

**Q3FY24 Result Highlights**

- **Strong YoY Revenue growth due to volume, in-house manufacturing and strategic reach across channels** – Stove Kraft Ltd (SKL) witness sales growth of 11.4% YoY (-4.8% QoQ) to ₹3.62bn in Q3FY24 as there was a sharp decline in LED (down 30.8% YoY due to fall in unit prices and competition intensity), Cooker (down 6.9% YoY) and Gas Cooktops (down 7.7% YoY). YoY growth was due to volume growth of 15-17% YoY and strategic reach across channels. Also, inhouse manufacturing enabled the volume growth. Softening of RM cost along with increase in backward integration enabled EBITDA YoY growth of 18.3% (-25% QoQ) to ₹301mn with EBITDA margin at 8.3%, -48 bps YoY (-220 bps QoQ). As per the management, the I-T raid in Nov'23 impacted operation for 6 days during the quarter. Additionally, they also stated that demand was there in the market but the company was not able to meet it due to stoppage in operations. Other Exps grew 42% YoY to ₹629mn due to ₹40mn marketing cost for the festive season. PAT declined 13.4% YoY and 59.2% QoQ to ₹67.5mn.
- **Channel sales mix Q3FY24** – The management highlighted that E-Commerce, OEM, Institutional, Exclusive Retails Stores and Modern Retail witnessed healthy growth. General Trade/Modern Trade/Institutional(Corporates)/Ecommerce/OEM/Export/Retail channel mix stood at 36.4%/11.3%/3.8%/31.7%/11.3%/0.5%/2.5% at the end of Q3FY24. Not witnessing impact of Red crisis on exports currently. The company has strong presence in ECOM with no challenges in pricing and leading in several products. Expecting higher sales from this channel in FY25 as discussions are going on with various well known players.
- As per the management, the small appliances are likely to witness largest growth (high double digit) in coming quarters. The company introduced in Q3FY24 – Rust Resistance Blade with non slip soft touch handle for healthy & safe food preparation; Multi utility room heater & portable fan; Complete range Steam Irons, Dry irons & Hand Garment Steamers; New Range of Pressure Cookers with multi-utility & better ergonomics taking care of Customer needs with efficiency; A double walled stainless steel personal sipper with straw for easy drinking on the move, with leak proof lids & anti skid rubber bottom; Chimney & Hobs comes in various sizes & designs; Pigeon Range of Sandwich Makers comes with multiple colour options with multiple plates for toast, grill & waffle along with Light indicator and non toxic coating for easy cleaning. Added new products in Black & Decker range with plans to sell in the modern retail channel also. The management has decided to start selling LEDs by the wholesales model.
- Currently selling 15-20 units/month of modular kitchens. Most of the modular kitchens are contract manufactured with not much contribution to the revenues. The management is only looking for organic growth via retail for this product. Added 51,688 new customers along with 19% repeat customers. Avg. Sales per store at ₹350k/month.
- Added 34 new stores in Q3FY24. The company has 140 Stores operational in 6 states & 31 Cities of India including NCR. The company expects new store addition in NCR will enable increase in market from the North India market with plans to add further more stores.

**Important Statistics**

<b>Nifty</b>	21,644
<b>Sensex</b>	71,229
<b>MCAP (₹bn)</b>	14.7
<b>52 Week H/L (₹)</b>	579/354
<b>NSE Code</b>	STOVEKRAFT
<b>BSE Code</b>	543260
<b>Bloomberg Code</b>	STOVEKRA:IN

Shareholding Pattern		Dec'23 (%)
<b>Promoters</b>		55.9
<b>DII's</b>		3.0
<b>FII's</b>		0.4
<b>Public</b>		40.7

**FINANCIALS**

(₹ mn)

Particulars	FY21	FY22	FY23
<b>Revenue</b>	<b>8,584</b>	<b>11,342</b>	<b>12,796</b>
<b>EBITDA</b>	<b>1,132</b>	<b>927</b>	<b>948</b>
<b>EBITDA Margin (%)</b>	<b>13.2</b>	<b>8.2</b>	<b>7.4</b>
<b>Net Profit</b>	<b>812</b>	<b>562</b>	<b>358</b>
<b>EPS (₹)</b>	24.9	17.1	10.8
<b>P/E (x)</b>	18.1	26.1	41.0
<b>EV/EBITDA (x)</b>	13.4	17.7	17.3
<b>P/BV (x)</b>	4.8	4.0	3.6
<b>RoE (%)</b>	26.8	15.4	8.9
<b>RoCE (%)</b>	17.3	10.0	7.0

Particulars	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>12,587</b>	<b>16,437</b>	<b>17,879</b>
<b>EBITDA</b>	<b>1,050</b>	<b>1,638</b>	<b>1,819</b>
<b>EBITDA Margin (%)</b>	<b>8.3</b>	<b>10.0</b>	<b>10.2</b>
<b>Net Profit</b>	<b>385</b>	<b>789</b>	<b>838</b>
<b>EPS (₹)</b>	11.7	23.9	25.4
<b>P/E (x)</b>	38.1	18.6	17.5
<b>EV/EBITDA (x)</b>	10.5	8.6	8.0
<b>P/BV (x)</b>	3.2	2.7	2.3
<b>RoE (%)</b>	9.2	15.7	16.8
<b>RoCE (%)</b>	8.6	14.6	15.7

Source: Company, Way2Wealth

**Relative Performance**

Return (%)	1 Yr	3Yr	5 Yr
<b>SKL</b>	<b>(2.8)</b>	<b>(12.4)</b>	<b>NA</b>
<b>Nifty 50</b>	21.8	42.7	99.8
<b>Sensex</b>	17.9	38.2	97.0

Source: Company, Way2Wealth Research

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

Ph:022-4019 2914

12<sup>th</sup> February 2024

CMP – ₹443.9/-

 View – **ACCUMULATE**

- 9MFY24 Revenue from Company Owned Company Operated (COCO) stores was at ₹300mn which is EBITDA positive and margins at company levels.
- As per the management, maximum of 140-150 stores will be under COCO stores with the rest under Company Owned Franchisee Operates (COFO). 10 COCO stores have already moved to COFO and in FY25 no cash infusion would be required to open stores under COFO model.
- For FY24, the management has guided topline to be less than ₹250-300 less than FY23 numbers with margin at 9% levels and Q4FY24 to be better than Q4FY23. FY25 Margins guidance at +11% with annualized employee cost at ₹1.55bn with marketing and outward freight cost at 3-3.5% of revenue respectively.

**VIEW**

For SKL, Q3FY24 had a strong YoY performance with volume growth, inhouse manufacturing along with strategic access across channels. QoQ was impacted due to I-T raid, thus not able to meet the growing demand during the quarter. Opening of 1<sup>st</sup> store in NCR augers well for the future of the company in the North India market. We are likely to witness the small appliances and ECOM sale channels with high double digit growth in FY25. The management had guided for a better Q4FY24 YoY with major upticks for FY25 numbers as most of the operating costs including the marketing expenses have been rationalised to have better operational leverage. The benefits of transition towards more COFO stores is likely to be seen in coming quarters. Hence, we continue to view it as an **ACCUMULATE** stock trading at **P/E 17.5x FY26E EPS of ₹25.4.**

12<sup>th</sup> February 2024

CMP – ₹443.9/-

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

									(₹ mn)
Particulars	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	9MFY24	9MFY23	YoY (%)	
<b>Operating Revenues</b>	<b>3,615.9</b>	<b>3,245.3</b>	<b>11.4</b>	<b>3,797.7</b>	<b>(4.8)</b>	<b>10,391.1</b>	<b>10,057.9</b>	<b>3.3</b>	
Cost of Matl	2,138.8	2,000.3	6.9	2,276.4	(6.0)	6,242.0	5,850.4	6.7	
Stock Purchases	304.4	223.1	36.5	192.7	58.0	763.7	965.0	(20.9)	
Inventory Changes	(219.5)	(64.2)	241.9	(12.6)	1,646.1	(447.2)	(67.5)	562.8	
<b>Gross Margin (%)</b>	<b>38.5</b>	<b>33.5</b>	<b>504</b>	<b>35.3</b>	<b>319</b>	<b>36.9</b>	<b>32.9</b>	<b>397</b>	
Employee Exps	462.5	387.6	19.3	412.6	12.1	1,264.5	1,064.0	18.8	
Other Exps	628.7	444.0	41.6	529.0	18.8	1,627.8	1,315.0	23.8	
<b>EBITDA</b>	<b>301.0</b>	<b>254.4</b>	<b>18.3</b>	<b>399.5</b>	<b>(24.7)</b>	<b>940.2</b>	<b>931.1</b>	<b>1.0</b>	
<b>EBITDA Margin (%)</b>	<b>8.3</b>	<b>7.8</b>	<b>48</b>	<b>10.5</b>	<b>(220)</b>	<b>9.0</b>	<b>9.3</b>	<b>(21)</b>	
Other Income	(14.2)	(29.3)	(51.7)	3.2	(540.1)	5.3	(52.3)	110.2	
Depreciation	128.6	83.3	54.4	115.8	11.1	347.2	222.6	56.0	
Interest Cost	59.1	40.0	47.8	63.6	(7.1)	165.1	103.7	59.2	
PBT	99.1	101.8	(2.7)	223.3	(55.6)	433.2	552.5	(21.6)	
Tax	31.6	23.9	(32.4)	58.1	(45.6)	118.4	134.7	12.1	
<b>Net Profit</b>	<b>67.5</b>	<b>77.9</b>	<b>(13.4)</b>	<b>165.3</b>	<b>(59.2)</b>	<b>314.8</b>	<b>417.7</b>	<b>(24.6)</b>	
EPS (₹)	2.0	2.4		5.0		9.5	12.7		

As % to Sales	Q3FY24	Q3FY23	YoY (bps)	Q2FY24	QoQ(bps)	9MFY24	9MFY23	YoY (bps)	
Raw Matl Cost	61.5	66.5	(504)	64.7	(319)	63.1	67.1	(397)	
Employee Exps	12.8	11.9	85	10.9	193	12.2	10.6	159	
Other Exps	17.4	13.7	371	13.9	346	15.7	13.1	259	

Source: Company, Way2Wealth

**SEGMENTAL PERFORMANCE - REVENUE BREAKUP (%)**

Revenue Breakup	Q3FY24	Q2FY24	Q1FY24	FY23	FY22	Q4FY23	Q3FY23	Q2FY23	Q1FY23
<b>Nonstick Cookware</b>	15.9	21.0	21.8	17.9	16.9	13.5	15.1	19.0	23.1
<b>Mixer/ Small Appliances</b>	40.0	32.0	36.5	30.8	30.2	35.8	33.5	29.7	24.1
<b>Pressure Cookers</b>	19.3	23.0	20.1	23.5	24.1	25.6	23.1	25.4	21.5
<b>LED</b>	4.0	4.0	5.7	6.1	6.9	4.1	6.5	5.9	7.5
<b>Induction Cook top</b>	15.5	12.0	8.5	12.5	11.6	11.4	13.7	10.5	13.4
<b>Gas Cooktop</b>	6.7	8.0	7.3	9.2	10.4	9.6	8.1	9.5	10.4

Source: Company, Way2Wealth

12<sup>th</sup> February 2024

CMP – ₹443.9/-

 View – **ACCUMULATE**
**FINANCIALS & VALUATIONS**

(₹ mn)

Particulars	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>6,409</b>	<b>6,699</b>	<b>8,584</b>	<b>11,342</b>	<b>12,796</b>	<b>12,587</b>	<b>16,437</b>	<b>17,879</b>
<b>EBITDA</b>	<b>298</b>	<b>338</b>	<b>1,132</b>	<b>927</b>	<b>948</b>	<b>1,050</b>	<b>1,638</b>	<b>1,819</b>
<b>EBITDA Margin (%)</b>	<b>4.7</b>	<b>5.0</b>	<b>13.2</b>	<b>8.2</b>	<b>7.4</b>	<b>8.3</b>	<b>10.0</b>	<b>10.2</b>
<b>Net Profit</b>	<b>6</b>	<b>32</b>	<b>812</b>	<b>562</b>	<b>358</b>	<b>385</b>	<b>789</b>	<b>838</b>
<b>EPS (₹)</b>	0.2	1.0	24.6	17.0	10.8	11.7	23.9	25.4
<b>RoE (%)</b>	(1.0)	(5.3)	26.8	15.4	8.9	37.5	18.3	17.2
<b>RoCE (%)</b>	4.1	4.5	17.3	10.0	7.0	10.4	8.5	7.9
<b>P/E (x)</b>	2,319.7	463.8	18.1	26.1	41.0	38.1	18.6	17.5
<b>EV/EBITDA (x)</b>	59.0	53.9	13.4	17.7	17.3	10.5	8.6	8.0
<b>P/BV (x)</b>	(23.3)	(24.2)	4.8	4.0	3.6	3.2	2.7	2.3
<b>Net D/E (x)</b>	(4.7)	(5.9)	0.1	0.5	0.4	0.1	0.1	0.1
<b>Cash Balances</b>	315	194	373	121	198	286	397	439
<b>Debtors Days</b>	49	56	36	31	40	37	36	35
<b>Inventory Days</b>	70	64	66	70	69	72	69	66
<b>Payables Days</b>	80	82	77	72	75	76	75	75

Source: Company, Way2Wealth

**Disclaimer**

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

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

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

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

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

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

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

**Disclosure of Interest Statement Stove Kraft Ltd. as on 12 February 2024**

Name of the Security	Stove Kraft Ltd.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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

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

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