

Q1FY25 Result Highlights

- **Strong topline growth enabled by Nonstick Cookware, Pressure Cookware & Small appliances** – Stove Kraft Ltd (SKL) witness sales growth of ~6% YoY (-3.3% QoQ) to ₹3.14bn in Q1FY25 enabled by Nonstick Cookware (+21.1% YoY), Pressure Cooker (+10.3% YoY) and Small Appliances (+4.2% YoY). Nonstick Cookware and Pressure Cooker contributed 46% of the total revenue. In terms of Volume growth, Small appliances and Induction cooktops had YoY growth of 25% and 8.2% respectively. Gross margin expanded by 129bps YoY to 38.2% due to RM input costs, price hike of 1%, backward integration and lower marketing spend further enabling EBITDA margin expansion by 202bps YoY to 10.1%. PAT came in at profit of ₹82mn, Flat YoY and 3.1% QoQ. **Channel contribution:-** 31% from general trade, 28.4% E-Commerce, 12.1% Modern trade, 4.4% corporate sales, 4.8% retail outlet and 19.2% from Export. SSSG from stores older than 6 months was greater than 10%.
- Going forward Small appliances (excluding cooktop) is likely to be the major driver as it contributes ~30-35% of revenue. Launched on trading model but is eventually shifted to manufacturing model with complete backward integration.
- For Black + Decker brand the company doesn't do contract manufacturing but imports and sells. Currently contribution is insignificant ~.2-3% of overall revenue. In terms of Channel mix, it has small presence on e-commerce, mainly on general trade and some products through retail stores.
- 88,399 numbers of new customers added with 16% repeat purchase.
- 191 Stores operational in 11 states & 49 Cities of India including UP, Punjab. Added 20 new stores in Q1FY25. Introduced exclusive Pigeon Retail Stores under COFO Model. Till Q1FY25, added 23 Stores under COFO Model. Plans to take store count to 300 in next 3 yrs.
- Export grew 9% YoY. Focus is currently only on Cookware and with further opportunities yet to be explored. Exports are on FOB (freight on board) basis, hence do not have risk for freight. ~+80% of sales are via white labelling (manufacture and sell them under different brand name) and balance 20% is own brand. In white labelling, the major customer is Walmart, USA.
- Own stores has significant higher gross margin (~50-52%). Although at EBITDA level it's similar to overall company level. For exports, GMs are lower but at EBITDA is at par with overall company level.
- Inhouse manufacturing currently contributes ~90% of total revenue. Management focus is on In-house manufacturing and backward integration along with multiple channels presence which enables products of superior quality and enhances sales in term of volume and realisations.
- The management expects festive season (Q2 & Q3 – generally contributes 60% of revenue) to revive demand for pressure cooker while small appliances to continue to grow in similar trend. FY25 Volume growth of 15-20%, Gross Margin at 38%, EBITDA margin at 11% and capex at Rs500-550mn. Ad spend to be 3-3.5% of total sales.

Important Statistics

Nifty	24,139
Sensex	78,956
MCAP (₹ bn)	23.4
52 Week H/L (₹)	745/410
NSE Code	STOVEKRAFT
BSE Code	543260
Bloomberg Code	STOVEKRA:IN

Shareholding Pattern		Jun'24 (%)
Promoters		55.9
DIIs		4.7
FIIIs		0.9
Public		38.5

FINANCIALS

Particulars	₹ mn		
	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)	28.9	41.7	65.5
EV/EBITDA (x)	21.0	27.1	25.4
P/BV (x)	7.7	6.4	5.8
RoE (%)	26.8	15.4	8.9
RoCE (%)	17.4	10.3	14.0

Particulars	FY24P		
	FY24P	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)	68.6	42.4	24.7
EV/EBITDA (x)	21.9	13.7	10.5
P/BV (x)	5.3	4.9	4.1
RoE (%)	7.8	11.9	17.7
RoCE (%)	12.3	15.8	18.3

Source: Company, Way2Wealth

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
SKL	32.6	(10.7)	NA
Nifty 50	24.2	45.7	118.9
Sensex	20.7	42.1	111.6

Source: Company, Way2Wealth

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VIEW

For SKL, Q1FY25 saw a surprisingly strong topline YoY performance enabled by inhouse manufacturing along with strategic access across channels. In the near term, good monsoon and festive season is likely to lead a strong consumption. Plans to opening of further new stores in the North India market augers well for the future of the company. We are likely to witness the small appliances and ECOM sale channels to provide the major growth for rest of FY25 along with demand improvement from tier-2 & 3 cities, market share gains from unorganised players and increased product portfolio with distribution expansion. Additionally, it will also benefit from transition COCO to COFO model. Hence, we continue to view it as an **ACCUMULATE** stock trading at **P/E 24.7x FY26E EPS of ₹28.7.**

14th August 2024

CMP – ₹707.30/-

 View – **ACCUMULATE**
FINANCIAL PERFORMANCE

(₹ mn)

Particulars	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	FY24	FY23	YoY (%)
Operating Revenues	3,144.5	2,977.5	5.6	3,252.3	(3.3)	13,643.3	12,838.5	6.3
Cost of Matl	1,756.4	1,826.9	(3.9)	1,887.7	(7.0)	8,129.8	7,460.7	9.0
Stock Purchases	205.2	266.6	(23.0)	253.7	(19.1)	1,017.4	1,138.4	(10.6)
Inventory Changes	(18.4)	(215.2)	(91.4)	(96.3)	(80.9)	(543.5)	35.2	(1,642.4)
Gross Margin (%)	38.2	36.9	129	37.1	109	36.9	32.7	419
Employee Exps	419.6	389.4	7.8	401.0	4.6	1,665.6	1,429.4	16.5
Other Exps	465.2	470.1	(1.0)	558.2	(16.7)	2,186.0	1,784.8	22.5
EBITDA	316.6	239.7	32.1	248.0	27.7	1,188.1	990.0	20.0
EBITDA Margin (%)	10.1	8.0	202	7.6	244	8.7	7.7	100
Other Income	10.2	16.2	(36.9)	(4.8)	(314.5)	0.6	(35.1)	101.6
Depreciation	150.4	102.7	46.4	145.7	3.3	492.8	316.9	55.5
Interest Cost	67.2	42.4	58.2	75.2	(10.7)	240.3	165.3	45.4
PBT	109.3	110.7	1.3	22.3	390.0	455.5	472.8	(3.7)
Tax	27.3	28.7	5.1	(4.3)	738.4	114.2	115.1	0.8
Net Profit	82.0	82.0	0.0	26.6	208.7	341.3	357.7	(4.6)
EPS (₹)	2.5	2.5	(0.0)	0.8	208.7	10.3	10.8	(4.6)

As % to Sales	Q1FY25	Q1FY24	YoY (bps)	Q4FY24	QoQ(bps)	FY24	FY23	YoY (bps)
Raw Matl Cost	61.8	63.1	(129)	62.9	(109)	63.1	67.3	(419)
Employee Exps	13.3	13.1	27	12.3	101	12.2	11.1	107
Other Exps	14.8	15.8	(99)	17.2	(237)	16.0	13.9	212

Source: Company, Way2Wealth

14th August 2024

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 View – **ACCUMULATE**
SEGMENTAL PERFORMANCE - REVENUE BREAKUP

Revenue Breakup(%)	Q1FY25	FY24	Q4FY24	Q3FY24	Q2FY24	Q1FY24	FY23	Q4FY23	Q3FY23	Q2FY23	Q1FY23
Nonstick Cookware	25.0	21.0	19.0	15.9	21.0	21.8	17.9	13.5	15.1	19.0	23.1
Mixer/ Small Appliances	36.0	32.0	33.0	40.0	32.0	36.5	30.8	35.8	33.5	29.7	24.1
Pressure Cookers	21.0	23.0	26.0	19.3	23.0	20.1	23.5	25.6	23.1	25.4	21.5
LED	3.0	4.0	2.0	4.0	4.0	5.7	6.1	4.1	6.5	5.9	7.5
Induction Cook top	8.0	13.0	13.0	15.5	12.0	8.5	12.5	11.4	13.7	10.5	13.4
Gas Cooktop	7.0	8.0	7.0	6.7	8.0	7.3	9.2	9.6	8.1	9.5	10.4

Revenue Breakup (₹mn)	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	FY24	FY23	YoY (%)
Nonstick Cookware	786.1	649.1	21.1	617.9	27.2	2,865.1	2,298.1	24.7
Mixer/ Small Appliances	1,132.0	1,086.8	4.2	1,073.2	5.5	4,365.9	3,954.2	10.4
Pressure Cookers	660.4	598.5	10.3	845.6	(21.9)	3,138.0	3,017.0	4.0
LED	94.3	169.7	(44.4)	65.0	45.0	545.7	783.1	(30.3)
Induction Cook top	251.6	253.1	(0.6)	422.8	(40.5)	1,773.6	1,604.8	10.5
Gas Cooktop	220.1	217.4	1.3	227.7	(3.3)	1,091.5	1,181.1	(7.6)

Source: Company, Way2Wealth

FINANCIALS & VALUATIONS

Particulars	FY19	FY20	FY21	FY22	FY23	FY24P	FY25E	FY26E
Revenue	6,409	6,699	8,590	11,364	12,838	13,643	16,198	19,053
EBITDA	298	338	1,137	948	990	1,188	1,559	1,994
EBITDA Margin (%)	4.7	5.0	13.2	8.3	7.7	8.7	9.6	10.5
Net Profit	6	32	812	562	358	341	552	949
EPS (₹)	0.2	1.0	24.6	17.0	10.8	10.3	16.7	28.7
P/E (x)	3,705.8	740.9	28.9	41.7	65.5	68.6	42.4	24.7
EV/EBITDA (x)	88.4	79.8	21.0	27.1	25.4	21.9	13.7	10.5
P/BV (x)	(37.2)	(38.7)	7.7	6.4	5.8	5.3	4.9	4.1
RoE (%)	(1.0)	(5.3)	26.8	15.4	8.9	7.8	11.9	17.7
RoCE (%)	4.1	4.5	17.4	10.3	14.0	12.3	15.8	18.3
Net D/E (x)	(4.7)	(5.9)	0.1	0.5	0.4	0.6	0.3	0.2
Cash Balances	315	194	373	121	198	150	201	223
Debtors Days	49	56	36	31	40	39	36	35
Inventory Days	70	64	66	70	69	70	75	73
Payables Days	80	82	77	72	75	75	79	77
PEG	35.3	1.9	0.0	(1.4)	(1.8)	(15.0)	0.7	0.3

Source: Company, Way2Wealth

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Name of the Security	Stove Kraft Ltd.
Name of the analyst	Jayakanth Kasthuri
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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