

Stove Kraft Ltd (STOVEKRA)

Consumer Durables | 4QFY25 Result Update

BUY

CMP: Rs569 | Target Price (TP): Rs695 | Upside: 22.1%

May 23, 2025

Cost optimization fuels margin expansion

Key Points

- Both topline and EBITDA margin were below our estimates by 9.2% and 114bps.
- In FY25, Stovekraft made a strategic shift from the Company Owned Company Operated (COCO) model to a more capital-efficient Company Owned Franchisee Operated (COFO) model to accelerate its retail expansion. This transition led to a sharp rise in exclusive retail outlets—from 171 stores in 50 cities/8 states to 262 stores across 91 cities/20 states by March 31, 2025—supporting its vision of establishing Pigeon as a true pan-India brand. With COCO store count capped at 171, all incremental stores are either COFO (preferred) or FOFO, with only 10 FOFO stores currently. Exclusive outlets enhance brand salience, enable direct customer engagement, and deliver stronger gross margins (~52% vs. ~40% domestic and ~30% exports). Retail sales grew from 3% to 5.7% of revenue in FY25, with rising sales per store, and the company plans to add 90–100 more stores in FY26, focusing expansion outside South India, especially in the North and West.
- Guidance:** for double-digit revenue growth in FY26, along with a 100 bps expansion in both gross and EBITDA margins, signaling continued operating leverage and improved profitability.
- The management's strategy to cater to the mass segment and offer them branded products at reasonable price points + maintaining 11%+ EBITDA margin hereon + good growth seen in the newer higher margin products such as Air Fryers, give us comfort in terms of delivery on both topline & EBITDA margin guidance in the short-to-medium term. We, therefore, maintain BUY with a TP of Rs 695. This implies a PE of 30x on FY27 EPS, and is at ~40% discount to the 5-yr historical average PE on 1-yr forward basis.

4QFY25 performance update: Topline degrew by ~4% YoY, impacted by challenges such as elevated inflation, cautious consumer sentiments, and muted discretionary spending, particularly noticeable in Q4. Exports contributed ~11% to the overall topline, with muted growth YoY. Sales channels such as GT (34.4% revenue contribution), E-Comm. (34.1%), Modern Trade (11.5%), Institutional/Corporate (3.5%), and Retail (5.7%) showed double digit volume growth. Going forward, the focus will be on growing the Retail channel (COFO models) as it is a comparatively higher margin segment. While gross margin remained flat YoY due to higher input costs and cost optimization, EBITDA margin expanded by 180bps YoY due to lower than expected other expenses. Operational efficiencies and backward integration helped scale up margins.

Deeper backward integration to drive gross margin gains: The company has been incurring capex for setting up manufacturing facilities for backward integration (and thereon, a maintenance capex of ~Rs250-300mn FY26 onwards). Currently, in-house manufacturing is 90%+ of the overall revenues. This has aided gross margin expansion (up 120bps YoY to 38.1% in FY25. Gross margin is expected to remain at ~38-39% levels in the medium term, with EBITDA margin protection at ~11% levels.

Others: (1) WCD at 64 days aiming to reduce it to 30 days. (2) Exports are expected to contribute ~15-16% to the topline in the near-to-medium term. However, gross margin is lower for exports compared to the domestic market. The retail channel has the highest gross margin. (3) The current capex is sufficient to clock in ~18% revenue CAGR for the next 2 years. (4) Larger growth in the near term is expected to come from newer products. (5) The management expects to maintain the cost run rate (and not increase it) at the current levels. As a result, ~11.2% EBITDA margin is expected to be clocked in FY26. (6) A&P spend is expected to remain at 3-3.5% of overall topline.

Est Change	Downward
TP Change	Downward
Rating Change	No Change

Company Data and Valuation Summary

Reuters	STOE.BO
Bloomberg	STOVEKRA IN
Market Cap (Rsbn / US\$mn)	18.8 / 220.5
52 Wk H / L (Rs)	975 / 445
ADTV-3M (mn) (Rs / US\$)	58.1 / 0.7
Stock performance (%) 1M/6M/1yr	(14.8) / (27.2) / 14.3
Nifty 50 performance (%) 1M/6M/1yr	3.2 / 7.2 / 7.1

Shareholding	2QFY25	3QFY25	4QFY25
Promoters	55.9	55.9	55.8
DII's	5.5	5.4	7.0
FII's	1.5	1.7	1.2
Others	37.1	37.1	36.0
Pro pledge	14.6	14.6	14.6

Financial and Valuation Summary

Particulars (Rs Mn)	FY24	FY25	FY26E	FY27E
Net Sales	13,643	14,498	16,939	20,107
Growth YoY (%)	6.3	6.3	16.8	18.7
Gross Margin (%)	36.9	38.1	38.6	38.7
EBITDA	1,188	1,507	1,895	2,292
EBITDA Margin (%)	8.7	10.4	11.2	11.4
Adj. PAT	341	349	569	766
Adj. PAT YoY Growth (%)	(4.7)	2.3	62.9	34.7
Adj. EPS (Rs)	10.3	10.6	17.2	23.2
RoCE (%)	9.4	10.0	12.5	16.6
ROE (%)	8.1	7.7	11.5	13.9
RoIC (%)	9.7	10.3	12.3	16.5
P/E	54.9	53.7	33.0	24.5
EV/EBITDA	16.9	13.5	10.7	8.4
P/BV	4.3	4.0	3.6	3.2

Source: Bloomberg, Company, Nirmal Bang Institutional Equities Research

Key Links –

[4QFY25 Results](#)

[4QFY25 Investor PPT](#)

Please refer to the disclaimer towards the end of the document.

Exhibit 1: 4QFY25 Consolidated Performance

Particulars (Rsmn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	FY24	FY25
Net Sales	2,977	3,798	3,616	3,252	3,145	4,183	4,041	3,130	13,643	14,498
YoY Change (%)	8.2	(6.5)	11.4	17.0	5.6	10.1	11.7	(3.8)	6.3	6.3
Gross Profit	1,099	1,341	1,392	1,207	1,201	1,598	1,517	1,208	5,040	5,524
Margin (%)	36.9	35.3	38.5	37.1	38.2	38.2	37.6	38.6	36.9	38.1
EBITDA	240	400	301	248	317	490	405	295	1,188	1,507
YoY Change (%)	11.1	(13.2)	18.3	320.6	32.1	22.7	34.7	18.8	20.1	26.8
Margin (%)	8.0	10.5	8.3	7.6	10.1	11.7	10.0	9.4	8.7	10.4
Depreciation	103	116	129	146	150	174	181	206	493	712
Interest	42	64	59	75	67	79	74	90	240	310
Other income	16	3	(14)	(5)	10	(19)	(1)	13	1	(32)
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT (bei)	111	223	99	22	109	219	149	11	456	452
PBT	111	223	99	22	109	219	149	11	456	452
Tax	29	58	32	(4)	27	51	28	(4)	114	103
ETR (%)	26.0	26.0	31.9	(19.1)	24.9	23.5	18.7	(33.1)	25.1	22.7
Reported PAT	82	165	68	27	82	167	121	14	341	385
Adj. PAT	82	165	68	27	82	167	121	14	341	385
YoY Change (%)	2.1	(36.2)	(13.3)	NA	0.0	1.2	79.7	(45.5)	(4.5)	12.8
Adj. EPS	2.5	5.0	2.0	0.8	2.5	5.1	3.7	0.4	10.3	11.7

Source: Company, Nirmal Bang Institutional Equities Research; BEI = Before exceptional Items

Exhibit 2: 4QFY25 Segmental Performance

Particulars (Rsmn)	4Q24	3Q25	4Q25	YoY(%)	QoQ(%)	FY24	FY25	YoY(%)
Net Sales								
Pressure Cookers	698	808	626	(10.3)	(22.5)	2,867	2,999	4.6
LED	73	202	31	(57.0)	(84.5)	546	497	(8.9)
Induction Cooktop	517	485	376	(27.3)	(22.5)	1,785	1,642	(8.0)
Gas Cooktop	227	242	250	10.4	3.3	1,047	1,038	(0.9)
Non-Stick Cookware	499	647	438	(12.2)	(32.2)	2,538	2,659	4.8
Mixers / Small Appliances / Others	1,324	1,657	1,408	6.4	(15.0)	5,115	5,663	10.7
Sales Mix (%)								
Pressure Cookers	20.9	20.0	20.0	-	-	20.6	20.7	-
LED	2.2	5.0	1.0	-	-	3.9	3.4	-
Induction Cooktop	15.5	12.0	12.0	-	-	12.8	11.3	-
Gas Cooktop	6.8	6.0	8.0	-	-	7.5	7.2	-
Non-Stick Cookware	15.0	16.0	14.0	-	-	18.3	18.3	-
Mixers / Small Appliances / Others	39.7	41.0	45.0	-	-	36.8	39.1	-

Source: Company, Nirmal Bang Institutional Equities Research

Key Concall Highlights:

- The company is currently associated with ~75,000 retailers and ~600 distributors
- FY25 was impacted by challenges such as elevated inflation, cautious consumer sentiments, and muted discretionary spending, particularly noticeable in Q4.
- Q4 FY25 PBT was Rs.15mn, down from Rs.27 mn in Q4FY24, partly due to the notional impact of accounting additional rent and interest against rent payments.
- The macroeconomic environment is seen as becoming more conducive for demand recovery.
- Signs of revival are starting in rural markets, with urban consumption expected to follow in coming quarters.
- The company is targeting double-digit overall growth for FY26.
- It aims to improve gross margins and EBITDAM by 100bps in FY26

Retail expansion: Pigeon

- A significant strategic move in FY25 was the shift from the Company Owned Company Operated to the Company Owned Franchisee Operated model.
- This transition is aimed at accelerating retail footprint expansion across numerous cities and states in a capital efficient manner.
- The retail network grew significantly in FY25, adding 91 stores (32 in Q4 FY25), increasing the total from 171 stores across 50 cities/8 states to 262 stores covering 91 cities/20 states by March 31, 2025.
- This expansion is intended to establish Pigeon as a pan India brand.
- Exclusive outlets enable direct customer engagement, strengthen brand salience, and contribute to improving overall margins.
- The plan for FY26 is to add another 90 to 100 stores, targeting ~25 store openings each quarter.
- The coco store count is capped at 170/171; all new stores added are COFO or Franchisee Owned Franchisee Operated (FOFO). The company prefers COFO over FOFO, with 10 out of 262 stores being FOFO and the rest incremental stores (beyond the initial Koko) being COFO.
- Retail gross margins are higher at around 52%, compared to domestic (~40%) or export (29-30%)
- Retail sales contributed 5.7% of revenue in FY25, up from 3%, and sales per store are growing.
- Retail expansion is focused primarily outside South India, particularly in the North and West regions.

Manufacturing & capex

- Significant investments, totaling over Rs.4bn post-IPO, have primarily gone into enhancing manufacturing facilities.
- These investments have resulted in strong manufacturing capability and backward integration.
- The contribution from manufactured products has increased significantly, making up 95% of incremental revenue post-IPO (up from 70%) and tripling the incremental revenue from these products.

- Going forward, the annual capex is planned not to exceed Rs. 250mn, excluding retail store expansion and tooling.
- Highly backward integrated facilities are a key driver for controlling costs and improving gross margins.

Product Categories

- In Cookware, volume growth was seen across most categories except non-stick. There is a trend of consumer shift towards ceramic coated cookware from PTFE coated in both domestic and export markets. The company is actively ramping up its capability for manufacturing ceramic coated products and has a strong export order book for ceramic non-stick, which requires a different technology.
- A state-of-the-art cast iron foundry has been commissioned with an initial annual capacity of 2.2 mn pieces, scalable to 4.4 mn. Production has commenced for the domestic market, and long-term export orders have been secured. The plan is for a 50% domestic, 50% export mix for cast iron production.
- The company is developing Outdoor cooking products (Grills) for export markets, viewing this as a future opportunity, with manufacturing possibly starting by Q4 FY26
- Pressure Cookers saw 1.4% volume growth for the year.
- Small Domestic Appliances achieved about 6% volume growth for the year and are sold through all channels.
- Cooktops & Induction Cooktops registered 6.7% volume growth for the year.
- The company has entered the Grooming segment with launches like the BLC dry hair dryer and a precision men's trimmers.
- New products have been launched in Home Essentials, including the BLC ceiling fan, rechargeable mini fans, and a high-performance pedestal fan under the Pigeon brand.
- The company is getting into manufacturing Chimneys and is already producing OTGs. Capability for these is located in the same plant as outdoor products, with chimney sales from its own plant expected soon.
- Across various product categories, the company is actively acquiring market share.

Channel performance & mix

- For FY25, the ~revenue mix was: General Trade (GT) 34.4% (down from 37.9%), E-commerce 34.1% (up from 30.8%), Modern Trade 11.5% (flat), Corporate Sales (Institutional/MFI) 3.5% (down from 5.4%), Retail 5.7% (up from 3%), and Exports 10.9%/11% (down slightly from 11.4%).
- Q4 FY25 experienced a revenue drop across all categories and channels compared to the previous year's Q4.
- Softness in demand was observed from the General Trade (GT) channel, and the company hopes for increased contribution from this channel.
- E-commerce is showing good traction, with products available on quick commerce platforms like Swiggy Instamart and BigBasket.
- Corporate Sales were impacted, dropping from 5.4% to 3.5% for the year, representing a revenue loss of around 2% of the total business or Rs.270-380 mn within the channel itself, with the most significant impact in Q4.
- Regarding regional performance, growth rates are slightly higher in regions outside South India, particularly the North and West, though the overall business is split almost 50/50 between South and the rest of India

- Channel gross margins are highest for retail (around 52%), followed by domestic business (around 40% or slightly upwards), and lowest for exports (29-30%).
- For new product launches, the company aims to maintain similar margins based on the channel, meaning lower for exports but consistent with existing domestic channels.

Exports

- The export opportunity is anticipated to contribute significantly to future growth.
- A very high growth rate is expected in exports for FY26, projected to be upwards of 50%.
- Export contribution to overall revenue is targeted to cross 25% within the next 3 years.
- Key export initiatives include a partnership with IKEA to develop and supply cookware globally, for which a separate factory has been established. Supply capability is being built, with initial revenues anticipated by the end of Q3 or early Q4 FY26.
- The company is seeing growth with Walmart in existing categories and is transitioning some non-stick products to ceramic coating for them.
- Long-term export orders have been secured for cast iron cookware, with plans for a 50% export mix for this product.
- Outdoor cooking products are being specifically developed for export markets.
- The tariff situation concerning sourcing from China is viewed as beneficial for India, as retailers are seeking alternative sources, which benefits the company.
- Export pricing is FOB (Free On Board), meaning tariffs or custom duties at the destination port are the customer's responsibility and do not affect the company.
- While export gross margins are lower (29-30%) compared to domestic business, their EBITDA margins are at par or better.
- Challenges in executing export orders, particularly due to the transition to ceramic coating, affected inventory levels in Q4 FY25

Exhibit 3: Change in Earnings Estimates

Description (Rsmn)	Changes in Estimates					
	FY26E			FY27E		
	Old	New	Change (%)	Old	New	Change (%)
Net Sales	17,563	16,939	(3.6)	20,894	20,107	(3.8)
EBITDA	2,036	1,895	(6.9)	2,570	2,292	(10.8)
EBITDA Margin (%)	11.6	11.2	(40) bps	12.3	11.4	(90) bps
Adj. PAT	747	569	(23.9)	1,062	766	(27.8)
Adj. EPS	22.6	17.2	(23.9)	32.1	23.2	(27.9)

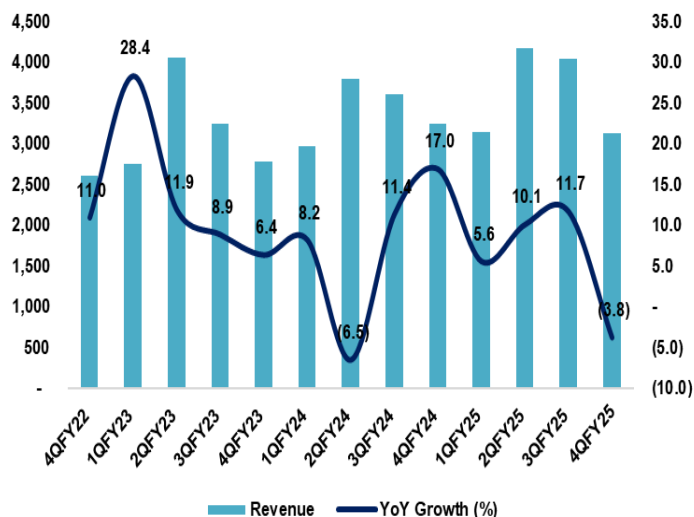
Source: Nirmal Bang Institutional Equities Research

Exhibit 4: Actual Performance v/s NBIE & Consensus Estimates

4QFY25 (Rs Mn)	Actuals	Our Estimate	Deviation (%)	BBG Estimates	Deviation (%)
Net Sales	3,130	3,637	(14.0)	3,597	(13.0)
EBITDA	295	288	2.1	346	(14.7)
EBITDA Margin (%)	9.4	7.9	148 bps	9.6	(19) bps
Adj. PAT	14	47	(69.2)	49	(70.4)

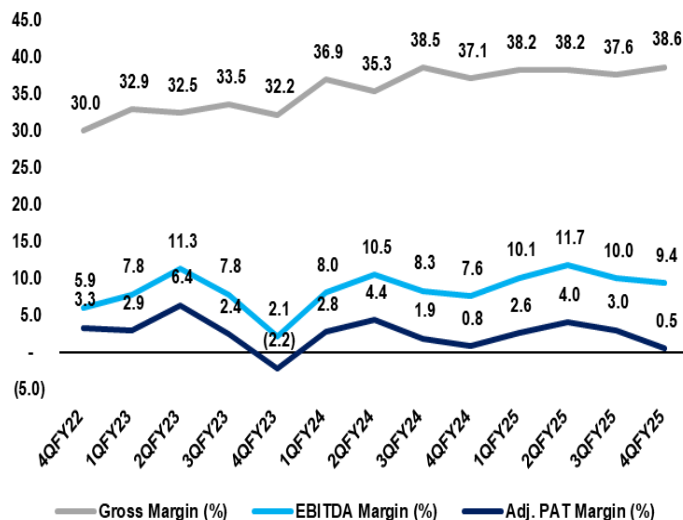
Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 5: Revenue Trend



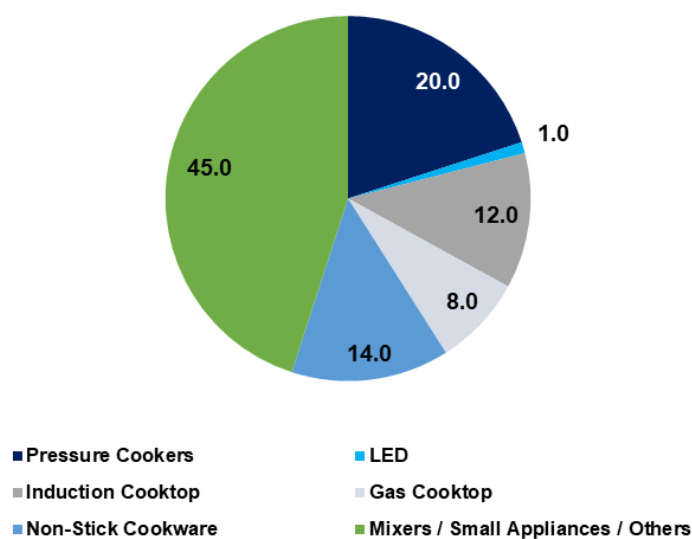
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 6: Margin Trend



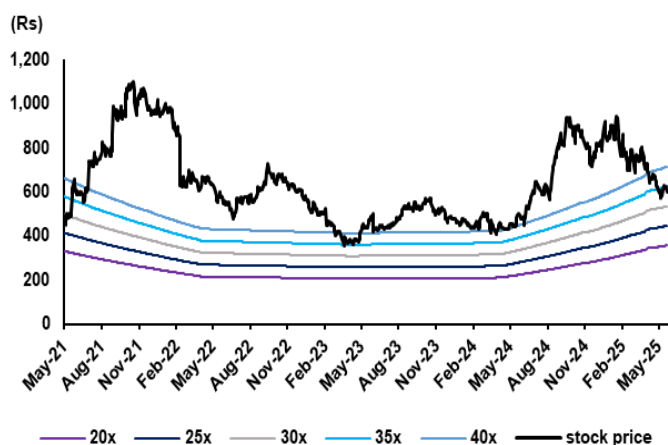
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 7: 4QFY25 Revenue Mix

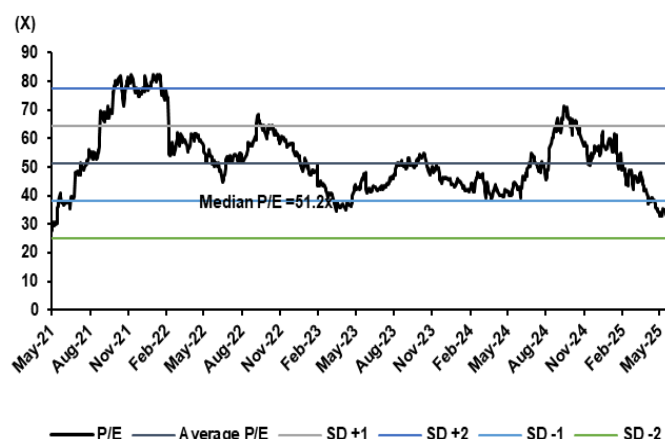


Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 8: 1-Yr Forward PE



Source: Bloomberg, Nirmal Bang Institutional Equities Research



Source: Bloomberg, Nirmal Bang Institutional Equities Research

Financials

Exhibit 9: Income Statement

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	12,838	13,643	14,498	16,939	20,107
% growth	13.0	6.3	6.3	16.8	18.7
Gross Profit	4,204	5,039	5,524	6,538	7,781
Gross Margin (%)	32.7	36.9	38.1	38.6	38.7
Staff cost	1,429	1,666	1,719	2,102	2,473
% of sales	11.1	12.2	11.9	12.4	12.3
Other expenses	1,785	2,186	2,299	2,541	3,016
% of sales	13.9	16.0	15.9	15.0	15.0
EBITDA	990	1,188	1,507	1,895	2,292
% growth	4.4	20.0	26.8	25.8	20.9
EBITDA margin (%)	7.7	8.7	10.4	11.2	11.4
Depreciation	317	493	712	817	842
EBIT	673	695	794	1,079	1,450
Interest	165	240	310	333	442
Other income	-35	1	-32	15	15
PBT (bei)	473	455	452	760	1,024
PBT	473	455	452	760	1,024
ETR	24.3	25.1	22.7	25.2	25.2
PAT	358	341	349	569	766
Adj PAT	358	341	349	569	766
% growth	(36.4)	(4.7)	2.4	62.9	34.7

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Balance Sheet

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
Share capital	330	331	331	331	331
Reserves	3,703	4,062	4,378	4,847	5,497
Net worth	4,034	4,392	4,708	5,178	5,828
Short-term Loans	1,188	1,409	1,795	1,100	500
Long-term Loans	100	49	0	200	300
Total Loans	1,288	1,458	1,795	1,300	800
Net Debt	1,090	1,308	1,700	1,700	644
Other non-current liabilities	(14)	(25)	(32)	(32)	(32)
Total Equity & Liabilities	5,308	5,826	6,471	6,446	6,596
Gross Block	4,636	6,220	8,044	8,294	8,544
Depreciation	656	1,149	1,862	2,678	3,520
Net Block	3,980	5,071	6,182	5,615	5,023
CWIP	95	296	226	100	100
Other non-current assets	0	0	0	0	0
Investments	42	31	90	90	90
Trade receivables	81	20	74	74	74
Inventories	1,409	1,463	1,314	1,624	1,928
Debtors	2,433	3,203	3,610	3,249	3,856
Cash & Cash Equivalents	198	150	95	-400	156
Other Current assets	723	710	416	762	905
Total Current assets	4,763	5,526	5,435	5,235	6,845
Trade payables	1,775	2,606	2,620	2,280	2,701
Other current liabilities	1,879	2,513	2,916	2,388	2,835
Total current liabilities	3,653	5,119	5,536	4,668	5,537
Total Assets	5,308	5,826	6,471	6,446	6,596

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Cash Flow

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
PBT	473	455	452	760	1,024
Depreciation	317	493	712	817	842
Interest	165	240	310	333	442
Other adjustments	(35)	1	(32)	15	15
Change in Working capital	62	654	453	(1,163)	(185)
Tax paid	(97)	(125)	(111)	(191)	(258)
Operating cash flow	920	1,718	1,818	556	1,864
Capital expenditure (-)	(1,206)	(1,784)	(1,754)	(124)	(250)
Free cash flow	(286)	(67)	63	433	1,614
Other investing activities	0	0	0	0	0
Investing cash flow	(1,206)	(1,784)	(1,754)	(124)	(250)
Issuance of share capital	2	0	0	-	-
Movement of Debt	504	170	337	(495)	(500)
Dividend paid (incl DDT)	-	(83)	(83)	(99)	(116)
Other financing activities	(165)	(179)	(364)	(333)	(442)
Financing cash flow	341	(91)	(109)	(928)	(1,057)
Net change in cash flow	91	(58)	4	(495)	557
Opening cash	121	198	150	95	-400
Closing cash	198	150	95	-400	156

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Key Ratios

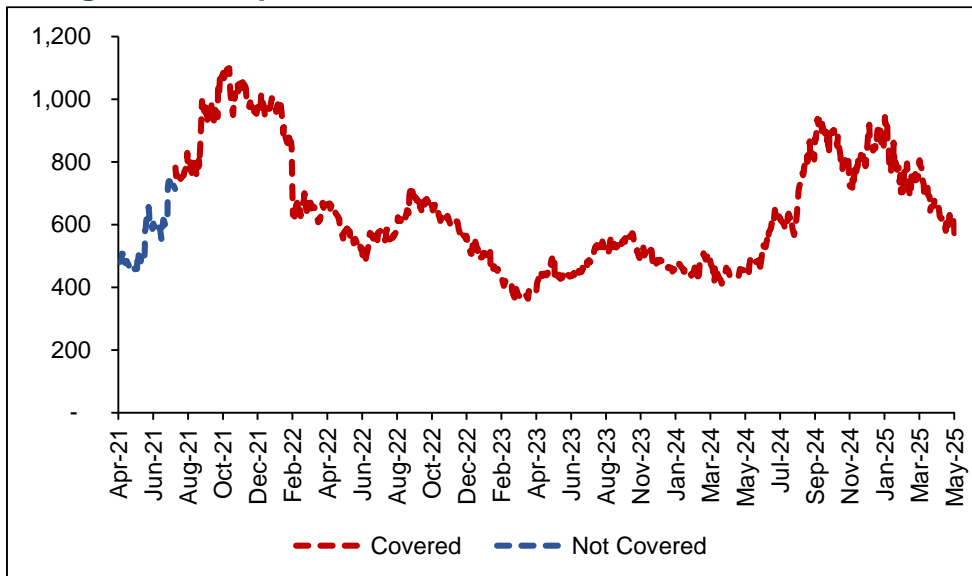
Y/E March	FY23	FY24	FY25	FY26E	FY27E
Per Share (Rs)					
EPS	10.8	10.3	10.6	17.2	23.2
Book value	122.1	132.9	142.3	156.5	176.2
DPS	0.0	2.5	2.5	3.0	3.5
Valuation (x)					
P/Sales	1.5	1.4	1.3	1.1	0.9
EV/EBITDA	19.9	16.9	13.5	10.7	8.4
P/E	52.4	54.9	53.7	33.0	24.5
P/BV	4.6	4.3	4.0	3.6	3.2
Return ratio (%)					
RoCE	10.5	9.4	10.0	12.5	16.6
RoCE (Pre- Tax)	13.9	12.5	12.9	16.7	22.2
RoE	9.3	8.1	7.7	11.5	13.9
RoIC	11.0	9.7	10.3	12.3	16.5
Profitability ratio (%)					
Gross Margin	32.7	36.9	38.1	38.6	38.7
EBITDA margin	7.7	8.7	10.4	11.2	11.4
PAT margin	2.8	2.5	2.4	3.4	3.8
Liquidity ratios (%)					
Current ratio	1.3	1.1	1.0	1.1	1.2
Quick ratio	0.6	0.5	0.3	0.4	0.5
Solvency ratio (x)					
Net Debt-equity	0.3	0.3	0.4	0.3	0.1
Turnover ratio					
Fixed Asset turnover ratio (x)	2.8	2.2	1.8	2.0	2.4
Debtor days	40	39	33	35	35
Inventory days	69	86	91	70	70
Creditor days	75	111	107	80	80
Net Working capital days	34	14	17	25	25

Source: Company, Nirmal Bang Institutional Equities Research

Rating Track

Date	Rating	Market price	Target price (Rs)
13 July 2021	Buy	723	900
01 August 2021	Buy	772	900
25 September 2021	Buy	961	1,123
03 November 2021	Buy	1,023	1,200
09 February 2022	Buy	724	1,000
21 February 2022	Buy	669	960
02 June 2022	Buy	548	760
05 August 2022	Buy	552	810
19 September 2022	Buy	703	960
09 November 2022	Buy	635	980
03 February 2023	Buy	525	720
22 March 2023	Buy	356	535
31 May 2023	Buy	438	535
31 July 2023	Hold	488	525
08 November 2023	Hold	501	525
11 February 2024	Hold	464	470
25 May 2024	Hold	497	500
12 August 2024	Hold	674	730
29 October 2024	Buy	772	900
26 December 2024	Buy	780	900
04 February 2025	Buy	766	900
23 May 2025	Buy	569	695

Rating Track Graph



DISCLOSURES

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Disclaimer

Stock Ratings Absolute Returns

BUY > 15%

HOLD -5% to 14%

SELL < -5%

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