

**Q4FY24 Result Highlights**

- **Strong topline growth of 17% YoY enabled by Nonstick Cookware & Induction cooktop** - Stove Kraft Ltd (SKL) witness sales growth of 17% YoY (-10.1% QoQ) to ₹3.26bn in Q4FY24 enabled by Nonstick Cookware (+64.6% YoY) and Induction cooktop (+33.4% YoY). Gross margin expanded by 496bps YoY to 37.1% due to softer input (aluminium) costs and optimisation of operations. EBITDA margin expanded by 550bps YoY to 7.6% due to lower than expected increase in staff cost (+9.8%). PAT came in at profit of ₹26.6 from loss of ₹60mn YoY and profit of ₹67.5mn QoQ. A&P spend stood at ₹450mn in FY24 (similar to FY23 levels).
- Cookers showed volume growth of 18%, gas cooktops -3%, nonstick cookware 61%, induction cooktops 37% and small appliances 17% for the quarter on YoY basis.
- General trade emerged as the primary revenue contributor, accounting for 38% of the total revenue. E-commerce was 31%, Modern trade 12% and Exports 11%. And corporate sales and direct retail business made smaller contributions of 5% and 3%, respectively.
- The company expanded its product offering by introducing new variants of products, such as Pigeon Healthify+, Air Fryer 1400W, Pigeon Cast Iron Cookware, and Pigeon Hobs.
- The gross margin expansion was also due to backward integration has been incurring capex for setting up manufacturing facilities for backward integration (capex for FY25 pegged at ~₹500mn – including concluding capex, and thereon, a maintenance capex of ~₹250mn FY26 onwards). Gross margin is expected to remain at ~36-37% going forward. In terms of value, currently ~91-92% of the products are being manufactured in-house.
- The management plans to move from COCO to COFO stores model to reduce capex going forward. The current COCO stores stand at 171 as at 31st March 2024 – added 31 stores in 4QFY24, and the average sales per store stood at ~₹0.4mn per month. All new additional stores would be opened in the COFO model (along with conversion of the existing stores). The company plans to maintain a run rate of 30-35 COFO stores (15-18 stores already handed over to the COFO model YTD FY25). The Capex required for COFO stores would be funded from the deposits given by the franchise owner. The company is not expected to incur any cash outflow on COFO stores. The management stated that it does view any conflict between company owned stores and other distribution channels. The management highlighted that regions with new store additions also saw an increase in revenue from general trade.
- The management expects to maintain a topline growth rate of ~19% for FY25 and achieving 10-11% EBITDA margins in the medium term.
- The management stated that they will conclude the capex cycle in FY25 with capex of ~₹500mn and going forward expects to maintain the capex rate at ~₹250mn/year. The surplus cash as a result of limiting capex will be used to repay debt.

**Important Statistics**

<b>Nifty</b>	22,766
<b>Sensex</b>	74,748
<b>MCAP (₹ bn)</b>	15.6
<b>52 Week H/L (₹)</b>	579/410
<b>NSE Code</b>	STOVEKRAFT
<b>BSE Code</b>	543260
<b>Bloomberg Code</b>	STOVEKRA:IN

<b>Shareholding Pattern</b>		<b>Mar'24 (%)</b>
<b>Promoters</b>		55.9
<b>DII's</b>		3.4
<b>FII's</b>		0.8
<b>Public</b>		39.9

**FINANCIALS**

Particulars	₹ mn		
	FY21	FY22	FY23
<b>Revenue</b>	8,590	11,364	12,838
<b>EBITDA</b>	1,137	948	990
<b>EBITDA Margin (%)</b>	13.2	8.3	7.7
<b>Net Profit</b>	812	562	358
<b>EPS (₹)</b>	24.6	17.0	10.8
<b>P/E (x)</b>	19.2	27.7	43.5
<b>EV/EBITDA (x)</b>	14.1	18.6	17.4
<b>P/BV (x)</b>	5.1	4.3	3.8
<b>RoE (%)</b>	26.8	15.4	8.9
<b>RoCE (%)</b>	17.4	10.3	14.0

Particulars	FY24P		
	FY24P	FY25E	FY26E
<b>Revenue</b>	13,643	16,208	19,164
<b>EBITDA</b>	1,188	1,564	2,021
<b>EBITDA Margin (%)</b>	8.7	9.6	10.5
<b>Net Profit</b>	341	553	956
<b>EPS (₹)</b>	10.3	16.7	28.9
<b>P/E (x)</b>	45.6	28.1	16.3
<b>EV/EBITDA (x)</b>	15.3	11.1	8.1
<b>P/BV (x)</b>	3.5	3.2	2.7
<b>RoE (%)</b>	7.8	12.0	17.9
<b>RoCE (%)</b>	12.3	15.9	18.4

Source: Company, Way2Wealth

**Relative Performance**

Return (%)	1 Yr	3Yr	5 Yr
<b>SKL</b>	(5.7)	(22.0)	NA
<b>Nifty 50</b>	22.4	46.1	91.9
<b>Sensex</b>	18.9	43.9	89.2

Source: Company, Way2Wealth

**Jayakanth Kasthuri**
[jayakanthk@way2wealth.com](mailto:jayakanthk@way2wealth.com)

Ph:022-4019 2914


 29<sup>th</sup> May 2024

CMP – ₹471.0/-

 View – **ACCUMULATE**
**VIEW**

For SKL, Q4FY24 saw a strong comeback enabling strong topline YoY performance in FY24 with volume growth, inhouse manufacturing along with strategic access across channels. 1HFY24 was impacted due to lower demand but that seems to have recovered to a level with further recovery expected on the back of normal monsoon. Opening of 1<sup>st</sup> store in NCR during FY24 augers well for the future of the company in the North India market. We are likely to witness the small appliances and ECOM sale channels with high double digit growth in FY25. The gradual benefits of transition towards more COFO stores is likely to accrue in coming quarters. Hence, we continue to view it as an **ACCUMULATE** stock trading at **P/E 16.3x** **FY26E EPS** of **₹28.9**.

29<sup>th</sup> May 2024

CMP – ₹471.0/-

 View – **ACCUMULATE**
**FINANCIAL PERFORMANCE**

									(₹ mn)
Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)	
<b>Operating Revenues</b>	<b>3,252.3</b>	<b>2,780.6</b>	<b>17.0</b>	<b>3,615.9</b>	<b>(10.1)</b>	<b>13,643.3</b>	<b>12,838.5</b>	<b>6.3</b>	
Cost of Matl	1,887.7	1,610.3	17.2	2,138.8	(11.7)	8,129.8	7,460.7	9.0	
Stock Purchases	253.7	173.4	46.3	304.4	(16.7)	1,017.4	1,138.4	(10.6)	
Inventory Changes	(96.3)	102.7	(193.8)	(219.5)	(56.1)	(543.5)	35.2	(1,642.4)	
<b>Gross Margin (%)</b>	<b>37.1</b>	<b>32.2</b>	<b>496</b>	<b>38.5</b>	<b>(139)</b>	<b>36.9</b>	<b>32.7</b>	<b>419</b>	
Employee Exps	401.0	365.4	9.8	462.5	(13.3)	1,665.6	1,429.4	16.5	
Other Exps	558.2	469.8	18.8	628.7	(11.2)	2,186.0	1,784.8	22.5	
<b>EBITDA</b>	<b>248.0</b>	<b>59.0</b>	<b>320.6</b>	<b>301.0</b>	<b>(17.6)</b>	<b>1,188.1</b>	<b>990.0</b>	<b>20.0</b>	
<b>EBITDA Margin (%)</b>	<b>7.6</b>	<b>2.1</b>	<b>550</b>	<b>8.3</b>	<b>(70)</b>	<b>8.7</b>	<b>7.7</b>	<b>100</b>	
Other Income	(4.8)	17.3	(127.6)	(14.2)	(66.3)	0.6	(35.1)	101.6	
Depreciation	145.7	94.3	54.5	128.6	13.2	492.8	316.9	55.5	
Interest Cost	75.2	61.6	22.1	59.1	27.3	240.3	165.3	45.4	
PBT	22.3	(79.7)	128.0	99.1	(77.5)	455.5	472.8	(3.7)	
Tax	(4.3)	(19.6)	78.3	31.6	(113.5)	114.2	115.1	0.8	
<b>Net Profit</b>	<b>26.6</b>	<b>(60.0)</b>	<b>144.3</b>	<b>67.5</b>	<b>(60.6)</b>	<b>341.3</b>	<b>357.7</b>	<b>(4.6)</b>	
EPS (₹)	0.8	(1.8)	144.3	2.0	60.6	10.3	10.8	(4.6)	

As % to Sales	Q4FY24	Q4FY23	YoY (bps)	Q3FY24	QoQ(bps)	FY24	FY23	YoY (bps)
Raw Matl Cost	62.9	67.8	(496)	61.5	139	63.1	67.3	(419)
Employee Exps	12.3	13.1	(81)	12.8	(46)	12.2	11.1	107
Other Exps	17.2	16.9	27	17.4	(23)	16.0	13.9	212

Source: Company, Way2Wealth

29<sup>th</sup> May 2024

CMP – ₹471.0/-

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

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

Revenue Breakup (₹ mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
<b>Nonstick Cookware</b>	617.9	375.4	64.6	575.3	7.4	2,865.1	2,298.1	24.7
<b>Mixer/ Small Appliances</b>	1,073.2	995.4	7.8	1,445.9	(25.8)	4,365.9	3,954.2	10.4
<b>Pressure Cookers</b>	845.6	711.8	18.8	697.9	21.2	3,138.0	3,017.0	4.0
<b>LED</b>	65.0	114.0	(42.9)	146.0	(55.4)	545.7	783.1	(30.3)
<b>Induction Cook top</b>	422.8	317.0	33.4	561.1	(24.6)	1,773.6	1,604.8	10.5
<b>Gas Cooktop</b>	227.7	266.9	(14.7)	242.6	(6.2)	1,091.5	1,181.1	(7.6)

Source: Company, Way2Wealth

**FINANCIALS & VALUATIONS**

Particulars	FY19	FY20	FY21	FY22	FY23	FY24P	FY25E	FY26E
<b>Revenue</b>	<b>6,409</b>	<b>6,699</b>	<b>8,590</b>	<b>11,364</b>	<b>12,838</b>	<b>13,643</b>	<b>16,208</b>	<b>19,164</b>
<b>EBITDA</b>	<b>298</b>	<b>338</b>	<b>1,137</b>	<b>948</b>	<b>990</b>	<b>1,188</b>	<b>1,564</b>	<b>2,021</b>
<b>EBITDA Margin (%)</b>	4.7	5.0	13.2	8.3	7.7	8.7	9.6	10.5
<b>Net Profit</b>	<b>6</b>	<b>32</b>	<b>812</b>	<b>562</b>	<b>358</b>	<b>341</b>	<b>553</b>	<b>956</b>
<b>EPS (₹)</b>	0.2	1.0	24.6	17.0	10.8	10.3	16.7	28.9
<b>RoE (%)</b>	(1.0)	(5.3)	26.8	15.4	8.9	7.8	12.0	17.9
<b>RoCE (%)</b>	4.1	4.5	17.4	10.3	14.0	12.3	15.9	18.4
<b>P/E (x)</b>	2,461.4	492.1	19.2	27.7	43.5	45.6	28.1	16.3
<b>EV/EBITDA (x)</b>	62.0	56.5	14.1	18.6	17.4	15.3	11.1	8.1
<b>P/BV (x)</b>	(24.7)	(25.7)	5.1	4.3	3.8	3.5	3.2	2.7
<b>Net D/E (x)</b>	(4.7)	(5.9)	0.1	0.5	0.4	0.6	0.4	0.3
<b>Cash Balances</b>	315	194	373	121	198	150	191	227
<b>Debtors Days</b>	49	56	36	31	40	39	37	36
<b>Inventory Days</b>	70	64	66	70	69	70	76	72
<b>Payables Days</b>	80	82	77	72	75	75	80	78

Source: Company, Way2Wealth

**Disclaimer**

**Analyst Certification:** I, Jayakanth Kasthuri, the research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that Jayakanth Kasthuri, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers. This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

To enhance transparency, Way2Wealth has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

**Disclosure of Interest Statement Stove Kraft Ltd. as on 29 May 2024**

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
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

This information is subject to change without any prior notice. Way2Wealth reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, Way2Wealth is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.