

August 05, 2025

RESULT REPORT Q1 FY26 | Sector: Consumer Durables

Stove Kraft Ltd

Exports contribution to increase; re-iterate BUY

Result Synopsis – Domestic demand and Exports to improve

Result Highlights

Inline performance –Company's revenue grew by 8.2% yoy in line with estimates majority contributed by E-Commerce, Modern Retail, Export at large. GT channel has contributed 22% to the revenue, however the channel growth continues to remain slow. Rural demand is witnessing revival resulting in positive sentiments in the upcoming festive season. The company expects a mid-teens growth for FY26 contributed by increase in ASP on back of change in mix towards higher value SKU's.

Margins remains stable - Gross Margin continuous to remain stable above 38.0%, with company targeting gross margins of 40% in next couple of years. EBITDA margin came in at 10.5% expanding by 40bps yoy. Management is confident of improving EBITDA margin by 100bps for FY26. Operating leverage is now expected to kick in which should result in margin expansion. Increased inhouse production and backward integration of kettles and cast-iron cookware has further supported margin gains.

IKEA supply to start from Q3FY26- The company's manufacturing line for IKEA is progressing as planned and is expected to begin dispatching goods by Dec'25 with the full benefit of this partnership expected to reflect from FY27 onwards. The company has already done investment of Rs300mn exclusively for this IKEA project.

Exports to grow at 50% in FY26 – STOVEKRA has a robust order book and is guiding 50% growth in exports. The company has a few USA and UK based customers in the pipeline and demand looks promising. Export growth for Q1 stood at 14% contributing 20% to the total topline. The company is guiding exports revenue to be Rs2.4bn for FY26 as it has acquired new customers and launched new products.

Distribution expansion to increase penetration –The company has expanded into 18 new cities this quarter and they have added 19 new stores operationalized in 18 new Cities mainly across 14 States in Northern & Western India in Q1. The company is looking to increase its penetration in the Northern region after making inroads in West.

Considering export opportunities and now with sustainable double digit margins potential we remain positive on the stock. We estimate STOVEKRA to deliver revenue CAGR of over FY25-27E of 14% which looks achievable given the export potential and pickup in domestic demand. We estimate EBITDA margin of 11.2% in FY26 in which is 30bps lower than management's guidance. Management has started to deliver on its promise of margin improvement. We remain positive on the stock and continue to value the stock at 35x on FY27 EPS with PT of Rs824 and reiterate BUY rating.

Exhibit 1: Actual vs estimates

Parameter	Q1FY26	QoQ (%)	YoY (%)	vs Est	vs Bloom
Revenue	3,401	8.7%	8.2%	In-line	In-line
EBITDA	356	20.9%	12.5%	Miss	In-line
EBITDA Margin (%)	10.5%	106 bps	40 bps	Miss	Miss
PAT / EPS	104	620.5%	27.2%	Beat	Beat

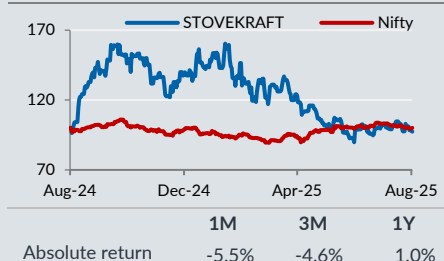
Source: Company, YES Sec

Reco	: BUY
CMP	: Rs 572
Target Price	: Rs 824
Potential Return	: +44.1%

Stock data (as on Aug 05, 2025)

Nifty	24,650
52 Week h/l (Rs)	975/525
Market cap (Rs/USD mn)	19792/226
Outstanding Shares (mn)	33
6m Avg t/o (Rs mn):	67
Div yield (%):	0.5
Bloomberg code:	STOVEKRA
NSE code:	STOVEKRAFT

Stock performance



Shareholding pattern (As of Jun'25 end)

Promoter	55.8%
FII+DII	8.9%
Others	35.2%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	824	824

Δ in earnings estimates

	FY26e	FY27e
EPS (New)	18.1	23.5
EPS (Old)	18.1	23.5
% change	0.0%	0.0%

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Revenue	14,498	16,511	18,751
YoY Growth	6.3%	13.9%	13.6%
EBITDA	1,507	1,849	2,156
YoY Growth	26.8	22.7	16.6
PAT	385	599	779
YoY Growth	12.9	55.4	30.1
ROE	8.5	12.1	14.3
EPS	11.6	18.1	23.5
P/E	49.1	31.6	24.3
BV	142.3	155.8	173.3
EV/EBITDA	13.7	10.9	9.0

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ANALYST VIEW & INVESTMENT THESIS

STOVEKRAFT revenue is in line with estimates with revenue growing by 8% despite subdued demand environment. All channels except GT continues to do well for the company with Exports growing 20%. Management is confident of increasing exports in FY26 and expects exports to grow more than 50% as order-book for exports remains healthy. Gross margin at 38.3% has seen expansion of 13bps, and management is further looking to expand gross margins by ~100bps in FY26. In medium term management is confident to topping gross margin levels of ~40%. EBITDA margin at 10.5% has expanded by 40bps, while it is 40bps lower than estimates on back of volume decline in few product categories. Inventory is expected to remain higher than normal in Q2 as company is gearing up for the upcoming festive season. Going forward the capex requirement will be reducing as large part of capex has been done and with current gross block the company can achieve production of Rs25bn. Exports is expected to drive the revenue for company going forward and its strategic partnership with IKEA where company will develop, and supply cookware globally and supply will start from Q4FY26. 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% in next 3 years. We remain optimistic of the company's performance given the strong export order-book and on the domestic front the company is witnessing initial green shoots in rural demand and expect urban demand to improve going forward.

We remain positive on the export opportunities and now with increased inhouse manufacturing and backward integration STOVEKRA can deliver sustainable double-digit margins and further improve on it as the operating leverage kicks in. We estimate STOVEKRA to deliver revenue CAGR of over FY25-27E of 14% which looks achievable given the export potential and pickup in domestic demand. We estimate EBITDA margin of 11.2% in FY26 tad lower than the management's guidance. Management has started to deliver improvement in margin. We remain positive on the stock and continue to value the stock at 35x on FY27 EPS with PT of Rs824 and reiterate BUY rating.

Exhibit 2: Quarterly snapshot (Consolidated)

Rs mn	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY25	FY24	YoY (%)
Net Sales	3,145	3,130	3,401	8.2	8.7	14,498	13,643	6.3
EBITDA	317	295	356	12.5	20.9	1,507	1,200	25.5
EBITDA Margin %	10.1	9.4	10.5			10.4	8.8	
Depreciation	150.4	206.5	171.0	13.7	-17.2	712	493	44.5
EBIT	166	88	185	11.4	110.2	794	708	12.3
EBIT Margin %	5.3	2.8	5.4			5.5	5.2	
Interest	67	90	73	8.0	-19.7	310	240	29.2
Other Income	10	13	21	102.8	59.0	4	1	598.2
PBT	109	11	133	22.1	1,126.4	488	456	7.1
Tax	27	-4	29	6.7	-908.3	103	114	-9.9
ETR	24.9	-33.1	21.8			21.1	25.1	
PAT	82	14	104	27.2	620.5	385	341	12.8
PAT Margin %	2.6	0.5	3.1			2.7	2.5	
EPS (Rs)	2.5	0.4	3.2	27.2	620.5	12	10	12.8

Source: Company, YES Sec

Exhibit 3: Quarterly snapshot (Consolidated)

Rs mn	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY25	FY24	YoY (%)
Pressure cookers	660	626	646	(2.1)	3.2	3,015	3,015	(0.0)
LED	94	0	0	NM	NM	94	533	(82.3)
Induction cooktop	252	376	306	21.7	(18.5)	1,614	1,693	(4.6)
Gas cooktop	220	250	238	8.2	(4.9)	1,048	991	5.7
Non-stick cookware	786	469	816	3.8	73.9	2,697	2,640	2.2
Small Appliances	1132	1408	1360	20.2	(3.4)	6,031	4,821	25.1
Total Sales	3145	3130	3367	7.1	7.6	14,498	13,693	5.9

Source: Company, YES Sec

KEY CON-CALL HIGHLIGHTS

- **Management commentary-** Domestic markets and exports have remained stable despite tariff related uncertainties and geo political issues. Rural demand is witnessing revival resulting in positive sentiments in the upcoming festive season. The company is witnessing improved growth in the current quarter
- **Gross margin** – New premium material results in margin improvement. Cast iron cookware has scope of improving gross margin. The company believes steady state gross margins of 40% can be achieved going forward. Current gross margins stands at 38%.
- **EBITDA margin** – The management is confident of improving EBITDA margins by 100bps in FY26.
- **Backward integration & inhouse manufacturing** – Backward integration of kettle and inhouse manufacturing of Chimneys has resulted in margin improvement.
- **Depreciation** – Current level of depreciation will continue for rest of the year. The company has re-estimated and brought down from lease period of 9 years to 3 years.
- **GT channel** – GT channel has contributed 22% to the revenue, however the channel growth continues to remain slow. Revenue contribution from GT will continue remain at similar levels, as other channels are growing at the faster clip.
- **Volume** – Softness in demand and lower revenue in GT has resulted in volume de-growth in Q4. Also softness in microfinance channel has contributed to volume decline.
- **Exports** – Exports for the company is on FOB basis, duties and freight are to be borne by customer. Its largest customer continues to source from India despite the tariff. The company is confident of strong growth in Exports. Management expects exports to grow by 50% in FY26. New products and new customers addition will drive strong exports growth.
- **Channel mix** – Contribution from GT stood at 26%, E-comm stood at 32%, Modern trade stood at 12%, Institutional sales 3%, Retail 7% and Export at 20%.
- **IKEA order** – Line for IKEA is getting ready, supply will start from December 2025. The company has invested Rs300mn exclusively for IKEA
- **Net Debt** – Net debt stands at Rs2.2bn vs Rs1.95bn in Q4FY25.
- **Capex** – Planned capex has been completed, there will be only maintenance capex for FY26. With current capacities the company can do 1.6x its revenue. The company is expected to incur capex of Rs500mn for FY26.
- **Store additions** – The company is expected to add 80 Pigeon store for FY26. In Q1 the company has added 19 stores. Total store counts stands at 281 of which 178 stores will be COFO.

Exhibit 4: Key Monitorable Triggers

What to Watch	Why it Matters	Timeline
Margin Expansion	Increased backward integration of products	FY27
Exports	Development is underway for outdoor cooking products and bakeware	Q4FY26
Net Working Capital Days	Company expects it to improve post dispatchment of orders	Q3FY26

Source: Company, YES Sec

Exhibit 5: Estimate Revisions (Rs mn)

Metric	Old Est (FY27E)	New Est	% Change	Reason
Revenue	18,751	18,751	0.0%	NA
EBITDA	2,156	2,156	0.0%	NA
PAT	779	779	0.0%	NA

Source: Company, YES Sec

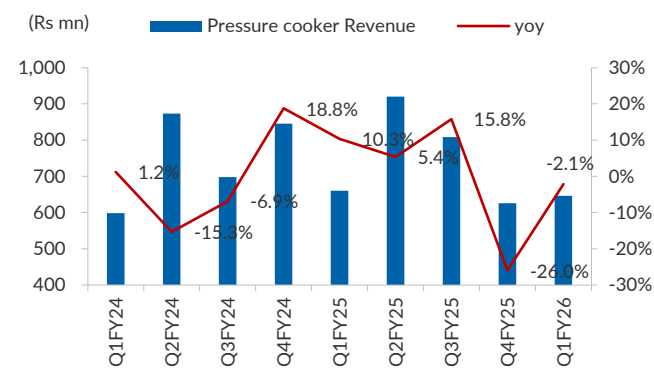
Exhibit 6: Valuation Snapshot

Valuation Metric	FY25E	FY26E	FY27E	5-year Avg (2 year forward)
P/E (x)	49.1	31.6	24.3	24.5
EV/EBITDA (x)	13.7	10.9	9.0	10.0
ROCE (%)	12.9	16.1	18.1	

Source: Company, YES Sec

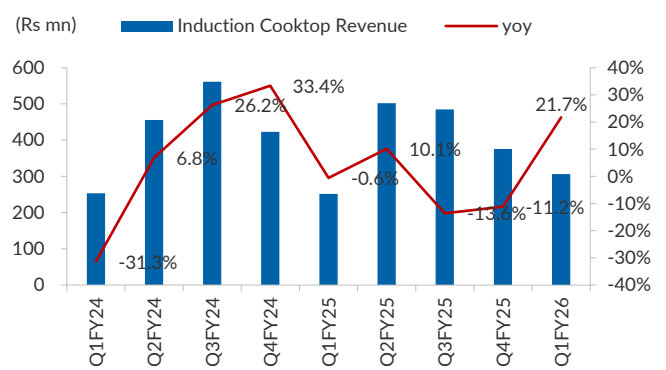
CHARTS

Exhibit 7: Demand for pressure cooker has remained subdued



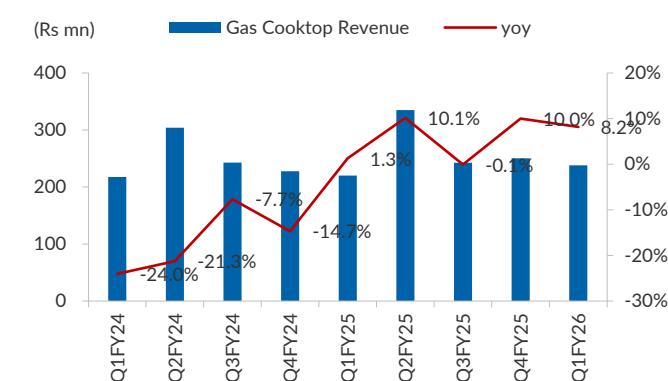
Source: Company, YES Sec

Exhibit 8: Induction cooktop has grown both on volume and value terms



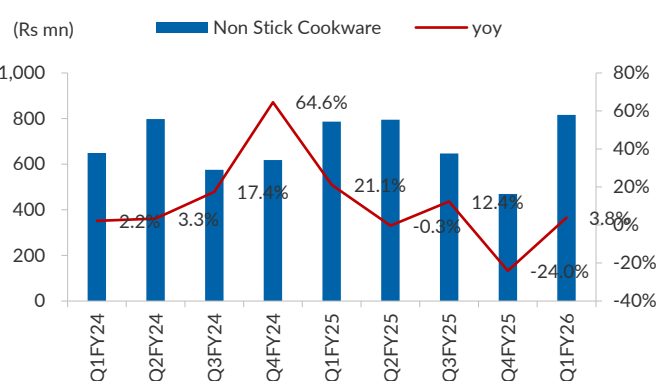
Source: Company, YES Sec

Exhibit 9: Lower off take from E-com channel has impacted gas cooktop



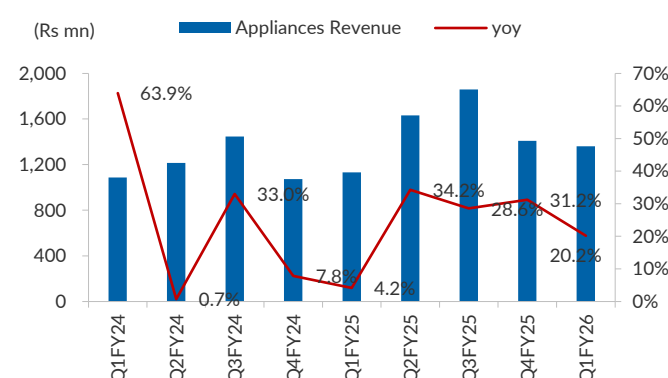
Source: Company, YES Sec

Exhibit 10: Growth in non-stick cookware is on back of change in material resulting in higher ASP



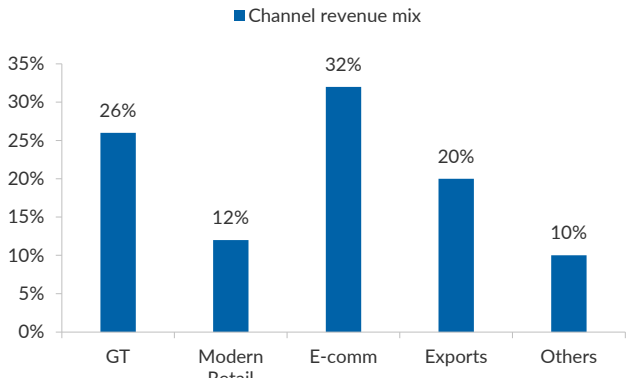
Source: Company, YES Sec

Exhibit 11: Company continues to grow faster in appliances as compared to other categories



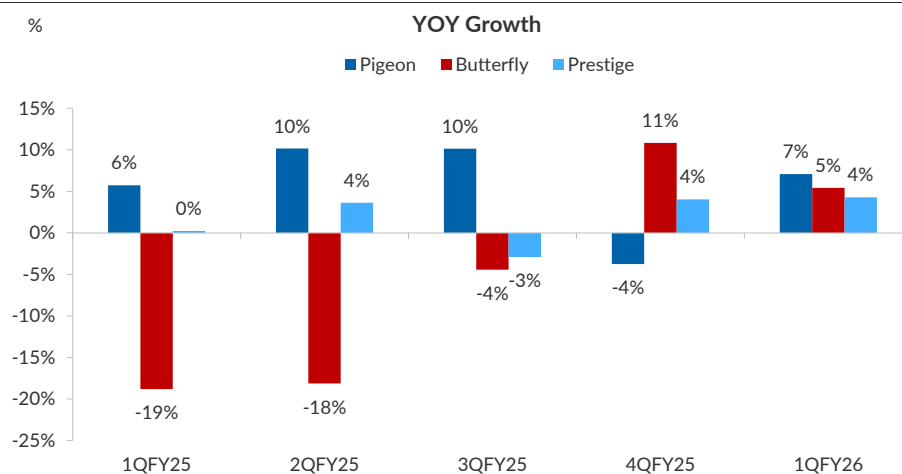
Source: Company, YES Sec

Exhibit 12: GT continues to grow slower than other channels



Source: Company, YES Sec

Exhibit 13: Stove Kraft revenue growth has outperformed peers



Source: Company, YES Sec

FINANCIALS

Exhibit 14: Balance Sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	329	331	331	331	331
Reserves	3,702	4,062	4,378	4,822	5,400
Net worth	4,030	4,392	4,708	5,153	5,731
Debt	865	1,458	1,795	2,045	2,322
Deferred tax liab (net)	0	0	0	0	0
Other non current liabilities	291	1,228	1,768	2,012	2,284
Total liabilities	5,187	7,078	8,272	9,209	10,337
Fixed Asset	3,509	4,292	4,901	4,527	4,113
Investments	0	0	0	0	0
Other Non-current Assets	360	1,568	1,948	2,211	2,503
Net Working Capital	430	1,147	1,395	1,602	1,832
Inventories	2,307	3,203	3,610	4,111	4,668
Sundry debtors	1,611	1,463	1,314	1,497	1,700
Loans and Advances	0	0	0	0	0
Sundry creditors	2,645	2,606	2,620	2,983	3,388
Other current liabilities	1,447	1,206	1,025	1,145	1,278
Cash & equivalents	888	71	28	870	1,890
Total Assets	5,187	7,078	8,272	9,209	10,337

Source: Company, YES Sec

Exhibit 15: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	12,838	13,643	14,498	16,511	18,751
Operating profit	1,012	1,188	1,507	1,849	2,156
Depreciation	316	493	712	753	794
Interest expense	157	240	310	348	395
Other income	(20)	1	4	10	19
Profit before tax	518	456	488	758	987
Taxes	128	114	103	160	208
Minorities and other	-	-	-	-	-
Adj. profit	390	341	385	599	779
Exceptional items	-	-	-	-	-
Net profit	390	341	385	599	779

Source: Company, YES Sec

Exhibit 16: Cashflow Statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	676	696	798	1,106	1,382
Depreciation	316	493	712	753	794
Tax paid	(128)	(114)	(103)	(160)	(208)
Working capital Δ	704	(717)	(248)	(207)	(230)
Other operating items					
Operating cashflow	1,568	357	1,160	1,492	1,737
Capital expenditure	(610)	(1,276)	(1,321)	(379)	(379)
Free cash flow	958	(919)	(161)	1,113	1,358
Equity raised	(0)	103	30	-	-
Investments	-	-	-	-	-
Debt financing/disposal	82	593	337	249	277
Interest paid	(157)	(240)	(310)	(348)	(395)
Dividends paid	-	(83)	(99)	(154)	(201)
Net Δ in cash	884	(817)	(43)	842	1,020

Source: Company, YES Sec

Exhibit 17: Du-pont analysis

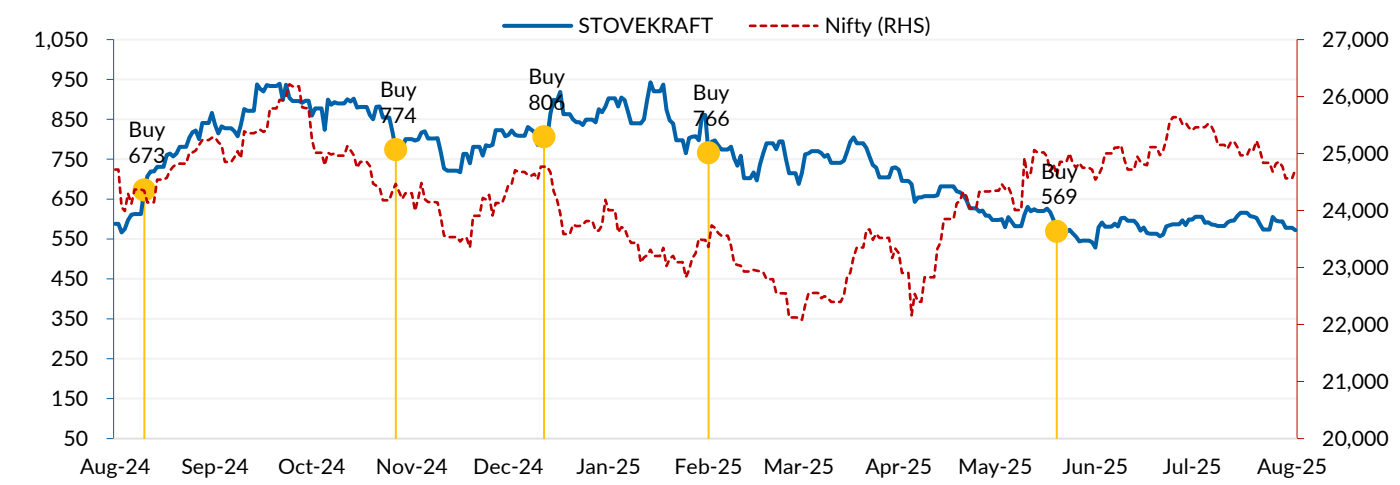
Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.75	0.75	0.79	0.79	0.79
Interest burden (x)	0.77	0.65	0.61	0.69	0.71
EBIT margin (x)	0.05	0.05	0.06	0.07	0.07
Asset turnover (x)	1.54	1.34	1.26	1.29	1.31
Financial leverage (x)	2.17	2.41	2.53	2.59	2.63
RoE (%)	10.2	8.1	8.5	12.1	14.3

Exhibit 18: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)					
Revenue growth	13.0	6.3	6.3	13.9	13.6
Op profit growth	6.7	17.4	26.8	22.7	16.6
EBIT growth	(8.1)	3.0	14.7	38.5	24.9
Net profit growth	(30.6)	(12.5)	12.9	55.4	30.1
Profitability ratios (%)					
OPM	7.9	8.7	10.4	11.2	11.5
EBIT margin	5.3	5.1	5.5	6.7	7.4
Net profit margin	3.0	2.5	2.7	3.6	4.2
RoCE	14.5	13.0	12.9	16.1	18.1
RoNW	10.2	8.1	8.5	12.1	14.3

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
RoA	4.7	3.4	3.3	4.7	5.4
Per share ratios					
EPS	11.9	10.3	11.6	18.1	23.5
Dividend per share	-	2.5	3.0	4.7	6.1
Cash EPS	21.5	25.2	33.2	40.9	47.5
Book value per share	122.6	132.9	142.3	155.8	173.3
Valuation ratios					
P/E	48.2	55.4	49.1	31.6	24.3
P/CEPS	26.6	22.7	17.2	14.0	12.0
P/B	4.7	4.3	4.0	3.7	3.3
EV/EBIDTA	18.6	17.1	13.7	10.9	9.0
Payout (%)					
Dividend payout	-	24.2	25.8	25.8	25.8
Tax payout	24.7	25.1	21.1	21.1	21.1
Liquidity ratios					
Debtor days	45.8	39.1	33.1	33.1	33.1
Inventory days	65.6	85.7	90.9	90.9	90.9
Creditor days	75.2	69.7	65.9	65.9	65.9

Recommendation Tracker



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