

11 November 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 04 November 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

Registered Office : 81/1, Harohalli Industrial Area, Harohalli Hobli,
kanakapura Taluk Ramanagara District, Bengaluru, Karnataka, India - 562112

Corporate Office : No.30, 2nd Cross, CSI Compound, Mission Road, Bengaluru - 560027





“Stove Kraft Limited Q2 & H1 FY '26 Earnings Conference Call”

November 04, 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: **MS. VIDHI VASA – MUFG INTIME INDIA PRIVATE
LIMITED**



*Stove Kraft Limited
November 04, 2025*

Moderator: Ladies and gentlemen, good day, and welcome to Stove Kraft Limited Q2 and H1 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 conference 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 Ms. Vidhi Vasa from MUFG Intime. Thank you, and over to you, Ms. Vidhi.

Vidhi Vasa: Thank you, and good afternoon. On behalf of MUFG Intime, I welcome you all to Stove Kraft Limited Q2 and H1 FY '26 Earnings Conference Call.

Today on the call, we have Mr. Rajendra Gandhi – Managing Director; 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. Very good afternoon, ladies and gentlemen. And thank you very much for attending our Q2 and H1 FY '26 Earnings Call. A detailed Presentation and a Press Release of our Quarterly Performance have been uploaded on our website. I hope everybody had an opportunity to go through them.

We delivered a robust performance across categories, driven by improvement in consumer demand and pickup for ongoing festival season, as well as operating and financial leverage kicking in and mentioning during the past interactions. Company posted a double-digit revenue growth of 13.4% year-on-year, with a stable gross margin of 38.5% and stronger EBITDA margin of 12%. This has improved our PAT by 27.8% year-on-year, which indeed sequentially improved ROE to 10.1%.

The Indian economy is rapidly growing, powered by rising domestic consumption, digital penetration, and a strong manufacturing push. The key trends shaping the industry is the increasing adoption of modern kitchens, which offer seamless functionality and aesthetic appeal. This has led to growing demand for appliances that are energy-efficient, smart, and visually appealing, aligning with kitchens' design ethos.

Among the key beneficiaries of this momentum is the home and small kitchen appliances sector, which has emerged as a vital pillar of modern Indian households. Supported by favorable government incentives and the rapid expansion of e-commerce and organized retail, the home and small kitchen appliances industry is poised for sustained and transformative growth in the years ahead.

Also, I would like to highlight the structural and long-term positive impact from the GST rate rationalization, which also aligns with the festive season, driving positive impact in our business, as approximately 35% of our business used to fall under the 12% GST bracket, which is now been reduced to 5%. This change presents a significant improvement and opportunity for us to enhance our volume growth. The key product categories that will benefit from the reduction include pressure cooker and cookware category.

We have also seen sluggishness in demand between GST announcement and implementation, which resulted in some delay in sales in Quarter 2. We feel GST reduction will bring long-term improvement in demand across categories, mainly the cookware category and the pressure cookers in the quarters to come.

Our foray into direct retail to company-owned stores marked a significant step forward in our journey. And it gives me immense satisfaction to share that our company's consistent performance and sustained growth have led us to an important milestone. We successfully added 300 standalone Pigeon exclusive outlets in our portfolio, driven by our flagship brand Pigeon in the month of October 2025.

For the quarter, we added 16 new stores across different geographies. Currently, we are available in 120 cities and 21 states. This achievement highlights our strong momentum, reinforces our deep connection with households across India. Those stores not only strengthen our brand presence, but also enhance profitability and growth for the company.

Moving to the exports:

Globally, the kitchen and the home appliances sector continues to benefit from demand for lifestyle upgrades, administration, increased digital adoption, robust supply chain, and the shift towards energy-efficient space-training solutions that help us to move to new categories for U.S.-U.K. clients. The IKEA partnership starting FY '26 replaces PTFE non-stick with ceramic cookware, meeting global standards.

We have also seen changes in consumer behavior, which will reflect in Indian context in coming years. Company is completely aligned with the changes, which will be defining movement for the industry. Stove Kraft's outlook for the channel's perspective is quite good. I believe that we are moving into a phase of good growth. Channel mix in Q2 was 41% from E-commerce, 26% from GT, 14% from modern trade, 3% from corporate/institution sales and 11% from OEM exports. 6% was the contribution from our own retail.

Our company's retail expansion has been carefully designed to cater to the evolving needs of consumers across India's diverse market and our aim is to expand to 500 standalone Pigeon Stores, Exclusive Pigeon Stores outlets by 2027, supported by our franchise model, which will not only enable us to expand efficiently, but also create employment opportunities across regions, further intensifying its focus on North and West India for the next year.

Now I will discuss Q2 FY '26 financial performance.

The consolidated revenue stood at Rs. 474.4 crores for the quarter versus Rs. 418.3 crores in the previous quarter last year. Hence, registering a growth of 13.4% year-on-year basis. Gross profit for the quarter stood at Rs. 182.8 crores versus Rs. 159.8 crores in Q2 FY '25, a growth of 14.4% year-on-year. Gross margins for the current quarter stood at 38.5%, improving by 33 basis points as compared to Q2 FY '25.

EBITDA for Q2 FY '26 stood at Rs. 56.8 crores versus Rs. 49 crores in Q2 FY '25, showing a growth of 15.8% year-on-year. The EBITDA margin for the current quarter stood at 12% versus 11.7% in Q2 FY '25, improving by 25 basis points year-on-year.

Profit before tax for Q2 FY '25 stood at Rs. 21.4 crores versus Rs. 16.7 crores in Q2 FY '25. The PAT margin for the current quarter stood at 4.5% versus 4% in Q2 FY '25, improving by 51 basis points year-on-year.

ROCE is sequentially improving to 15.5% in Quarter 2 and ROE sequentially improved to 10.1%, which will improve further. Borrowing is reduced significantly in Quarter 2 due to improvement in working capital. We are continuously working on the same to further improve it.

Cash from operations is about Rs. 177 crores in HY in the first half. And investment in CAPEX reflects the concluding CAPEX. The major payments were for previous year's investments, which were funded by LC and the CAPEX for the current period.

Now I will discuss the H1 FY '26 financial performance:

The consolidated revenue stood at Rs. 814.5 crores for H1 FY '26 versus Rs. 732.8 crores in H1 FY '25. Hence, registering a growth of 11.2% year-on-year. Gross profit for H1 FY '26 stood at Rs. 313.1 crores versus Rs. 279.9 crores last year, same time, registering a growth of 11.9% year-on-year. Gross profit margins stood at 38.4%, an increase of 24 basis points year-on-year.

EBITDA for H1 FY '26 stood at Rs. 92.4 crores versus Rs. 80.7 crores in H1 FY '25, showing a growth of 14.5% year-on-year. EBITDA margin for H1 FY '26 stood at 11.3% versus 11% in H1 FY '25, improving by 33 basis points.

Profit after tax for H1 FY '26 stood at Rs. 31.8 crores versus Rs. 24.9 crores in H1 FY '25, showing a growth of 27.6% year-on-year. PAT margin for the period improved 3.9% with substantial efforts underway to improve the same even further.

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. The first question is from the line of Khush Gosrani from InCred Asset Management. Please go ahead.

Khush Gosrani: Just wanted to understand how is the export piece grown and from when we can see the ramp up of the IKEA order. That would be my first question.

Rajendra Gandhi: Yes, the 1st Quarter, the quarter gone by, we have grown by 25%. And for the first half, we have grown by about 19%. Our existing business of exports, particularly with the American market, remains as it is.

For the new product development, we have lined up a few more categories apart from cookware wear, which product development is underway. But there is a pause until there is some stability on the tariff. So, once the stability is there, there is of course possibility of very high growth in our export business.

Apart from the American market, we are also working with UK. Our existing customers want to expand their business with us. So, for the coming year, they have added more SKUs to their buying plan. So, we believe that will also help. And the fortunate thing with IKEA business is, while actual revenue recognition will start from the last quarter of this year, but meaningful revenue will start next year. But that is a global business and not limited only to the U.S.

So, overall, we are very positive about the export business. But we were guiding you all to a 50% growth with a very robust demand from our customers. We believe that the delay in the stabilization of the tariffs could dampen the high growth rate. But still, we continue to grow from the base of the last year. We hope that this tariff gets rationalized soon. And once that happens, we will be again on high growth. So, export, we are very, very confident of that growth.

Khush Gosrani: And secondly, on the domestic front, given that all the festive season has just gone by and the government incentives are in place, do you feel the momentum could sustain going ahead as well for next one year?

Rajendra Gandhi: Yes, see, relative momentum post-Diwali is very strong. When I say relative, see, for the quarter that we are currently in, we don't have a Diwali versus what we had at Diwali last year. But then, it was an early Diwali. But the momentum post-Diwali slows down on sales. But we are seeing that very strong momentum on sales post-Diwali. So, we believe that even the sales demand is reasonably high compared to the previous year.

- Khush Gosrani:** I will get back in with you.
- Moderator:** The next question is from the line of Rehan Saiyyed from Trinetra Asset Management. Please go ahead.
- Rehan Saiyyed:** So, my first question is on the non-stick cookware volume size. Could you just help me understand that non-stick cookware volumes have declined Y-o-Y despite value growth. So, could you share the reasons behind this volume drop like what was the reason behind that and any plans to revive growth in this segment through pricing
- Moderator:** Sorry to interrupt sir, but your voice is coming muffled.
- Rajendra Gandhi:** Anyway, I think I understood the question. So, see, actually, sometimes the numbers are little not reflecting the true picture. Our ASPs on the range of cookware, though we have classified as non-stick cookware, I would want to stand corrected. This is a cookware category. We have a full stack of cookware. We are adding new cookware varieties. So, these are little higher.
- See, if you will reflect on the value growth, majority of that growth is coming from volume growth only. There is definitely input cost increase in the cost of products, or the realization increase that is adding to the value growth. Otherwise, the 13% growth that is coming, I mean, actually majority of that is coming from volume growth only.
- Maybe because these are some of the new categories of our cookware are higher ASP, so by absolute numbers, when you calculate this, it looks like that there is a degrowth on the number. But these are higher ASP products. Just there is a movement from lower ASP to higher ASP.
- Rehan Saiyyed:** My second question is on the new product launch that you have launched.
- So, like, my second question is on your new product launches side. So, the company launched several appliances like Tesla Electric Kettle or Idiyappam Maker. So, how is the early response to these launches? And what proportion of Quarter 2 revenue came from this newly increased stock keeping unit?
- Rajendra Gandhi:** You are talking about the performance of the new appliances that we have launched?
- Rehan Saiyyed:** Yes.
- Rajendra Gandhi:** Yes, we continue to grow on the appliances. See, again, the volume growth for the quarter looks like 6.7%. It could be because higher ASP products are selling, we are able to sell more higher ASP products, particularly if you will compare it with a kettle versus an OTG, the value of an OTG will be much higher or an air fryer will be much higher.

So, because we total all the appliances under one line item, the volume growth may look subdued. But otherwise, I can tell you of the 21.2% growth, majority of this growth is coming from volume. And there is small value growth. Very, very small value growth. Could be around 3%. So, if you will want to understand the actual volume growth, it is around 18%.

Moderator: The next question is from the line of Resham Mehta from Green Edge Wealth. Please go ahead.

Resham Mehta: Sir, so, one, wanted to understand that had it not been for the GST-related channel disruption, which probably the industry has seen, what would our growth have looked like? So, we have done, let's say, around Rs. 474 crores of revenues. How much revenues would we have lost due to the disruption in the last couple of days?

Rajendra Gandhi: So, this is only our assumption. About 10 days of Rs. 2 crores. Between Rs. 15 crores to Rs. 20 crores is a shortfall from what we would have otherwise anticipated to do or were likely to do. But I think, of course, for any consumer, it is not that only 35% of our products are actually going into that reduction. But for the consumer sentiment, it was like there is a reduction in GST and his cost comes down.

So, customers either have postponed or deferred. So, it is not that all of that sale will come back immediately. But in the long term, of course, many of the products that have gone through this GST reduction will definitely become more affordable for our consumers. So, to answer your question, in my opinion, our assumption is Rs. 15 crores to Rs. 20 crores is what we believe you would have otherwise lost.

Resham Mehta: And sir, so GST rates have reduced on cookers and cookware, which is close to 40% of our revenues. But the press release says that only 35% of our portfolio revenues will positively benefit from the GST cut. So, is there any portion of cookers and cookware which does not benefit from the GST cut? I mean, what is the...

Rajendra Gandhi: No, the cookware category, when you sum it up, also includes some exports, which the GST does not impact on that overall. But in our opinion, the total revenue that GST has impacted is around 35%. These also include some portion of LED bulbs.

Resham Mehta: And so aluminum prices have been rising. So, do we see this as a threat to our margins going forward? Or are we adjusting that in terms of maybe taking calibrated price hikes or perhaps with the superior product mix with the premiumization that we are doing?

Rajendra Gandhi: So, we are a cost-plus company. Generally, we pass on. And the way it is designed, we always have a quarter minus one pricing for our supplies. So, we will definitely pass on the price increase on aluminum. But currently, for the current quarter, we enjoy a quarter minus one pricing. So, definitely, if the current trend continues going forward, we will have to pass on the price increase to the consumer.

Resham Mehta: And with our EBOs, see, we are expanding very rapidly, right? And it is 300 stores in 120 cities and 21 states. So, normally in retail, typically people tend to expand more of in a cluster fashion so that you get more economies of scale, stores achieve break-even faster. I mean, are we, like, spreading ourselves too thin geographically?

Rajendra Gandhi: Of course, we are stronger in the South. Even the contribution is stronger in the South. But we are today there across the country. Our larger expansion in the future will be in the north. We have already gotten to the West and of course in the central parts of the country. Today as we stand, in the East we have only three stores. North, we have 67. South is heavy, 205. And in the West we have 26. So, of course, even today, the majority of the revenue, almost say 75% of the revenues are coming from the south. But we have other regions. So, our more focus will be to expand the north and the West first and then move to the East.

Resham Mehta: And how many stores would have achieved break-even out of the 296 stores?

Rajendra Gandhi: The way we work is if we see any store not getting to profitability in the first six months of its operation, then we relocate the stores. So, far we have relocated about 14 stores. We don't believe that any of our stores, but for those that would have started in the last six months, if they are not actually breakeven, we will not continue those stores. So, we do not have any stores that actually bleed at the store level. For us, the breakeven is quite low. For us, the retail revenue of 2.5 lakhs, we breakeven. And our current average is 3.81 lakhs.

Resham Mehta: And on the exports business, you did touch upon it, but so we were doing a run rate of close to Rs. 60 crores per quarter on this business. How much of that, so let's say in H1, for example, we have done around Rs. 120 crores of revenues from exports. How much of that comes from the U.S. specifically?

Rajendra Gandhi: More than 75%.

Resham Mehta: More than 75%. And going forward, do we expect this kind of slowness to continue? Or do we still expect, at least for this year, the Rs. 60 crores quarterly run rate is doable excluding the IKEA?

Rajendra Gandhi: The third quarter is not big for exports for us. The first, second and last quarter, that is the 4th Quarter are almost the same. So, apart from the third quarter, I don't see any challenge in our exports. But we were anticipating very, very high growth on our exports with all the new product additions from our consumers.

But particularly to the U.S. market, the new products that are being developed are at pause until there is some stability on the tariff. So, there could be a difference. So, the third quarter will not be, even otherwise, historically, the third quarter is not very large for our exports. The first, second and 4th Quarter are what actually contributes to export. We continue to have our exports for our existing products. It is not that it is getting to zero, but the third quarter is definitely small.

- Resham Mehta:** But annually, we can still do like a Rs. 240 crores number?
- Rajendra Gandhi:** No, if the tariff things stabilizes, definitely there is a possibility. Otherwise, I know we are guided for a 40%-50% growth on our exports. If the tariff takes longer time to stabilize, then maybe there will be a little shortfall on that high growth expectation.
- Resham Mehta:** And just last two data questions, if I may. So, what is our new product contribution to our revenues over the last, say, so the products that have been launched in the last two years, how much do they contribute to our revenues now? And also, you articulated the channel mix in Q2 at the start of the call. I missed it. If you could probably just restate it?
- Rajendra Gandhi:** I will. See, on the new product contribution, you will have to allow us some time. I don't have this data offhand. We will prepare this and send it to you. On each of these channels, in the Q2, GT contributed 26.3%. And for the first half, it was 26.1%. E-commerce in Q2 was 40.5%. In the first half, it was 37.2%.
- Resham Mehta:** Sorry, that was 48.5 or 48, Q2?
- Rajendra Gandhi:** 4-0, 40.5. Modern trade contributed 13.6 versus the first half was 13%. Our institutional sales, which also included some rural sales, is now only at 2.8%, both for the second quarter and for the first half. Our retail is at 6%, both for Q2 and for the first half. Our OEM export, the export business for Q2 is 11.1%, and for the first half is 14.9%.
- Resham Mehta:** And PSD is a part of institution?
- Rajendra Gandhi:** It is a very, very, very small business for us. Of course, it is part of institutions.
- Moderator:** The next question is from the line of Anand Mundra from Soar Wealth. Please go ahead.
- Anand Mundra:** Sir, what is your guidance for gross margin for this financial year given the increase in cost of raw material? That was my first question.
- Rajendra Gandhi:** Anandji, good afternoon. We are able to do 38.5% for Q2. But we believe our gross margins will improve both in the third and 4th Quarter. Because we have taken some initiatives and there was some lag in some channels, implementation in some channels. So, we are very positive to improve from there. We hope that for the remaining half of the year we are able to achieve 39%. And for the whole year it will be a little below 39, but we will be closer to that.
- Anand Mundra:** Sir, also, can you please give the details of Rs. 3 crores Forex loss that we have incurred in this quarter?
- Rajendra Gandhi:** So, I can give you detail. Of course, it is all, see, we have a hedging policy and we have a very strong agency guiding us through it. But there has been a continuous rise in the dollar. So, for

dollars that we would have hedged and if the dollar has actually gone up and our realization is at the hedge price, that is where it is. So, if you want a little more detail, I will tell Ramakrishna. Ramakrishna, can you, if you are ready? So, approximately we had Rs. 2.8 crores of Forex loss and mark-to-market was about 1.9 cr.

Ramakrishna Pendyala: And balance Rs. 1 crores is from the realized gain or loss, both from Lease Accounting.

Rajendra Gandhi: So, I will tell you the net transaction to translation, what we call, was Rs. 2.8 crores. And mark-to-market is for what we would have hedged and at the end of the quarter, what it is there. So, that is 1.1 crores.

Anand Mundra: Actually, sir, what I was trying to understand is, is this captured as a part of gross margin improvement because we have incurred foreign exchange loss because we run a full hedge policy?

Rajendra Gandhi: So, the sales revenue is at the point of sale. So, the margin is also captured at the point of sale, whatever is the current rate of the Forex. And at the point of realization, the difference is then charged to Forex gain or loss.

Anand Mundra: Now I understood. Sir, another question which I wanted to ask about exports. So, you have given guidance for export for this financial. This excludes the IKEA business, which may start from January of next calendar year.

Rajendra Gandhi: Correct. But the IKEA business, while of course, is a very, very important, a strategic association and in the coming times large, the relative contribution today in this year will be very small. It is just the beginning. And some meaningful contribution from that revenue definitely will be in the coming year. That is FY '27. Going forward, that size will definitely grow.

We have made very strong investments. They are also looking Stove Kraft as a strategic supplier and also adding more within the cookware category, they are adding more SKUs to their order pipeline. But to answer your question on contribution from IKEA for this year, to the size of our exports, it is going to be very, very small.

Anand Mundra: And for next year, it will be on a run rate basis or it may gradually improve from FY '27 onwards?

Rajendra Gandhi: So, from the 1st Quarter, of course, because we would have already started supplies in this year, from the next year, definitely you will see, it is a consistent supply year round. And because we are adding some more SKUs, maybe that will start in the third quarter of next year. With those two, there will be some meaningful contribution. And full scope, you can see from FY '28. Now, don't ask me the exact numbers. That will be very, very sensitive to share.

Moderator: The next question is from the line of Naitik from NV Alpha. Please go ahead.

- Naitik:** Sir, I missed your comments on exports which you made earlier during the start of the call, like the impact of tariffs, how will it be passed on and how we see exports growing. So, if you could just throw some light on the same.
- Rajendra Gandhi:** Sir, you are talking about tariffs being passed down or?
- Naitik:** Yes.
- Rajendra Gandhi:** We don't incur any tariffs. See, for us, all our sales are FOB. Neither freight nor tariff does impact us. It definitely makes us less competitive or more competitive if there are competing countries who have lesser tariff or higher tariffs. For us, it does not affect us in any way in terms of margin. Our sales are all FOB.
- When I was mentioning about the tariff, we believe that this should get rationalized soon. And there should be some stability on the tariff. And if there is a stability on the tariff, there are several developments that we have done. And that will start seeing business. At the moment, they are at pause. That is what I was trying to explain.
- Naitik:** So, sir, I understand this year we would probably fall a bit short because of the tariff impact in terms of export targets. But what do you expect next year in terms of growth and exports for us once the tariffs normalizes? And second part is the IKEA business is largely non-U.S. or would it include U.S. also, the export orders that we have?
- Rajendra Gandhi:** So, of course IKEA is present in the U.S. In case the tariffs continue at the level, they have two suppliers globally. And so if there is any advantage from other suppliers, they will want to share these quantities between the two suppliers based on the country where it is designed to.
- So, it is too fluid to discuss the outcome of the export business with the current situation. But if there is stability in the tariff, the opportunity for us and the order book is very large. So, the minimum growth that we, even if we continue for this year, if the tariff gets stabilized, we will continue with our guidance of 50% growth for the current year. And on the base of the current year, we will again grow at 50% next year. That is the kind of plan that we have for exports. But if this tariff thing continues and there is no stability on the tariff, then there could be some disappointment on our exports.
- Naitik:** And sir, you spoke about a couple of products that you will be adding in terms of exports. So, if you could just give some color on what products have we developed for exports specifically that you want to add in third quarter, I believe, you mentioned?
- Rajendra Gandhi:** So, apart from enhancing the range in our cookware, there is a category of outdoor cooking for which we are completely tooled up. We are ready for manufacturing. There are some products we are already doing in outdoor, but there is a larger range that we have added. And we already installed a cast iron foundry. It is fully up and running. We also have a plan for the order. At the

moment, because of this waiting for stabilization on tariff, it is at pause. Otherwise, these three categories are ready, but we are also working on more categories. Enhancement on our cookware category, outdoor cooking and cast iron cookware.

Naitik: And sir, you mentioned next two quarters, you expect a decent gross margin expansion. So, that is because of price hikes we have taken or what would it be?

Rajendra Gandhi: Yes, yes. We have taken some price hikes. For some channels, there was a delay because of the festive season. So, the implementation is after the festive season. We are confident of improving it by at least half a percentage for the overall revenue for the remaining part of the year.

Naitik: And from next year, it will be 39% then maybe.

Rajendra Gandhi: Our endeavor is to move a little further from there because, again, when we start doing it, it is not that it may get for the whole year. Ultimately, for the near term, we would want to get to 40%. This is our aspiration, of course.

Moderator: The next question is from the line of Amit Agicha from H.G Hawa. Please go ahead.

Amit Agicha: Sir, I missed the number of stores which you segregated, like the region-wise. 296 are the total stores. You said West is 26 and East is 3. Can you just repeat for North and South?

Rajendra Gandhi: I can repeat the, of course, this is a sum of 301 stores. Maybe for the year ending, we are at 296. East, we have 3 stores. In the north, we have 67 stores. South is 205 stores. And the West is 26 stores.

Amit Agicha: And sir, what are the target plans for increase in store count in 12, 24, 36 months? The overall target is 500 stores reaching, right?

Rajendra Gandhi: For the year 2027, we are confident to get to 500 stores. It does not mean that we will stop there. Then we will re-look at the overall business. Of course, we are very, very positive about the retail business. Our current endeavor is to get to, we are opening 25 to 30 stores every quarter, which should get us to 500 stores.

Amit Agicha: And sir, last question is like connected to debt equity. Right now, it is like 0.4. Like any plans to reduce further? Like what would be a capital allocation priority?

Rajendra Gandhi: So, we have a gross debt of about Rs. 180 crores. This includes the non-fund based debt that we, because it is calculated as debt for whatever the kind of LCs we would have provided to our suppliers. Both with accruals and with improvement in our working capital days, that is inventory control and with receivable, we are very confident that within the next four quarters, we should be debt-free.

The other accounting for the sake of India is because many of these things go through lease liability, particularly our retail stores or some of our other assets which are leased, so that below EBITDA item will remain. But the financing cost of money for the company will be zero in the next four months.

Amit Agicha: Sir, last question, what are the current number of employees?

Rajendra Gandhi: We are between 6,000 and 6,500. I can share you the exact number.

Moderator: The next question is from the line of Lakshminarayanan Ganapathi from Tunga Investments. Please go ahead.

L. Ganapathi: I want to understand there have been entry of a lot of brands, especially in cooker and cookware, Stahl, Bergner, LG is there and I saw Brazilian brand called Tramontina or somebody. So, what does that mean for us? Is the market expanding or more players coming in for the lesser number of market expansions? How to think about it? That is my first question.

Second question is that you talked about cost plus model. In your key product categories, how do you index your cost on who are the competitors to actually benchmark yourself in terms of price increase as well as decrease? These are my two questions.

Rajendra Gandhi: On the pressure cooker is a fundamental appliance for any kitchen in India. Every household would want to have a pressure cooker. With gas connections across the country, with every household, this has become every household appliance. And is also now that for ease of usage, there are multiple sizes of pressure cookers used by the same family.

Having said that, we have these three advantages that is what is driving our growth. We are acquiring a lot of market share while the market is growing. The advantage that the company has is we have a very strong manufacturing facility which can control cost. We have a strong distribution network across the various channels that we have been discussing. So, we are available. And of course, because the brand is, we make a large number of products and satisfied customers, we are growing our number of customers every day. The brand is growing. With all these three, we are able to make a difference between any new and brand, existing, larger players. We are actually getting to leadership.

But for value, on volume, we believe we are already at leadership in the pressure cooker business. But it is not stopping. The opportunity in the pressure cooker is growing. You can also see in the last quarter, we continue to grow. There is a huge opportunity on premiumization in pressure cookers. That is the other growth opportunity. And we believe that the pressure cooker we are poised to lead in this country.

On benchmarking any competition, we believe that these are our three strengths. We will continue to work on enhancing brand value for our consumers, add value to them and value to

our products. We will continue to work on being very, very affordable for our consumers. The larger consumer base in India will continue to be very cost conscious. So, we will continue to do that. And we will try and keep on strengthening our distribution network, be as easily available to our consumers across the nook and corner of the country. Maybe we will also look, maybe we are also exploring some geographical expansion beyond the country for our distribution, which is a work in progress. We will declare it in an appropriate time.

L. Ganapathi: Sir, if I just look at your various product segments, which segments have the highest margin levels? Can you just back rank it in terms of which are the highest and which are the lower?

Rajendra Gandhi: So, we are both agnostic on product category and on channels. Our margins are cost-plus. Though we are a brand, we have a simple working arrangement where our product managers are compulsory to mark up the margins that are aspired by the company. Then, whichever product category it is or the channel, we are agnostic on the margin. So, all our products, apart from the exports that we do, for domestic trade, more or less, they are in the same range.

L. Ganapathi: And if I just look at pricing in your online channel, which is your dominant channel, I see that for the similar products, you are actually cheaper by almost double-digit percentage. Now, why are you losing margins by such a big discount to some of the other players? Is it something which is conscious that you are happy to have this margin or you think that after market capture you would kind of bring this particular discounts down?

Rajendra Gandhi: So, there is an endeavor to work on our margins. I think if you will study our financials, in the last three years, we have moved from closer to, while the design of the business was 35% gross margin, we have slipped down to 32.5%. We have got to 38.5%. We believe there is a scope to further improve. We will gradually do it. We will not want to miss out the moat of being the most affordable brand with the right quality and the distribution network that we want. We will not want to leave our position that we are there.

We are considered as a value brand. We want to continue to hold that position, make it more stronger. It does not mean that we will not have healthy margins. So, we do all these three. We continuously work to bring our cost in control and then so we are able to give the price at the price point that we give to our consumers.

On your other question about the channel discounting, there are some periods in the year when the accumulated profits by these channels are plowed back to give some discounts. This does not come from our margins. It is the margins that they provide for during these very special periods. We try our best to manage the channel conflict, but sometimes there are instances where what you mentioned, there could be some difference.

L. Ganapathi: Just last question. So, if you look at various parameters like sales growth, gross margin, EBITDA, then post-IndAS, pre-IndAS as well as return ratios, as a company, what do you

actually focus on? Which is your single most focus? Is it sales or return ratios or the operating margins? Which is something you like to rank...

Rajendra Gandhi: Ultimately, because we have been investing on our manufacturing for the last four years, that is why you see a little deterioration on our ROE and ROCE. Ultimately, it is to get to double-digit. Or I can say, ultimately, it is to get to closer to 20% on these ratios. That is the objective of the company, which can then definitely keep all these parameters healthy.

We are confident that the current margin, and as we grow, and a little improvement on our gross margins, we will be able to get there. We don't have to do substantial increase in our gross margins. Even with smaller, one or two percentage change, with a little higher LDR growth, we will be able to get there. Yes, to answer your question, our ultimate target is to improve our ROCE and ROE. The company is working on that.

L. Ganapathi: Thank you so much for your detailed answer.

Moderator: The next question is from the line of Nikhat Koor from Dolat Capital. Please go ahead.

Nikhat Koor: Sir, can you provide some color on the South and non-South performance in Quarter 2?

Rajendra Gandhi: See, because we are now there across all the channels, definitely, we are still heavier on the South. We don't have the exact numbers. We can share with you the sales numbers of South and non-South. But now, as a company, more or less, we are at 40-60 now. We are 40% in the South and the rest of the country is 60%. And we have to exclude the exports out of this. But we will share you the exact numbers.

Nikhat Koor: And do we maintain our guidance of improving our EBITDA margins by 1 percentage point in FY '26?

Rajendra Gandhi: Yes, we are confident of improving 1% EBITDA by over last year.

Moderator: The next question is from the line of Raman from Sequent Investments. Please go ahead.

Raman: Sir, my question is mainly on the store's part. What's the CAPEX per store?

Rajendra Gandhi: So, the overall investments including inventory in the store is about Rs. 18 lakhs to Rs. 20 lakhs. That includes lease, rentals, deposits. There are some furniture fixtures and the inventory that we hold in the store. Our franchisee model provides...

Raman: Sir, this is Rs. 18 lakhs to Rs. 20 lakhs is per store, right?

Rajendra Gandhi: You are right. But all the stores, the incremental of 171 stores are, I can say, even we are carving out from there also. So, all the incremental stores are on COFO model. And our COFO model,

where company owns the store, but is managed by the franchisee, is to pay us a Rs. 15 lakhs refundable deposit and Rs. 2 lakhs of non-refundable. So, this Rs. 17 lakhs actually funds all the costs that goes into the store apart from the inventory generally which we realize very soon. So, there is no cash out go for our expansion for our retail stores.

Raman: So, this Rs. 18 lakhs to Rs. 20 lakhs is for the COFO model, right?

Rajendra Gandhi: Irrespective of COFO or FOFO, the total investment that goes into the store is between Rs. 18 lakhs to Rs. 20 lakhs. Because we are compulsory are moving to a COFO model, so there is no cash outgo from the company.

Raman: And sir, out of the current 296 stores, how many are company-owned, company-operated and how many are COFO?

Rajendra Gandhi: So, I will give you a number. That is for 301 now. I have it in front of me. So, COCO, we have 199 stores which are COCO and 29 stores of this COCO are moving to COFO. That is, we have finalized franchises. There is a process of handing over to them. The remaining 62 stores are already operationally COFO. And FOFO are 40. So, this is a sum of 301 stores.

Raman: So, you basically have three types of stores. One is COCO, another one is COFO, and another one is FOFO. Right?

Rajendra Gandhi: You are right, sir. Yes. The focus is to move all these stores to COFO. Of course, there will be some franchises who own their own stores already. They are landlords themselves. And if they want to be FOFO, we are okay with that. But the objective of the company is to have control on the real estate. So, we believe that the COFO model is the right one for us.

Raman: And so my next question is, currently our average store revenue per month is around Rs. 3.18 lakhs. So, is there any initiative or plan to increase this average revenue going forward?

Rajendra Gandhi: Yes, it is not 3.18. It is 3.81. And we are seeing gradual increase. There are also plans to have some exclusive products for these stores. We are working on that. And we are very confident in the next, say, 6 to 12 quarters. We will cross the targeted Rs. 60 lakhs per store per annum. We are very confident.

Raman: Rs. 60 lakhs per annum in next 2 quarters?

Rajendra Gandhi: Per store. In short, I will tell you at 500 stores, we would want a revenue of 300. It may not happen on the day we hit the 500 stores. The run rate at hitting the 500 stores, we have a plan to get to Rs. 300 crores revenue for the 500 stores.

Raman: And sir, I just want to understand what is the margin difference with respect to operating this store versus selling your brand in other stores?

- Rajendra Gandhi:** So, it works differently. There are higher costs in managing your stores and obviously the margins that you pass on to the channel remains with you. At a little improvement on this 3.81, closer to 4.25, we will be at the company's EBITDA level at the company itself. And at Rs. 5 lakhs per store per month, if we are able to improve our current EBITDA, then it will be at that level. Otherwise, with the current level, it will be much better than the current EBITDA of the company.
- Raman:** Sir, my last question is, currently we did around in the first half, if we see, the total revenue which we did in the first half is around Rs. 800-805 crores. How do you expect now that there has been a GST rationalization and 35% of your portfolio has been shifted to the low to 5% bracket? So, how do you see your H2 to be turn out? And how was the October month for you?
- Rajendra Gandhi:** The post Diwali run rate has been very strong compared to the previous year's post Diwali run rate. We believe we will be almost at the same level for the H2 compared with what we are at H1. Of course, there is a strong period of sales during Diwali for H1 which will not be there. It may not be exactly at that level, but we are very close to that. I don't think there will be too much of a variation. There may be between Rs. 25-30 crores variation between the H1 and H2, but there is not a very huge difference.
- Moderator:** The next question is from the line of Ashwini Agarwal from Demeter Advisors. Please go ahead.
- Ashwini Agarwal:** I had just one accounting question. You know, notwithstanding that we have opened new stores, our right of use value has come down in the balance sheet on Slide 11 and the corresponding lease liability outstanding amounts have also come down. Why has that happened?
- Rajendra Gandhi:** Yes, we have re-valued the total lease liability. It is on introspection in the last quarter. All these retail stores are at, we generally have a lease period of 9 years. But an option to exit is with us. So, we had actually capitalized the lease rental for 9 years. And, of course, against that we were incurring both depreciation and interest, which has now, because we are doing a lease rental with all the stores for 3 plus 3 plus 3, so the revaluation of that lease assets is there. There is some small impact because of that.
- Ashwini Agarwal:** That's all I had.
- Moderator:** Ladies and gentlemen, in the interest of time, that was the last question. I would now like to hand the conference over to the management for the closing comments.
- Rajendra Gandhi:** Thanks 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. We will also share some data questions that we have missed to immediately share it with you to the participants who would ask them. Thank you.



*Stove Kraft Limited
November 04, 2025*

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