	25.1	79.1	(6.5)	220.1	165.1	33.3
PBT	149.2	99.2	50.5	218.5	(31.7)	477.0	433.2	10.1
Tax	27.8	31.6	(11.9)	51.3	(45.8)	106.4	118.4	(10.1)
Minority Interest	-	-	-	-	-	-	-	-
Net Profit	121.4	67.6	79.7	167.2	(27.4)	370.6	314.7	17.7
EPS (₹)	3.7	2.0	79.7	5.1	(27.4)	11.2	9.5	17.7
Tax Rate	18.7	31.9		23.5		22.3	27.3	
Paid-up Equity Share Capital (Face Value of ₹10 per Equity share)	330.5	330.3	(0.1)	330.5	-	330.5	330.3	0.1

As % to Sales	Q3FY25	Q3FY24	YoY (bps)	Q2FY25	QoQ (bps)	9MFY25	9MFY24	YoY (bps)
Raw Matl Cost	62.4	61.5	95	61.8	65	62.0	63.1	(109)
Employee Exps	11.4	12.8	(141)	10.7	65	11.7	12.2	(49)
Other Exps	16.1	17.4	(125)	15.8	39	15.6	15.7	(4)

Source: Company, Way2Wealth

11th March 2025

LTP* – ₹758/-

 View – **ACCUMULATE**
FINANCIALS & VALUATIONS

(₹ mn)

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	5,290	6,409	6,699	8,590	11,364	12,838	13,643	16,198	19,053
EBITDA	100	298	338	1,137	948	990	1,188	1,559	1,994
<i>EBITDA Margin (%)</i>	<i>1.9</i>	<i>4.7</i>	<i>5.0</i>	<i>13.2</i>	<i>8.3</i>	<i>7.7</i>	<i>8.7</i>	<i>9.6</i>	<i>10.5</i>
Net Profit	(127)	6	32	812	562	358	341	552	949
EPS (₹)	(3.9)	0.2	1.0	24.6	17.0	10.8	10.3	16.7	28.7
P/E (x)	(196.8)	3,968.9	793.5	30.9	44.6	70.1	73.5	45.4	26.4
EV/EBITDA (x)	328.1	105.8	95.1	25.6	32.7	30.6	26.3	14.7	11.3
P/BV (x)	(14.0)	(39.9)	(41.5)	8.2	6.9	6.2	5.7	5.2	4.4
RoE (%)	7.1	(1.0)	(5.3)	26.8	15.4	8.9	7.8	11.9	17.7
RoCE (%)	(0.5)	4.1	4.5	17.4	10.3	14.0	12.3	15.8	18.3
Net D/E (x)	(2.3)	(4.7)	(5.9)	0.1	0.5	0.4	0.6	0.3	0.2
Cash Balances	38	315	194	373	121	198	150	201	223
Debtors Days	48	49	56	36	31	40	39	36	35
Inventory Days	109	70	64	66	70	69	70	75	73
Payables Days	86	80	82	77	72	75	75	79	77
PEG	0.2	37.8	2.0	0.0	(1.5)	(1.9)	(16.1)	0.7	0.4
EPS Growth (%)	(1,209.2)	105.0	400.2	2,468.2	(30.8)	(36.4)	(4.6)	61.7	71.9

Source: Company, Way2Wealth

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Name of the Security	Stove Kraft Ltd.
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained	
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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