

11 August 2025

To,

BSE Limited

Phiroze Jeejeebhoy Towers,

Dalal Street,

Mumbai-400 001

Scrip Code:543260

National Stock Exchanges of India Ltd.

Exchange Plaza, Plot no.C/1,G Block,

Bandra-Kurla Complex,

Bandra(E),Mumbai- 400 051

NSE Symbol: STOVEKRAFT

Dear Sir / Madam,

Subject: Intimation under Regulation 30 - Transcript of Earnings Call

Pursuant to the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings call held on 05 August 2025.

Please also note that the transcript of the Earnings call will also be made available on our website <https://stovekraft.com/investors/>.

Request you to kindly take the same on record.

Thanking you,

Yours faithfully

For Stove Kraft Limited

Shrinivas P Harapanahalli
Company Secretary & Compliance Officer

Stove Kraft Limited

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“Stove Kraft Limited Q1 FY‘26 Earnings Conference Call”

August 05, 2025



MANAGEMENT: **MR. RAJENDRA GANDHI -- MANAGING DIRECTOR,
STOVEKRAFT LIMITED**
**MR. RAMAKRISHNA PENDYALA --CHIEF FINANCIAL
OFFICER, STOVEKRAFT LIMITED**
**MR. HEMANT KOTHARI -- VICE PRESIDENT INVESTOR
RELATIONS, STOVEKRAFT LIMITED**

MODERATOR: **MR. PARTH PATEL -- MUFG INTIME INDIA PRIVATE
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the StoveKraft Limited Q1 FY '26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Parth Patel from MUFG Intime. Thank you and over to you, Mr. Patel.

Parth Patel: Thank you and good afternoon. On behalf of MUFG Intime, I welcome you all to StoveKraft Limited Q1 FY '26 Earnings Conference Call. Today on the call, we have Mr. Rajendra Gandhi – Managing Director; and Mr. Ramakrishna Pendyala – Chief Financial Officer and Mr. Hemant Kothari – Vice President Investor Relations.

Before we begin the call, I would like to give a short disclaimer. This call may contain some of the forward-looking statements, which are completely based upon our beliefs, opinion expectations as of today. The statements are not a guarantee of our future performance and involve unforeseeable risk and uncertainties.

And with this, I would like to hand over the call to Mr. Gandhi. Over to you, sir.

Rajendra Gandhi: Thank you. Thank you. Very good afternoon, ladies and gentlemen. And thank you very much for attending our Q1 FY '26 earnings call. A detailed presentation and a press release of our quarterly performance have been uploaded on our website. And I hope everybody had an opportunity to go through them.

Despite recent disruptions due to tariff developments between the United States and India, the geopolitical situation with neighboring countries, our exports and domestic markets have broadly remained stable for us. We are pleased to report a robust performance in Quarter 1 FY '26, reflecting our operational leverage and reflects the resilience of manufacturing capabilities which we have strengthened over the last four years.

Looking ahead, our multi-channel outlook is robust. Quick commerce, which we entered recently, is gaining meaningful traction, while E-commerce, traditional retail outlets, and modern trade continue to deliver steady growth. We believe these dynamics will position us for an accelerated growth trajectory in the quarters ahead.

Channel mix in Q1 was 32% from E-commerce, 26% from GT, 12% from modern trade, 3% from corporate/institution sales, 20% from our OEM exports, and 7% from our own retail. All the major channels reported growth over the year-on-year basis, indicating strong widespread demand and successful brand traction. This robust broad-based growth across channels implies consumer acceptance of our products.

Moving towards development, which took place in Q1:

We are in continuation from Q4. We have begun manufacturing and selling chimneys, kitchen chimneys from our own plant. With chimney penetration in India still in single-digits and only a handful of serious domestic players, this market offers a substantial white space opportunity.

Our in-house production capability, backed by StoveKraft's distribution and retail strength, uniquely positions us to capture this underserved segment and meet the rising demand for quality ventilation solutions. We expect chimneys to become a significant growth driver in the coming quarters. Our cast iron cookware has started showing traction in revenue in Quarter 1. In Quarter 1, we are able to generate a revenue of 177 million, which is improving quarter-on-quarter.

In export:

We are working with a few U.S. and UK-based players on a few new product categories, which we will be able to communicate when we are able to reach at some maturity stage. However, export markets also look promising with respect to demand from India-manufactured products is concerned.

In the current quarter, increased production volumes of our new range of kettles and cast-iron cookware, both of which are fully backward integrated and manufactured in-house, have contributed to margin improvements through enhanced operational leverage. We expect this positive trend to continue and further strengthen our performance in the subsequent quarters.

We also rolled out our Balancing Gender Roles at Home campaign under the Pigeon appliances banner, made for every hand at home, this initiative spotlights how our electric pressure cookers, air fryers, OTG and vacuum cleaners enable partners to share cooking and cleaning from quick weeknight meals to routine chores effortlessly and fairly.

We have received early traction for the campaign on social and in-store platforms, underscoring its resonance, strengthening our brand's emotional connect and commitment to modern, equitable homes.

With the upcoming festival season and revival of rural demand due to healthy monsoon this year, we are optimistic about delivering stronger performance in coming quarters. We are witnessing positive momentum in our margins compared to the previous year, accompanied by an improvement in PAT resulting in improvement on ROCE, ROE.

Now I will discuss the Q1 FY '26 Financial and Operational Performance:

Revenue for quarter was Rs. 340.1 crore, registering a growth of 8.2% Y-o-Y and 8.7% Q-o-Q, growing at 7.3% CAGR for the last four years. Growth for the quarter is mainly from e-com, retail, modern retail and export channels.

Gross margins have improved by 13 basis points compared to the same period last year. Gross margin also registered growth of 8.5% Y-o-Y and 7.9% Q-o-Q, reflecting strength of our manufacturing capability. In the last four years, our gross margin has significantly improved by 12.9% CAGR.

EBITDA has improved by 40 basis points compared to the same period last year and 106 basis points compared to the last quarter. EBITDA stands at 10.5% in Quarter 1, FY '26, registering a growth of 12.5% Y-o-Y and 20.9% Q-o-Q.

PAT has improved by 46 basis points compared to the same period last year and 260 basis points compared to the last quarter. PAT stands at 3.1% in Quarter 1, FY '26, registering a growth of 27.2% Y-o-Y and 620.5% Q-o-Q, withstanding our self-sufficiency strategy to overcome supply disruption due to global disruption will help us to improve returns.

In the current quarter, we saw strong positive momentum driven by export growth of 14% compared to Q1, FY '25. Our exports now reaching 20% of the total revenue for the quarter.

In Quarter 1, FY '26, we have opened 19 new stores in 18 new cities. Currently, we are operating in 19 states and 110 cities, which has helped us drive diversification, ensure sustainable growth, and enhance brand's presence across key markets. We are actively working to reduce this concentration by opening most of the new stores in North and West India.

Now, I would request the moderator to open the floor for questions-and-answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Shreyans Jain Svan Investments

Shreyans Jain: Hi, good evening sir and congratulations on a good set. I am just trying to understand the kind of traction that we have seen in Q1, do we intend to increase our growth guidance and how is the market looking for you say pre-festive for Q2 and Q3, sir?

Rajendra Gandhi: Yes, as you are aware the 1st Quarter for us and the last quarter are softer quarters compared to the second and third quarters. The second and third quarters involve a lot of festivals and various seasonal sales. Obviously, these two quarters are the major quarters that contribute to our revenues. And to answer your question, yes, we are seeing improved growth in the beginning of this quarter. So, we hope that we will be able to deliver higher growth.

Shreyans Jain: Okay. And sir, second question is when we are moving up the value chain, say from we are moving to cast-iron cookware and tri-ply cookware, so what kind of gross margin improvement is there in the product category, say when you move from a PTFE coated cookware to a ceramic or a tri-ply or a cast iron sir?

Rajendra Gandhi: Definitely, they are positive to our margins compared to the existing cookware. Definitely, the cast iron offers a better opportunity because we have a fully integrated plant, manufacturing base and an automated line. Definitely, we stand to gain on that capability, and the product definitely

can command a better price in the market. So, with this, definitely, that is where it gives us our confidence on improving on our gross margins for the company as a whole. Some of the confidence is also coming from these categories.

Shreyans Jain: Okay. So, if we can quantify over the next two years because of this product mix change, what kind of gross margin improvement can we anticipate?

Ramakrishna Pendyala: So, in the last four years, we have moved from going down to 32.5% to we are now at around 38%. We believe that at a steady state, we will be able to get to 40%.

Shreyans Jain: Okay. And sir, if I look at the presentation, there is one line on Slide number 9, depreciation is rationalized due to change in estimates. Can you explain this? What does this mean? And will the current depreciation for this quarter now continue for the whole year or can you explain this please?

Ramakrishna Pendyala: Yes, I am Ramakrishna, I will explain. We have retail stores channel where we enter into lease arrangements with the landlords so that life of the leased term is re-estimated as per IndAS 116 and then currently it was nine years, so we have brought down to three years based on the estimate. And yes, the second question is whether this will continue. Yes, this will continue throughout the year.

Shreyans Jain: And sir, any reason for this change in estimates from bringing it down to three years from nine years?

Rajendra Gandhi: Yes, our tie up with the landlords is actually we have a three year auto renewal agreement with the landlords and based on the guidance of our auditors because we do not have a lock-in period with our landlords. We can actually it is a lock-in for the landlord, but no lock-in for the company. We are free to vacate any store within three months' notice.

So, with that guidance and with the requirement of the IndAS we have now re-estimated that and going forward as Ramakrishna said both the interest and depreciation that accounts for the lease accounting of these stores will remain at the level that we are.

Shreyans Jain: Okay. And sir, just wanted to understand where our retail stores we have opened in the last three years how has the performance been for our channel in the similar market? What is the kind of degrowth that they would have seen and any cannibalization that they would have seen because most of these stores operate in a similar market, right? So, if we are opening our own retail stores we will tend to actually cannibalize the GT and obviously, the channel would have seen some degrowth there right? So, can you give us some sense there?

Rajendra Gandhi: I do not think it does really impact like that. In fact the presence of our stores gives an opportunity for us to actually show our customers the entire range of products that we offer. Generally, whether it is the modern trade or the general trade, GT channels none of the stores will be able to display all these products. Wherever we achieve the maturity stage of these stores we have

seen that our business revenue sum of both the general trade and the retail stores has almost doubled.

So, it is not that we just cannibalize anyway. Definitely we are seeing not high growth in general trade this is I think this is an industry phenomenon, because also we are present in all the channels. We have eventually been everywhere from the GT. Initially, when I mean before the advent of all these channels there is only one channel called the General Trade for us. So, to answer your question it is not cannibalizing, it is helping us but definitely there is not high growth in the GT channel.

Shreyans Jain: Okay. So, one question on exports so now from 7 August this 25% tariff gets implemented for exports to the U.S., right? So, what is our understanding with our customers now, who bears that additional tariff and what is the understanding with our clients, sir?

Rajendra Gandhi: All our exports are on FOB basis, including freight or tariff is borne by our customers. But I want to tell you one of our largest customers, they are very committed to import, I mean build their imports from India from a current base to 3x of the current number. So, that commitment continues, that is what we have had discussions with them post this news on the tariff. They are committed to building business from India and definitely, of course that continues the same for StoveKraft. So, this is from one of our largest customers.

But to answer your question, all tariffs or any custom duties are paid by the customer and not by us. We are not a brand, these are OEM goods, we manufacture it, these are white label products. It is based on the price that is agreed upon and all our exports are FOB.

Shreyans Jain: Okay. All right. So, the kind of guidance that we have given on exports in the previous two quarters is maintained, right? We believe exports can grow at 20% - 25%?

Rajendra Gandhi: No. We believe our exports will grow higher of that percentage. Last year we were approximately around Rs. 160 crores. For the whole year we believe we will be still able to grow at 50%.

Shreyans Jain: Okay. That is great. Okay. I will get back in the queue. Thanks.

Moderator: Thank you. The next question is from the line of Varun from Equitree Capital. Please proceed.

Varun: Thank you, sir. A couple of questions from my side. Sir, like there has not been any volume growth in some of your products, especially the small appliance which has been one of the fastest growing category. So, where is the company lacking? Is it because of the competition or any other reason? And how do you see the overall volume growth for the full year?

And in addition to that, also Reliance is also getting into small appliances by acquiring Kelvinator. So, how do you see that as a competitive environment?

- Rajendra Gandhi:** So, some of the low-value products that we classify as appliances versus what we are able to grow in our large-value appliances is what is giving you that number degrowth in volume. But in actual terms, in value, we are continuing to grow highest on our appliances category.
- Varun:** Is that because of any price hike or just addition of new products?
- Rajendra Gandhi:** Some new products also. Not majority from hike. It is a product category which is high ASP, which is growing faster. And there are one of the categories where we classify appliances as chopper, which is a low-value product in the range of Rs. 100 -Rs.150. There we are seeing a little degrowth over the more what you call electric choppers and such things. So, that is why that number looks a little skewed on the volume. Otherwise, value growth continues to be there. And we are seeing good growth on our appliances.
- Varun:** And what kind of volume growth do you envisage for the full year and the revenue for the --
- Rajendra Gandhi:** So, if you go by the categories that we are growing, in our opinion, we are in the range of 12% to 13% growth on the volume. So, this does not give you the right picture for one or two items that are of low value. And our focus is to build higher ASP products. That is why, because the way we account it by number of units. And that is where I think it is giving you a little skewed picture.
- Varun:** Okay. And for the full year, you have maintained your EBITDA margin guidance of 11% or this can further increase?
- Rajendra Gandhi:** Yes, in the appliances, we believe we will be able to grow between 11% to 12%.
- Varun:** No, on the margins front EBITDA margins, full year guidance.
- Rajendra Gandhi:** Sorry. Yes, we will improve by 1% at least over the last year for the whole year.
- Varun:** Okay. And can you repeat the breakup of the revenue channel-wise? I missed on that.
- Rajendra Gandhi:** I will. Yes. GT is 26%, e-com 32%, modern retail is 12%, corporate sales is 3%, retail is 7%, and OEM exports is 20%.
- Varun:** Thank you.
- Moderator:** Thank you. The next question is from the line of Naitik from NV Alpha. Please proceed.
- Naitik:** Hi, sir. Thanks for taking my question. So, my first question is, when I look at our numbers for the last two years, we have seen a growth rate of only 6%. And we have seen similar or lesser growth of the competition also. So, I just wanted to understand what exactly has been playing out in the last two years. I mean, is this because of increasing competition? Is the demand slowed down? Or what exactly is, sort of going on in the past two years? What has been wrong in the past two years?

Rajendra Gandhi: In the case of StoveKraft, it could be multiple things. Of course, it is also including some challenges that we had with other brands. See we were importing the complete range of Black & Decker products. We were also in the LED lighting business. These two have taken a little, we have offset the revenues growth from there. And LED on the ASP values is continuing to go down, so even though our volumes go up, our revenues are not going. So, we have capped the growth on our LED business.

On Black & Decker, we are importing 100% of this. There has been a disruption in the overall completely built units import. BIS has brought the restriction, but it has given advantage to the overall company's strategy of building manufacturing within our facilities.

Having said that, there was a high growth during the COVID times, and I think the base, I mean we are comparing it to the larger base, and I think that period of correcting is over. You will probably start seeing higher growth going forward. The last two years have taken care of all, I mean, setting the base right, I can say. Going forward, you will see similar growth that we have experienced in the past.

And particularly during COVID, in the business that we have, the cooking took center stage and there was very high growth. So, I can say that now you will see, if you rationalize the growth for the last five years, we will get back to that 12% - 13% growth.

Naitik: Right. 12% - 13% growth. Got it, sir. Sir, my second question is, GT as a channel, we have seen a decline consistently and now, we are standing at 26%, which used to be 30% plus, a couple of years ago. So, I just want to understand where does this GT as a channel settle or do we expect it to continuously decline more?

Rajendra Gandhi: No, as a channel, we will continue to be at the same level or improve a little, but our growth in other channels are relatively very high. Example, we are seeing very high growth in the three major channels for us, E-commerce, our own retail and exports.

The growth is far higher than the company's growth rate. So, obviously, because of the contribution from these three channels being very high, you are seeing the contribution from, because it is muted there in GT, you see that it is very low. Otherwise, it is actually that the other channels are growing very fast. We believe, of course, this will continue to be in the near-term, grow faster than the company's growth rate.

All these three channels, our own retail is growing upwards of 50%. We believe export also will grow at the trade for the near-term, and then E-commerce is growing at a much faster rate than the other channels.

Naitik: Right. And sir, my next question is on exports. Now, do we expect exports to keep on growing even on a quarter-on-quarter basis? Because the last two years, what we have seen is 1Q and 2Q usually do better, and then the exports sort of do not hold up to the 1Q numbers. So, is there any seasonality in that and do we expect 2Q - 3Q?

- Rajendra Gandhi:** No, with our listing of new products and new customers, I think going forward, that is what is getting corrected, apart from the first two quarters, even the third and fourth quarter, this year you will see that export will more or less be at the same level quarter-on-quarter.
- Naitik:** Right. And sir, the last question is, if you could give the number of pre-IndAS EBITDA that you would take during the quarter.
- Rajendra Gandhi:** Can you please repeat?
- Naitik:** Pre-IndAS EBITDA for the quarter?
- Ramakrishna Pendyala:** Pre-IndAS EBITDA, I am not getting it. Can you repeat it once again, please?
- Naitik:** Yes, sir. Pre-IndAS EBITDA number. So, EBITDA post --
- Ramakrishna Pendyala:** Pre-IndAS EBITDA number, right? IndAS here effect is about checkout. So, --
- Rajendra Gandhi:** Addition impact of the IndAS effect is Rs. 1 crore.
- Ramakrishna Pendyala:** But that will not have any affect in EBITDA. That is below EBITDA.
- Rajendra Gandhi:** Yes. That is below EBITDA not over.
- Naitik:** What is the rental cost? If I can rephrase the question, rental cost for the quarter. The actual rent?
- Rajendra Gandhi:** We will give you this number exactly, later this call we will give you this number, rental cost.
- Naitik:** Sure. That is it from my side, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Anand from Soar Wealth. Please proceed.
- Anand:** Sir, good evening. Congratulations on good results. Sir, the growth guidance for export is 40% to 50%, if I understand it correctly. We have grown by 20% in the 1st Quarter, which quarter do you think the growth will catch up, second quarter or later on?
- Rajendra Gandhi:** Anand ji, good evening. Actually, that is what I was trying to explain. This generally our first and second quarter will be larger and then followed by third quarter will be a little softer. You will continue to see similar kind of numbers for all the four quarters. And to give you a guidance on our export, the last quarter will give you the run rate for the future quarters. So, currently we are at about Rs. 60 crores per quarter. It was a mix of additional products and new customers both put together. So, over the year, you will see a continuous contribution coming from exports every quarter.
- Anand:** Okay. Just to clarify, last year we did Rs. 160 crores, sir?
- Rajendra Gandhi:** Yes, around that Rs. 160 crores, sir. You are right.

Anand: Okay. And 1st Quarter we have done Rs. 60 crores.

Rajendra Gandhi: You are right, sir.

Anand: And now we will do Rs. 60 crores per quarter is the run rate which we are doing.

Rajendra Gandhi: Yes, in the range of Rs. 60 crores every quarter.

Anand: Okay. And the 1st Quarter export growth is 20%.

Rajendra Gandhi: Yes, the 1st Quarter export growth is around 20%, yes. We had a good base for the same quarter last year.

Anand: Okay. Understood. So, base would be lower in either second, third or fourth quarter as the case may be?

Rajendra Gandhi: Relatively, yes.

Anand: Okay. Sir, second question was your IKEA order was supposed to crystallize from December of this year, October. So, logically, this quarter export number should be higher.

Rajendra Gandhi: Yes, we are in line with that, sir. The plant is getting ready, have been ready and all those process and procedures that IKEA would want to do. We are in the line with the plan that we set out with and with that, we should be able to start dispatching goods from December, yes.

Anand: So, in that case, sir, the Rs. 60 crores number can be higher for the fourth quarter or it would be Rs. 60 crores?

Rajendra Gandhi: Sir, I can say that this year we will grow by 50% and then we are in that range. We are very confident. Of course, all the growth is also coming because of addition of new customers and new products that of course include IKEA. And, it is the beginning of that business with them, IKEA once established, then grows at a very steady pace.

Anand: Okay. So, sir the benefit of IKEA will come largely in FY '27?

Rajendra Gandhi: Yes, more or less. '27, '28 is where you will see a very big jump because we have set up a large facility. It is in anticipation and understanding of a large business.

Anand: Sir, '26, '27?

Rajendra Gandhi: We are now in FY '26, already.

Anand: So, FY '27 you are saying --

Rajendra Gandhi: So, beginning will be next year, FY '27 and '28 is where you will see the full-blown business of IKEA.

- Anand:** Okay. And sir, one question related to IKEA, sir. What can be the estimated number for FY '27?
- Rajendra Gandhi:** Anand ji, I will tell you that there is a very good opportunity with IKEA. This is a global retail network and it is not impacted by any one country's geopolitical situation and that is the advantage. And how IKEA works is they take a lot of time in establishing the relationship process, compliances and quality requirements.
- But once they are set, then the relationship lasts for very long and for them it is in their interest that they build the business with this relationship that they build because they also invest a lot of time and effort and money to build this relationship to make the business multi-fold of what they began with. I can give you that much of guidance. The opportunity is huge. Let us travel that period to get there.
- Anand:** Sure, sir. Sir, another question is our export, our CAPEX guidance is not big for this year and -
- Rajendra Gandhi:** We have almost completed all the CAPEX requirements. All the concluding CAPEX is happening, but it is not very large. With this, we have completed all the planned CAPEX for the last four years. There could be maintenance CAPEX going forward, but otherwise, we do not have any new CAPEX plans at the moment. There are concluding things that are happening now.
- Anand:** Okay. So, sir, the cash flow generation for this financial year would be upwards of Rs. 120 crores - Rs. 130 crores. So, do you think we will be able to become debt-free by the end of this year, sir?
- Rajendra Gandhi:** If not debt-free, all this cash flow will be brought back to our working capital and obviously that will bring our debt levels to that much less. It will be very close to that. It may not be absolutely debt-free. It could also be if we are able to do better than what we anticipate to do. At the moment, I mean, business seems to be very robust and is promising for higher growth.
- Anand:** And what is the net debt, sir, currently on the balance sheet sir, as on June?
- Rajendra Gandhi:** Ramakrishna, can you give that number as of June?
- Ramakrishna Pendyala:** Yes.
- Rajendra Gandhi:** None of these now inverse impact. Give us a moment Anand ji, I will give you that number.
- Anand:** One last question. As you guided that long-term, in the next one or two years, you would be aspiring for 40% gross margin. Is that assessment correct, sir?
- Rajendra Gandhi:** You are right. In the next few years, that is where we want to get there. We are definitely going to inch over the last year's 38% in this year. We believe we will be able to improve by at least 1%. The net debt is around Rs. 220 crores, sir.

- Anand:** Okay. It was Rs. 140 crores, sir, in the month of March quarter.
- Ramakrishna Pendyala:** No, not Rs. 140 crores. It was Rs. 195 crores sir.
- Rajendra Gandhi:** It was Rs. 195 crores. It has gone up to Rs. 226 crores.
- Ramakrishna Pendyala:** Maybe the 1st Quarter --
- Rajendra Gandhi:** Rs. 220 crores.
- Ramakrishna Pendyala:** Then we will see an improvement in that.
- Rajendra Gandhi:** So, Rs. 195. Rs. 25 crores it is gone up. That could also be because we do not borrow for any of our CAPEX.
- Anand:** Understood. The maintenance CAPEX has already been --
- Rajendra Gandhi:** Not only maintenance CAPEX, we are at the concluding end of our CAPEX. So, there will be several payments that will be not necessarily, I mean after the installation and such things. So, you will now continuously see, start seeing an improvement in our debt. That is reducing in our net debt.
- Anand:** Okay. Sir, one last question with your permission, sir. Sir since 40% gross margin we are saying, we may see upwards of 12% EBITDA from next year, sir?
- Rajendra Gandhi:** Sir, we are in full control of our costs. Definitely, the opportunity has set in now. So, any improvement on our gross margins will have a better positive impact on EBITDA. Definitely, an improvement of 1% on our gross margins will improve our EBITDA by a little more than 1%.
- Anand:** Okay. Understood, sir. Thank you, sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Ashwini Agarwal from Demeter Advisors LLP. Please proceed.
- Ashwini Agarwal:** Good afternoon, Rajendra Bhai. Congratulations, very good numbers. Just, digging a little bit deeper on exports, what I am hearing from some of the other people in the exports business they are also saying that where our goods are on an FOB basis, we are not seeing any impact because of either the shipping rates or because of duties. But clients are coming back and saying please give us some discount and we will compensate you with higher volumes. Are those conversations happening at your end, or your concept is completely cost plus and there is no negotiation taking place?
- Rajendra Gandhi:** Honestly yes, of course, it will not be very palatable to you. Our exports are very competitive and it is not that and over the years we have, I mean bettered the way of manufacturing, which has given us the cost advantages and which we have passed on to the customers. Even if there is

some price impact because of duty it is not that we have room for reducing our cost not that the customer see, the customer is at liberty to buy from anywhere. He will have no reason to pay you more.

But it is not that the products that we are currently already having an arrangement for supply they are at a very huge advantage to the customer. This is what we believe, and this is what the fact remains. So, even if no customer will not want to have a discount but we do not have such conversations, we do not entertain such conversations.

Ashwini Agarwal: Okay. And sir, the big increase that we are seeing in the value versus volume in non-stick cookware on Page 7 that is entirely because of your new plant for cast iron or is there something else to it?

Rajendra Gandhi: Yes, primarily it is all because of the cast iron and we are moving to ceramic. There are two, particularly, the cast iron has a huge growth and margin is a positive and the ASPs, I mean, much more than the basic non-stick cookware. So, obviously, because of that you will see a little drop in numbers but by value there will be growth. And we are also getting into the tri-ply cookware apart from the ceramic cookware. All these three are relatively highest ASP products compared to the basic non-stick cookware.

Ashwini Agarwal: And sir, in our conversations earlier you had mentioned that last couple of years were very difficult for domestic retail for a variety of reasons including lower support, cash support from government in various schemes and so on and so forth. And if I look at your 12% to 13% revenue growth and if I back out the export growth from there then the domestic growth even this year you are forecasting it to be somewhere in the region of 4% to 5%. So, the domestic demand in your estimate continues to be sluggish, is that fair?

Rajendra Gandhi: No, I think the domestic business will grow in the range of 10% and our export growth could be higher than that. So, overall, we will grow higher than this double-digit, but the domestic growth we believe can grow at the current level that it is, there is no dearth of demand, we are seeing good demand in the market in all our channels. I again explained to you on the GT.

GT is not growing at the pace that the other businesses are growing, but there are other channels which are growing very fast, there are some new channels which are growing at a very fiery pace, the quick commerce channel which used to be almost very, very small is growing at a very high pace. So, with all that we believe the domestic business can grow higher of 10% and the export business will grow at, currently with the base that they have it can grow-up to 50%.

Ashwini Agarwal: So, then the overall revenue growth will be in high teens, about 15% to 18% somewhere there?

Rajendra Gandhi: Well, that is our belief that we should be able to be in that, between the 10% to 15% as a company.

Ashwini Agarwal: Okay. Thank you, sir and all the best.

- Rajendra Gandhi:** Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Resham Mehta from Green Edge Wealth. Please proceed.
- Resham Mehta:** Yes, good evening, thank you. So, the first question is on the manufacturing side, so can you talk about our current capacity utilization and since, we have done a lot of CAPEX here and almost 95% is now manufactured in-house. But at the same time have we managed to reduce our raw material imports from China? I believe that number used to be around 40% - 45%. So, if you could just update on that.
- Rajendra Gandhi:** Yes, there are a lot of components that we still source from China, but all the products are manufactured I can say out of the 25% of the revenue that we today generate from this company is all manufactured within the facilities of the company. But our reliance on many of those components, particularly electronics and there are several components that China specializes in, we continue to import them and whenever there is a possibility to indigenize, we are doing that. But still there is a large number of products that we import, they should be upwards of 30%. 30% of our input is still import.
- Resham Mehta:** Okay. So, that number has reduced from 40% - 45% to 30% in the last two-odd years, right?
- Rajendra Gandhi:** Yes, in the three years. Example, I will tell you, we were importing 100% of our glass lids, we make them ourselves, we some up them, so PCB is the part, we are importing the PCBs, we now import only the components of these electronic parts. So, there are several such initiatives that help us to bring down by value terms, but there are still several components that we import.
- Resham Mehta:** Right. And what will be our capacity utilization?
- Rajendra Gandhi:** So, current installing, facilities that we have installed can take us to a revenue of at least 1.5x to 1.6x of the current number.
- Resham Mehta:** Okay. And why did we get into personal care category like fans and hair dryers and are these all outsourced? What is the kind of capital investment that we have done here, if any?
- Rajendra Gandhi:** Any category we want to try. Initially we only trade in them. Most of the products under the personal care category are in the Phase I, that is in the trading, it is in the phase of trading. We have seen high volumes in some of the SKUs, which have gone to manufacturing. When I say manufacturing, it is more of important assembly. Definitely as this builds, we are seeing very good demand from the channels that we have intended to get in.
- We are only selling these products through E-commerce, our own retail, and the Quick commerce is also getting into this. Apart from this, we are now getting into modern trade. With all these four channels, we see some of the products have already got into that volume where we can manufacture them. And in the future, we will be completely manufacturing them, that is backward integrate each of the component.

So, but majority of the revenue now that we have started is a very new category. We are still in Phase I. Majority of the revenue is coming from trading.

Resham Mehta: Sir, what do you think is our right to win here?

Rajendra Gandhi: We have these three strengths of the company. It is capability to manufacture them. There is definitely going to be a deterrence in this. Currently, these products are all imported and sold. Very soon there will be a lot of difference with the introduction of BIS in this category. So, these three capabilities of the company, capability to produce these products, capability to have the distribution channel and the brand that is backing this. All these three capabilities we are seeing that at the very beginning of our journey in this category. We are seeing very good what you call acceptance from the market.

Resham Mehta: And what was the CAPEX then for IKEA? And what is the revenue potential --

Rajendra Gandhi: CAPEX is in different forms. It is in the tooling exclusively for them. Machines are not necessarily exclusive, but then these are general purpose machines for them. Then it is about the land, building, the power. So, CAPEX is in different forms. Many of them, the facilities are already there in the company. We have a large warehouse and all such things. But exclusively for IKEA, we would have invested about close to Rs. 30 crores.

Resham Mehta: And what kind of revenue potential or let us say order book for the first 12 months is there?

Rajendra Gandhi: No, first 12 months may not be very large. In the next two years, three years, we see this get into between Rs. 200 crores and Rs. 300 crores.

Resham Mehta: Okay. And what is the CAPEX guidance for the current financial year, FY '25-'26?

Ramakrishna Pendyala: It will be Rs. 50 crores.

Rajendra Gandhi: Around, approximately Rs. 50 crores.

Resham Mehta: And lastly, while you have touched upon it, in some shape and form, that there's a huge gap between value and volume growth. You did touch upon it, I think, for small appliances and non-stick cookware. But if you could also comment on induction cooktops, there is almost an 8 percentage point, gap between value and volume growth. So, is that just due to the product mix, or have you taken any pricing actions too there?

Rajendra Gandhi: So, across the categories, we have certainly, you see, the margin improvement can come only by either increased revenue, I mean, increased price realization or cost reduction. So, definitely, because of the nature of the way we are backward-integrated, highly manufactured, we are already there. So, the incremental gross margins can only come by increasing recognition, I mean, sale value realization.

So, obviously, in all of these categories, with stability in all the channels, we are trying to improve our realization. So, obviously, that will lead to higher value growth than volume growth.

Resham Mehta: So, it is basically premiumization of products in all these categories, like small appliances, non-stick cookware and induction cooktops, which has led to value growth kind of outpacing the volume growth. Is that fair to say that these three categories--

Rajendra Gandhi: Yes, yes. Absolutely. No, absolutely your understanding is right.

Resham Mehta: But then, how about gas cooktops? So, that has, degrown both in terms of volumes and value. So, what would be the reason for that?

Rajendra Gandhi: No. See, we have a large channel. The LPG gas stove, we sell a large number in our E-commerce channels, and the larger revenues for E-commerce channels happen between these two, three quarters, the second and third quarters. And that is why you have seen in the 1st Quarter a little lower number on that. The buying has started now. So, actually, on the gas cooktop, you will see a considerable growth certainly in the second and third quarters, both in value and volume.

Resham Mehta: But my comparison is Y-o-Y.

Rajendra Gandhi: Because the season for last year, for the buying season, has moved by one month this year.

Resham Mehta: Because of the early festive.

Rajendra Gandhi: Yes, early. This year is a little early.

Resham Mehta: And cookers, again there, volume growth has outpaced value growth unlike the other categories, so here are not we seeing any kind of premiumization trend kind of playing out?

Rajendra Gandhi: No, actually it is. Pressure cookers are also moving a lot from aluminum to stainless steel pressure cookers. We are aggressively priced the premium end and we are also witnessing that our growth from the higher value pressure cookers is more than, is growing faster than our basic products like the aluminum pressure cooker.

Resham Mehta: So, then, ideally the value growth should have outpaced the volume growth, right?

Rajendra Gandhi: I do not think that the existing aluminum pressure cookers are not growing. They are growing, but the growth of our stainless-steel pressure cookers is little higher than the aluminum pressure cookers.

Resham Mehta: Okay. This is the last one. It is a data question. So, we had some IT notices in the past, so what is the aggregate tax demand and, have we recognized it in our books?

Rajendra Gandhi: I think we have disclosed this. There was no material impact from the IT on the company and whatever it has to be, the anomalies, the accounting anomalies are there. We have already paid that and adjusted for the years that we were assessed already.

- Resham Mehta:** Got it. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Saumil Shah from Paras Investments. Please proceed.
- Saumil Shah:** Yes, sir. Good afternoon. Sir, if we see last three years - four years, our EBITDA have increased from Rs. 96 crores in FY '22 to Rs. 151 crore in FY '25, but the same is not seen in bottom-line. In fact, our bottom line has degrown. I mean, it is mainly due to increase in interest cost and depreciation. So, wanted to know even though as per our guidance, our EBITDA margin what we are guiding for this year is 11%. How much of that will be reflected in bottom-line?
- Rajendra Gandhi:** So, our belief is now going forward that operational leverage is setting and your improvement in EBITDA will only improve the PAT percentage higher than the improvement in the percentage of EBITDA.
- Saumil Shah:** So, can we expect PAT in excess of Rs. 50 crores this year?
- Rajendra Gandhi:** Kindly watch us for one or two quarters. I am sure you will get a better number.
- Saumil Shah:** Okay. Okay. And sir, this year we are guiding for 12% to 15% revenue growth and with the new IKEA setup which we are coming up, what can we expect in FY '27 in terms of revenue?
- Rajendra Gandhi:** So, we believe we are back to the 15%, upwards of 15% growth and that two periods after COVID that has normalized and some vacillation in the business various businesses. So, with all that we believe that the company is well set for a 15% annualized growth rate.
- Saumil Shah:** Okay. And sir you mentioned to the previous participant that IKEA business will start from the third quarter in this year?
- Rajendra Gandhi:** Fourth quarter, it will start, yes business will start billing, it does not give meaningful revenue. But we will start seeing revenue from the last quarter of our financial year and the business is it will be normal for the coming year, and you will see higher contribution coming from FY '28 onwards. So, FY '27 we will have meaningful business from IKEA, but the real business will be from '28. It takes time for all this, the business to settle down, but you will start seeing some business from the fourth quarter.
- Saumil Shah:** Okay. And my final question sir this quarter our depreciation has come down and from March quarter it was Rs. 21 crores now it is around Rs. 17 crores. So, can we expect the similar numbers throughout the year?
- Rajendra Gandhi:** Yes. Both on interest and depreciation combined we will be at the similar run rates.
- Saumil Shah:** Okay. So, there will not be material impact for new IKEA CAPEX?
- Rajendra Gandhi :** That is already done, sir. Those are all already done.

- Saumil Shah:** Okay. So, that should meaningfully add to the bottom-line right? Interest and depreciation?
- Rajendra Gandhi:** Yes, that is what meant by that improvement in EBITDA you see percentage contribution to our PAT will be higher than the current percentage.
- Saumil Shah:** Okay. Fine sir. Thank you and all the best.
- Rajendra Gandhi:** Thank you sir.
- Moderator:** Thank you. The next question is from the line of Rachna from Simpl. Please proceed.
- Rachna:** Yes, I just wanted you to know what has been the contribution from new product launches to overall revenue and if you could quantify for this quarter and last year. And how has the offtake been as the pace of innovation in kitchen appliances industry is fast and competitive? So, if you could comment on your new product launches and how they have performed over these years.
- My second question would be --
- Rajendra Gandhi:** We don'tt have a number to you right away but the majority of our developments have happened in the appliances and you have been seeing continuously in the last four, six quarters higher growth rate coming from our appliances. In the cookware category of course the cast iron is what I mentioned about Rs. 177 million coming is a completely new category for us apart from this we are building ceramic cookware and the tri-ply cookware.
- But otherwise, the majority of the small appliances are new and the higher growth rate reflects on the contribution coming from new products. I do not have an off-hand number to give you on the contribution only from our new introductions, but we can share it with you.
- Rachna:** Okay. And second question would be, what is the criteria used to determine on these new product launches for online versus offline channels? And are there any specific product categories or SKUs which perform online better? And if yes, do they incrementally contribute to margins or profit margins from new products? And these margins from new products, do they stay same across channels, both offline or online? Or is there some difference in profit margins?
- Rajendra Gandhi:** Yes, apart from our exports, all our margins, we are agnostic on margins because it is a general product. Of course, we go through three phases of new product introduction. We initially trade, then manufacture, and then completely backward integrate. So, at this stage, the margins are the same that is when we get into manufacturing. But they are a little lower in these first two stages, that is when we trade or we are only manufacturing.
- On choosing and being on which channel, generally all the categories of products, we want to ideally be in every channel. But of course, there has been an exception in the case of personal care products. Generally, the market itself for personal care products, 70% comes from online business for across the category. So, we chose to do it only through the online channels. And

there are some interest shown by our modern trade accounts. And so we also introduced this through our modern trade.

And because all our retail stores will sell and display the entire range, this is also available through our retail stores. We are not very sure whether we will get into the general trade in the personal care products. But otherwise, for us, any category that we generally get into is designed to get into all the channels.

Rachna: Okay. Got it. Thank you.

Moderator: Thank you. The next question is from the line of Nikhat from Dolat Capital. Please proceed.

Nikhat Koor: Thanks for the opportunity. Sir, I had one question regarding the non-stick cookware, which is 24% of the total revenue in Quarter 1. So, how much of that is basic non-stick cookware and how much, what is the percentage of ceramic, cast iron and tri-ply in that?

Rajendra Gandhi: Yes. I think, again, we will have to break that and give you. I can tell you, Rs. 177 million is what was purely from our cast iron cookware in the 1st Quarter. we will have to break it up. We do not have an exact number. Of course, the numbers from cast iron and the ceramic is much larger now. So, allow us some time we will give you this number.

Nikhat Koor: Okay, sir. And my second question is regarding the store addition. So, we added 19 stores in this quarter. So, our guidance for addition 90-100 stores in this year remains intact?

Rajendra Gandhi: Yes, we are in the same run rate. This was 19. So, if you go by this run rate, we may end up at 80, but we may not necessarily be there. So, we believe that we will be in that range.

Nikhat Koor: Okay. Thank you and all the best.

Rajendra Gandhi: Thank you.

Moderator: Thank you. The next question is from the line of Naitik from NV Alpha Fund. Please proceed.

Naitik: Hi, sir. Thanks for letting me follow-up. Sir, my question is, if you could give the rent cost for this quarter and what do we expect it to be this year and next year?

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Rajendra Gandhi: Rs. 7 crores is the total rent for the quarter.

Naitik: Okay. And sir, what do we expect it to be for the full year, this year and next year? Do we expect it to increase?

Rajendra Gandhi: Between Rs. 28 crores - Rs. 29 crores.

Naitik: Sorry, I did not get the number.

Rajendra Gandhi: Between the Rs. 28 crores - Rs. 29 crores.

Naitik: Rs. 28 crores - Rs. 29 crores. Okay. Got it. And sir, if you could give the split of number of COCO and COFO stores out of the total stores that we currently have.

Rajendra Gandhi: Yes, I can give you. In all, we are now having 281 stores.

Naitik: Right.

Rajendra Gandhi: FOFO, we are 22 stores; 45 are COCO stores; 38 are ready for handover. So, the existing COCO are moving to FOFO. And we have 176 COCO stores.

Naitik: So, 176 are COCO,

Rajendra Gandhi: 38 are in the stages of handover; 45 are COCO; and 22 are FOFO.

Naitik: Got it, sir. Sir, and just one clarification, the rent cost, how much of it is attributable to the facility that we have? How much to the retail stores?

Rajendra Gandhi: So, we have other than our corporate house, everything is it is co-owned place. So, this is one. All this rent is towards the retail stores.

Naitik: Retail stores. Okay. Got it, sir. That is it from my side. Thank you.

Moderator: Thank you. Due to time constraints, that was the last question. I now hand the conference over to Mr. Rajendra Gandhi, Managing Director, for closing comments. Over to you, sir.

Rajendra Gandhi: Thank you. Thank you all of you for your patience and for listening. I hope, I have addressed or we have addressed all your questions. But if you have any further inquiries, please feel free to reach out to us directly or contact our investor relationship partner MUFG Intime India Private Limited. And there are some questions that we have committed to get back to you, we will directly get back to them. Thank you.

Moderator: Thank you. On behalf of StoveKraft Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.