

Background

Incorporated in 1999 by Mr.Rajendra Gandhi, **STOVE KRAFT LTD (SKL)** is engaged in the manufacture, trade as well as retail of a wide and diverse suite of kitchen and home solutions. The company markets its products under the flagship brands of **PIGEON**, **GILMA** and licensed **BLACK & DECKER** brand. **PIGEON** – A “value-for-money” brand that offers low-cost cookware, gas stoves, cooktops, kitchen appliances and LED lights. It contributes 90-95% to the operating revenue. **GILMA** – A semi-premium brand that comprises chimneys, hobs, cooktops and other kitchen solutions. It contributes 2.5-3.0% to the operating revenue. **BLACK & DECKER** – A premium brand in kitchen electric appliances. SKL entered into an exclusive brand license agreement of 10 years with **Stanley Black & Decker Inc.** in 2016 to manufacture and distribute its products in India. Contributes 2.5-3.0% to SKL’s operating revenue. At **Bengaluru** in Karnataka, the company has an installed annual production capacity of 38.4mn units, with the capability to manufacture pressure cookers, non-stick cookware (roller coated and spray coated), LPG stoves, mixer grinders, LED bulbs, iron and induction cooktops categories. Its **Baddi** Facility in Himachal Pradesh, has an installed capacity of 2.8mn units per annum, with the capability to manufacture products such as LPG stoves and inner lid cooker. For certain product categories and sub-categories, which do not enjoy economies of scale in India, the company engages in sourcing from third-party OEMs. **SKL has 646 distributors in 27 states and 5 union territories across India. The company’s 9 C&F agents and distributors are connected with a dealer network comprising over 61,400 retail outlets and 62 exclusive GILMA stores.** In general trade, ~50-55% of sales come from South India. The company is now bridging the gap in non-southern regions through e-commerce and modern trade channels. Internationally, SKL’s products are exported to 14 countries, including UAE, Qatar, Bahrain, Kuwait, Tanzania, Uganda, Nepal, Sri Lanka, Bangladesh, Oman, Ghana, USA, Mexico and Saudi Arabia. The company also undertakes original equipment manufacturing for retail chains in the USA under their brands.

Important Statistics

M.CAP (₹bn)	₹32.1
52 Week H/L (₹)	1017 / 400
NSE Code	STOVEKRAFT
BSE Code	543260

Shareholding Pattern	Jun’21 (%)
Promoters	54.3
FIIIs	7.1
DIIIs	9.2
Public	29.4

Financials

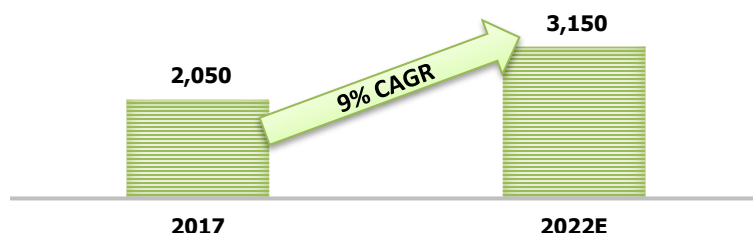
Particulars	FY18	FY19	FY20	FY21
Revenue	5,290	6,409	6,699	8,590
EBITDA	100	298	338	1,130
EBITDA Margin (%)	1.9	4.7	5.0	13.2
Net Profit	(127)	6	32	815
EPS (₹)	(5.2)	0.3	1.3	25.0
RoE (%)	7.1	(1.0)	(5.3)	27.1
RoCE (%)	(0.5)	4.1	4.5	17.3
P/E (x)	(190.9)	3,849.1	769.6	39.4
EV/EBITDA (x)	362.8	117.4	105.4	28.8
P/BV (x)	(10.4)	(29.7)	(30.9)	6.2

Source: Company Filing, Way2wealth Research

Investment Argument

- **Changes in the appliances market structural based on cultural, economic and infrastructure factors** – Kitchen Appliances market (~ ₹205bn market size) is expected to grow at ~11% CAGR over next 5 years on the back of rising a) disposable income, b) middle class population, c) electricity availability and d) shift from functional to aspirational lifestyle for kitchen tools. Moreover, shift from unorganised to organised should help organised players like SKL see strong topline in next three years.

Indian Appliance & Electronics Market to witness 9% CAGR 17-22E (₹ bn)



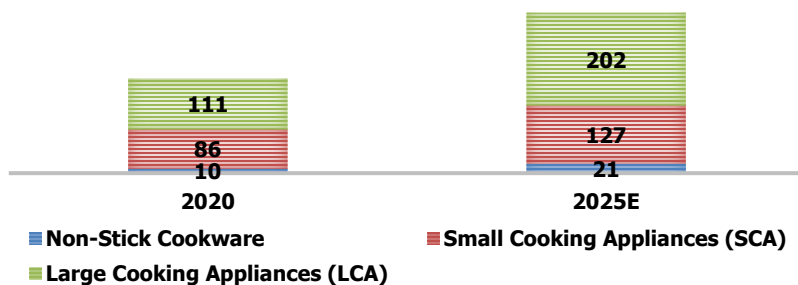
Source – Company

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CMP – ₹984.2/-

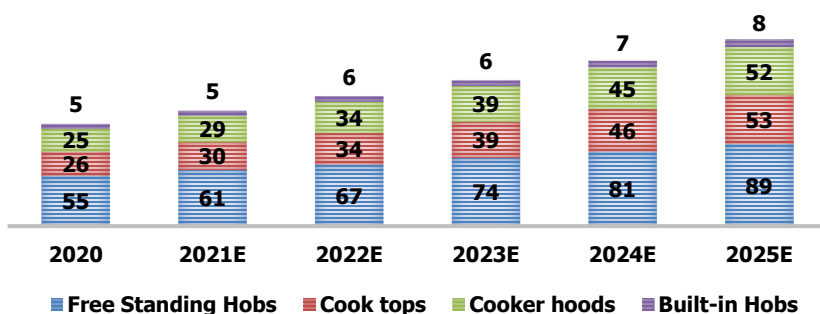
View – **BUY**

Small/Large Cookware Appliances to witness 8%/13% CAGR 20-25E with Non-Stick Cookware at 16% CAGR 20-25E



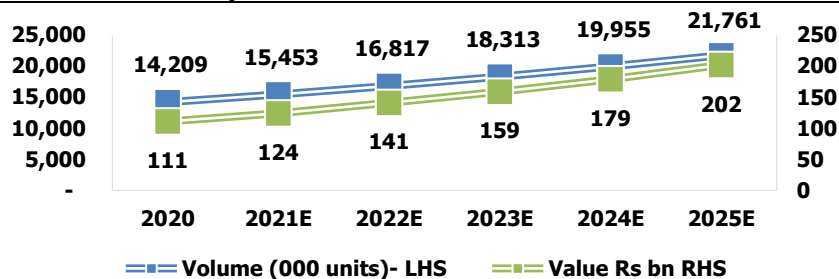
Source – Company

LCA Sub-segment Market Size (₹ bn)



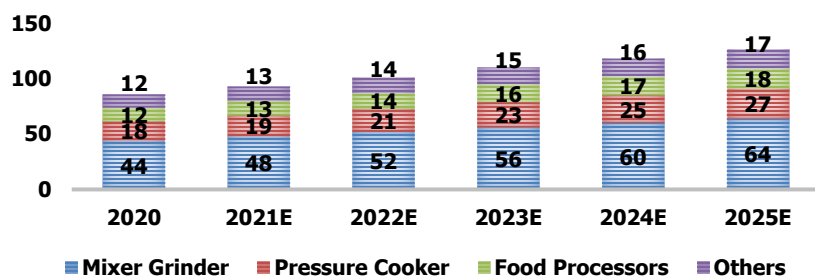
Source – Company

LCA Market likely to witness ~13% CAGR 20-25E in value terms



Source – Company

SCA Sub-segment Market Size (₹ bn)



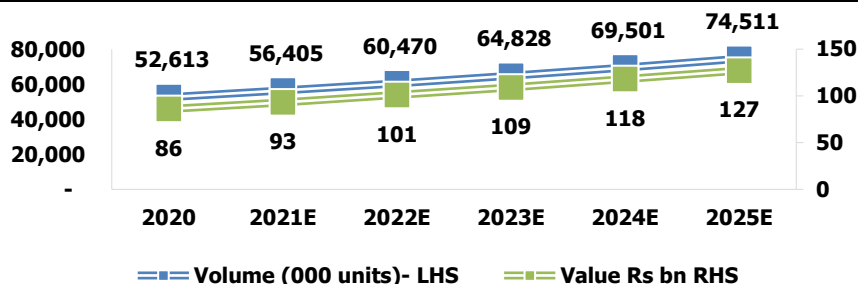
Source – Company

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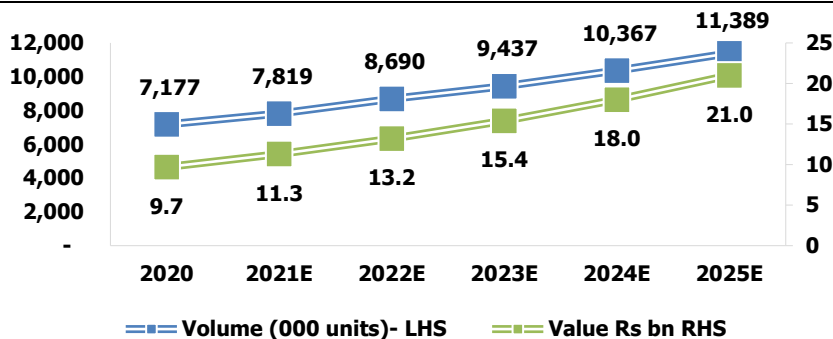
View – **BUY**

SCA Market likely to witness ~8% CAGR 20-25E in value terms



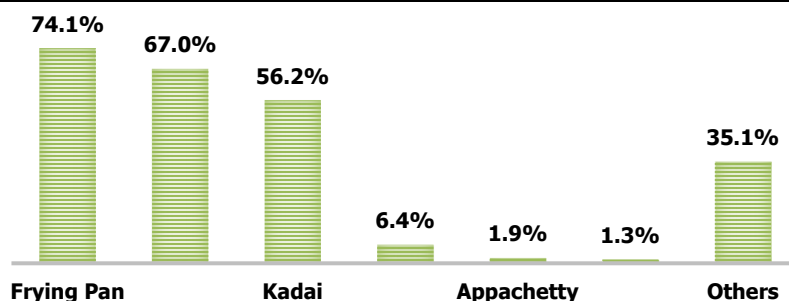
Source – Company

Increasing Market for Non-Stick Cookware by 16.8%/9.9% in Value/Volume terms



Source – Company

Types of Non-Stick Cookware Used (%) in 2020



Source – Company

- **SKL to benefit from its diverse portfolio and distribution** – We believe SKL is in a sweet spot given a) its manufacturing focus (80% of revenue from manufactured products) which helps in better supply chain management and quicker introduction of new range/product categories, b) diversified distribution model (separate distribution of Pigeon, Gilma, Black & Décor, Pigeon LED), c) strong E-Commerce presence (45% of revenue in Q1FY22; among top 3 players in non-electric appliances categories), d) value for money positioning. All these variables help SKL gain market share rapidly in the year of supply disruption for smaller/import dependent players.

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View – **BUY**

PIGEON Brand

Cookware	Pressure cooker, wonder cast cookware, non-stick cookware, electric rice cookers and titanium hard anodized cookware
Cooktops and other kitchen solutions	Hobs, glass cooktops, stainless steel cooktops, induction cooktops and chimneys
Small appliances	Mixer grinders, rice cookers, electric kettles, toasters, sandwich makers, knives, steam irons, juicers, food steamers, air fryers/electric grills
Other products	Bulbs, battens, downlights, emergency lamps, water bottles & flasks, aluminium ladders, cloth dryers, water heaters, dustbins and mops
GILMA Brand	LPG stoves, massage apparatus, water heaters, chimney hobs, cooktops kitchen sinks

Source – Company

BLACK+ DECKER Brand

Small appliances	Food processors, juicers, hand blenders, hand mixers, mini choppers, oven toaster grills, rice cookers, coffee makers, toasters, sandwich makers and kettles
Other products	Steam irons, dry irons, water heaters and oil fin radiators.

Source – Company

Products	Stove Kraft Ltd	TTK Prestige Ltd	Butterfly Gandhimathi Ltd	Hawkings Cookers Ltd	Havells India Ltd	Crompton Greaves Electricals Ltd	Bajaj Electricals Ltd	V-Guard Inds Ltd
Pressure Cooker	Y	Y	Y	Y			Y	
Electric Cooker	Y		Y		Y		Y	Y
Gas Stoves	Y	Y	Y				Y	Y
Mixer Grinder	Y	Y	Y		Y	Y	Y	Y
Non-stick Cookware	Y	Y	Y	Y			Y	
Induction Cooktops	Y	Y			Y	Y	Y	Y
Chimneys	Y	Y	Y					Y
Chopper & Blender	Y		Y		Y		Y	
Iron	Y		Y		Y	Y	Y	
Consumer Lighting	Y				Y		Y	

Source – DRHP

Peer Comparison in terms of outreach

COMPANY	Dealers/Distributors	Retailers
STOVE KRAFT Ltd	646	61,400
TTK Prestige Ltd	3,000	300,000
Butterfly Gandhimathi Ltd	500	35,000
Hawkings Cookers Ltd	1,000	250,000
Havells India Ltd	7,575	150,000
Crompton Greaves Cons Electricals Ltd	3,500	100,000
Bajaj Electricals Ltd	478	220,000
V-Guard Industries Ltd	600	40,000

Source- Company. Way2Wealth

Volume leader in cooking stove, emerging player in cookware / pressure cooker

Product Categories:	Market Size: Retail Volume-2020 ('000 Units)	Market Size: Retail Value-2020(₹mn)	Market Leader Company (2020)	Market Share of Market Leader (%)2020	Market Share of Stove Kraft Ltd (%)2020
Large Cooking Appliances	14,209	110,958			
Cook Tops	1,751	25,606	Stove Kraft Ltd	25%	25%
Free-Standing Hobs	10,432	55,276	Stove Kraft Ltd	20.3%	20.3%
Built-in Hobs	284	4,732	Faber	23%	4.8%
Cooker Hoods	1,742	25,344	Faber	23%	3.8%
NON-STICK COOKWARE	7,717	9,646	TTK Prestige	58.2%	18.9%
Small Cooking Appliances	52,613	86,098			
Pressure Cooker	31,697	1,482	TTK Prestige	48.2%	11.4%
Electric Kettle	757	4,421	Bajaj	23.8%	21.1%
Electric Rice Cooker	2,186	1,238	Panasonic	35%	4.7%
Coffee Maker	327	1,238	Bajaj	29.1%	6.6%
Juice Extractor	249	970	Bajaj	25.7%	3.8%
Mixer Grinder	13,860	44,352	Bajaj	21.1%	2.7%
Blender	1,229	3,623	Phillips	44.6%	0.5%
Food Processor	2,309	12,283	Phillips	25.6%	

Source- Company. Way2Wealth

- **Attractive brand positioning in a highly fragmented market, distribution expansion to aid growth** – SKL's Pigeon brand (~93% of total FY21 sales) is well-known for its "*value-for-money*" image. Pigeon's products offer quality at attractive price-points in a highly fragmented market. At the current price-points, Pigeon's direct competitors are largely from the unorganized segment/small players. A volume leader in the Gas Stove category and among the Top-3 players in Pressure Cooker/Non-stick Cookware, it is the preferred brand of choice when a consumer is shifting from an unorganized brand to an organized brand. **SKL is a volume leader in Cook-tops/Free-standing Hobs with 25%/20.3% market share. Cooktops are essentially Cooking Stoves. In the Pressure Cooker category, it is ranked 3rd in terms of retail volume with an 11.4% market share (TTK Prestige: 48% and Hawkins: 35%). In Non-stick Cookware, the company is ranked 3rd in retail volume with an 18.9% market share (TTK Prestige: 58%, Wonderchef: 22%).** Distribution expansion will be a key catalyst for growth going forward, particularly in Western/Northern regions. E-commerce/General trade (~80% of total sales) will continue to drive strong growth.

PIGEON's products are priced at varying discount to premium brands

Product	PIGEONS's Price (₹)	Competition Pricing
3 Lts Aluminium Pressure Cooker	670	Prestige (₹1,135), Butterfly (₹749), Greenchef (₹549), Solomo (₹829), Hawkins (₹923)
2 burner gas stove (Steel)	2,149	Butterfly (₹2,900), Greenchef (₹2,100), Orange (₹2,200), Surya (₹2,200), Priya-gold (₹2,000) and Sun flame (₹2,600), Prestige (₹2,600)
Mixer Grinder	1,571	Butterfly (₹2,200), Preeti (₹2,250), Prestige (₹2,400)
Hand Blender	929	Kent (₹1,149), Kutchina (₹999)
Induction Cooktop	1,399	Prestige (₹1,650)
Oven Toaster Grill	3,499	Bajaj (₹3,699), Agaro (₹3,699)
Rice Cooker	2,095	Butterfly (₹2,500), Prestige (₹2,800)
Electric Kettle	625	Prestige (₹680)
Stainless steel water bottle	853	Ranges from ₹900-₹1400
Plastic Chopper	249	Ranges from ₹300-500
Aluminium Flat Tawa	519	Ranges from ₹500-1000

Source – Various Ecommerce website, Way2Wealth

PIGEON 'value-for-money' strength positioning

PRODUCT	"Value for money" positioning	Comment on competition
Pressure Cooker	"Value-for-money" positioning is very strong. 3L aluminium pressure cooker is available starting ₹650.	With higher technology differentiation, Prestige/Hawkins sells a significant premium to local/unorganized/smaller brands. Pigeon sells at near lowest price points
Induction Cooktop	"Value-for-money" positioning is relatively strong. Product is available starting ₹1,399	Competition is relatively less but competition offers product at largely similar price-points or 15-20% higher than Pigeon's price.
Gas Cooktop	"Value-for-money" positioning is very strong as it is the volume leader in market. 2 burner gas stove is available starting ₹2,000	Competitive intensity is very high as there are a number of brands from unorganized segment offering product at similar price-point as that of Pigeon's. Even Prestige offers at entry-level price in this category
Non-Stick Cookware	"Value-for-money" positioning is relatively weaker. Aluminium flat tawa starts at ₹500	Pigeon is also trying to bring technology differentiation in this product category. Competition is already aggressive in terms of technology differentiation. Products are available at similar price points from a larger number of players
Mixer grinder/Small appliance	"Value-for-money" positioning is relatively weaker.	Several brands are available. Pigeon's products are priced at 15-20% lower than competitor's price.

Source – Company, Way2Wealth

➤ Growth Drivers in place with Government policy support –

- **Goods and Services (GST) tax** –As per current GST structure, the lower tax brackets of '5%', '12%' and '18%' are the standard rates for commonly used Indian kitchen items. The highest tax slab of 28% will be applicable to items, which were earlier taxed at 30-31% (excise duty plus VAT). GST places Large Domestic Appliances and Consumer durables category in the highest tax slab of 28%.

- **'Make in India' initiative** – Electronics Manufacturing clusters: Subsidies on infrastructure cost to set up special manufacturing zones. Modified Special Incentive Package Scheme: Subsidy for investments in capital expenditure of 20% for investments in Special Economic Zones and 25% in non-special economic zones. Investment allowances and deductions: Investment allowance (additional depreciation) at the rate of 15% to electronics manufacturing companies investing >₹250mn in plants/machinery. This benefit was available for three years, i.e., for investments made up to 31 March 2017
- **FDI** – To fulfill its objective of reducing dependence on imports by 2020, the Govt. of India has allowed 100% FDI in the electronics hardware manufacturing sector through the automatic route and 51% FDI in Multi-brand retail. Under the automatic route in the ESDM (Electronic System Design & Manufacturing) sector, 100% FDI is allowed, with Special preference to foreign companies setting up manufacturing units in India. This proved to be a key attraction for foreign investors, and also enabled consumer appliance manufacturers, especially those in the Kitchen Appliances industry.
- **Rural Electrification – Majority of kitchen appliances** – both large and small types, are electricity driven; The Indian Government's continued push for rural electrification (*Deendayal Upadhyaya Gram Jyoti Yojana/ Pradhan Mantri Sahaj Bijli Har Ghar Yojna*) could benefit a host of consumer durables and electronics makers, mainly Food preparation and other Kitchen Appliances.
- **Distribution expansion and Exports to drive growth** – SKL derives ~40-44% of total sales from General Trade, followed by ~30-34% from the E-Commerce channel. Sales contribution from e-commerce has increased significantly in the last three years. Further, during FY21, supply chain constraints of large players provided an opportunity to regional brands/smaller players to fulfill demand that outstripped supply through the e-commerce channel. There is scope for distribution expansion of the Pigeon brand, particularly in North/West/East of the country. Of the total ~62,000 retail touch-points, **PIGEON** accounts for ~50,000, **GILMA** ~10,500 and **BLACK & DECKER** ~500. Out of the total 50,000 touch-points for **PIGEON**, 45% are from South and 36% are from West. North/East have ~15% of total touch-points (~2,500 each). As per the management estimates, the total addressable touch-points in **PIGEON** are 100,000. Management expects 20% growth in touch-points in Western India in the next few years. Plans to add ~1,000-1,500 touch-points in East/North India every year. Due to its strong reach in Southern markets through general trade, it derives ~50-55% of its revenue from South India. SKL has implemented a secondary sales software called **BIZOM**, which enables the company to track and capture secondary momentum of its field sales executives and servicing engineers in real time. After-sales service is provided through a **dedicated centralized CRM**, a large team of in-house service personnel to cater to the requirements of customers. **Distributor Management System (DMS)** helps SKL to track secondary and tertiary sales and maintain inventory levels with the distributors. SKL exports Non-stick Cookware to 14 countries. It is the largest exporter of Non-stick Cookware. Good quality and cost competitiveness has led to strong growth in exports in the last few years (>70% YoY). Out of the total export

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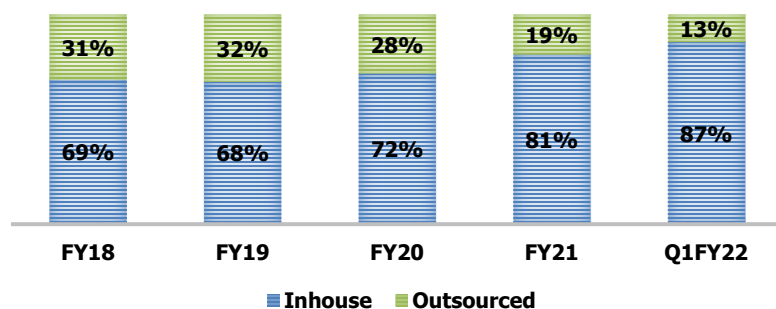
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View – **BUY**

contribution of 15% to revenue, 7-8% is through OEM exports. *In North America/Mexico, it is working with large retailers like Walmart/JC Penny/Belk/Big Lots.*

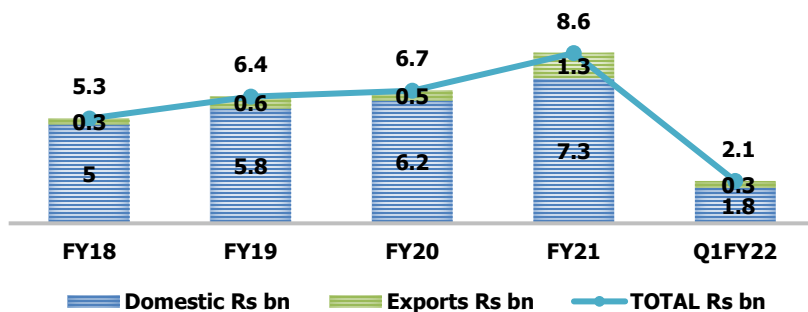
- **Margin Accretive with in-house manufacturing and backward integration** – SKL manufactures its **PIGEON** and **GILMA** branded products at its well-equipped and highly backward integrated manufacturing facilities at **Bengaluru (Karnataka)** and **Baddi (Himachal Pradesh)**, which enables the company to control and monitor quality and cost. SKL undertakes manufacturing of its products combined with its raw material sourcing, packaging, transportation practices and quality control, which enables it to derive higher margins from the sale of a product. It has one of the few facilities in India to have a fully automated roller coating line for the manufacture of Non-stick Cookware. It has the ability to manufacture components such as Bakelite Handle, Sheet Metal Components, Moulded parts, Die Cast parts, Mould Dyes and Fixtures in-house for the manufacturing of its products. Backward integration of its manufacturing facilities has reduced dependence on third-party suppliers and OEMs for such components. It has reduced the proportion of traded products to 13% of total sales compared to 31% in FY18. It entered the LED segment in 2016 as retailers, increasing its manufacturing capacity for LED products from 2019 and reduced dependence on traded products SKL has recently put up an automated line for manufacturing glass plates in the Non-stick Cookware category. Currently, 100% of glass plates are imported from China. It has already invested in plastic moulding in FY21.

Strong in-house manufacturing



Source – Company, Way2Wealth

Exports continue to do well



Source – Company, Way2Wealth

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View – **BUY**

- **New Product Launches to aid Growth** – It launched 20 SKUs in Q1FY22 and intends to launch 30 SKUs in Q2FY22. It launched India's first touch mixer grinder with 1000W motor, innovative blender, cast iron cookware and sleek gas cooktop. It has also upgraded a new range of Home & Kitchen Appliances for the Onam festival, which includes Mixer Grinder/Wet Grinder, Pressure Cooker, Cast Iron Cookware, Sleek Glass Cooktop 2, 3 and 4 Burner, Double Walled Kettle, Hand Blender, Hand Mixer, Induction Stove, Desk Lamp, Turbo Food Processor, Shears and Cutting Board.

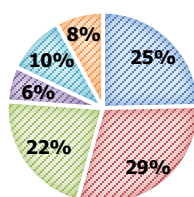
Q1FY22 Performance

SKL's Q1FY22 sales grew 133% YoY (-9% QoQ) on a low base to ₹2.1bn. Despite rising commodity prices, SKL's gross margins grew 70bps YoY (-20bps QoQ) to 34.3%, modestly above management guidance of 33-34% led by premiumisation and 4% price hikes in Apr'21. Employee costs/other expenses grew 117%/184% YoY from lows of Q1FY21 with increase in activity levels (vs. Q1FY21) and on higher branding and marketing spends (₹50mn A&P in Q1FY22). As a result EBITDA margins compressed 100bps YoY/130bps QoQ to 9.4%. EBITDA grew 110% YoY to ₹202mn. Depreciation increased to 14% QoQ as SKL continues to focus on in-house manufacturing. PAT grew 737% YoY (-30% QoQ) to ₹135mn. Debt remained flat QoQ at ₹150mn on account of a) higher working capital levels from 27 days to 45 days due to increase in inventory days from 66 to 75 days and b) capex of ₹100mn in Q1FY22.

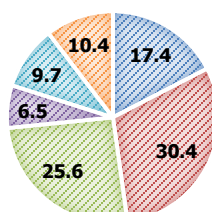
In Q1FY22, E-Commerce contributed 45% to total sales followed by 30% contribution from general trade. Modern retail contributed 8% and exports made up the balance 15%. Management expects exports to be 13- 15% of total sales in FY22. For FY22, E-commerce revenue likely to be 30% of overall revenue as per the management. In Nov'20, the company took a price hike of 4%. In Apr'21, it took another price hike of 4%. The company hikes prices at the start of every quarter. It may go for more price increases going forward too. It will ramp up digital spends going forward. It has also increased its presence on social media. Marketing efforts on the digital front are increasing overall. By the end of FY22, the company will add 50-60% additional capacities across all the product categories (invested ₹630m for the same). Export order book stood at ₹1.3-1.4bn. For the next few years, the company can grow its exports by 50%.

Segment-wise performance - Revenue breakdown

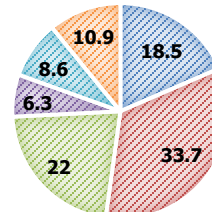
REVENUE BREAKUP (%) Q1FY22



REVENUE BREAKUP (%) Q4FY21



REVENUE BREAKUP (%) FY21



■ Nonstick Cookware
■ Mixer/ Small Appliances
■ Pressure Cookers
■ LED
■ Induction Cook top
■ Gas Cooktop

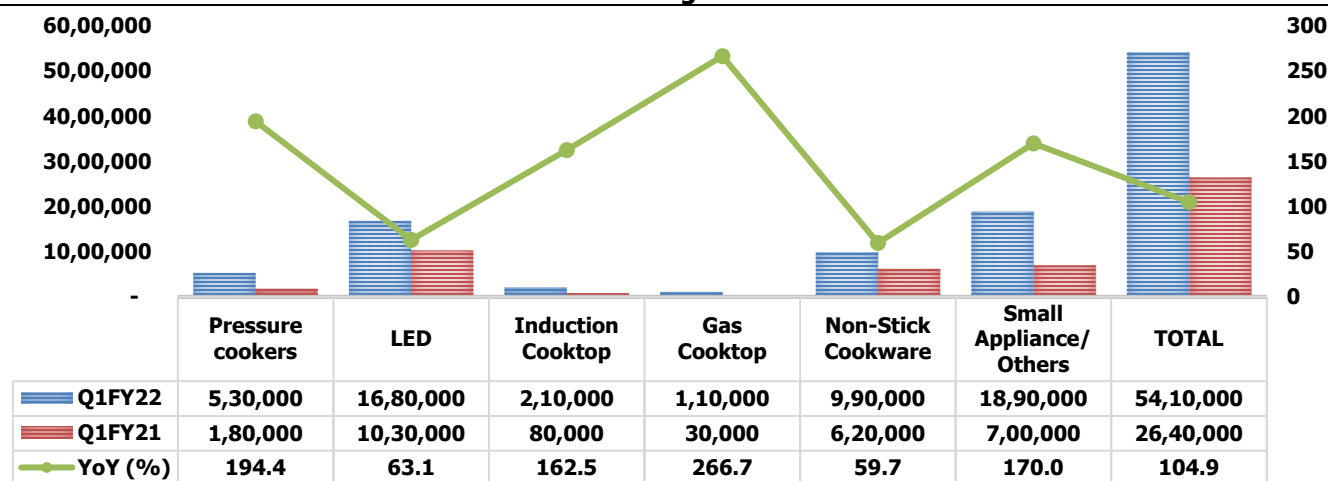
Source – Company, Way2Wealth

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View – BUY

Product wise volume growth ~105% YoY



Source – Company, Way2Wealth

(₹ mn)								
Particulars	Q1FY22	Q1FY21	YoY(%)	Q4FY21	QoQ(%)	FY21	FY20	YoY(%)
Operating Revenues	2,142.1	920.7	132.7	2,354.4	(9.0)	8,589.6	6,698.6	28.2
Cost of Matl	1,291.6	616.1	109.6	1,377.1	(6.2)	4,424.2	3,232.4	36.9
Stock Purchases	184.9	109.5	68.8	182.7	1.2	1,251.9	1,287.6	(2.8)
Inventory Changes	(68.8)	(114.5)	(40.0)	(18.1)	280.3	(93.7)	(101.3)	(7.5)
Gross Margin (%)	34.3	33.6	65 bps	34.5	(24) bps	35.0	34.0	97 bps
Employee Exps	238.4	110.0	116.8	257.8	(7.5)	806.2	820.1	(1.7)
Other Exps	294.2	103.7	183.7	302.8	(2.9)	1,070.6	1,121.9	(4.6)
EBITDA	201.7	96.0	110.1	252.2	(20.0)	1,130.4	337.9	234.5
EBITDA Margin (%)	9.4	10.4	(101) bps	10.7	(129) bps	13.2	5.0	812 bps
Other Income	4.4	0.9	389.9	8.0	(45.4)	15.5	30.5	(49.3)
Depreciation	41.2	34.1	20.6	36.2	13.7	143.0	124.1	15.2
Interest Cost	29.6	46.5	(36.4)	31.8	(7.1)	188.3	209.0	(9.9)
PBT	135.3	16.2	733.5	192.1	(29.6)	814.6	35.3	2,204.3
Tax	-	-	-	-	-	-	3.6	-
Minority Interest	-	-	-	-	-	0.03	0.1	(70.0)
Net Profit	135.3	16.2	733.5	192.1	(29.6)	814.5	31.6	2,476.8
EPS (₹)	4.2	0.5		5.9		25.0	1.3	

Source – Company, Way2Wealth

View

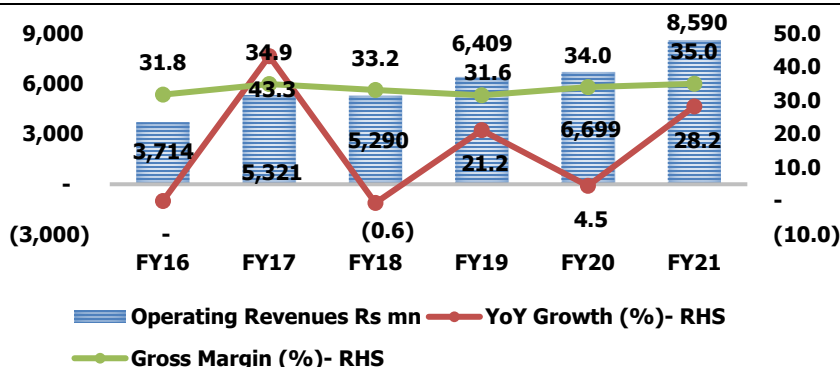
Similar to other ECD companies, SKL's Q1FY22 was impacted by the second-wave of Covid-19 and lockdowns in May'21 when general trade and modern trade were closed as it estimates to have lost sales of ₹300-400mn. Notably, ~50-55% of SKL's sales is derived from the southern markets that are highly impacted by Covid-19 and lockdowns. Despite the adversities, SKL's sales fell only 9% QoQ led by its strong e-commerce presence and strong export momentum (15% of Q1FY22 sales) where it has its order book full for the year. The company has grown faster than competition in the last 7 years. Although gross margin is lower than competitors, EBITDA margin is comparable with peers. It enjoys industry-best working capital profile, which is likely to improve further. We expect the working capital situation (currently at 27 days) to further improve with inventory rationalization and channel financing. SKL is currently trading at 23.4x FY23E EPS which reflects 24% discount to TTK Prestige. ***Considering its strong RoCE profile, industry best working capital, volume leadership across product categories and "value-for-money" brand positioning the stock makes for a value BUY.***

Key Risks

- Significant slowdown in consumer spending can adversely impact the demand and it might affect the Stove Kraft's revenue.
- While SKL has a diverse product portfolio; it lacks market leaderships in key product categories and is a distant number three player in cooker and cookware
- An unforeseen rise in competitive intensity, especially from value brands, could impact the growth prospects/margins for the company.
- Any disruption in manufacturing plants could adversely impact the production.
- Rise in key raw material prices could adversely impact the profitability, if not passed on to the consumers
- The brand license agreement of **BLACK + DECKER** contains certain onerous provisions and a failure to comply with certain provisions could result in adverse consequences including an event of default
- SKL had registered the 'PIGEON' trademark in different classes in 2003 and 2005. As per an oral understanding with Pigeon Appliances Private Ltd (PAPL), an Associate Company, SKL permitted PAPL to manufacture few products (mixers and grinders) under the Pigeon brand for SKL.
- Later, PAPL continued manufacturing the '**PIGEON**' brand without authorisation and hence SKL terminated the oral arrangement with PAPL (2015) asking the company to stop manufacturing any item under the **PIGEON** brand.

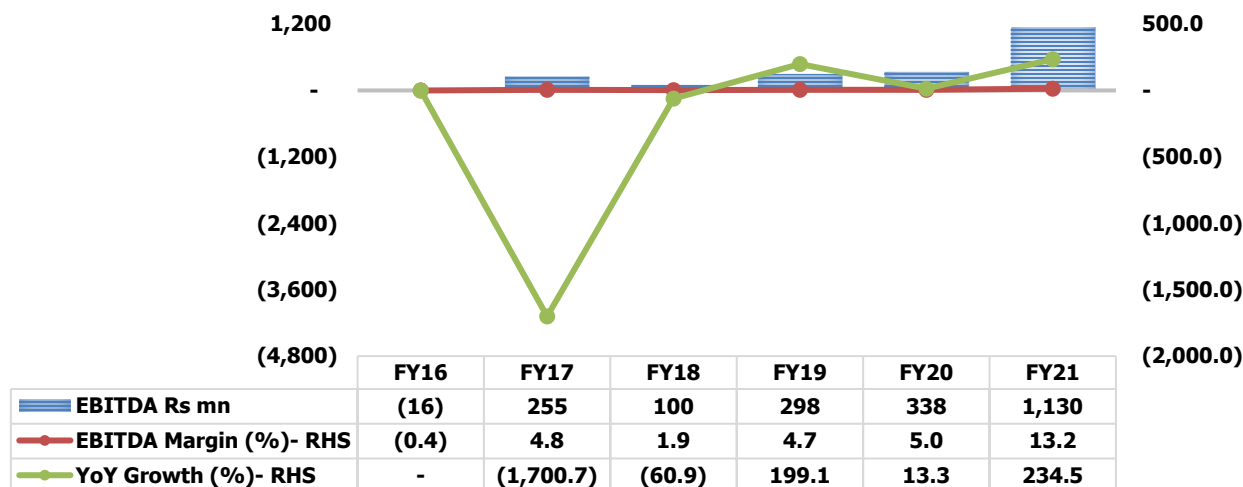
Past Performance & Forecasting

Revenue witnessed 18.3% CAGR over FY16-21



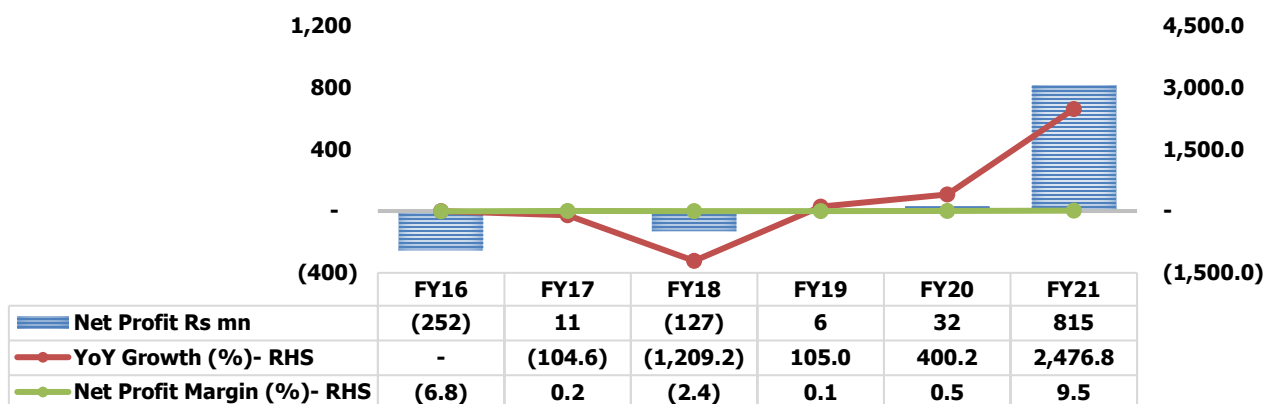
Source – Company, Way2Wealth

EBITDA witnessed 134.5% CAGR over FY16-21



Source – Company, Way2Wealth

PAT witnessed 26.4% CAGR over FY16-21



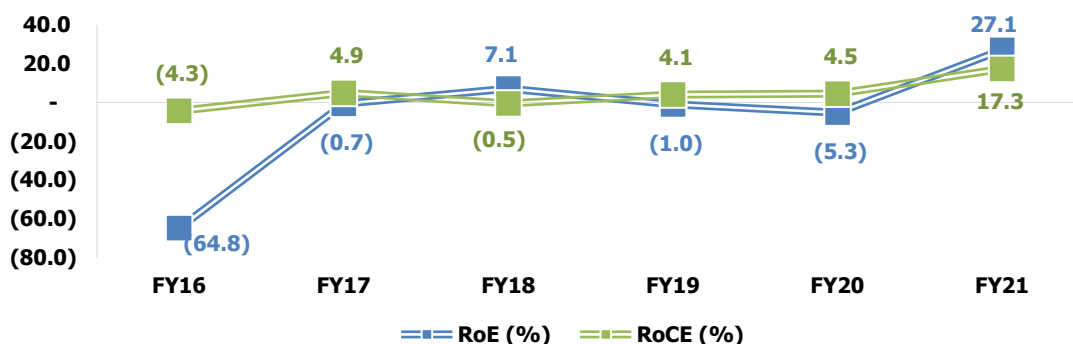
Source – Company, Way2Wealth

17th September 2021

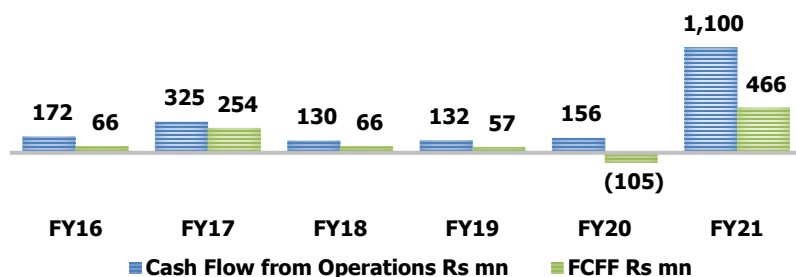
CMP – ₹984.2/-

View – **BUY**

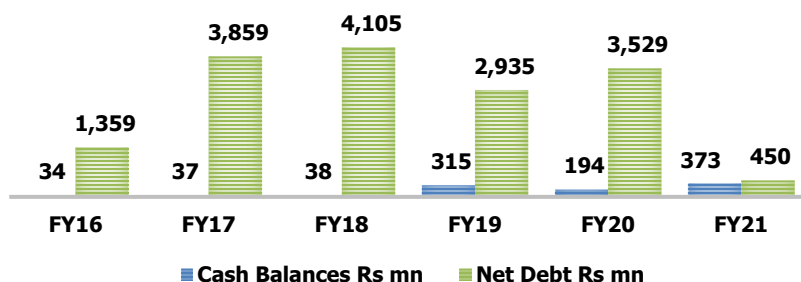
Strong Improvement in Return Ratios, Cash Balances and Working Capital



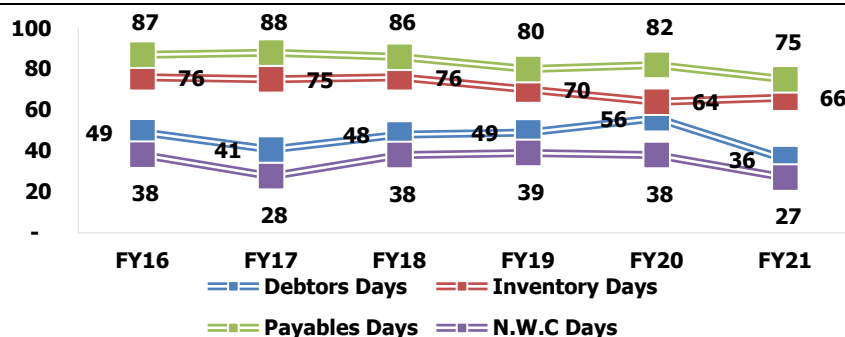
Source – Company, Way2Wealth



Source – Company, Way2Wealth



Source – Company, Way2Wealth



Source – Company, Way2Wealth

17th September 2021

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 View – **BUY**

	(₹mn)					
Particulars	FY18	FY19	FY20	FY21	FY22E	FY23E
Revenue	5,290	6,409	6,699	8,590	10,761	13,189
EBITDA	100	298	338	1,130	1,592	1,813
EBITDA Margin (%)	1.9	4.7	5.0	13.2	14.8	13.7
Net Profit	(127)	6	32	815	1,264	1,368
EPS (₹)	(5.2)	0.3	1.3	25.0	38.8	42.0
RoE (%)	7.1	(1.0)	(5.3)	27.1	29.7	31.1
RoCE (%)	(0.5)	4.1	4.5	17.3	24.3	26.7
P/E (x)	(190.9)	3,849.7	769.6	39.4	25.4	23.4
EV/EBITDA (x)	362.8	117.4	105.4	28.8	22.7	18.0
P/BV (x)	(10.4)	(29.7)	(30.9)	6.2	7.8	6.1
Net D/E (x)	(2.3)	(4.7)	(5.9)	0.1	-	-
Cash Balances	38	315	194	373	1,976	2,987

Source – Company, Way2Wealth

Peer Comparison

	CMP ₹	MCAP ₹ bn	Revenue ₹mn FY21	Gross Margin (%)	EBITDA ₹mn FY21	EBITDA Margin (%)	Net Profit ₹mn FY21	EPS ₹ FY21	P/E (x) FY21	RoE (%)	RoCE (%)	NWC Days
STOVE KRAFT Ltd	984.2	32.1	8,590	35.0	1,130	13.2	815	25.0	39.4	27.1	17.3	28
TTK Prestige Ltd	9,153.0	126.9	20,331	41.0	3,146	15.5	2,470	178.2	51.4	17.8	18.6	83
Butterfly Gandhimathi Ltd	855.0	15.3	8,330	40.0	837	10.0	337	18.8	45.5	14.9	22.3	51
Hawkins Cookers Ltd	6,320.0	33.4	7,685	44.0	1,534	20.0	807	152.5	41.4	45.4	54.8	28

Source – Company, Way2Wealth

KEY MANAGEMENT PERSONNEL

Key person	Designation	Details
Mr. Rajendra Gandhi	Managing Director	He is a first-generation entrepreneur with over 21 years of experience in the kitchen appliances and home utility products industry. He has been on the Board since 1999. He is involved in the day-to-day affairs of the Company.
Mr. Rajiv Mehta	Director & CEO	He holds a bachelor's degree in chemical engineering from University of Mumbai and master's degree in science from University of Pennsylvania, and in business administration from INSEAD. He has previously served as the CEO of Arvind Limited and MD of Puma Sports India Private Limited. He has also been a director of Fourseven Services Private Limited.
Mr. Rohit Mago	CEO- Baddi	He holds a master's degree in business administration from Rani Durgavati Vishwavidyalaya, and a post-graduate certificate in retail management from XLRI Jamshedpur. He has over 18 years of experience in various industries. Prior to joining SKL, he worked with Hindustan Petroleum Corporation Limited for 14 years. Mr. Rohit Mago joined SKL on October 10, 2017
Mr. Sentilal Kumar	Head - Manufacturing.	He holds a bachelor's degree in engineering from University of Madras. He has over 30 years of experience in manufacturing. Prior to joining SKL, he worked with BPL Limited. Senthil Kumar R. joined on April 1, 2011
Mr. Shashidhar SK	CFO & CS	He has over 25 years of experience in the corporate finance and corporate secretarial field. He joined the company on July 2, 2018. He holds a bachelor's degree in commerce from Bangalore University. He is a Chartered Global Management Accountant (CGMA) and Fellow Chartered Management Accountant (FCMA) as certified by the Chartered Institute of Management Accountants ("CIMA"). Additionally, he is also a Fellow member of the Institute of Company Secretaries of India and a Fellow of the Institute of Cost Accountants of India.
Ms. Neha Gandhi	ED	She holds a bachelor's degree in business administration from Christ University, Bengaluru and has completed a post graduate certificate programme in sales and marketing management from MICA (formerly Mudra Institute of Communications, Ahmedabad). She has served as a graduate trainee at Viacom 18 Media Private Limited

Source – Company, Way2Wealth

17th September 2021

CMP – ₹984.2/-

View – BUY

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Disclosure of Interest Statement STOVE KRAFT Ltd. as on 17 September 2021

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	No
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

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