

## Challenger brand gunning for leadership position

Consumer Durables ▶ Initiating Coverage ▶ September 16, 2024

TARGET PRICE (Rs): 1,350

We initiate coverage on Stovekraft (SKL), the leading kitchen and home appliance player (brand *Pigeon*), with BUY and TP of Rs1,350/sh at 20x Sep-26E EV/EBITDA (56% upside). SKL is growing significantly ahead of peers (~15pps share-gain) on i) massive cost-leadership, led by deeply-entrenched manufacturing; ii) strong new product innovation capabilities and strategic 'value for money' positioning; and iii) improving branding/distribution expansion, including new-age channels (e-com, modern retail). It has emerged as the leader in several high-growth categories, along with rapidly improving exports positioning (largest exporter; supplies to Walmart). Potential mass-consumer demand cycle recovering after 2 tough years and SKL's sharply enhanced manufacturing edge (gross block up 3x in 4Y, with end of capex cycle amid increasingly restricted imports) drive 15%/35% revenue/EPS CAGR over FY24-27E, with strong FCF yield (5.6%) and balance sheet (D/E at 0.3x) by FY27E. Valuation at 13x Sep-26E EV/EBITDA (46% discount to TTK Prestige) is attractive.

## Stovekraft: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	12,839	13,643	15,507	17,801	20,526
EBITDA	1,033	1,283	1,717	2,087	2,514
Adj. PAT	358	341	456	625	840
Adj. EPS (Rs)	10.8	10.3	13.8	18.9	25.4
EBITDA margin (%)	8.0	9.4	11.1	11.7	12.2
EBITDA growth (%)	(4.5)	24.2	33.9	21.5	20.5
Adj. EPS growth (%)	(38.4)	(4.4)	33.6	37.1	34.4
RoE (%)	9.3	8.1	10.0	12.5	15.0
RoIC (%)	14.1	11.7	12.5	15.2	19.0
P/E (x)	79.9	83.8	62.7	45.8	34.0
EV/EBITDA (x)	29.1	24.2	18.2	14.8	12.1
P/B (x)	7.1	6.5	6.0	5.4	4.8
FCFF yield (%)	(0.7)	0.3	2.8	4.5	5.6

Source: Company, Emkay Research

## Significantly outperforming peers; emerged as leader in several growth categories

SKL has sharply outperformed peers (~15pps revenue share gains over FY16-24), driven by improvement in categories like non-stick cookware, pressure cookers, and other small appliances (form ~85-90% of sales, combined); the company is also emerging as the market leader in products like induction cooktops, air fryers, and electric kettles despite being only a recent entrant here (entered electric kettles, air fryers only 3-4 years ago). Deeply entrenched manufacturing capabilities (~92% revenue from in-house manufactured products now vs 70% three years ago) with backward-integration into component manufacturing (injection molding, sheet metal, PCB manufacturing, motor manufacturing, etc) have led to multi-fold rise in the gross profit/EBITDA pool share as well.

## Strong innovation supported by 'value for money' positioning; expanding reach

SKL's two-pronged thrust, ie i) new product development (*Exhibits 45, 46*) and ii) exploratory introductions (part of the '3 Phase' strategy, ie import, assemble, and localize - enables testing of market acceptance before committing investments), has driven a much faster growth than peers/industry, aided by its 'value for money' positioning. To add to its extensive general trade network and e-commerce/modern retail prowess (largest in its category on Amazon, Flipkart, and for D-Mart), it is also rapidly expanding its exclusive retail channel (has 191 exclusive stores since FY23; plans to add 25-30 stores per quarter, with focus on the North and East).

## Huge operating leverage play; capex cycle nears its end; imports being discouraged

We believe SKL would gain significantly from operating leverage, given the i) ahead-of-industry 4-year (FY20-24) capex cycle (in turn, accentuating manufacturing edge over peers) coming to an end which could potentially double revenue on current capacities, ii) increasing restriction on imports (BIS norms), and iii) mass-consumer demand cycle now potentially improving after 2 tough years. This, along with rapid growth in exports (on expansion in product offerings and entry into the UK market vs largely US retail now), would act as robust growth tailwinds.

## Valuation attractive amid strong market share gains, 35% EPS CAGR, robust FCF

We build-in 15%/25%/35% FY24-27E revenue/EBITDA/EPS CAGR. In our view, valuations at 13x Sep-26E EV/EBITDA are attractive, based on SKL's strong EPS CAGR led by market share gains amid potential industry demand recovery, significant operating leverage, strong improvement in cash generation as capex cycle nears its end, with improving return ratios.

Target Price - 12M	Sep-25
Change in TP (%)	NA
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	56.1
CMP (13-Sep-24) (Rs)	865.0

Stock Data	Ticker
52-week High (Rs)	888
52-week Low (Rs)	410
Shares outstanding (mn)	33.1
Market-cap (Rs bn)	29
Market-cap (USD mn)	341
Net-debt, FY25E (Rs mn)	2,594
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	194.0
ADTV-3M (USD mn)	2.3
Free float (%)	44.1
Nifty-50	25,357
INR/USD	83.9
<b>Shareholding, Jun-24</b>	
Promoters (%)	55.9
FPIs/MFs (%)	0.9/4.7

## Price Performance

(%)	1M	3M	12M
Absolute	22.3	62.5	63.9
Rel. to Nifty	16.4	50.0	29.7

## 1-Year share price trend (Rs)



## Chirag Jain

chirag.jain@emkayglobal.com  
+91 22 6624 2428

## Jaimin Desai

jaimin.desai@emkayglobal.com  
+91 22 6612 1334

## Nandan Pradhan

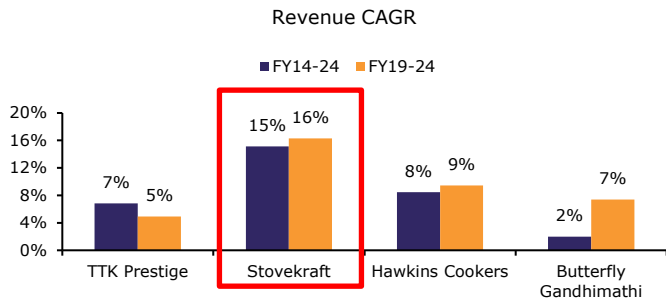
nandan.pradhan@emkayglobal.com  
+91 22 6612 1238

## Omkar Rane

omkar.rane@emkayglobal.com  
+91 22 6624 2414

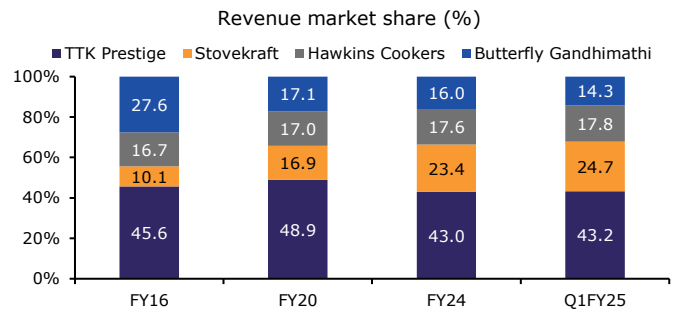
# Story in charts

**Exhibit 1: SKL has grown revenues significantly ahead of peers ...**



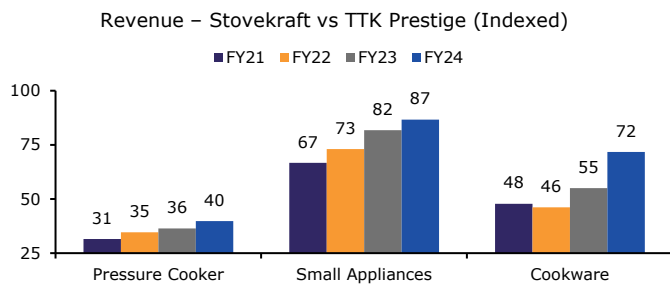
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 2: ...resulting in consistent revenue-share gains vs peers**



Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 3: SKL is rapidly catching up with bigger players like TTK**



Source: Company, Emkay Research; Note: Small appliances include induction cooktop for accurate comparison

**Exhibit 4: SKL has quickly become a market leader in multiple categories, despite it being a relatively recent entrant**

Category	Year of Entry	Market Position
Air Fryers	Mid-2022	#1 player *
Electric Kettles	2021	#1 player
Induction Cooktop	2021	#1 player
Chopper	Early-2019	Top-3 player

Source: Company, Emkay Research; Note: \* On E-commerce platforms

**Exhibit 5: Pigeon products are ranked the best-sellers across prominent product categories on E-commerce website (Amazon)**

**Best seller**

Pigeon Healthifyr Digital Air Fryer Basket - Green  
★★★★☆ 7,686  
5K+ bought in past month  
₹2,999 M.R.P: ₹5,995 (50% off)  
prime FREE delivery Sat, 7 Sept  
Or fastest delivery Tomorrow, 6 Sept

**Best seller**

Pigeon by Stovekraft 3 Litre Special Plus Hard Anodised Inner Lid Induction Base Pressure Cooker (Black) BIS Certified  
★★★★☆ 3,309  
3K+ bought in past month  
₹999 M.R.P: ₹2,549 (61% off)  
prime Get it by Tomorrow, 6 September  
FREE Delivery by Amazon

**Best seller**

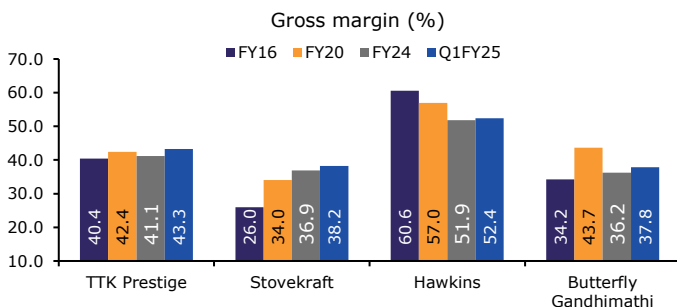
Pigeon Special Non Induction Base Aluminium Non Stick Flat Tawa, 270mm, Cookware with 3mm width, Black  
Aluminium  
★★★★☆ 15,138  
1K+ bought in past month  
₹579 M.R.P: ₹995 (42% off)  
prime Get it by Tomorrow, 6 September  
FREE Delivery by Amazon

**Best seller**

Pigeon Mio Nonstick Aluminium Cookware Gift Set, Includes Nonstick Flat Tawa, Nonstick Fry Pan, Kitchen Tool Set, Nonstick Kadai with Glass...  
★★★★☆ 18,352  
500+ bought in past month

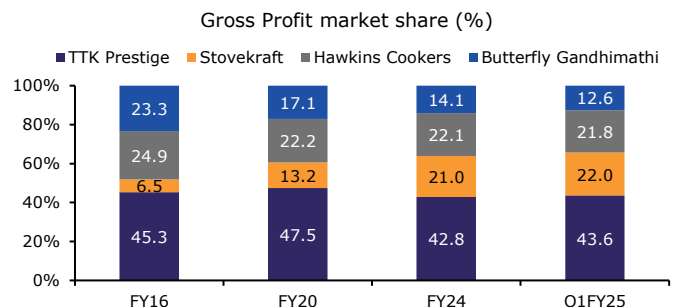
Source: E-commerce website (Amazon), Emkay Research

**Exhibit 6: Consistent gross margin improvement for SKL on strong backward integration; now at 38.2% as of Q1FY25**



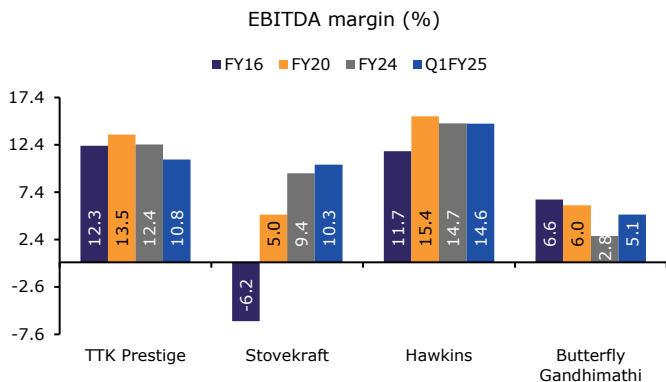
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 7: Over 3x growth in SKL's gross profit share vs peers, over FY21-24**



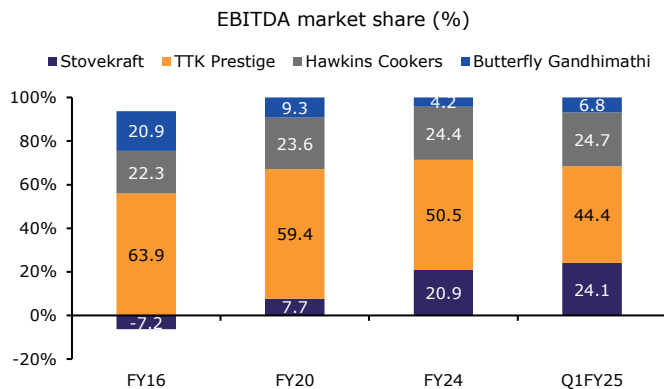
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 8: SKL’s EBITDA margin has been consistently improving, on higher scale and operating leverage vs decline in peers**



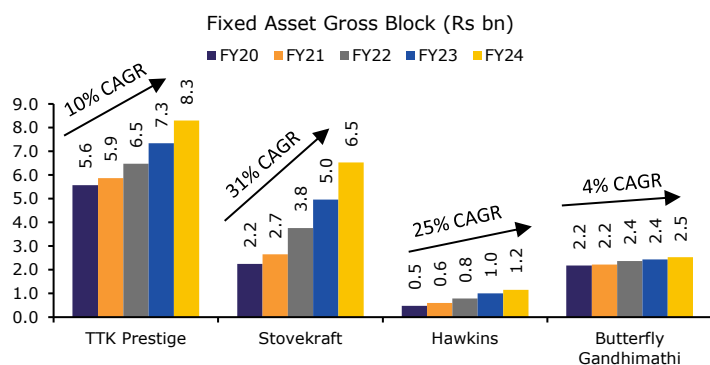
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 9: Over 3x expansion in SKL’s relative EBITDA market share, during FY16-24**



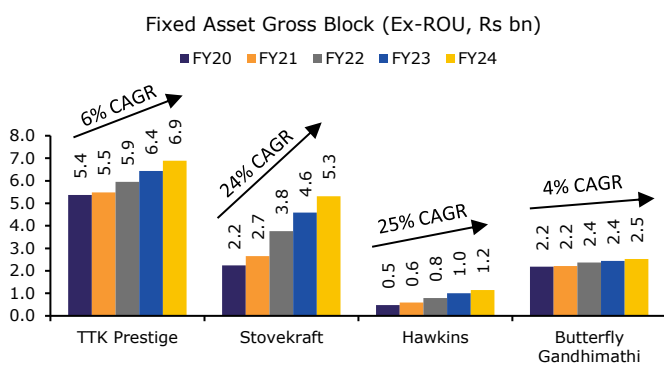
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 10: Ahead-of-industry Capex has resulted in gross block CAGR of 31% over FY20-24**



Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 11: SKL’s gross block (Ex-RoU) has grown at 24% CAGR over FY20-24, ahead of peer TTK Prestige**



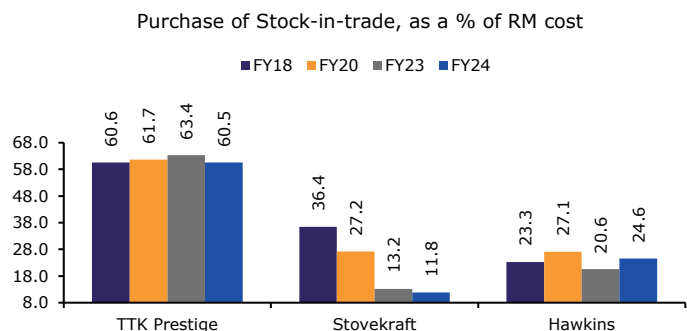
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 12: BIS certification is being mandated for several kitchen products/appliances to restrict imports in India**

Notification Date	Enforcement Date	Product Description	Indian Standard	Manufactured by Stovekraft
9-Aug-23	6-Feb-24	Domestic Gas Stoves for use with Piped Natural Gas (PNG)	17153:2019	Yes
5-Mar-24	5-Sep-24	Toasters, Grills, Roasters and Similar Appliances	302 (Part 2/Sec 9): 2009	Yes
5-Mar-24	5-Sep-24	Motor-operated appliance intended to collect contaminated air from above a hob (hoods)	302 (Part 2/Sec 31): 2009	Yes
5-Jul-24	1-Jan-25	Potable water bottles	17803:2022	Yes

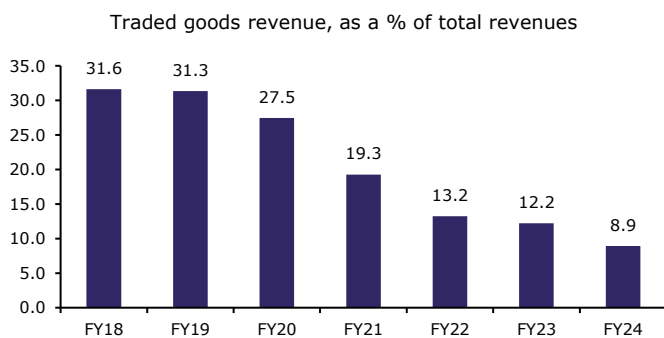
Source: Bureau of Indian Standards, Emkay Research

**Exhibit 13: Purchase of traded goods for SKL has been on the decline, due to increasing in-house production...**



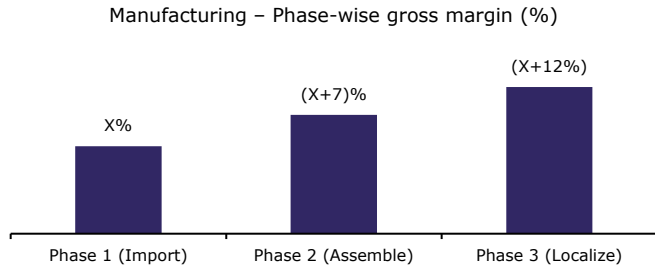
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 14: ...resultantly, revenue from traded goods is declining**



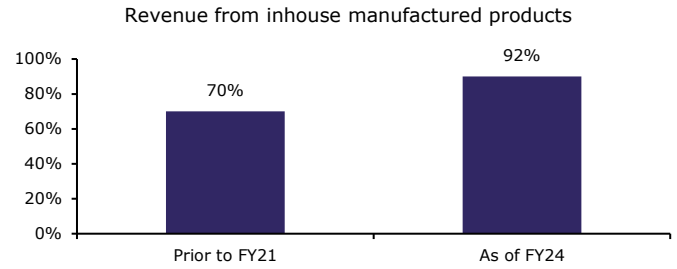
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 15: SKL operates on a 3-Phase manufacturing model, with the highest margins being offered by locally manufactured products**



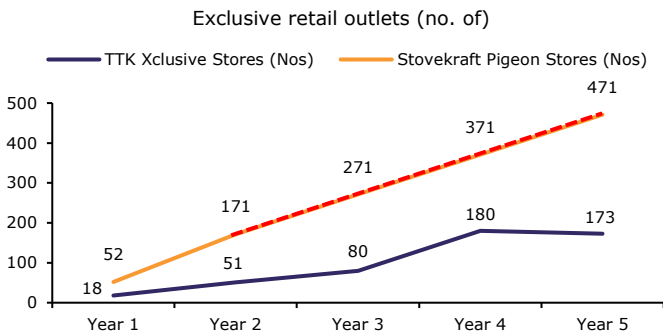
Source: Company, Emkay Research

**Exhibit 16: More than 90% of SKL's revenue is derived from its in-house manufactured products**



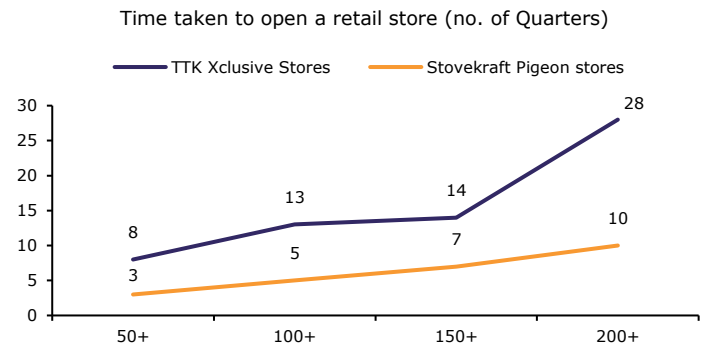
Source: Company, Emkay Research

**Exhibit 17: SKL is aggressively expanding its retail presence; plans to add 25-30 stores every qtr, over FY25-27 (171 as of FY24)**



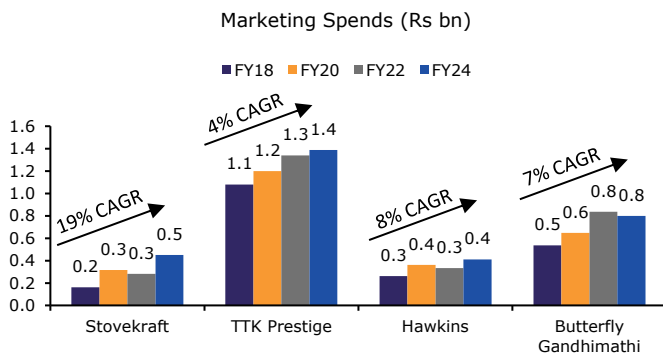
Source: Company, Emkay Research; Figures for Stovekraft beyond Year 2 are as per management guidance

**Exhibit 18: SKL is currently outpacing TTK in retail store expansion**



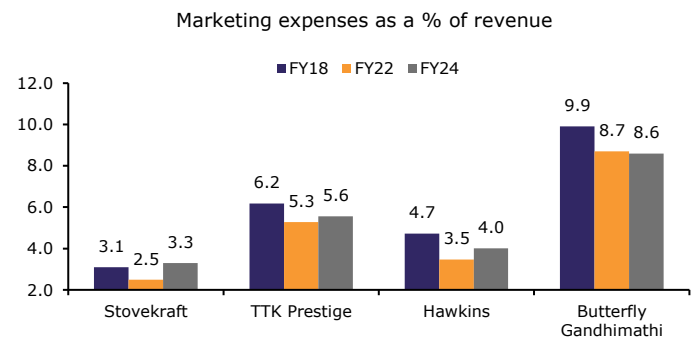
Source: Company, Emkay Research

**Exhibit 19: Over 4x/2x growth in SKL's marketing spends during FY18-24 (19% CAGR) are improving visibility for the brand**



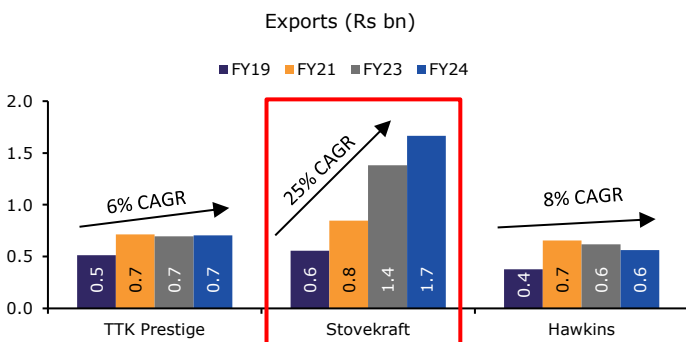
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 20: Going forward, SKL targets investing 3-3.5% of revenue on marketing**



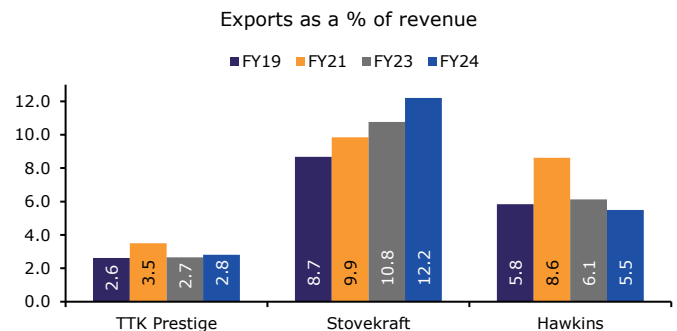
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 21: SKL is the market leader in exports in its category.**



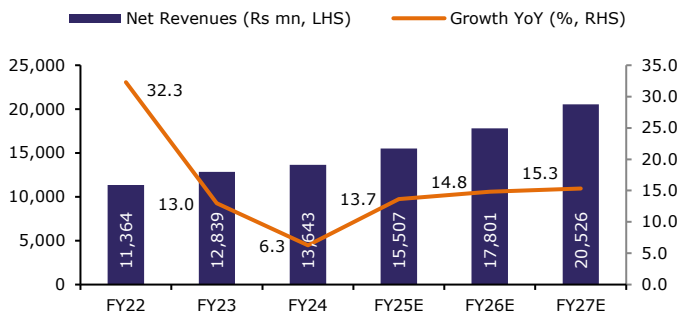
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 22: Exports are ~12% of SKL's revenue as of FY24; aims to increase this share to 25% over the medium-term**



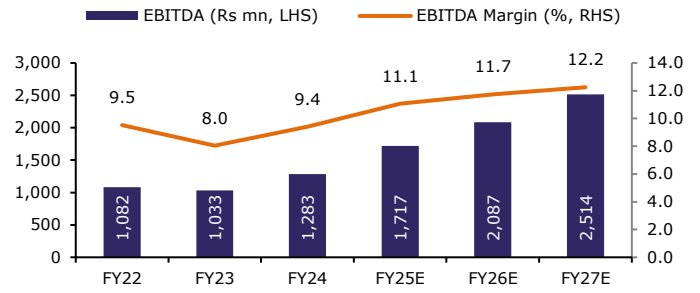
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 23: We expect 15% revenue CAGR over FY24-27E**



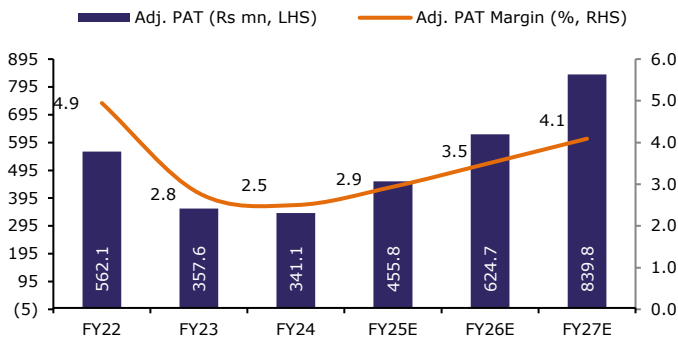
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 24: EBITDA to compound at 25%, with margins expanding on operating leverage (10.3% in Q1FY25)**



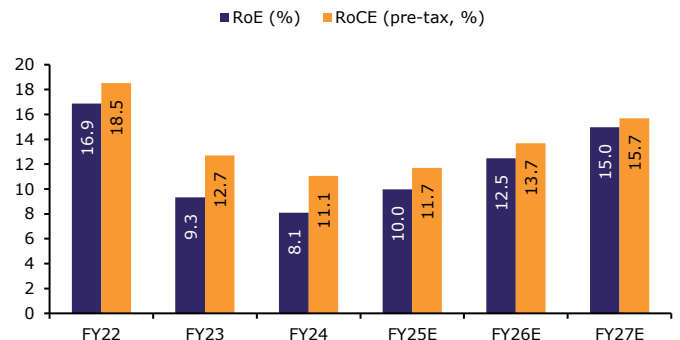
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 25: We expect profit CAGR of 35% over FY24-27E**



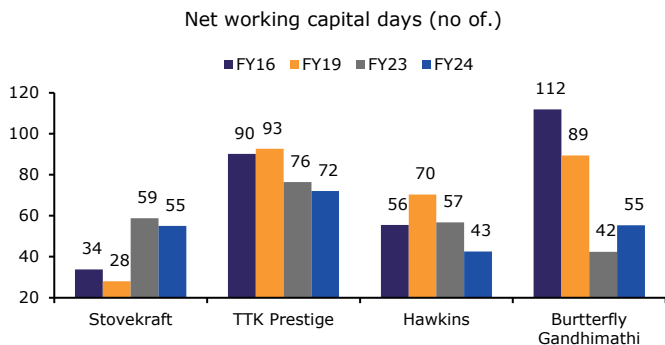
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 26: Return ratios to improve to 15% over FY24-27E**



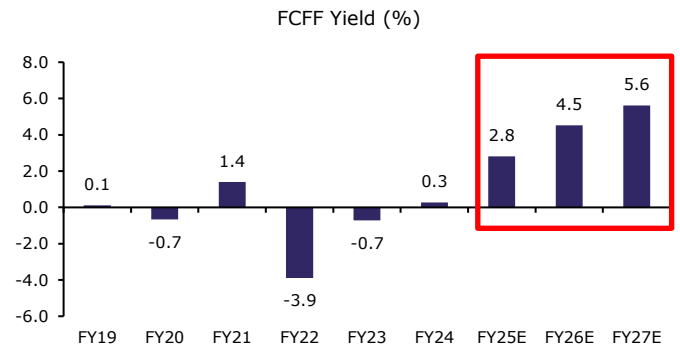
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 27: SKL's working capital days are slightly higher due to increasing exports**



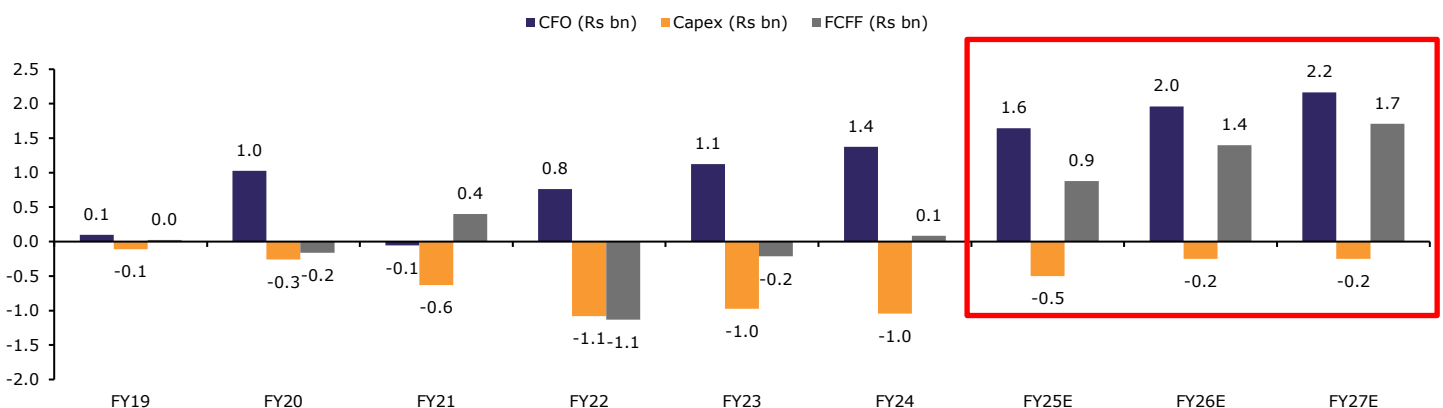
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 28: FCFF yield to improve to 5.6% by FY27E**



Source: Bloomberg, Company, Emkay Research; Figures are on standalone basis, TTK Prestige estimates are as per Bloomberg consensus

**Exhibit 29: Cash generation to improve strongly, with the 5-year capex cycle (FY20-25E) now nearing its end**



Source: Company, Emkay Research

## Table of Contents

---

Initiate coverage with BUY, 56% upside.....	7
Significantly outperforming peers; emerged as leader in several growth categories .....	10
Strong innovation supported by 'value for money' positioning; expanding reach .....	14
Huge operating leverage play; capex cycle nears its end; imports being discouraged .....	21
Financials: Expect 15/25/35% CAGR in revenue/EBITDA/PAT over FY24-27E .....	26
Key risks and concerns .....	29
Annexure 1 – Company background .....	30
Annexure 2 – Key Growth Drivers and Industry overview .....	32

## Initiating coverage with BUY, 56% upside

- **Significantly outperforming peers; fast-emerging leader in key categories:** SKL has sharply outperformed peers with ~15pps revenue-share gains over FY16-24, driven by improvement in key product categories like non-stick cookware, pressure cookers and other small appliances, including induction cooktops (form ~85-90% of sales, combined). The company is also being a recent entrant here (entered electric kettles, air fryers 3-4 years ago). Strong backward-integration supported by capabilities around injection molding, sheet metal, PCB manufacturing, motor manufacturing etc has led to multi-fold improvement in the gross profit pool share (15pps gains), while speed of execution and higher manufacturing scale have driven 30pps EBITDA gains vs peers.
- **Strong innovation with 'value for money' positioning, expanding reach:** SKL's two-pronged thrust, ie i) new product development and ii) exploratory product introductions (part of its '3-Phase' strategy, ie import, assemble, and localize – enables testing of market acceptance before committing investments), has driven much faster growth than peers/industry for SKL. It now derives ~92% revenue from in-house manufactured products vs 70% prior to FY21. To supplement its existing strong general-trade network and e-commerce/modern retail prowess (largest in its category on Amazon, Flipkart, and for D-Mart), Stovekraft has also forayed into the exclusive retail channel from FY23 (has 191 exclusive stores as of Q1FY25; plans to add 25-30 every Quarter, with focus on the North and East). Stovekraft targets improvement in its positioning in the general-trade segment, and brand awareness as a positive rub-off with rapid scale-up in the exclusive retail stores.
- **Huge operating leverage play, as capex cycle nears its end and imports being discouraged:** We believe SKL would gain significantly from operating leverage, given i) that its ahead-of-industry 4-year capex cycle (in turn accentuating manufacturing edge over peers) comes to an end (~3x expansion in gross block over FY20-24), ii) continuation of restriction on imports (several products falling under the BIS norms radar, refer to *Exhibit 68*), and iii) that the mass-consumer demand cycle is now improving after 2 tough years. This, along with rapid scale-up in exports on expansion in product offerings and entry into the UK market (vs largely US retail now; supplies to Walmart), would act as strong growth tailwinds.
- **Valuation attractive, with rapid market share gains, strong 35% EPS CAGR, and improving FCF and return ratios:** We build-in FY24-27E revenue/EBITDA CAGR of 15%/25%. In our view, valuations at 13x Sep-26E EV/EBITDA (~46% discount to TTK Prestige) are attractive, amid SKL's improving superior EPS CAGR, strong improvement in cash generation (FCFF yield to improve to 5.6% by FY27E) as the capex cycle nears its end, and improvement in the BS and return ratios.

## Exhibit 30: We build in 15%/25%/35% revenue/EBITDA/EPS CAGR over FY24-27E

Standalone (Rs mn)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Small Domestic Appliances</b>	-	<b>2,895</b>	<b>3,432</b>	<b>3,954</b>	<b>4,229</b>	<b>5,392</b>	<b>6,710</b>	<b>8,350</b>
% of Revenue		33.7	30.2	30.8	31.0	34.8	37.7	40.7
Growth YoY (%)			18.6	15.2	7.0	27.5	24.4	24.4
<b>Pressure Cooker</b>	-	<b>1,890</b>	<b>2,727</b>	<b>3,017</b>	<b>3,138</b>	<b>3,345</b>	<b>3,692</b>	<b>4,071</b>
% of Revenue		22.0	24.0	23.5	23.0	21.6	20.7	19.8
Growth YoY (%)			44.3	10.6	4.0	6.6	10.4	10.3
<b>Non-stick Cookware</b>	-	<b>1,589</b>	<b>1,921</b>	<b>2,298</b>	<b>2,865</b>	<b>3,142</b>	<b>3,484</b>	<b>3,845</b>
% of Revenue		18.5	16.9	17.9	21.0	20.3	19.6	18.7
Growth YoY (%)			20.9	19.7	24.7	9.7	10.9	10.4
<b>Induction Cooktop</b>	-	<b>739</b>	<b>1,318</b>	<b>1,605</b>	<b>1,774</b>	<b>1,963</b>	<b>2,200</b>	<b>2,457</b>
% of Revenue		8.6	11.6	12.5	13.0	12.7	12.4	12.0
Growth YoY (%)			78.4	21.7	10.5	10.7	12.0	11.7
<b>Gas Cooktop</b>	-	<b>936</b>	<b>1,182</b>	<b>1,181</b>	<b>1,091</b>	<b>1,124</b>	<b>1,166</b>	<b>1,215</b>
% of Revenue		10.9	10.4	9.2	8.0	7.3	6.6	5.9
Growth YoY (%)			26.2	-0.1	-7.6	3.0	3.7	4.2
<b>LED</b>	-	<b>541</b>	<b>784</b>	<b>783</b>	<b>546</b>	<b>540</b>	<b>549</b>	<b>588</b>
% of Revenue		6.3	6.9	6.1	4.0	3.5	3.1	2.9
Growth YoY (%)			44.9	-0.1	-30.3	-1.0	1.6	7.0
<b>Total Revenues</b>	<b>6,699</b>	<b>8,590</b>	<b>11,364</b>	<b>12,839</b>	<b>13,643</b>	<b>15,507</b>	<b>17,801</b>	<b>20,526</b>
Growth YoY (%)	4.5	28.2	32.3	13.0	6.3	13.7	14.8	15.3
Gross profit	2,280	3,007	3,629	4,204	5,039	5,893	6,809	7,902
Gross margin (%)	34.0	35.0	31.9	32.7	36.9	38.0	38.3	38.5
<b>EBITDA</b>	<b>338</b>	<b>1,142</b>	<b>1,082</b>	<b>1,033</b>	<b>1,283</b>	<b>1,717</b>	<b>2,087</b>	<b>2,514</b>
<b>EBITDA margin (%)</b>	<b>5.0</b>	<b>13.3</b>	<b>9.5</b>	<b>8.0</b>	<b>9.4</b>	<b>11.1</b>	<b>11.7</b>	<b>12.2</b>
Depreciation	121	142	330	359	588	859	962	1,064
ROU (Retail stores)	0	0	0	18	97	203	278	353
Other assets	121	142	330	342	491	655	684	711
<b>EBIT</b>	<b>216</b>	<b>999</b>	<b>751</b>	<b>673</b>	<b>695</b>	<b>859</b>	<b>1,125</b>	<b>1,450</b>
<b>EBIT margin (%)</b>	<b>3.2</b>	<b>11.6</b>	<b>6.6</b>	<b>5.2</b>	<b>5.1</b>	<b>5.5</b>	<b>6.3</b>	<b>7.1</b>
Other Income	21	5	-16	-35	1	1	1	1
Interest	209	192	110	165	240	251	292	330
Lease Liability (Retail stores)	0	0	0	11	58	122	165	201
Other liabilities	209	192	110	155	183	128	127	129
PBT	29	812	625	473	455	608	834	1,121
Tax rate (%)	0.0	0.0	10.1	24.3	25.1	25.1	25.1	25.1
<b>PAT</b>	<b>29</b>	<b>812</b>	<b>562</b>	<b>358</b>	<b>341</b>	<b>456</b>	<b>625</b>	<b>840</b>
<b>PAT margin (%)</b>	<b>0.4</b>	<b>9.4</b>	<b>4.9</b>	<b>2.8</b>	<b>2.5</b>	<b>2.9</b>	<b>3.5</b>	<b>4.1</b>
EPS (Rs.)	1.2	24.9	17.1	10.8	10.3	13.8	18.9	25.4
RoE (%)	-4.8	66.5	16.9	9.3	8.1	10.0	12.5	15.0
RoCE (pre-tax, %)	8.8	31.6	18.5	12.7	11.1	11.7	13.7	15.7
EV/EBITDA (x)	72.8	24.8	26.9	29.1	24.2	18.1	14.8	12.1

Source: Company, Emkay Research



**Exhibit 31: Valuation comparison – Stovekraft trades at 46% lower on EV/EBITDA vs market leader TTK Prestige**

Company Name	CMP (Rs/sh)	P/E (x)			EV/EBITDA (x)			ROE (%)			Adj. PAT CAGR
		FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY24-27E (%)
<b>Stovekraft</b>	<b>865</b>	<b>62.7</b>	<b>45.7</b>	<b>34.0</b>	<b>18.1</b>	<b>14.8</b>	<b>12.1</b>	<b>10.0</b>	<b>12.5</b>	<b>15.0</b>	<b>35%</b>
TTK Prestige*	901	47.4	39.3	31.3	32.8	27.1	22.7	12.2	13.6	15.5	18%
Hawkins**	8,899	36.1	30.7	26.2	25.7	21.6	18.1	35.5	34.8	33.7	18%
Butterfly Gandhimathi**	1,057	184.3	118.0	82.2	53.2	41.8	33.2	3.5	5.1	6.9	47%
Havells India*	1,985	75.2	60.7	52.4	50.8	41.5	36.1	20.8	22.6	23.1	24%
Bajaj Electricals*	992	55.1	39.3	29.7	30.7	23.3	18.0	12.8	15.9	18.0	42%
Crompton*	452	13.2	39.5	33.3	32.8	27.4	23.7	18.2	20.4	20.7	26%
Orient Electric*	256	48.0	33.7	27.8	24.1	18.5	15.8	16.2	21.0	22.8	37%

Source: Bloomberg, Emkay Research; Note: \*Estimates are as per Bloomberg consensus; Standalone basis for all players except Crompton, \*\*Figures are as per Emkay estimates (Bloomberg consensus estimates are not available).

**Exhibit 32: Stovekraft trades at 13x Sep-26E EV/EBITDA (~46% discount to TTK Prestige)**

Particulars	Stovekraft	TTK Prestige
FY24 Revenue (Standalone, Rs bn)	13.6	25.0
<b>Top-3 Revenue segments in FY24</b>		
#1	Small Domestic Appliances (31%)	Pressure Cookers (32%)
#2	Pressure Cooker (23%)	Small Domestic Appliances (23%)
#3	Non-Stick Cookware (21%)	Cookware (16%)
<b>Share of Exports in Revenue in FY24</b>	12.2%	2.8%
<b>Exclusive Retail Stores (no. of)</b>		
2 years ago	0	665
Now (as of FY24)	191 (21 added in Q1FY25)	699
<b>Market Leadership</b>	1. Air fryers* 2. Electric kettles 3. Induction cooktops	1. Pressure Cookers 2. Cookware 3. Kitchen Ware
<b>Revenue CAGR</b>		
FY19-24	15%	5%
FY24-27E	15%	12%
<b>EPS CAGR</b>		
FY19-24	68%	1%
FY24-27E	35%	19%
<b>PER (x)</b>		
FY25E	62.7	47.9
FY26E	45.8	39.7
FY27E	34.0	31.7
<b>RoE (%)</b>		
FY25E	10.0	12.2
FY26E	12.5	13.6
FY27E	15.0	15.5
<b>EV/EBITDA (x)</b>		
FY25E	18.1	32.8
FY26E	14.8	27.1
FY27E	12.1	22.7

Source: Company, Emkay Research; Figures for TTK prestige for FY25-27 are basis Bloomberg consensus; \*on E-commerce platforms

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 09/17/2024 09:25 AM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

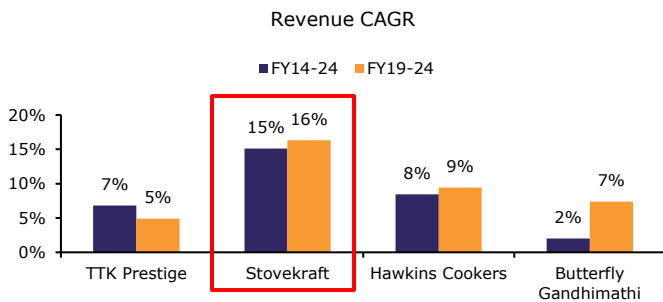
## Significantly outperforming peers; emerged as leader in several growth categories

- Stovekraft has sharply outperformed peers (~15pps revenue share gains over FY16-24), driven by improvement in categories like non-stick cookware, pressure cookers, and small appliances including induction cooktops (form ~85-90% of sales, combined).
- The company is also emerging as a market leader in products like induction cooktops, air fryers, and electric kettles despite it being a recent entrant here (entered electric kettles, air fryers 3-4 years ago).
- Deeply entrenched manufacturing capabilities (~92% revenue from in-house manufactured products now vs 70% three years ago) with backward-integration into component manufacturing (injection molding, sheet metal, PCB manufacturing, motor manufacturing, etc) have led to multi-fold rise in the gross profit/EBITDA pool share as well. (Exhibit 36, 37)

### [A] Revenue share gains; driven by sharp outperformance vs peers amid improvement across key product categories

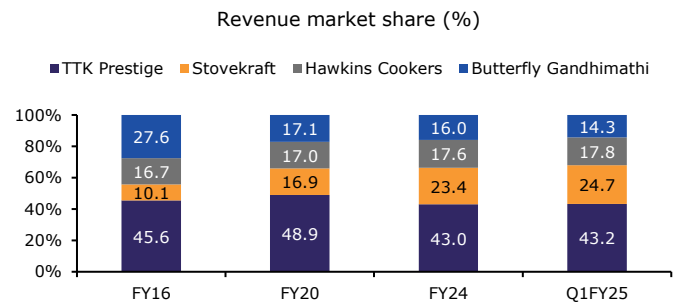
- Stovekraft has sharply outperformed peers with ~15pps revenue share gains over FY16-24, driven by i) consistent growth and improvement in core product categories like non-stick cookware and pressure cookers, and ii) rapid scale-up in the new-age small appliances business, including induction cooktops. The fast-growing small appliances/induction cooktop segments now account for ~36%/25% of Stovekraft’s revenue as of Q1FY25 vs ~30%/17%, respectively, in FY22.
- Being an established player with a strong brand recall in the kitchen appliances segment and a diversified products offering in the value for money (VFM) category, Stovekraft’s conscious shift away from other small segments like LED and modular kitchens has augmented its focus on key product categories. LED business is now at ~3% of revenue as of Q1FY25. The manufacturing site for modular kitchens has been sold, with operations now being on made-to-order basis.

Exhibit 33: SKL has grown ahead of peers over the last 10/5 years...



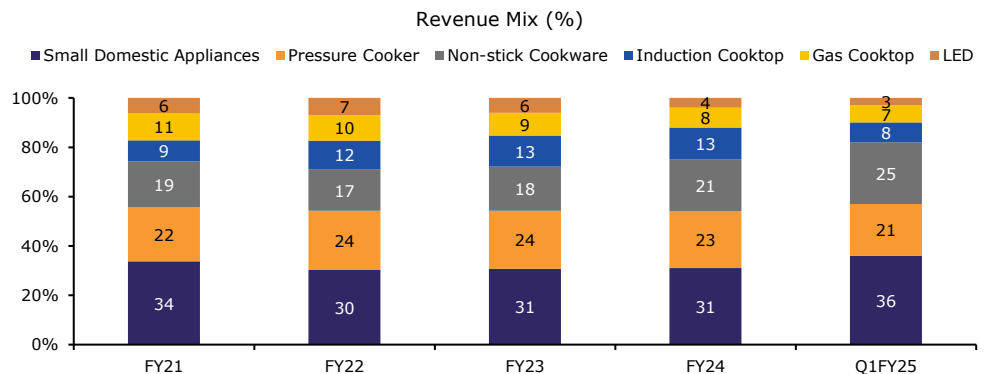
Source: Company, Emkay Research; Figures are on standalone basis

Exhibit 34: ...resulting in consistent revenue-share gains vs peers



Source: Company, Emkay Research; Figures are on standalone basis

Exhibit 35: Small domestic appliances and pressure cookers are SKL’s biggest product categories



Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 36: Stovekraft has consistently gained market share vs peers; now at ~25%**

Revenue (Rs mn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Q1FY25
TTK Prestige	12,938	13,883	14,879	16,036	17,465	19,680	19,368	20,331	25,322	26,257	25,007	5513
<b>Stovekraft</b>	<b>3,334</b>	<b>3,211</b>	<b>3,302</b>	<b>4,935</b>	<b>5,236</b>	<b>6,409</b>	<b>6,699</b>	<b>8,590</b>	<b>11,364</b>	<b>12,839</b>	<b>13,643</b>	<b>3,145</b>
Hawkins Cookers	4,548	5,145	5,444	5,120	5,526	6,528	6,739	7,685	9,580	10,058	10,242	2275
Butterfly Gandhimathi	7,642	5,290	9,010	4,049	5,406	6,520	6,787	8,696	9,599	10,566	9,313	1817
<b>Total</b>	<b>28,463</b>	<b>27,529</b>	<b>32,635</b>	<b>30,140</b>	<b>33,632</b>	<b>39,138</b>	<b>39,592</b>	<b>45,301</b>	<b>55,864</b>	<b>59,719</b>	<b>58,205</b>	<b>12,749</b>

Revenue market share (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Q1FY25
TTK Prestige	45.5	50.4	45.6	53.2	51.9	50.3	48.9	44.9	45.3	44.0	43.0	43.2
<b>Stovekraft</b>	<b>11.7</b>	<b>11.7</b>	<b>10.1</b>	<b>16.4</b>	<b>15.6</b>	<b>16.4</b>	<b>16.9</b>	<b>19.0</b>	<b>20.3</b>	<b>21.5</b>	<b>23.4</b>	<b>24.7</b>
Hawkins Cookers	16.0	18.7	16.7	17.0	16.4	16.7	17.0	17.0	17.1	16.8	17.6	17.8
Butterfly Gandhimathi	26.8	19.2	27.6	13.4	16.1	16.7	17.1	19.2	17.2	17.7	16.0	14.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 37: Stovekraft's margins have consistently expanded ahead of the industry, leading to major profit pool share gains**

Gross Profit (Rs mn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Q1FY25
TTK Prestige	5,615	5,926	6,007	6,455	7,419	8,375	8,210	8,529	10,493	10,543	10,289	2387
<b>Stovekraft</b>	<b>3,334</b>	<b>954</b>	<b>859</b>	<b>1,549</b>	<b>1,701</b>	<b>2,023</b>	<b>2,280</b>	<b>3,007</b>	<b>3,629</b>	<b>4,204</b>	<b>5,039</b>	<b>1201</b>
Hawkins Cookers	2,664	2,874	3,300	2,926	2,921	3,595	3,838	4,033	4,692	4,944	5,312	1193
Butterfly Gandhimathi	2,690	2,270	3,081	1,576	2,305	2,705	2,965	3,635	3,196	3,884	3,375	687
<b>Total</b>	<b>14,303</b>	<b>12,024</b>	<b>13,246</b>	<b>12,506</b>	<b>14,345</b>	<b>16,697</b>	<b>17,293</b>	<b>19,204</b>	<b>22,010</b>	<b>23,576</b>	<b>24,015</b>	<b>5,468</b>

Gross Profit market share (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Q1FY25
TTK Prestige	39.3	49.3	45.3	51.6	51.7	50.2	47.5	44.4	47.7	44.7	42.8	43.6
<b>Stovekraft</b>	<b>23.3</b>	<b>7.9</b>	<b>6.5</b>	<b>12.4</b>	<b>11.9</b>	<b>12.1</b>	<b>13.2</b>	<b>15.7</b>	<b>16.5</b>	<b>17.8</b>	<b>21.0</b>	<b>22.0</b>
Hawkins Cookers	18.6	23.9	24.9	23.4	20.4	21.5	22.2	21.0	21.3	21.0	22.1	21.8
Butterfly Gandhimathi	18.8	18.9	23.3	12.6	16.1	16.2	17.1	18.9	14.5	16.5	14.1	12.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

EBITDA (Rs mn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Q1FY25
TTK Prestige	1,602	1,492	1,829	1,949	2,348	2,859	2,609	3,146	4,062	3,594	3,109	597
<b>Stovekraft</b>	<b>-36</b>	<b>-48</b>	<b>-205</b>	<b>43</b>	<b>102</b>	<b>301</b>	<b>338</b>	<b>1,142</b>	<b>1,082</b>	<b>1,033</b>	<b>1,283</b>	<b>324</b>
Hawkins Cookers	587	507	639	743	705	862	1,039	1,108	1,198	1,353	1,502	333
Butterfly Gandhimathi	550	397	598	-198	347	457	408	797	520	972	257	92
<b>Total</b>	<b>2,703</b>	<b>2,349</b>	<b>2,861</b>	<b>2,537</b>	<b>3,503</b>	<b>4,478</b>	<b>4,393</b>	<b>6,193</b>	<b>6,862</b>	<b>6,952</b>	<b>6,151</b>	<b>1,346</b>

EBITDA market share (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Q1FY25
TTK Prestige	59.3	63.5	63.9	76.8	67.0	63.8	59.4	50.8	59.2	51.7	50.5	44.4
<b>Stovekraft</b>	<b>-1.3</b>	<b>-2.0</b>	<b>-7.2</b>	<b>1.7</b>	<b>2.9</b>	<b>6.7</b>	<b>7.7</b>	<b>18.4</b>	<b>15.8</b>	<b>14.9</b>	<b>20.9</b>	<b>24.1</b>
Hawkins Cookers	21.7	21.6	22.3	29.3	20.1	19.2	23.6	17.9	17.5	19.5	24.4	24.7
Butterfly Gandhimathi	20.3	16.9	20.9	-7.8	9.9	10.2	9.3	12.9	7.6	14.0	4.2	6.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Company, Emkay Research, Figures are on standalone basis

### [B] Emerging market leader in recently entered categories; strong play on formalization of kitchen appliances segment.

- The company is also emerging as a market leader in products like induction cooktops, air fryers and electric kettles despite recent entry (entered electric kettles in last 3-4 years and air fryers in Aug-22).
- Within a short span of their launch, air fryers have become a key driver for Stovekraft's E-commerce revenues and have ~50% market share across two leading E-commerce platforms.
- Further, over the past 4 years (FY20-24) Stovekraft has rapidly scaled up in its offerings and has gained relative market share vs TTK Prestige across key product categories. Particularly in the small appliances and cookware segment Stovekraft has gained ~6/9pps vs TTK Prestige.
- In India, even today a large portion of the kitchen appliances remains unorganized. At Stovekraft's current price-points, its consumer/mass-market brand 'Pigeon' is well placed to claw back market share from the unorganized segment/small players. Therefore, it is a 'brand of choice' when a consumer moves from unorganized to organized branded play.

**Exhibit 38: Stovekraft is rapidly catching up with bigger players like TTK, across product categories**

Pressure Cooker Revenues (Rs mn)	FY21	FY22	FY23	FY24
Stovekraft	1,890	2,727	3,017	3,138
TTK Prestige	6,006	7,860	8,273	7,897
Total	7,896	10,587	11,290	11,035
Pressure Cookers Relative Revenue Share (%)	FY21	FY22	FY23	FY24
<b>Stovekraft</b>	<b>23.9</b>	<b>25.8</b>	<b>26.7</b>	<b>28.4</b>
TTK Prestige	76.1	74.2	73.3	71.6
Small Appliances Revenues (Rs mn)*	FY21	FY22	FY23	FY24
Stovekraft	3,634	4,750	5,559	6,003
TTK Prestige	5,448	6,504	6,797	6,926
Total	9,082	11,254	12,356	12,929
Small Appliances Relative Revenue Share (%)	FY21	FY22	FY23	FY24
<b>Stovekraft</b>	<b>40.0</b>	<b>42.2</b>	<b>45.0</b>	<b>46.4</b>
TTK Prestige	60.0	57.8	55.0	53.6
Cookware Revenues (Rs mn)	FY21	FY22	FY23	FY24
Stovekraft	1,589	1,921	2,298	2,865
TTK Prestige	3,322	4,167	4,180	3,991
Total	4,911	6,088	6,478	6,856
Cookware Relative Revenue Share (%)	FY21	FY22	FY23	FY24
<b>Stovekraft</b>	<b>32.4</b>	<b>31.5</b>	<b>35.5</b>	<b>41.8</b>
TTK Prestige	67.6	68.5	64.5	58.2

Source: Company, Emkay Research; Figures are on Standalone basis; \*Small appliances include Induction cooktops for accurate comparison

**Exhibit 39: Stovekraft has quickly become a market leader in the products it recently entered**

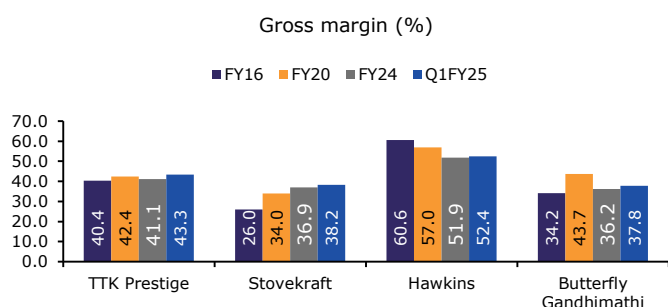
Category	Year of Entry	Market Position
Air Fryers	Mid-2022	#1 player *
Electric Kettles	2021	#1 player
Induction Cooktop	2021	#1 player
Chopper	Early-2019	Top-3 player

Source: Company, Emkay Research; \* On E-commerce platforms

[C] Multi-fold margin improvement via strong backward integration

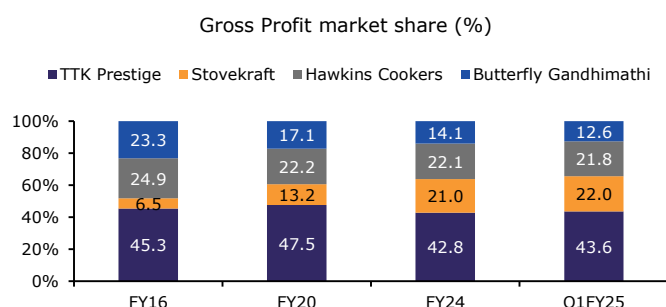
- Over the years, Stovekraft on the back of its consistent focus on backward-integration supported by its component manufacturing capabilities in injection molding, sheet metal, PCB and motor manufacturing, etc., has made multi-fold improvement in its gross profit pool share (~15pps gains over FY16-Q1FY25).
- Speed of execution and higher manufacturing scale have driven ~30pps EBITDA gains vs peers. Stovekraft’s EBITDA margins are among the best in the industry (~10.3% as of Q1FY25, despite a seasonally weak quarter for the industry).
- We expect 25% EBITDA CAGR over FY24-27E, driven by higher scale and increasing share of in-house manufactured products. (>92% of Stovekraft’s revenues are from in-house manufactured products vs ~70% prior to FY21)
- Fast growing small appliances like electric pressure cookers and vacuum cleaners are manufactured in-house 100%, leading to increased control over costs and margins.

Exhibit 40: Consistent gross margin improvement for SKL on strong backward integration; at 38.2%, as of Q1FY25



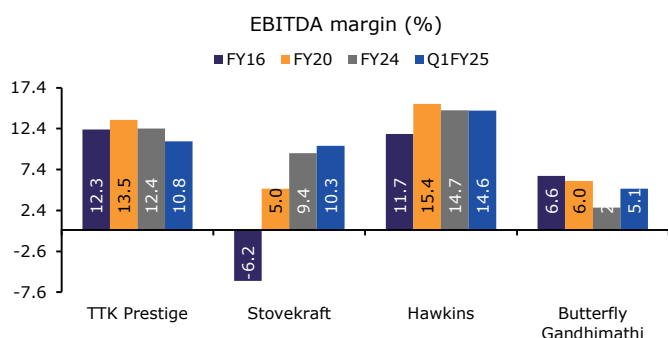
Source: Company, Emkay Research; Figures are on standalone basis

Exhibit 41: Over 3x growth in SKL’s gross profit share vs peers, over FY21-24



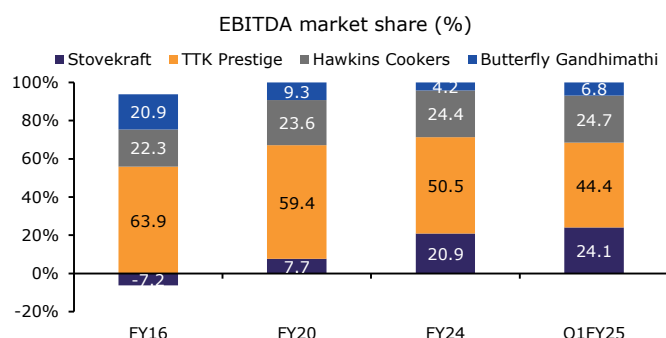
Source: Company, Emkay Research; Figures are on standalone basis

Exhibit 42: SKL’s EBITDA margin has been consistently improving, on higher scale and operating leverage vs decline in peers



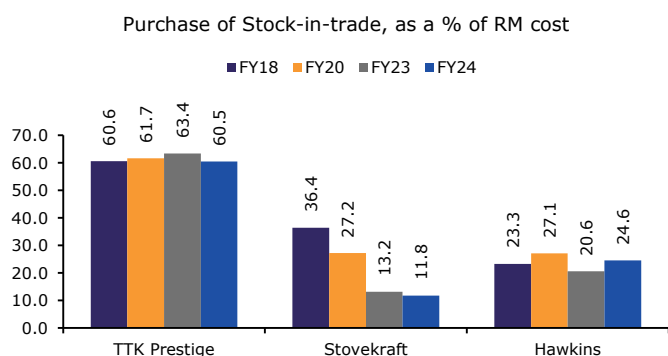
Source: Company, Emkay Research; Figures are on standalone basis

Exhibit 43: Over 3x expansion in SKL’s relative EBITDA market share, during FY16-24



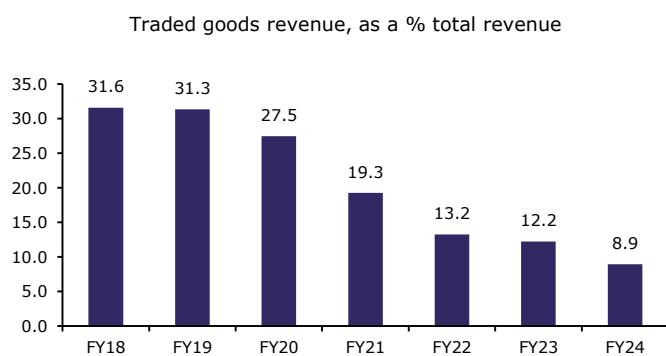
Source: Company, Emkay Research; Figures are on standalone basis

Exhibit 44: Purchase of traded goods for SKL has been on the decline, driven by increasing in-house production,...



Source: Company, Emkay Research; Figures are on standalone basis

Exhibit 45: ...which has resulted in revenue from traded goods declining



Source: Company, Emkay Research; Figures are on standalone basis

## Strong innovation supported by 'value for money' positioning; expanding reach

- Stovekraft's two-pronged thrust, ie i) new product development and ii) exploratory introductions (part of its '3 Phase' strategy, ie import, assemble, and localize – enables testing of market acceptance before committing investments), has driven much faster growth than peers/industry for Stovekraft. Over the last few years, Stovekraft has introduced various products across segments which have found good customer response.
- To add to its extensive general trade network and e-commerce/modern retail prowess, it has forayed into the exclusive retail channel from FY23 (only multi-brand presence earlier; has 191 exclusive stores now, plans to add 25-30/quarter with focus on the North and East). Management expects revenue per store to potentially double over the next 2-3 years.

### [A] New product developments via phased exploratory introductions driving growth ahead of peers

- Stovekraft, via its new product development cycle customized for Indian consumers has launched several new age products like an "OTG - Air fryer", "Electra – electric pressure cooker", Air fusion "Air-Fryer Rotisserie Oven" at affordable prices under its flagship consumer brand Pigeon. (Exhibits 46, 47)
- Exploratory introductions via "3-Phase" strategy (i.e., import, assemble, and localize) assists Stovekraft to test the market acceptance for a particular product before committing investments/capacities for it. This prudent approach has driven much faster growth than peers/industry for SKL.
- Stovekraft's consistent efforts aimed at manufacturing aspirational and high quality yet affordable products has aided Stovekraft's goals of capturing the larger value-for-money customer segment in India.
- Also, across E-commerce platforms, Stovekraft's 'Pigeon' branded products are far more competitively prices as against premium pricing of other players. This augers well for Stovekraft's ambitions to capture the domestic price sensitive mass market segment. (Exhibits 51, 52)

Exhibit 46: Stovekraft has consistently launched new products in its core product categories

Quarter	Key Product Launches
Q1FY22	Cast iron cookware, Sleek glass cooktop, Sense touch mixer grinder
Q4FY22	Turbo chopper, Feather touch mixer grinder, Personal blender and pro chopper
Q2FY23	Air fryer, revamped the electric rice cooker
Q3FY23	Multi-function kettle, 3-step dimming emergency bulbs
Q2FY24	Induction cooktop, OTG cum Air fryer, Pressure cooker, Nutri-mixer, Sandwich makers, Cold-press Juicer and Rice Cooker
Q3FY24	OTG - Air Fryer, Pressure Cookers, Jumbo Series Cooktop, Chimney and Hobs, Sandwich maker, Chopper
Q4FY24	Healthifry+, Cast iron cookware, multipurpose kettles, dough makers, stainless steel water bottles and hobs.
Q1FY25	Electra-electric pressure cooker, Air fryer OTG, Vacuum cleaner, cosmic glass cooktops, Deluxe chimney series, heavyweight iron, Uno blendo

Source: Company, Emkay Research

Exhibit 47: Some of Stovekraft's latest product launches in the appliances and cookware segment\*



Source: Company, Emkay Research; \* Electra: electric pressure cooker; Healthifry air fryer, Dlx Series Chimney, Air-fusion Rotisserie Oven (left to right)

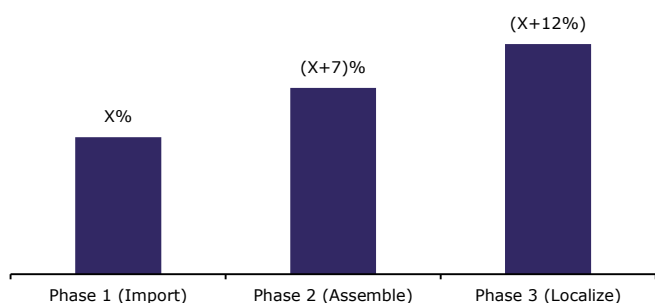
Exhibit 48: Stovekraft’s manufacturing facilities are fully integrated with a high level of automation



Source: Company, Emkay Research

Exhibit 49: SKL operates on a 3-phase manufacturing model, with the highest margins being offered by locally manufactured products

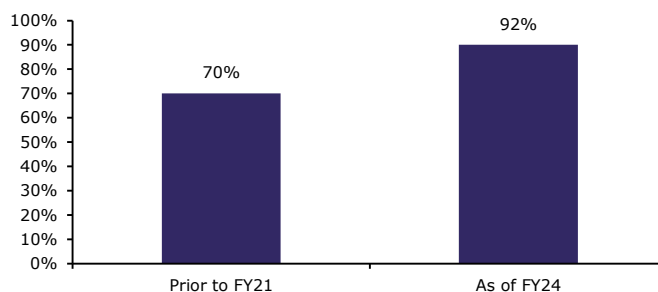
Manufacturing, Phase-wise - Gross Margin



Source: Company, Emkay Research







Exhibit 50: Over 90% of SKL’s revenue is derived from its in-house manufactured products

Revenue from in-house manufactured products



Source: Company, Emkay Research

Exhibit 51: Stovekraft’s Pigeon products offer similar features to peers at much more competitive prices

Induction Cooktop	Pigeon	Prestige	Philips	Bajaj	Havells	iBELL
Model	Brio Plus	PIC 6.1	Viva HD4928/01	ICX 200FP	Insta Cook - RT	iBELL 20 YO
Product						
Price (Rs/unit)	<b>1,299</b>	3,899	2,877	3,199	2,099	1,699
Fuel Type	Electric	Electric	Electric	Electric	Electric	Electric
Heater material	Crystal glass	Glass	Crystal glass	Crystal glass	Ceramic glass	Glass
Wattage	1,800 watts	2,200 wats	2,100 watts	2,000 watts	1,400	2,000 watts
Ignition system	Electronic	Electronic	Electronic	Electronic	Electronic	Electronic
Control Panel	Touch	Button	Button	Touch	Touch	Knob
Warranty	1 year	1 year	1 year	1 year	1 year	1 year
Star Rating (out of 5)	3.7	4.0	4.2	4.2	4.0	4.4

Source: E-commerce website, Emkay Research






**Exhibit 52: ...(Contd) Pigeon products are strategically priced to maintain balance between affordability and quality**

Air Fryer	Pigeon	Prestige	Philips	Morphy Richards	Havells	iBELL
Model	Healthifry	Nutrifry	HD9200/90	Digital Tasty Fry	Prolife Digi	AF650M
Product picture						
Price (Rs/unit)	2,999	3,799	6,696	5,799	4,198	4,540
Wattage	1,200	1,200	1,400	1,500	1,500	1,600
Material	Plastic, Aluminium, Stainless Steel	Plastic	Plastic	Plastic	Plastic	Plastic, Aluminium
Non-stick coating	Yes	Yes	Yes	No	No	Yes
Control type	Touch	Touch	App	Touch	Touch	Touch
Minimum temperature	80°C	80°C	60°C	NA	NA	80°C
Maximum temperature	200°C	200°C	200°C	NA	200°C	200°C
Star Rating (out of 5)	3.7	3.9	4.4	4.4	3.0	4.6
Electric Kettle	Pigeon	Butterfly	Havells	Inalsa	V-guard	Usha
Model	Amaze Plus	EKN	Aqua plus	Kwik	VKS15	Cool Touch
Product picture						
Price (Rs)	549	699	1,774	699	649	869
Capacity	1.5ltr	1.5ltr	1.2ltr	1.5ltr	1.5ltr	1.5ltr
Material	Plastic, Stainless Steel	Stainless Steel	Stainless Steel	Stainless Steel	Stainless Steel	Stainless Steel
Wattage	1,300	1,500	1,250	1,350	1,500	1,800
Special features	Indicator Light, Automatic Shut-Off	Boil Dry Protection, Concealed Heating	Boil Dry Protection, Cordless	Boil Dry Protection, Cordless	Boil Dry Protection, Automatic Shut-Off	Indicator Light, Automatic Shut-Off
Star Rating (out of 5)	3.9	4.1	4.4	4.0	3.9	4.1
Vacuum Cleaner	Pigeon	Inalsa	Lyrovo	Kent	Tusa	Agaro
Model	Air Turbo	Handheld vacuum	LY-1040-ACDC-VAC	Storm	White Brushless Vacuum Cleaner	Regal
Product picture						
Price (Rs)	1,399	1,799	2,980	2,199	2,899	1,665
Surface suggestion	Carpet	Carpet	Upholstery	Upholstery, Carpet	Upholstery	Hardwoods
Wattage	600 watts	800 watts	106 watts	600 watts	120 watts	800 watts
Power source	Corded, electric	Corded, electric	Battery powered, Corded electric	Corded, electric	Battery powered	AC
Special Feature	Lightweight, Automatic Cord Rewind	Lightweight, Portable, HEPA	Washable Filter, Bagless	HEPA, Cyclone5 Technology	HEPA, Washable Filter, Bag	Bagless, portable, Wheels
Star Rating (out of 5)	4.2	3.8	4.4	3.9	4.4	4.0

Source: Company, Emkay Research



**Exhibit 53: Pigeon products are ranked the best-sellers across prominent product categories on E-commerce website (Amazon)**

<p><b>Best seller</b></p>  <p>Pigeon Healthifry Digital Air Fryer Basket - Green                  ★★★★★ 7,686                  5K+ bought in past month                  ₹2,999 M.R.P.: ₹5,995 (50% off)                  ✓prime                  FREE delivery Sat, 7 Sept                  Or fastest delivery Tomorrow, 6 Sept                  Add to cart                  More Buying Choices                  ₹2,995 (12 new offers)</p>	<p><b>Best seller</b></p>  <p>Pigeon by Stovekraft 3 Litre Special Plus Hard Anodised Inner Lid Induction Base Pressure Cooker (Black) BIS Certified                  ★★★★★ 3,309                  3K+ bought in past month                  ₹999 M.R.P.: ₹2,549 (61% off)                  ✓prime Get it by Tomorrow, 6 September                  FREE Delivery by Amazon</p>	<p><b>Best seller</b></p>  <p>Pigeon Special Non Induction Base Aluminium Non Stick Flat Tawa, 270mm, Cookware with 3mm width, Black                  Aluminium                  ★★★★★ 15,138                  1K+ bought in past month                  ₹579 M.R.P.: ₹995 (42% off)                  ✓prime Get it by Tomorrow, 6 September                  FREE Delivery by Amazon</p>	<p><b>Best seller</b></p>  <p>Pigeon Mio Nonstick Aluminium Cookware Gift Set, Includes Nonstick Flat Tawa, Nonstick Fry Pan, Kitchen Tool Set, Nonstick Kadai with Glass...                  ★★★★★ 18,352                  500+ bought in past month</p>
<p><b>Best seller</b></p>  <p>Pigeon by Stovekraft Amaze Plus Electric Kettle Water, making tea and coffee, instant noodles, s                  ★★★★★ 158,072                  10K+ bought in past month                  ₹549 M.R.P.: ₹1,195 (54% off)                  Buy 2 items, get 3% off                  ✓prime                  FREE delivery Sat, 7 Sept                  Or fastest delivery Tomorrow, 6 Sept                  Add to cart</p>			

Source: E-commerce website (Amazon), Emkay Research

**Exhibit 54: Pigeon products are priced close to the product prices of unorganized players**

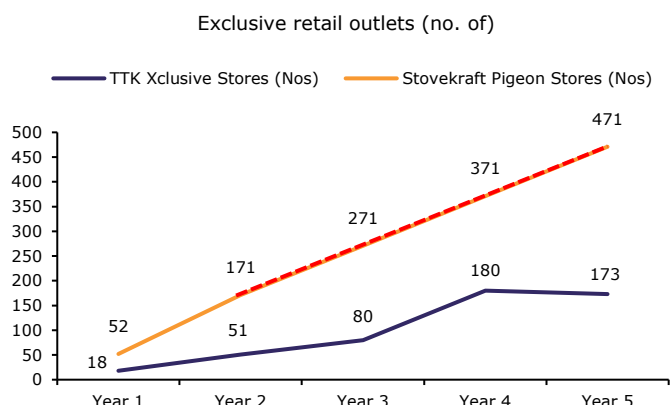
Stovekraft 'Pigeon' products	Pigeon product price (Rs)	Unorganised/local player product price (Rs)	Competition Pricing
Gas Stove (3 burners)	2,578	2,000-2,500	Butterfly (Rs3,499), Prestige (Rs3,799), Sunflame (Rs3,495), Elica (Rs3,499), Milton (Rs4,290), Urban Chef (Rs4,599)
Stainless Steel pressure cooker (2ltr)	1,095	800-1,000	Butterfly (Rs1,449), Prestige (Rs2,104), Hawkins (Rs2,340), Vinod Europa (Rs2,299)
Aluminum Non-stick Tawa	579	750-800	Solara (Rs1,499), Hawkins (Rs949), Wonderchef (Rs749), Vinod (Rs839)
Electric Kettle (1.5ltr)	549	600-700	Havells (Rs1,740), Wipro (Rs1,299), Prestige (Rs649), Butterfly (Rs599), Crompton (Rs683)
Mixer Grinder (750watt)	2,199	1,500-1,800	Orient (Rs1,999), Preethi (Rs3,999), Morphy Richards (Rs2,899), Butterfly (Rs3,099)
Hand Blender	949	700-1,000	Kent (Rs1,499), Agaro (Rs1,979), Inalsa (Rs1,783)
Stainless Steel water bottle (900ml)	198	400-800	Range of Rs299-899
Steam Irons	765	650-900	Havells (Rs1,399), Crompton (Rs1,034), Bajaj (Rs1,599), Philips (Rs1,399)

Source: Channel Checks, E-commerce websites, Emkay Research

### B] Rapid growth in its retail presence targeted at capturing the mass market segment; brand-reach improving

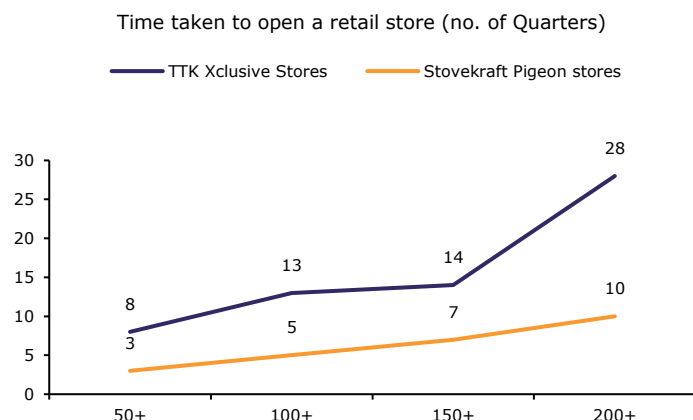
- The 'middle-class' population in India is expected to grow to ~715mn in FY31 and double to ~1.02bn by FY47 (vs ~432mn in FY21; [link](#)). This augurs well for Stovekraft's growth prospects and ambitions to cater to the largest addressable consumer segment in India via its flagship mass market brand *Pigeon*.
- To address the white spaces in its distribution channels (per management, ~69% of the customers visiting *Pigeon* retail stores are new), Stovekraft has forayed into the exclusive retail channel from FY23 (vs only multi-brand presence earlier).
- As of Q1FY25, Stovekraft has 191 exclusive stores and plans to add 25-30 stores every financial Quarter, with focus on the North and East. Over 90% of the stores have seen breakeven, and have been profitable within the first 3 months of operations.
- Stovekraft's rate of exclusive retail stores addition has been significantly ahead of larger players like TTK prestige. Addition of ~300 stores over the next 3 years would further enhance its retail footprint. Stovekraft expects to double its revenue per store over the next 2-3 years (~Rs487mn/Rs171mn in FY24/Q1FY25).
- Being a relatively new player in the industry Stovekraft's marketing spends have increased >2x during FY18-24 (19% CAGR; significantly more aggressive than peers), driven by increased focus on brand building and improving brand awareness.

**Exhibit 55: SKL is aggressively expanding its retail presence; plans to add 25-30 stores every Qtr, over FY25-27 (171 as of FY24)**



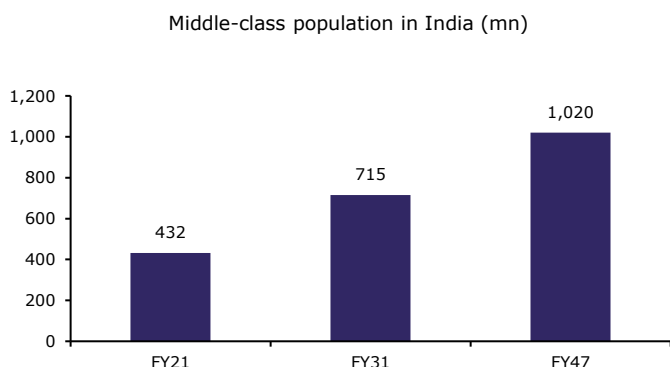
Source: Company, Emkay Research; Figures for Stovekraft beyond Year 2 are as per management guidance

**Exhibit 56: SKL is currently outpacing TTK in retail store expansion**



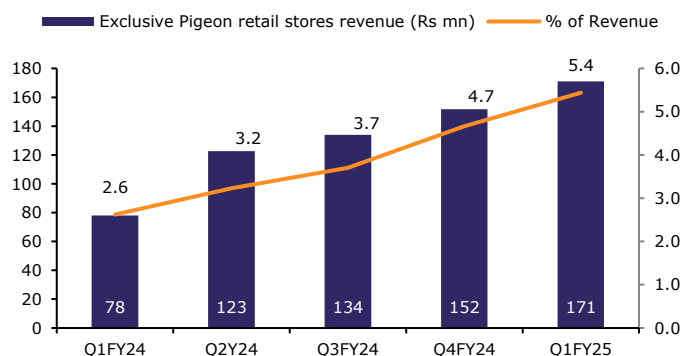
Source: Company, Emkay Research

**Exhibit 57: Middle-class population to double to ~1.02bn by FY47**



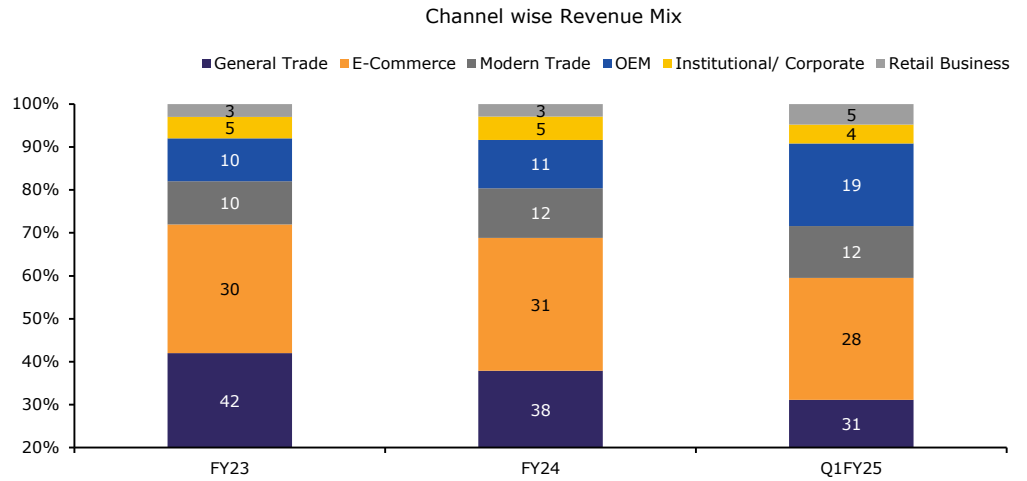
Source: Industry ([link](#)), Emkay Research

**Exhibit 58: Stovekraft's retail-store revenue contribution has been on the rise**



Source: Company, Emkay Research

**Exhibit 59: Share of revenue from Stovekraft's retail channel is on the rise**



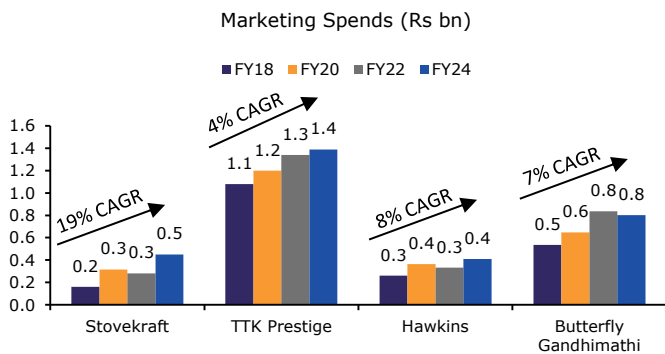
Source: Company, Emkay Research

**Exhibit 60: Stovekraft's exclusive Pigeon stores offer a wide array of offerings, leading to increased visibility of its offerings.**



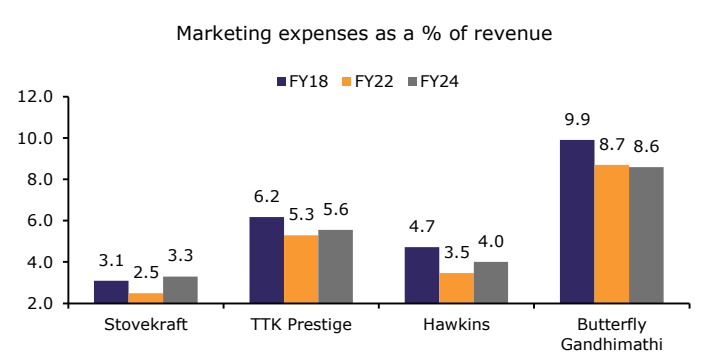
Source: Company, Emkay Research

**Exhibit 61: Over 4x/2x growth in SKL's marketing spends during FY18-24 (19% CAGR) are improving visibility for the brand**



Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 62: Going forward, SKL targets investing 3-3.5% of revenue on marketing**



Source: Company, Emkay Research; Figures are on standalone basis

Exhibit 63: Stovekraft has been increasing focus on marketing activities amid its efforts to sustain and improve brand awareness



Ready to Serve  
The serving lid transforms your cooker into a serving pot.

@PigeonTV  
Pigeon All In One Super Cooker #pigeonkitchenappliances #LifeBanayeEasy  
Urban Oasis - Beats off the Court

Retail India News: Stovekraft Launches 'Electra': The Ultimate Electric Pressure Cooker by Pigeon

BY - Indian Retailer Bureau  
Sub Editor  
Jun 21, 2024 / 1156 / 4 MIN READ



Stovekraft introduces 'Electra' the Ultimate Electric Pressure Cooker system under Pigeon Brand

The Electra-Electric Pressure Cooker System stands out with features that cater to consumer needs.

By Ansh Singh - June 28, 2024 | 2 Min Read



Startup News  
Mentor: Remarkal with Higt August 27  
Career: Pi of Success August 22  
Partner w Wholesale August 21

स्टोवक्राफ्ट ने पिजन ब्रांड के तहत इलेक्ट्रिक इलेक्ट्रिक प्रेशर कुकर लॉन्च किया



INFRARED COOK & GRILL COOKTOP UNBOXING

2000W Powered



AIRTURBO VACCUM CLEANER UNBOXING

HEPA FILTER



Pigeon Infrared Cook And Grill Unboxing | #PigeonKitchenAppliances #LifeBanayeEasy

745 views • 1 month ago

Pigeon TV

Presenting the Pigeon Infrared Cook and Grill Cooktop with smooth crystal glass surface, stylish design, and a full touch panel.

Pigeon Handheld Dry Vacuum Cleaner Unboxing | #PigeonKitchenAppliances #LifeBanayeEasy

1.7K views • 1 month ago

Pigeon TV

Easy to handle and maneuver, the Pigeon Air Turbo Hand Held Vacuum Cleaner is perfect for all your cleaning needs. With a ...

Source: Company, Emkay Research

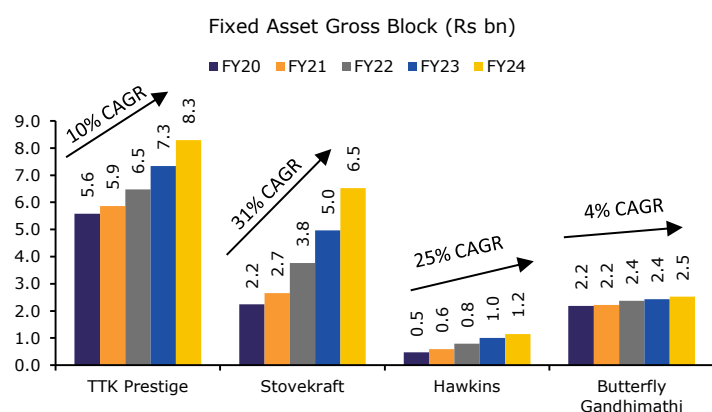
# Huge operating leverage play; capex cycle nears its end; imports being discouraged

- We believe Stovekraft would gain significantly from operating leverage, due to its strategic ahead-of-industry capex over 4 years (FY20-24) expanding its gross block and, in turn, accelerating its manufacturing edge over peers.
- The central government of India has been emphasizing on its 'Make in India' initiative via restrictions of imports and standardization of products by mandating Bureau of Indian Standards (BIS) norms on existing and newer products.
- Multifold expansion of export revenue (~12% of revenue in FY24) through tie-ups with global giants like Walmart, and further diversification into other geographies/products.
- Green shoots visible in consumer demand following 2 tough years of sluggish demand.

## [A] Benefiting from operating leverage through strategic capex and ahead of industry gross block expansion

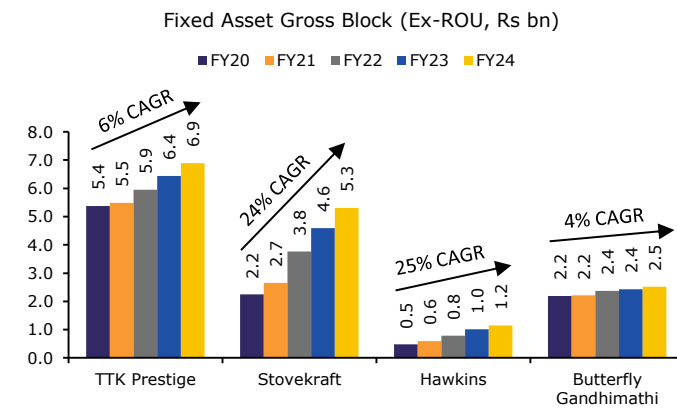
- Over FY21-25, Stovekraft has invested ahead of the industry (~Rs3-4bn) in setting up capacities for multiple products like air fryers and stainless steel cookers (~2.5x expansion in gross block over FY21-24) which could potentially double the company's revenue to ~Rs25bn (vs Rs13.6bn in FY24).
- Stovekraft has invested in two major projects: i) Invested ~Rs550mn in setting up a completely automated plant/foundry for cast iron cookware (first one in India; expects it to be operational by end-Q2FY25/beginning-Q3FY25); ii) Invested ~Rs170mn in a new warehouse adjacent to the Bangalore plant (capacity of ~25,500 pallet positions) which is capable of catering to storage requirement for the next 4 years.
- Further, with the capex cycle now coming to an end and no further plans of brownfield/greenfield expansion (can hence cater to demand for the next 3 years on current capacities), Stovekraft is poised to gain significantly from operating leverage going ahead.
- Additionally, Stovekraft has invested ~Rs139mn in a 4MWp capacity solar power plant. The plant is expected to generate 6mnpa units, which will cater to 20% of the current consumption requirements.
- Also, Stovekraft's Bangalore facility (spread across 43 acres) has ~25 acres of land that is already available for future expansion; this augers well for the company's expansion plans ahead.

**Exhibit 64: Ahead-of-industry Capex has resulted in gross block CAGR of 31% over FY20-24**



Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 65: SKL's gross block (Ex-RoU) has grown at 24% CAGR over FY20-24 ahead of most peers**



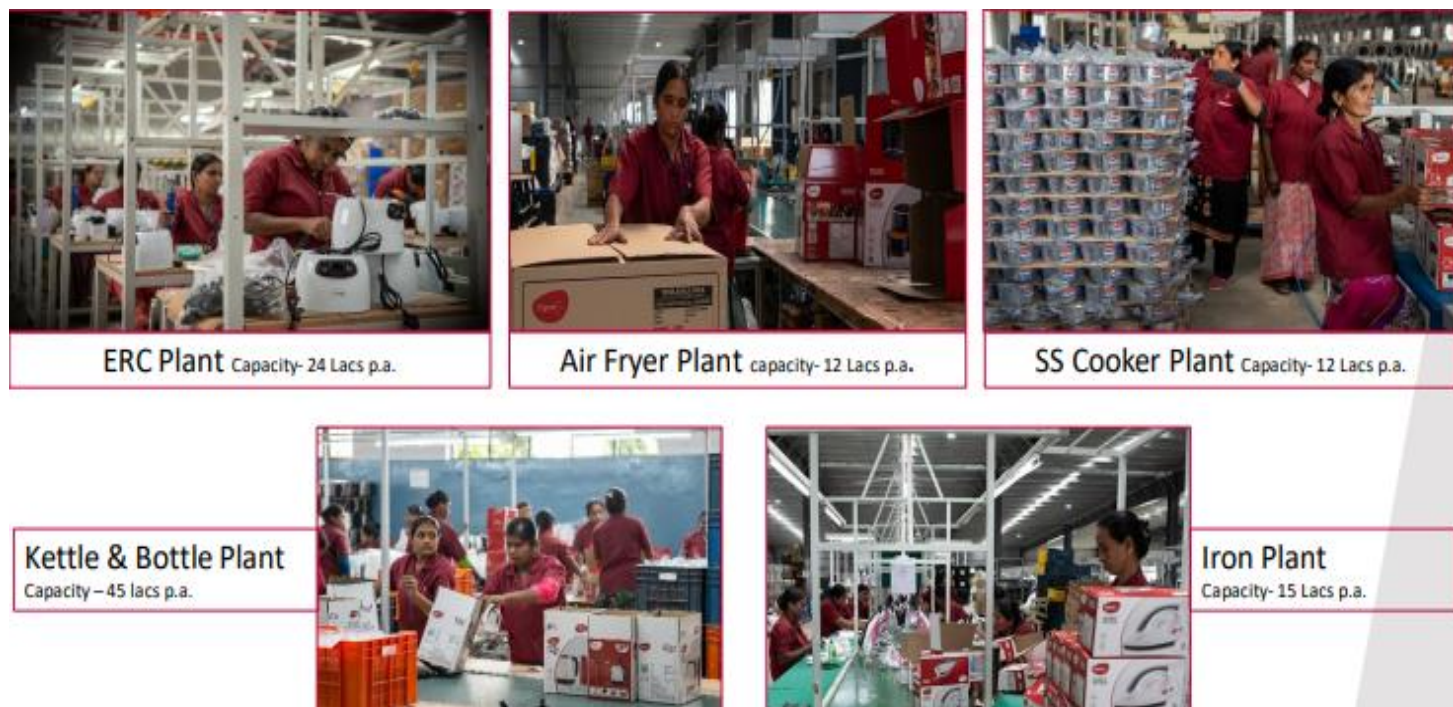
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 66: Stovekraft has consistently invested toward backward integration and improving cost effectiveness**

Product / Plant	Capex (Rs mn)	Key details
<b>2024</b>		
Cast iron cookware foundry	~550	To commence operations from Sep-24; critical addition to capabilities, as it would enable the company to offer a complete range of cast-iron cookware
Warehousing facility	~170	Constructed on 2.75 acres of land; commercialized from FY25 with capacity of around 25,500-pallet positions; this adequately fulfils the warehousing requirement for the next 4 years
Solar plant	~140	A 4MWp plant commissioned in FY25; the plant is expected to generate 6mnpa units, which will cater to 20% of the current consumption requirements
Oven-toaster-grill (OTG)	~75	Invested in localization of OTG manufacturing
<b>2023</b>		
Bottle & Kettle plant	~373	Production capacity of 3mnpa bottles; in-house production of Stainless Steel Bottles, Kettles & Flasks vs imports from China earlier; this has resulted in significant reduction in acquisition cost for consumers
Small Appliance	~13	Invested for bringing small appliance manufacturing to India
Electric Rice Cooker (ERC)	~68	Invested in localizing manufacturing of ERC
<b>2022</b>		
Pressure Cookers component	~114	Invested in safety valve and weight valve which are used in Pressure Cookers
Modular kitchens	~40-50	Additional investments have been made in automating lines to enable higher productivity
PCB	~39	Initiated investment in PCB manufacturing for Small Appliances like ICT, Electric Chopper
<b>2021</b>		
Moulding	~357	Invested in an Injection Moulding Plant for manufacturing components used in small appliances
Roller Coating	~198	Upgraded Roller Coating Unit to cater to increase in domestic and export demand for non-stick cookware
Glass lids	~84	Investment in the manufacture of Glass lids (a key component) for Non-stick and stainless steel cookware
Rubber moulding	~40	Investment for commencing manufacturing of gaskets for Cookers and Mixers
SS Cooker	~172	Investment for commencing manufacturing of Stainless steel cookers

Source: Company, Emkay Research

**Exhibit 67: Majority of the capex cycle is now behind, with multiple product lines/plants commencing in FY24**



Source: Company, Emkay Research

**[B] Increased import restrictions amid tightening BIS norms across product categories**

- Positive macros, lower cost advantage (on higher scale), and supportive government policies around the Make-in-India initiative, amid the ongoing 'China +1' movement auger well for Stovekraft.
- Additionally, GoI's target to issue ~58 QCOs (quality control orders) on products such as aluminum and copper items, and household electrical appliances, provides additional boost to the domestic industry ([link](#)).
- With stricter implementation of BIS norms on existing kitchen appliances amid introduction of norms for new product categories (would curtail exports into India), Stovekraft is poised to capitalize on these developments, aided by its localized and backward integrated manufacturing capabilities.

**Exhibit 68: BIS certification has been mandated for some kitchen products/appliances to further curtail imports in India**

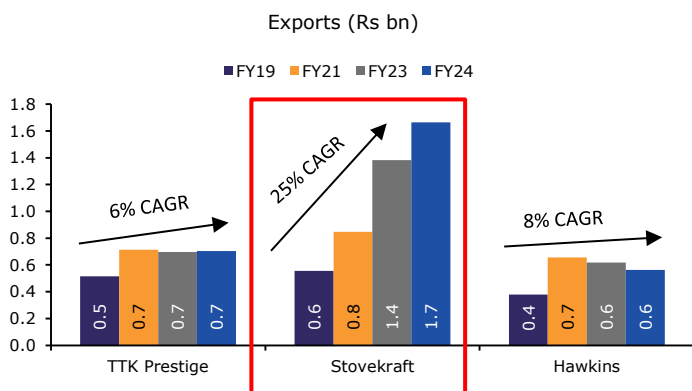
Notification Date	Enforcement Date	Product Description	Indian Standard	Manufactured by Stovekraft
9-Aug-23	6-Feb-24	Domestic Gas Stoves for use with Piped Natural Gas (PNG)	17153:2019	Yes
5-Mar-24	5-Sep-24	Toasters, Grills, Roasters, and Similar Appliances	302 (Part 2/Sec 9): 2009	Yes
5-Mar-24	5-Sep-24	Motor-operated appliance intended to collect contaminated air from above a hob (hoods)	302 (Part 2/Sec 31): 2009	Yes
5-Jul-24	1-Jan-25	Potable water bottles	17803:2022	Yes

Source: Bureau of Indian Standards, Emkay Research

**[C] Rapid export growth with expansion across geographies/categories**

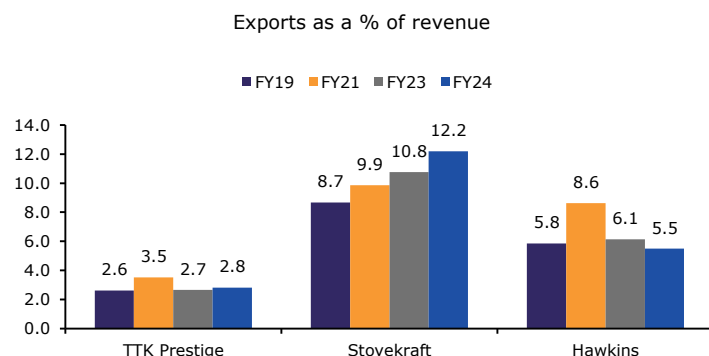
- Stovekraft has emerged as a market leader in exports, which are growing ahead of peers (25% CAGR over FY19-24 vs 6%/8% for TTK Prestige/Hawkins, respectively), largely driven by its white labelling contract with retail giants like Walmart in the US. The contribution from exports has grown to 12.2% in FY24 from 8.7% in FY19.
- Stovekraft aims to increase its exports contribution further, to ~25% of revenue over the medium term vs ~12% in FY24 (sees a Rs5-billion opportunity) through expansion of its product portfolio and export geographies.
- Stovekraft has started working with other retailers in the US, and has recently started supplying to a large retailer in the UK. Non-stick cookware products are also garnering interest.
- Besides its dominant presence in India, Stovekraft has successfully grown globally, with its products retailed in USA, Mexico, South-east Asian countries, and the Gulf nations. Further, it has established OEM partnerships in the USA and Mexico.

**Exhibit 69: SKL is the market leader in exports in its category.**



Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 70: Exports are ~12% of SKL's revenue as of FY24; aims to increase this share to 25%**



Source: Company, Emkay Research; Figures are on standalone basis

**Global giants like Walmart to source products from India to fulfill their commitment toward their goals, thereby supporting the 'Make in India' initiative**

"By significantly accelerating our annual India exports in the coming years, we are supporting the Make in India initiative and helping more local businesses reach international customers, while creating jobs and prosperity at home in India. It is also a way for Walmart to bring more high-quality, India-made goods to millions of customers all across the world."

– Doug McMillon, President and CEO of Walmart Inc. (Dec-20) ([link](#))

**Walmart has re-iterated its stance on sourcing from India**

"We are on track to hitting our commitment of \$10 billion annually by 2027. Investing in high growth markets like India helps us strengthen our relationships with established suppliers but also developing relationships with new ones to build long-term surety and diversity and global supply"

– Andrea Albright, Executive VP of Walmart Inc. (Feb-24) ([link](#))

**IKEA is also looking to make a second round of investment in India, as part of its global sourcing strategy**

"This first investment that we committed is booked with the projects in NCR. So with that, we have exhausted the Rs 10,500 crore and we are looking at the next level of investment to further build IKEA presence in India, to expand volumes and increase sourcing."

"While India has the potential to further develop its production capacities, the current export of furniture from India remains relatively small. Exploring opportunities for regionalized and global sourcing from India is part of IKEA's ongoing strategy."

– Susanne Pulverer, India CEO IKEA (Feb-24) ([link](#))

**IKEA has recently re-iterated its stance around focus on local sourcing in India, driven by the company's low-cost operating model**

"We have done phase one, where we invested in the three first markets in four stores. We have taken the learnings. We have seen and learned even more from the Indian consumers, and now we take that to the next phase of the investment and expanding in India. At the same time, being a low-cost company and really cost-conscious, we try to find ways to work around and compensate. We look at, together with our colleagues in sourcing, how to have more of local source products that will help gross margins"

– Susanne Pulverer, India CEO IKEA (Sept-24) ([link](#))

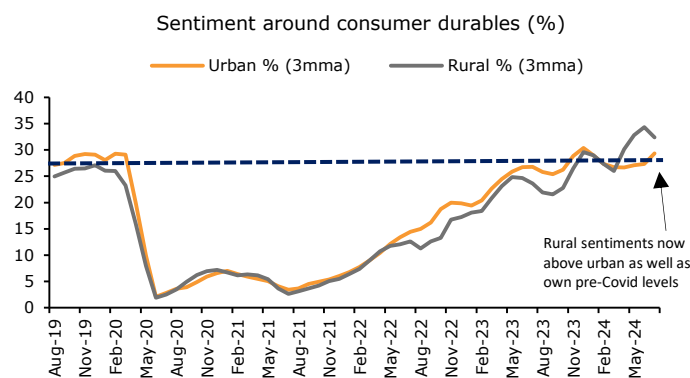
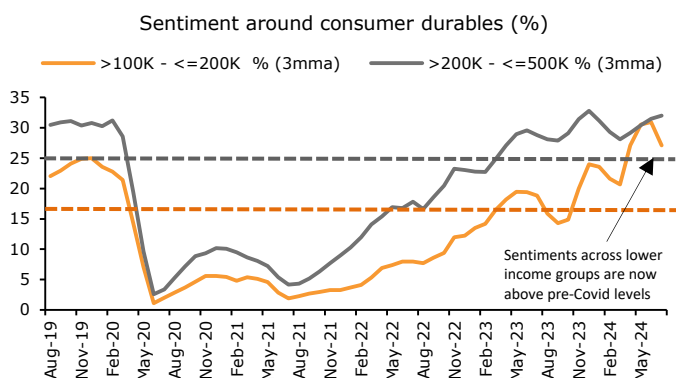


[D] Green shoots seen for consumer demand recovery

- Mass-consumer demand (in rural/urban areas and across lower household income groups) is beginning to recover after two challenging years of sluggish performance. Aggregate demand in India is gaining momentum, driven by a revival in rural consumption supported by favorable monsoon conditions.
- Major reduction in the replacement cycle of many of Stovekraft’s existing product categories (eg 2-3 years for aluminum pressure cookers) augers well for the company, amid changing consumer patterns and increase in discretionary spending among the mass consumer segment.
- RBI in its recent bulletin has highlighted that the domestic aggregate demand conditions are gathering momentum with revival in rural consumption on the back of growing incomes. [\(link\)](#).

**Exhibit 71: Sentiment across lower income groups is seen moving in favor of purchasing consumer durables**

**Exhibit 72: Rural and urban sentiment around consumer durables is now above company’s pre-Covid levels**



Source: CMIE Consumer sentiments survey – (Is it a good time to buy Consumer Durables), Emkay Research

Source: CMIE Consumer sentiment survey – (Is it a good time to buy Consumer Durables), Emkay Research

**Exhibit 73: Players in the consumer durables space have hinted at early signs of demand recovery**

Player	Comment	Source
Stovekraft	"We are seeing good demand in the primaries. Of course, the second wave will follow, but there is a reasonably good demand for Onam."	Q1FY25
TTK Prestige	"We definitely do see June moving up in terms of the growth and that is based on robust demand that we're seeing back in the market. Having said that, general trade yet is to come back to full terms in terms of growth. We see a much more robust demand and growth being facilitated by large-format stores, e-commerce as a channel and our own retail stores."	Q1FY25
Bajaj Electricals	"The monsoon update and recent government interventions are driving a rebound in the rural economy. And whilst we are seeking early green shoots, we are confident we have a very positive second half. We are seeing a pickup in rural demand that includes trade channels."	Q1FY25
Crompton	"We are keenly watching consumer sentiments and the underlying demand scenario, which is showing some early signs of improvement."	Q1FY25

Source: Company, Emkay Research

## Valuation attractive amid strong market share gains, 35% EPS CAGR, robust FCF

- The mass-consumer cycle recovering after 2 tough years and Stovekraft's sharply enhanced manufacturing edge (capex cycle nearing an end; Chinese imports still restricted) drive 15%/25% revenue/EBITDA CAGR, respectively, over FY24-27E.
- PAT growth to be impacted by the accounting treatment for operating lease (for retail stores). However, recovery of capex/cash outflow for retail stores by way of non-refundable/refundable deposits would result in a cash neutral position for Stovekraft.
- Cash generation to improve strongly (FCFF yield to improve to 5.6% by FY27E), as the 4-year capex cycle nears its end. Revenues can potentially double from current capacities, with limited incremental capex.
- We build in 35% EPS CAGR over FY24-27E. However, PAT would remain suppressed due to treatment of ROU assets (retail stores) and lease liability. Hence, we value Stovekraft at 20x Sep-26E EV/EBITDA.
- In our view, valuations at ~13x Sep-26E EV/EBITDA (~46% discount to TTK Prestige) are attractive, given Stovekraft's improving positioning (ahead of peers), strong balance sheet, and rising return ratios.

**Exhibit 74: We build in 15%/25%/35% revenue/EBITDA/ EPS CAGR, respectively, over FY24-27E**

Standalone (Rs mn)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Segmental Revenues</b>								
Small Domestic Appliances (SDA)	-	2,895	3,432	3,954	4,229	5,392	6,710	8,350
Pressure Cooker	-	1,890	2,727	3,017	3,138	3,345	3,692	4,071
Non-stick Cookware	-	1,589	1,921	2,298	2,865	3,142	3,484	3,845
Induction Cooktop	-	739	1,318	1,605	1,774	1,963	2,200	2,457
Gas Cooktop	-	936	1,182	1,181	1,091	1,124	1,166	1,215
LED	-	541	784	783	546	540	549	588
<b>Total Revenues</b>	<b>6,699</b>	<b>8,590</b>	<b>11,364</b>	<b>12,839</b>	<b>13,643</b>	<b>15,507</b>	<b>17,801</b>	<b>20,526</b>
Growth YoY (%)	4.5	28.2	32.3	13.0	6.3	13.7	14.8	15.3
Gross profit	2,280	3,007	3,629	4,204	5,039	5,893	6,809	7,902
Gross margin (%)	34.0	35.0	31.9	32.7	36.9	38.0	38.3	38.5
EBITDA	338	1,142	1,082	1,033	1,283	1,717	2,087	2,514
<b>EBITDA margin (%)</b>	<b>5.0</b>	<b>13.3</b>	<b>9.5</b>	<b>8.0</b>	<b>9.4</b>	<b>11.1</b>	<b>11.7</b>	<b>12.2</b>
Depreciation	121	142	330	359	588	859	962	1,064
ROU (Retail stores)	0	0	0	18	97	203	278	353
Other assets	121	142	330	342	491	655	684	711
<b>EBIT</b>	<b>216</b>	<b>999</b>	<b>751</b>	<b>673</b>	<b>695</b>	<b>859</b>	<b>1,125</b>	<b>1,450</b>
<b>EBIT margin (%)</b>	<b>3.2</b>	<b>11.6</b>	<b>6.6</b>	<b>5.2</b>	<b>5.1</b>	<b>5.5</b>	<b>6.3</b>	<b>7.1</b>
Other Income	21	5	-16	-35	1	1	1	1
Interest	209	192	110	165	240	251	292	330
Lease Liability (Retail stores)	0	0	0	11	58	122	165	201
Other liabilities	209	192	110	155	183	128	127	129
PBT	29	812	625	473	455	608	834	1,121
Tax rate (%)	0.0	0.0	10.1	24.3	25.1	25.1	25.1	25.1
<b>PAT</b>	<b>29</b>	<b>812</b>	<b>562</b>	<b>358</b>	<b>341</b>	<b>456</b>	<b>625</b>	<b>840</b>
<b>PAT margin (%)</b>	<b>0.4</b>	<b>9.4</b>	<b>4.9</b>	<b>2.8</b>	<b>2.5</b>	<b>2.9</b>	<b>3.5</b>	<b>4.1</b>
EPS (Rs)	1.2	24.9	17.1	10.8	10.3	13.8	18.9	25.4
RoE (%)	-4.8	66.5	16.9	9.3	8.1	10.0	12.5	15.0
RoCE (pre-tax, %)	8.8	31.6	18.5	12.7	11.1	11.7	13.7	15.7
<b>EV/EBITDA (x)</b>	<b>72.8</b>	<b>24.8</b>	<b>26.9</b>	<b>29.1</b>	<b>24.2</b>	<b>18.1</b>	<b>14.8</b>	<b>12.1</b>

Source: Company, Emkay Research

**Exhibit 75: Segmental Revenues: SDA, pressure cookers and non-stick cookware are SKL's key product segments**

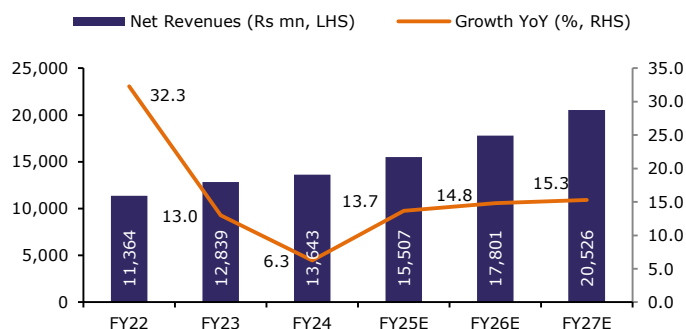
Standalone (Rs mn)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Small Domestic Appliances</b>	-	<b>2,895</b>	<b>3,432</b>	<b>3,954</b>	<b>4,229</b>	<b>5,392</b>	<b>6,710</b>	<b>8,350</b>
% of Revenue		33.7	30.2	30.8	31.0	34.8	37.7	40.7
Growth YoY (%)			18.6	15.2	7.0	27.5	24.4	24.4
<b>Pressure Cooker</b>	-	<b>1,890</b>	<b>2,727</b>	<b>3,017</b>	<b>3,138</b>	<b>3,345</b>	<b>3,692</b>	<b>4,071</b>
% of Revenue		22.0	24.0	23.5	23.0	21.6	20.7	19.8
Growth YoY (%)			44.3	10.6	4.0	6.6	10.4	10.3
<b>Non-stick Cookware</b>	-	<b>1,589</b>	<b>1,921</b>	<b>2,298</b>	<b>2,865</b>	<b>3,142</b>	<b>3,484</b>	<b>3,845</b>
% of Revenue		18.5	16.9	17.9	21.0	20.3	19.6	18.7
Growth YoY (%)			20.9	19.7	24.7	9.7	10.9	10.4
<b>Induction Cooktop</b>	-	<b>739</b>	<b>1,318</b>	<b>1,605</b>	<b>1,774</b>	<b>1,963</b>	<b>2,200</b>	<b>2,457</b>
% of Revenue		8.6	11.6	12.5	13.0	12.7	12.4	12.0
Growth YoY (%)			78.4	21.7	10.5	10.7	12.0	11.7
<b>Gas Cooktop</b>	-	<b>936</b>	<b>1,182</b>	<b>1,181</b>	<b>1,091</b>	<b>1,124</b>	<b>1,166</b>	<b>1,215</b>
% of Revenue		10.9	10.4	9.2	8.0	7.3	6.6	5.9
Growth YoY (%)			26.2	-0.1	-7.6	3.0	3.7	4.2
<b>LED</b>	-	<b>541</b>	<b>784</b>	<b>783</b>	<b>546</b>	<b>540</b>	<b>549</b>	<b>588</b>
% of Revenue		6.3	6.9	6.1	4.0	3.5	3.1	2.9
Growth YoY (%)			44.9	-0.1	-30.3	-1.0	1.6	7.0
<b>Total Revenues</b>	<b>6,699</b>	<b>8,590</b>	<b>11,364</b>	<b>12,839</b>	<b>13,643</b>	<b>15,507</b>	<b>17,801</b>	<b>20,526</b>
Growth YoY (%)	4.5	28.2	32.3	13.0	6.3	13.7	14.8	15.3

Source: Company, Emkay Research

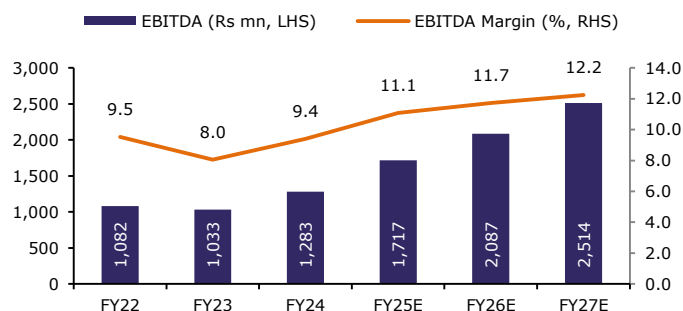
**Exhibit 76: Valuation comparison – Domestic peers**

Company Name	CMP (Rs/sh)	P/E (x)			EV/EBITDA (x)			ROE (%)			Adj. PAT CAGR
		FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY24-27E (%)
<b>Stovekraft</b>	<b>865</b>	<b>62.7</b>	<b>45.7</b>	<b>34.0</b>	<b>18.1</b>	<b>14.8</b>	<b>12.1</b>	<b>10.0</b>	<b>12.5</b>	<b>15.0</b>	<b>35%</b>
TTK Prestige*	901	47.4	39.3	31.3	32.8	27.1	22.7	12.2	13.6	15.5	18%
Hawkins**	8,899	36.1	30.7	26.2	25.7	21.6	18.1	35.5	34.8	33.7	18%
Butterfly Gandhimathi**	1,057	184.3	118.0	82.2	53.2	41.8	33.2	3.5	5.1	6.9	47%
Havells India*	1,985	75.2	60.7	52.4	50.8	41.5	36.1	20.8	22.6	23.1	24%
Bajaj Electricals*	992	55.1	39.3	29.7	30.7	23.3	18.0	12.8	15.9	18.0	42%
Crompton*	452	13.2	39.5	33.3	32.8	27.4	23.7	18.2	20.4	20.7	26%
Orient Electric*	256	48.0	33.7	27.8	24.1	18.5	15.8	16.2	21.0	22.8	37%

Source: Bloomberg, Emkay Research; Note: \*Estimates are as per Bloomberg consensus; Standalone basis for all players except Crompton, \*\*Figures are as per Emkay estimates (Bloomberg consensus estimates are not available).

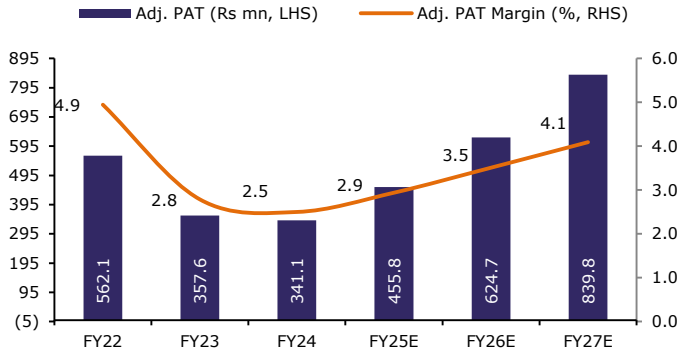
**Exhibit 77: We expect 15% revenue CAGR over FY24-27E**

Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 78: EBITDA to compound at 25%, with margins sustaining at 11% (10.3% in Q1FY25)**

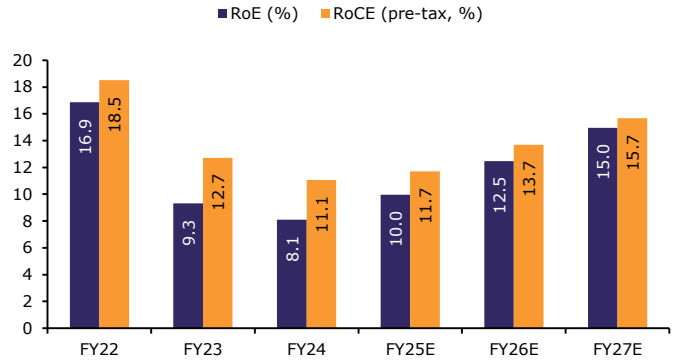
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 79: We expect profit CAGR of 35% over FY24-27E**



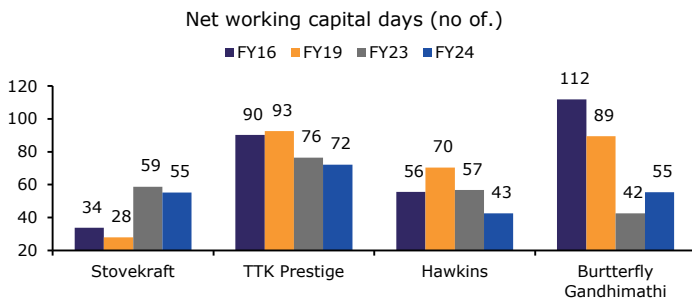
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 80: Return ratios to improve to ~15% by FY27E**



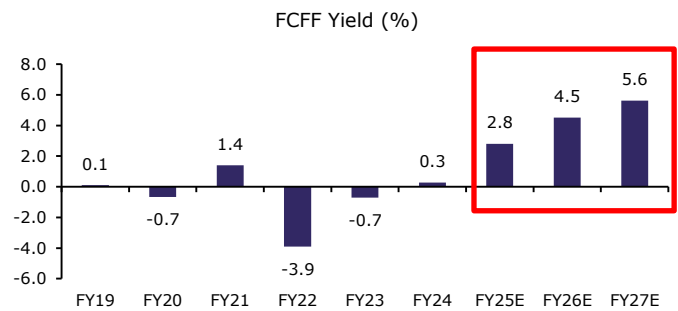
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 81: SKL's working capital days are slightly higher due to increasing exports**



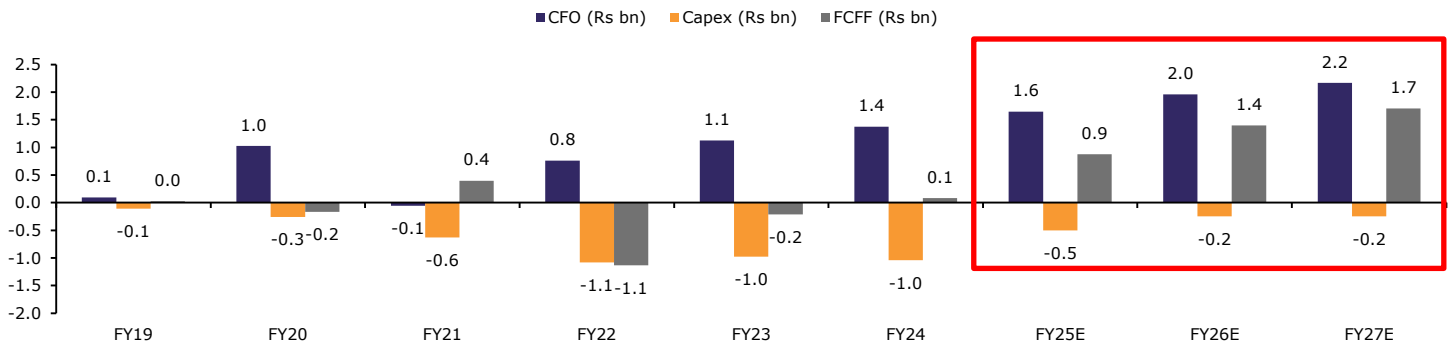
Source: Company, Emkay Research; Figures are on standalone basis

**Exhibit 82: FCFF yield to improve to 5.6% by FY27E**



Source: Bloomberg, Company, Emkay Research; Figures are on standalone basis, TTK Prestige estimates are as per Bloomberg consensus

**Exhibit 83: Cash generation to improve strongly, with the 5-year capex cycle (FY20-25E) now nearing an end in FY25E**



Source: Company, Emkay Research

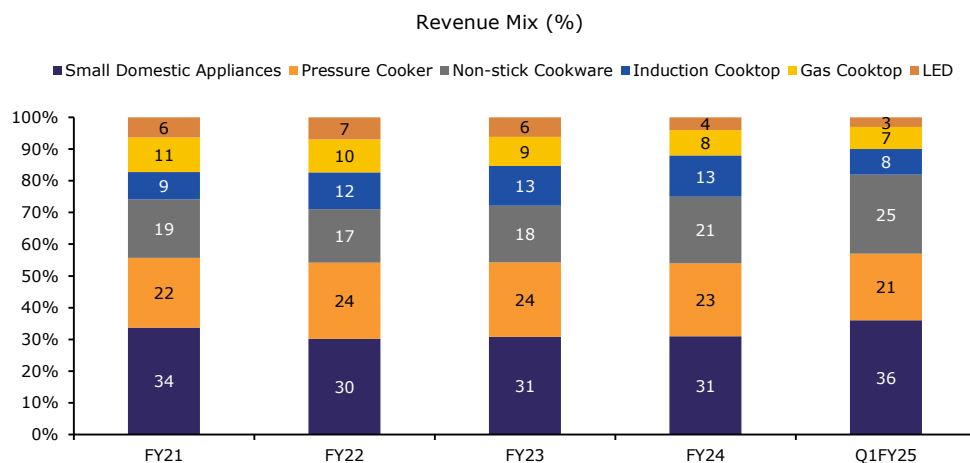
## Key Risks and Concerns

- **Sustained sharp increases in commodity prices:** Stovekraft operates on a 'cost plus' pricing model, wherein benefits from reduced costs are passed on to customers. Sustained and sharp increases in commodity prices could put pressure on the company's profit margins. It would be relatively difficult to offer cost benefits to consumers, as Stovekraft's presence in the mass market segment would limit the company's ability to take any sharp hikes (has taken a ~1% price-hike in Q1FY25). This pressure could limit Stovekraft's ability to absorb higher input costs, ultimately affecting its competitive pricing strategy and potentially leading to reduced consumer value.
- **Slower than expected rural demand recovery; tepid outlook in export geographies:** A slower than expected rural demand recovery and economic outlook on key export markets remaining weak could impact growth prospects. In particular, the sluggish economic recovery in major export destinations like the US and UK may result in lower demand for products, thereby limiting the potential for scaling up exports. This could reduce the overall contribution of export sales to the company's revenue, ultimately hindering its ability to achieve projected growth targets.
- **Continued encroachment by unorganized players:** At its current price-points, Stovekraft has the potential to reclaim market share from the unorganized sector. However, the company's ability to maintain such competitive prices may be challenged by factors such as increasing compliance requirements and sharp rises in commodity prices. Such challenges persisting could hinder Stovekraft's efforts to sustain its pricing advantage, potentially stalling its progress in gaining market share and impacting its overall market position.

## Annexure 1: Company background

Stovekraft (SKL) was founded by Rajendra Gandhi in 1994, as a component manufacturer. Stovekraft has been a pioneer in providing innovative kitchen and home solutions, with *Pigeon* as its flagship brand. Stovekraft now offers a range of products, including cookware, cooktops, kitchen solutions, small appliances, stoves, sinks, and LEDs. It operates three brands: the 'value for money' *Pigeon* brand; *Gilma* (semi-premium); and *Black+Decker* (premium) via a licensing agreement with Stanley Black & Decker Inc. Stovekraft distributes products through a dealer network, e-commerce, and exclusive outlets. Stovekraft has ~128k retail touch points and ~191 exclusive retail outlets, with operations across 28 states and 6 union territories in India. The company exports *Pigeon* products to 14 countries and serves principals like Walmart Inc. in the US and Mexico. Stovekraft has two highly backward integrated manufacturing plants in Bangalore and Baddi (Himachal Pradesh).

**Exhibit 84: Small Domestic Appliances and Pressure Cookers are SKL's biggest product categories**



Source: Company, Emkay Research

**Exhibit 85: Key events in company history**

Year	Milestone
1994	Started manufacturing kerosene wick stoves
1997	Became the largest manufacturer of LPG stoves in India
1999	Partnered with brands like BPL, Marlex, and Inalsa as an OEM
2001	Granted trademark registration for brand 'Gilma'
2003	Granted trademark registration for brand 'Pigeon'
2004	Commenced manufacturing at Baddi unit
2005	Inaugurated 50 <sup>th</sup> exclusive <i>Gilma</i> store in India
2006	Tied up with IOCL, BPCL, and HPCL
2007	Moved to India's single-largest manufacturing site in Bangalore
2008	Investment by SIDBI, received factory licence for Unit 1 in Bangalore
2010	Private equity infusion by Sequoia Capital – Rs1.1bn
2011	Crossed Rs5bn in revenue
2013	Set up automated Italian plant to manufacture non-stick cookware (Annual capacity of 7.2mn units)
2014	Commenced exports to USA
2015	Granted Registration of Design certificate for 'pressure cooker'
2016	Entered exclusive licencing agreement with Stanley Black+Decker Inc. and The Black and Decker Corporations
2016	Shifted to world class corporate office
2019	Commenced manufacturing of <i>Pigeon</i> LED lights at Bangalore plant and inner lid cookers at the Baddi unit
2019	Automated rolling coat unit; commenced production of handy chopper, thermometer, and PCB for LED bulbs and batten; Increased capacity of induction cooktops, LED bulbs, and pressure cooker
2022	Introduce Retail Channel from Bangalore

Source: Company, Emkay Research

**Exhibit 86: Management profile**

Name	Designation	Profile
Rajendra Gandhi	Managing Director	Founder of Stovekraft with over 22 years of experience, he has built the company into a leading kitchen appliance brand in India and remains actively involved in the business.
CA Ramakrishna Pendyala	CFO	He oversees compliance, budgeting, and risk management at Stovekraft. Previously, he led financial operations and strategic improvements at Hical Technologies. He was also the Sr GM at Stovekraft during 2014-2020.

Source: Company, Emkay Research

**Exhibit 87: Multi brand approach to capture the entire customer value chain**

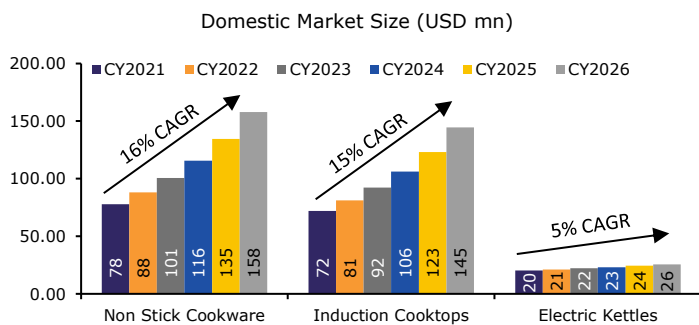
Core Brands	Year of Commencement	Background
<b>Gilma</b>	2001	A semi-premium brand, specializing in modular kitchen solutions, offers a wide selection of chimneys, hobs, ovens, and cooktops to suit various designs and budgets; operating through exclusive <i>Gilma</i> stores.
<b>Pigeon</b>	2003	<i>Pigeon</i> leads the market in induction cooktops, kettles, and blenders. <i>Pigeon</i> offers a diverse range of cookware, kitchen appliances, and small domestic products, making it the go-to brand for all kitchen needs of the customer.
<b>Black + Decker</b>	2016	Branding and licensing agreement with Stanley Black & Decker Inc., for premium appliances in categories like garment care, cooking, and heating. The partnership includes dedicated post-sales service and a separate distribution network across 10 states.
Other Brands		
<b>Pigeon LED</b>	2019	Established in 2016, <i>Pigeon</i> LED is SKL's arm for luminaries and smart lighting.
<b>Metsmith</b>	2022	Acquisition to enter the modular kitchen market, offering factory-made, ready-to-assemble kitchens. Its standard range includes wall cabinets, floor cabinets, and tall units, catering to most kitchen shapes in both—contemporary and classic styles.
<b>SKAVA</b>	2022	Acquired Skava Electric Pvt (slump sale) to enter the business of manufacturing low-voltage switchgear solutions electrical switches, sockets, distribution boxes, et cetera. This acted as a natural extension for existing products of <i>Pigeon</i> LED.

Source: Company, Emkay Research

## Annexure 2: Industry overview and key growth drivers

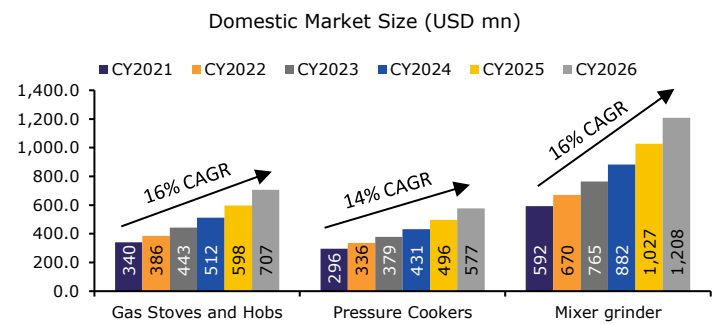
- In recent years, the kitchen appliances industry has undergone a significant transformation, evolving from manufacturing essential household items to lifestyle products. This shift reflects a growing consumer preference for appliances that not only serve functional needs but also enhance the overall aspirational value of their homes.
- The kitchen appliances industry is rapidly evolving with technology, thus driving constant innovation and updates. Products like hoods and hobs are becoming increasingly high-tech and connected, thus reshaping the market.
- The past few years have seen a major shift in the customer base, from general trade to modern trade and e-commerce, thus pressuring the general trade channel. Despite shifts in the channel mix, the sector as a whole is expected to continue growing.
- The increasing penetration of e-commerce (with appliances now available on quick commerce platforms and easy financing options like low EMIs and discounts) provides additional momentum to the kitchen appliances industry.
- Reduction in the replacement cycle of small appliances, driven by a more aspirational approach from consumers and a higher focus on combining utility with aesthetics, is a positive trend for Stovekraft’s small appliance segment (~36% of revenue as of Q1FY25).
- Rural consumers in India are increasingly seeking branded, high-quality products for their daily needs. As a result, manufacturers are optimistic about rural market growth, which is expected to outpace that of urban areas.
- The consumer appliances market is expected to see higher penetration, with ongoing rural electrification efforts. Indian government’s push for rural electrification is likely to benefit manufacturers of food preparation and kitchen appliances.
- In the near term, the upcoming festive season is expected to be positive, driven by a strong monsoon, favorable economic conditions, and government policies (eg increased MSP on Kharif crops) boosting rural demand.

**Exhibit 88: Healthy growth expected in the majority of the small domestic cooking appliances over CY2022-26...**



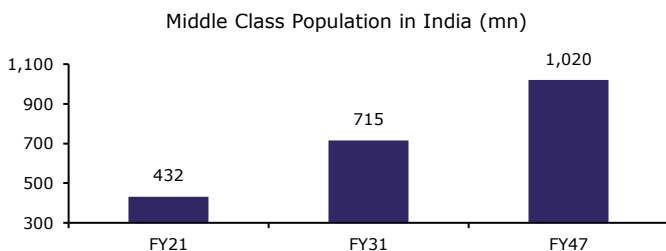
Source: Greenchef Appliances DRHP (link), Emkay Research

**Exhibit 89: ...with 14-16% CAGR growth also seen in the highly penetrated product categories as well**



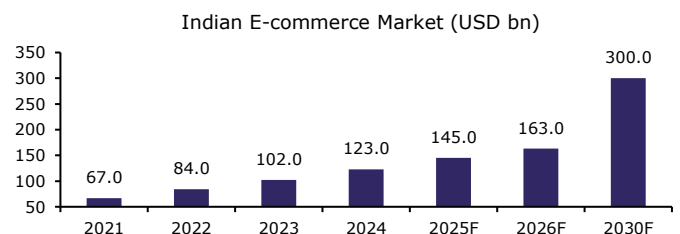
Source: Greenchef Appliances DRHP (link), Emkay Research

**Exhibit 90: Middle class population to double to ~1.02bn by FY47**



Source: Industry (link), Emkay Research

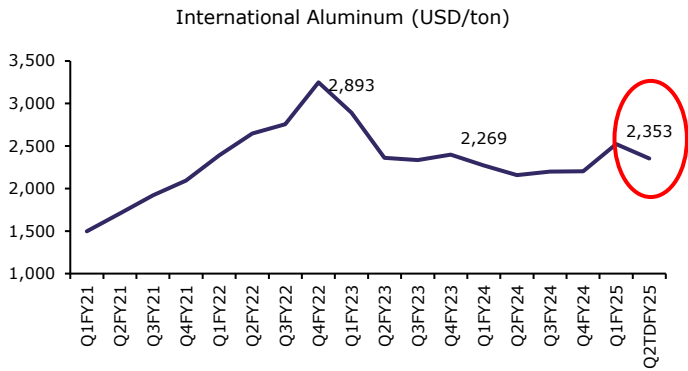
**Exhibit 91: The Indian E-commerce market is expected to register 16% CAGR over 2024-2030**



Source: IBEF (link), Emkay Research

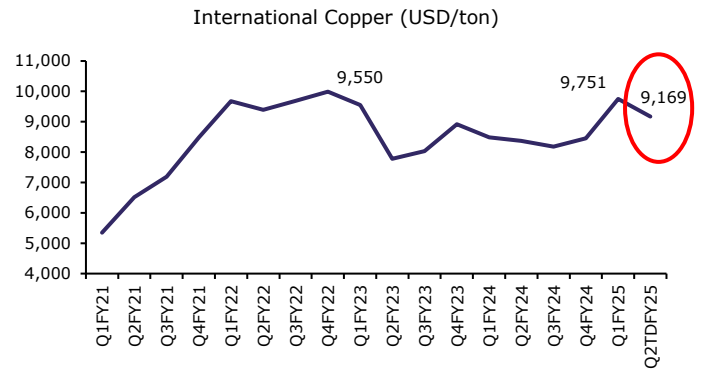


**Exhibit 92: International aluminum prices are now 7%/19% below their 1-year/2-year peak...**



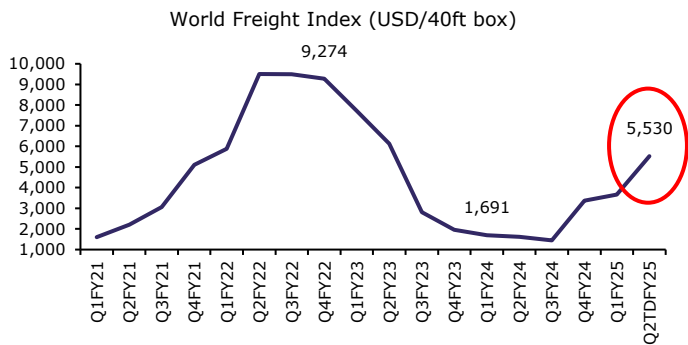
Source: Bloomberg, Emkay Research

**Exhibit 93: ...with international copper prices now starting to show signs of cooling off (6% below their 1-year/2-year peak)**



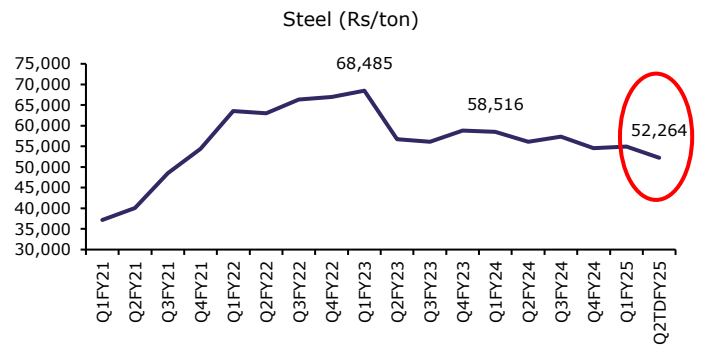
Source: Bloomberg, Emkay Research

**Exhibit 94: The freight charges have fallen from their 2 year peak; however, they remain elevated due to on-going geo political issues**



Source: Bloomberg, Emkay Research

**Exhibit 95: Domestic steel prices have dipped from their highs and are now 10%/23% below their 1-year /2-year peak**



Source: Bloomberg, Emkay Research

**Exhibit 96: Stovekraft highlights the shift in consumption patterns and favorable government policies as some its key growth drivers**

**Indian Consumer Appliance Market expected to grow @CAGR of ~9%**

**Indian Appliance and Consumer Electronics (ACE) Market**

CAGR: 9%  
2017: 2,050 | 2022E: 3,150

**Kitchen Appliances Market (INR Bn)**

■ LCA ■ SCA ■ Non Stick Cookware

SKL's product mix favorable to market growth trends - LCA and Non Stick growing at 12% and 15%

Year	LCA	SCA	Non Stick Cookware
2020	111	86	207
2025E	202	127	350

**Key Growth Drivers**

- 01 Moving towards Aspirational Lifestyle from functional Kitchen tools.
- 02 Need for Space Utilization –Emerging Concept of Modular Kitchen
- 03 Growth of E-Commerce and easy Financing options
- 04 Awareness of Cookware through Mass Media and Reality Programs
- 05 Health and Environment Concerns
- 06 Technological Advancements

**India Government's Policies Favourable For The Consumer Appliances Industry**

- Shift from unorganized sector to organized sector in Indian manufacturing with the GST Implementation
- Lower tax brackets (5%, 12% and 18%) used for Indian Kitchen Items vs excise +VAT taxed at ~31%
- Make In India Initiative gave ACE market necessary boost which fostered Retail Manufacturing
- Pradhan Mantri Ujjwala Yojana – Target to provide 5 Crore LPG connection to under privileged women
- Majority Kitchen appliances are electricity driven, electricity consumption tripled since 2000
- Niche market for foreign investors, as Govt. allowed 100% FDI through automatic route in the electronic hardware manufacturing sector

Source: Company presentation; Emkay Research

## Stovekraft: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Revenue</b>	<b>12,839</b>	<b>13,643</b>	<b>15,507</b>	<b>17,801</b>	<b>20,526</b>
Revenue growth (%)	13.0	6.3	13.7	14.8	15.3
<b>EBITDA</b>	<b>1,033</b>	<b>1,283</b>	<b>1,717</b>	<b>2,087</b>	<b>2,514</b>
EBITDA growth (%)	(4.5)	24.2	33.9	21.5	20.5
Depreciation & Amortization	359	588	859	962	1,064
<b>EBIT</b>	<b>673</b>	<b>695</b>	<b>859</b>	<b>1,125</b>	<b>1,450</b>
EBIT growth (%)	(10.4)	3.2	23.5	31.0	28.9
Other operating income	0	0	0	0	0
Other income	(35)	1	1	1	1
Financial expense	165	240	251	292	330
<b>PBT</b>	<b>473</b>	<b>455</b>	<b>608</b>	<b>834</b>	<b>1,121</b>
Extraordinary items	(1)	0	0	0	0
Taxes	115	114	153	209	281
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>357</b>	<b>341</b>	<b>456</b>	<b>625</b>	<b>840</b>
PAT growth (%)	(38.1)	(4.3)	33.6	37.1	34.4
<b>Adjusted PAT</b>	<b>358</b>	<b>341</b>	<b>456</b>	<b>625</b>	<b>840</b>
<b>Diluted EPS (Rs)</b>	<b>10.8</b>	<b>10.3</b>	<b>13.8</b>	<b>18.9</b>	<b>25.4</b>
Diluted EPS growth (%)	(38.4)	(4.4)	33.6	37.1	34.4
<b>DPS (Rs)</b>	<b>0.0</b>	<b>2.5</b>	<b>2.8</b>	<b>3.8</b>	<b>4.0</b>
<b>Dividend payout (%)</b>	<b>0.0</b>	<b>24.2</b>	<b>20.0</b>	<b>20.0</b>	<b>15.6</b>
EBITDA margin (%)	8.0	9.4	11.1	11.7	12.2
EBIT margin (%)	5.2	5.1	5.5	6.3	7.1
Effective tax rate (%)	24.3	25.1	25.1	25.1	25.1
<b>NOPLAT (pre-IndAS)</b>	<b>509</b>	<b>521</b>	<b>643</b>	<b>843</b>	<b>1,086</b>
Shares outstanding (mn)	33.0	33.1	33.1	33.1	33.1

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	473	455	608	834	1,121
Others (non-cash items)	0	0	0	0	0
Taxes paid	(113)	(124)	(153)	(209)	(281)
Change in NWC	(279)	(90)	(212)	(261)	(310)
<b>Operating cash flow</b>	<b>763</b>	<b>1,126</b>	<b>1,376</b>	<b>1,646</b>	<b>1,958</b>
Capital expenditure	(976)	(1,043)	(500)	(250)	(250)
Acquisition of business	0	0	0	0	0
Interest & dividend income	6	9	9	9	9
<b>Investing cash flow</b>	<b>(1,040)</b>	<b>(886)</b>	<b>(500)</b>	<b>(250)</b>	<b>(250)</b>
Equity raised/(repaid)	24	4	0	0	0
Debt raised/(repaid)	419	73	(62)	28	13
Payment of lease liabilities	13	95	203	278	353
Interest paid	(132)	(175)	(251)	(292)	(330)
Dividend paid (incl tax)	0	0	(91)	(125)	(131)
Others	(13)	(95)	(203)	(278)	(353)
<b>Financing cash flow</b>	<b>298</b>	<b>(193)</b>	<b>(608)</b>	<b>(667)</b>	<b>(801)</b>
Net chg in Cash	21	46	268	729	906
OCF	763	1,126	1,376	1,646	1,958
Adj. OCF (w/o NWC chg.)	1,043	1,216	1,589	1,907	2,268
FCFF	(213)	83	876	1,396	1,708
FCFE	(373)	(148)	635	1,113	1,387
OCF/EBITDA (%)	73.9	87.8	80.2	78.9	77.9
FCFE/PAT (%)	(104.6)	(43.4)	139.3	178.2	165.2
<b>FCFF/NOPLAT (%)</b>	<b>(41.9)</b>	<b>16.0</b>	<b>136.2</b>	<b>165.6</b>	<b>157.2</b>

Source: Company, Emkay Research, Note: Others is payment of lease liability, the line item has been disclosed separately for informational purpose.

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	330	331	331	331	331
Reserves & Surplus	3,703	4,062	4,426	4,926	5,635
<b>Net worth</b>	<b>4,034</b>	<b>4,392</b>	<b>4,757</b>	<b>5,256</b>	<b>5,965</b>
Minority interests	0	0	0	0	0
Deferred tax liability (net)	(14)	(25)	(25)	(25)	(25)
<b>Total debt</b>	<b>1,632</b>	<b>2,563</b>	<b>3,013</b>	<b>3,477</b>	<b>3,850</b>
<b>Total liabilities &amp; equity</b>	<b>5,652</b>	<b>6,930</b>	<b>7,745</b>	<b>8,708</b>	<b>9,791</b>
Net tangible fixed assets	3,624	3,966	4,049	3,644	3,183
Net intangible assets	40	30	30	30	30
Net ROU assets	356	1,105	1,617	2,053	2,413
Capital WIP	95	296	57	29	29
Goodwill	1	1	1	1	1
Investments [JV/Associates]	0	0	0	0	0
<b>Cash &amp; equivalents</b>	<b>198</b>	<b>150</b>	<b>419</b>	<b>1,148</b>	<b>2,055</b>
Current assets (ex-cash)	4,647	5,396	6,176	7,089	8,175
Current Liab. & Prov.	3,309	4,014	4,605	5,286	6,095
<b>NWC (ex-cash)</b>	<b>1,338</b>	<b>1,382</b>	<b>1,571</b>	<b>1,803</b>	<b>2,080</b>
<b>Total assets</b>	<b>5,652</b>	<b>6,930</b>	<b>7,745</b>	<b>8,708</b>	<b>9,791</b>
Net debt	1,435	2,413	2,594	2,328	1,796
Capital employed	5,652	6,930	7,745	8,708	9,791
<b>Invested capital</b>	<b>5,359</b>	<b>6,485</b>	<b>7,269</b>	<b>7,532</b>	<b>7,708</b>
BVPS (Rs)	122.1	132.9	143.9	159.0	180.5
Net Debt/Equity (x)	0.4	0.5	0.5	0.4	0.3
Net Debt/EBITDA (x)	1.4	1.9	1.5	1.1	0.7
Interest coverage (x)	0.3	0.3	0.3	0.3	0.2
<b>RoCE (%)</b>	<b>12.7</b>	<b>11.1</b>	<b>11.7</b>	<b>13.7</b>	<b>15.7</b>

Source: Company, Emkay Research, \*Total debt includes Lease liability

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	79.9	83.8	62.7	45.8	34.0
P/CE(x)	39.8	30.8	21.8	18.0	15.0
P/B (x)	7.1	6.5	6.0	5.4	4.8
EV/Sales (x)	2.3	2.3	2.0	1.7	1.5
EV/EBITDA (x)	29.1	24.2	18.2	14.8	12.1
EV/EBIT(x)	44.6	44.6	36.3	27.5	21.0
EV/IC (x)	5.6	4.8	4.3	4.1	3.9
FCFF yield (%)	(0.7)	0.3	2.8	4.5	5.6
FCFE yield (%)	(1.3)	(0.5)	2.2	3.9	4.9
Dividend yield (%)	0.0	0.3	0.3	0.4	0.5
<b>DuPont-RoE split</b>					
Net profit margin (%)	2.8	2.5	2.9	3.5	4.1
Total asset turnover (x)	2.6	2.2	2.1	2.2	2.2
Assets/Equity (x)	1.3	1.5	1.6	1.6	1.6
<b>RoE (%)</b>	<b>9.3</b>	<b>8.1</b>	<b>10.0</b>	<b>12.5</b>	<b>15.0</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	4.0	3.8	4.1	4.7	5.3
IC turnover (x)	2.4	2.1	2.1	2.4	2.7
<b>RoIC (%)</b>	<b>14.1</b>	<b>11.7</b>	<b>12.5</b>	<b>15.2</b>	<b>19.0</b>
<b>Operating metrics</b>					
Core NWC days	38.0	37.0	37.0	37.0	37.0
<b>Total NWC days</b>	<b>38.0</b>	<b>37.0</b>	<b>37.0</b>	<b>37.0</b>	<b>37.0</b>
Fixed asset turnover	2.9	2.4	2.1	2.1	2.2
Opex-to-revenue (%)	24.7	27.5	26.9	26.5	26.3

Source: Company, Emkay Research

**GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):**

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.emkayglobal.com](http://www.emkayglobal.com).

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit [www.emkayglobal.com](http://www.emkayglobal.com) to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

**Disclaimer for U.S. persons only:** Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

**RESTRICTIONS ON DISTRIBUTION**

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons<sup>1</sup> may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

<sup>1</sup> An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

**COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):**

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of September 16, 2024
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report  
**Disclosure of previous investment recommendation produced:**
- EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of September 16, 2024
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the September 16, 2024
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
- EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

**Emkay Rating Distribution**

Ratings	Expected Return within the next 12-18 months.
<b>BUY</b>	>15% upside
<b>ADD</b>	5-15% upside
<b>REDUCE</b>	5% upside to 15% downside
<b>SELL</b>	<15% downside

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India  
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

**OTHER DISCLAIMERS AND DISCLOSURES:****Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) :-**

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit [www.emkayglobal.com](http://www.emkayglobal.com) to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.