

28 May 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 22 May 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, 2<sup>nd</sup> Cross, CSI Compound, Mission Road, Bengaluru - 560027





## “Stove Kraft Limited Q4 FY’25 Earnings Conference Call”

**May 22, 2025**



**MANAGEMENT:** **MR. RAJENDRA GANDHI - MANAGING DIRECTOR,**  
**STOVE KRAFT LIMITED**  
**MR. RAMAKRISHNA PENDYALA - CHIEF FINANCIAL**  
**OFFICER, STOVE KRAFT LIMITED**

**MODERATOR:** **MR. PARTH PATEL - MUFG INTIME**

**Moderator:** Ladies and gentlemen, good day and welcome to the Stove Kraft Limited Q4 FY'25 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 a 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, sir.

**Parth Patel:** Thank you and good afternoon. On behalf of MUFG Intime, I welcome you all to Stove Kraft Ltd Q4 & FY'25 earnings conference call.

Today on the call we have Mr. Rajendra Gandhi – Managing Director and Mr. Ramakrishna Pendyala – Chief Financial Officer.

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 belief, opinion, expectations as of today. The statements are not a guarantee of our future performance and involve unforeseeable risks and uncertainties.

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

**Rajendra Gandhi:** Thank you. Thank you, Parth. Very good afternoon, ladies, and gentlemen, and thank you very much for attending our Q4 FY'25 earnings call. A detailed Presentation and the Press Release of our quarterly performance has been uploaded on our website, and I hope everybody had an opportunity to go through them.

We close FY'25 on a strong note, delivering revenues of Rs. 1,449.8 crores, marking a year-on-year growth of 6.3% over FY'24. This performance was underpinned by our strategic focus on improving profitability. Through disciplined execution and cost optimization, we achieved gross margins of 38.1% for the full year.

Our EBITDA margin also saw a healthy improvement, expanding to 10.4% in FY'25 compared to 8.7% in the previous fiscal. It is worth noting that FY'25 was not without its challenges. The year was characterized by elevated inflation, cautious consumer sentiments, and muted discretionary spending. These headwinds were particularly evident in Q4, where demand trends fell short of our expectations.

That said, every business undergoes cyclical phases, and we believe the tide is gradually turning with CPI inflation further improving to 3.3% in March '25. The forecast of a healthy monsoon, improving rural sentiments, RBI's liquidity support, and potential rate cuts, tax relief are on the

horizon. The macroeconomic setup is becoming increasingly conducive for a recovery in demand. Encouragingly, we are already beginning to witness early signs of revival in rural markets. And we remain optimistic that urban consumption will follow suit in the coming quarters.

FY'25 was the defining year for us, marked by several strategic initiatives that have laid a strong foundation and blueprint for FY'26. One of the most notable milestones was our partnership with IKEA to develop and supply a range of cookware products for their global network of stores, a testament to our manufacturing excellence and global aspirations. We also continued our retail expansion at a robust pace, transitioning from the COCO to the COFO model to scale efficiency and enhance reach.

Further strengthening our backend capabilities, we commissioned a state-of-the-art cast iron foundry with the initial annualized capacity of 2.2 million pieces, scalable up to 4.4 million pieces per annum, positioning us well for future volume growth.

We also made our foray into new product segments such as grooming and launched several technologically advanced products across categories, reinforcing our commitment to innovation, diversification, and consumer centricity. To address the demands of the export markets, we are also working on developing outdoor cooking products, the likes of the grills, which we believe will be the future opportunity for us in the exports.

Highlighting our progress made in Pigeon EBOs in FY'25:

We made a strategic transition from a company owned, company operated model to a company owned, franchisee operated model. This shift was aimed at accelerating our retail footprint across multiple cities and states in a capital efficient manner. As of FY'24, our Pigeon Exclusive brand outlets network comprises 171 stores across 50 cities in eight states. By March 31<sup>st</sup>, 2025, this number has now grown to 262 stores covering 91 cities and across 20 states, reflecting a robust net addition of 91 stores during the year and 32 stores during the March quarter. This expansion reinforces our commitment to making Pigeon a truly pan-India brand that is synonymous with quality and affordability.

These exclusive brand outlets not only allow customers to engage directly with our full products portfolio but also play a pivotal role in strengthening brand salience and improving overall margins. Looking ahead, we remain focused on expanding our presence across the strategic and diversified locations, further enhancing accessibility and deepening consumer connect across the country. This quarter, we continue to build on our innovation agenda with the launch of several new products designed to enhance everyday convenience and energy efficiency. In the personal credit segment, we introduce our next generation BLDC dry air dryer with a five-in-one styling capability along with a precision men's trimmer, marking our entry into the grooming category.

In Home Essentials, we are excited about the launch of our BLDC ceiling fan with the features of advanced dual-motion technology for uniform and efficient energy cooling. To cater to portable needs, we also introduced rechargeable mini fans and a high-performance pedestal fan under the Pigeon brand. These launches not only reflect our focus on smart, functional product design, but also reinforce our commitment to entering into high-potential adjacent categories with differentiated offerings. Channel mix in Q4 was 40% from general trade, 32% from e-commerce, 11% from modern trade, 2% from corporate sales, 8% from our own retail. We are also excited to share that our products are now available across major cities through the quick commerce platforms like Swiggy, Instamart, Zepto, and Big Basket.

Now I will discuss Q4 FY'25 Financial Performance:

The consolidated revenue stood at Rs. 313 crores for the quarter versus Rs. 325.2 crores in the previous quarter last year, hence registering a degrowth of (-3.8%) year-on-year basis.

Gross profit for the quarter stood at Rs. 120.8 crores versus Rs. 120.7 crores in Q4 FY'24, reducing a growth of 0.1% year-on-year. Gross margins for the current quarter stood at 38.6%, improving by 150 basis points as compared to Q4 FY'24. EBITDA for Q4 FY'25 stood at 29.5 crores versus 24.8 crores in Q4 FY'24 showing a growth of 18.8% year-on-year. The EBITDA margin for the current quarter stood at 9.4% versus 7.6% in Q4 FY'24, improving by 180 basis points year-on-year. Profit before tax for Q4 FY'24 stood at Rs. 1.5 crores versus Rs. 2.7 crores in Q4 FY'24. The PAT margin for the current quarter stood at 0.5%. This is post the notional impact of accounting, additional depreciation and interest against rent payments accounting to INR 3.4 crores.

Now I will discuss the FY'25 Financial Performance:

The consolidated revenue stood at Rs. 1449.8 crores for FY'25 versus Rs. 1364.3 crores in FY'24 and suggesting a growth of 6.3% year-on-year. Gross profit for FY'25 stood at Rs. 552.5 crores versus Rs. 504 crores last year, same time, same period registering a growth of 9.6% year-on-year. Gross profit margins stood at 38.1%, an increase of 120 basis points year-on-year. EBITDA for FY'25 stood at Rs. 150.7 crores versus Rs. 118.8 crores in FY'24, showing a growth of 26.8% year-on-year. EBITDA margin for FY'25 stood at 10.4% versus 8.7% in FY'24, improving by 170 basis points. Profit after tax for FY'25 stood at 38.5 crores versus 34.1 crore in FY'24, showing a growth of 12.8% year on year. PAT margin for the period improved from 2.7% with substantial efforts underway to improve the same even further.

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

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. First question is from the line of Praneet from Samatva Investments. Please go ahead.

- Praneet:** Hello. Thank you for the opportunity. I was wondering, I was curious about the volume degrowth in terms of all the product categories. There was a significant volume degrowth in terms of nonstick cookware and cookers and even smaller appliances despite growing in value. Could you tell the strategy or what is happening in the market at this point of time and how does the company view this going forward? How does it expect to change going forward because volume growth was one of the key...
- Rajendra Gandhi:** We have been growing on all the categories by volume except for the nonstick cookware. Our pressure cooker category for the year, the volume growth was 1.4%. For small domestic appliances, it was 6%. For cooktops, it was 6.7%. For induction cooktop, .
- Praneet:** I was talking about this quarter specifically. What has happened during this quarter that there has been substantial degrowth?
- Rajendra Gandhi:** The quarter was a subdued quarter. It was not as per our plan. There was softness in the demand. And particularly, of course, there was a lower revenue in the GT. But there was also impacted by three other factors. Our institutional business, also that comprises of the microfinance business, were impacted fully. We have now moved from pure non-stick cookware to ceramic cookware for our export. So there is a transition that is going on while our order books are very strong. We have a robust demand, but because of this new coating system that we have implemented for the cookware, we are ramping up our capability to manufacture them. But for the nonstick cookware, for the year and for the quarter, we are seeing a movement of consumption from the domestic and for export markets, the demand moving from the current PTFE coated cookware to the new ceramic coated cookware or the cast iron category.
- Praneet:** But that is understandable. Last time also you mentioned that because of transition, there's a product, the revenues have reduced and volumes have reduced. But I'm curious about small appliances specifically, because GT most, I assume that small appliances, most of it goes through e-commerce and retail, how much contribution to small appliances comes from GT and like what has happened with the small appliance volumes?
- Rajendra Gandhi:** No, it is not specific to the small appliances category. Overall, for this quarter versus the QOO quarter, we had a YOY quarter, we had a revenue drop in all the categories. So there was softness in demand from the GT. And I also mentioned about the other channels, that is the institutional channel, including the microfinance channel. Of course, some of the appliances category also we sell to all these channels. So it is across the whole revenue there has been a drop over the previous quarter, YOY quarter.
- Praneet:** Understood. Thank you for that. And one more question regarding the retail footprint we are planning. So we have been aggressively expanding and that's going well for us as part of overall revenues. So going forward, how do we see the FOFO model expanding? Because we introduced a new model recently, and how do we see that going forward? And in terms of depreciation also, how do we plan on forecasting the growth because we do plan on expanding continuously over

the years, right? So to what extent are we planning on expanding the stores and how does that going to correlate into the overall line items of depreciation and finance cost? Because that is showing a significant impact on the overall P&L statement. So how does the company plan on doing something regarding this?

**Rajendra Gandhi:** So there is an additional impact in our accounting because of this depreciation and amortization cost that is reflecting below the EBITDA line item. For the current year, I will tell you exactly what the difference, it is about Rs. 3.5 crores. So the initial years or the way the accounting works, for the initial years, it is higher. The actual rent that we pay is accounted in this. And the differential between what we actually incur as rent and what is accounted for the whole year is about Rs. 9.17 crores and about Rs. 3.5 crores for the quarter. So going forward, your question on what is the strategy and plan for the stores, we will continue to expand these stores at a rate. This year we hope to add another 90 stores to 100 stores. So every quarter we will endeavor to open around 25 stores.

**Praneet:** Understood. But is there a focus on which type of store do you want to expand? I understand you want to maintain the COCO stores at 170. So but are you intentionally pushing for FOFO or COFO? Like how are you planning on looking at those segments?

**Rajendra Gandhi:** We have capped our COCO to 170-171. All incremental stores are COFO stores or there are some FOFO stores but there is no increase that we will do on the COCO stores.

**Praneet:** No, but do you have a preference in franchisee? Do you want it as a company on franchisee operated model or do you have a preference for franchisee owned and franchisee operated model? So going forward, how will you plan?

**Rajendra Gandhi:** We are open to both. We would prefer a company on franchisee model, but there are also some franchisees who own their own retail space and or want to own the stores under them. So we have currently of the 262 stores, 10 stores are under FOFO model. The rest are, apart from the 171, the incremental are all on COFO model.

**Praneet:** But the company does not have any preference regarding what type of they want to continue to expand, right?

**Rajendra Gandhi:** No, we are okay with, we don't want to increase any COCO store. Even if we open a new COCO store, we would first want to replenish it with a COFO store so that the net number of COCO remains at 171.

**Praneet:** Okay, I understood. How do we see the demand right now increasing, improving in terms of volume and value growth because during one of your interviews in the last quarter you mentioned you are going to expect double digits but now you after the end of the quarter you mentioned that you planned it as it is worse than expected. So how do we expect going forward in terms of...?

- Rajendra Gandhi:** The last quarter has not planned out as per plan otherwise we were still expecting to grow at the double digit. We believe that of course but for that last quarter we believe that the demand is coming back but more of that growth, are also forcing huge good demand and a good strong order book on our export. So bigger growth in the current year, we see a bigger growth coming from our exports opportunity. We are also having the capability to execute this. In the nonstick cookware, I did mention that we are moving from the PTFE to the ceramic coating. So initial that learning curve is there but this is a lot stabilized and we have a strong order book on exports.
- Praneet:** But do we see any issue in terms of exports because of the tariffs related concern that's been happening, because we do have exposure to the US market, right? So what percentage of exports go there and in terms of the FDA or anything, what is your view on that in terms of our growing our exports is there going to be any short-term trouble or something like that?
- Rajendra Gandhi:** The tariff is actually a positive for a country like India. There is a strategy by many of these retailers that they would want to look at an alternate or additional source other than China. But with the current tariff situation, it had almost bought a full stop for them to import from China. They are all scrambling for alternate markets, sourcing from alternate markets. But then this is a short-term thing, I think, but in the long term, I think many of the retailers that we are working with and with whom we are engaging with new customers are all very keen to establish alternate supply chain markets out of China and we stand to gain in that.
- Praneet:** So have you been receiving any requests from your existing people?
- Moderator:** I'm sorry to interrupt, sir. I just request you to join the queue for the follow-up question, please.
- Praneet:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.
- Pritesh Chheda:** Sir, just one observation and it's a continuation of what the other participant was asking. So you have gone through about Rs. 250 crores to Rs. 500 crore of CAPEX in the last four years post your IPO. So in your IPO, you brought down your debt, raised capital, brought down your debt. And now in the last 4-5 years, you put about Rs. 450 crores. And there's corresponding Rs. 400 crore addition in topline or Rs. 500 crore addition in topline. Can you just share the way forward? You have been spending at about 80 crores to 100 crores per annum. Where all does this lead to? Where all you have spent in the last 5 years, totaling about Rs. 450 crores-Rs. 500 crores? And where does it lead you to the next 2-3 years? That's one question. Second, in the double-digit growth this year or next year, there was some positivity from your communication sent to the exchange on IKEA and Walmart in terms of supplies. What is the progress there?
- Rajendra Gandhi:** First of all on the capital infusion, good evening. Chheda sir, on the capital infusion, majority of our investments have gone into the manufacturing facilities. Of course, we have also invested in



the stores on the retail side. If I explain to you how it has transformed into business, on an incremental revenue, we have grown from the pre-IPO time to the current time at about 2x of revenue. On the increased revenue, a little more than 2x, on the increased revenue base, our contribution from manufactured products has gone up from 70 to 95. So actually the incremental revenue from manufactured products has gone threefold from what it was pre IPO. And on the relationship with IKEA, of course we have set up a separate factory for them. We have built that and we are building the capability to supply. It is a long term plan and it also takes a little longer term. The initial revenues will start seeing only end of the 3<sup>rd</sup> Quarter and it will start from the 4<sup>th</sup> Quarter. All this development is on the way for IKEA. On Walmart, we are seeing growth in our existing category. There is a transition from some of our nonstick products to the, of course, this is also nonstick, but it's a ceramic coating and it's a little different technology that we apply to make these products. Apart from these products, we have just commissioned our cast iron foundry. We have fully commissioned it. We have started producing domestic products, but we have also got export orders for this and those are long-term orders. And once we start executing these orders, the overall order is almost to the full what we want to export. With our capacity, we would want to do 50% domestic and 50% export. So there is enough and strong order book with the investment that we have done for our nonstick cookware. Apart from this, we have set up some lines where we were to produce chimney, we are getting into manufacturing of chimneys and where we are already producing OTG and in the same line for the initial period we are building, developing our capability to make outdoor products like grill. This is more focused coming from the opportunity and demand from our customers for the export markets. So these also will start working. Overall, I will tell you today, even for the domestic market we are now fully capitalized to produce all this within our facilities, and that capital investment cycle has more or less come to an end. And to give you again, when we started off without this investment, our production was about Rs. 400 crores. This can get to 2,500 crores.

**Pritesh Chheda:** So this whole capital that you have invested in the asset or the manufacturing that you have created can support a 2,500 crores revenue?

**Rajendra Gandhi:** You are right. 2,500 crore of production, production revenue. So we will continue to still have some revenue outside of the production.

**Pritesh Chheda:** So in any case, you are 90% now on your own production, right?

**Rajendra Gandhi:** Yes, sir. 95.

**Pritesh Chheda:** Okay, you said now in these comments you mentioned about OTG and some outdoor equipment and all. So what, so that CAPEX still continues basically?

**Rajendra Gandhi:** It's already done. The lines for all these are already set. We have made the moulds and then it goes through that initial trial phase, testing phase, then go to market. That is the phase. We are already in the chimney business, but this was driven by what we are importing and selling. But when we make, definitely we have a huge advantage. I can say even as early as next month, we

will be starting to sell chimneys from our own plant. The factory is fully there. The capability for manufacturing a OTG chimney or these outdoor products is the same. In the same plant, we are making different products. The outdoor thing it is a development phase now. We will start manufacturing then maybe by Q4. That will be more for export markets.

**Pritesh Chheda:** My last thing is what will be your CAPEX now next year and year after?

**Rajendra Gandhi:** I think going forward, apart from our retail store expansion and tooling, we don't see a plan of investing more than Rs. 25 crores annually.

**Pritesh Chheda:** Any case for retail you mentioned that it is going to be a FOFO, right, incremental is FOFO. So it's not going to be a CAPEX?

**Rajendra Gandhi:** There is no cash flow outgo for retail but still these stores are owned by us.

**Pritesh Chheda:** Which means? I didn't understand.

**Rajendra Gandhi:** Let me explain. We take a deposit of about Rs. 17 lakhs from the franchisee, but the lease rental is on our books. We take the lease on our books. We pay the lease deposit to the land owner, but there is no cash additional cash outflow from the company because the deposit actually it funds all this, the inventory, the fit outs.

**Pritesh Chheda:** Okay. So the only CAPEX is Rs. 25 crore annually, is what you are saying?

**Rajendra Gandhi:** And some tooling. Yes, there could be some tools, fixtures.

**Pritesh Chheda:** Can you quantify the total outlay? It will be very useful for all.

**Rajendra Gandhi:** If we take all this, it will not exceed 40 crores. Because this is accounting. Some things are more of accounting. When I say the least the furniture fixtures and the deposits that we make is all capital outlay from the company. But it is not cash outflow. So including this, all this will not exceed 40 crores.

**Pritesh Chheda:** And just one confirmation. So in your double digit topline growth, which you mentioned earlier, that had IKEA supply and Walmart supply a part of it, right?

**Rajendra Gandhi:** Yes, so IKEA and the Walmart supply is ongoing and we are growing on that. The IKEA business will only start in the end of the last quarter, early fourth quarter, mean, end of third quarter and early fourth quarter.

**Pritesh Chheda:** Okay, sir. Thank you very much, sir.

**Moderator:** Thank you. The next question is from the line of Shreyans Ashok Jain from Svan Investments. Please go ahead.

**Shreyans Ashok Jain:**

Hi, good evening sir. So my first question is, coming back to the previous participants questions. So I'm just looking at FY'21, we were at Rs. 860 odd crores of topline and we have done about Rs. 1,450 crores this year. Obviously, there has been some improvement on the gross margin, but you know when you come to the PBT side sir, there is actually it is flat, know over the last four years. We are just trying to understand you know, from 81 we have gone to 50 crores, you know, sir. So incremental Rs. 600 crores of revenue have actually not given us the commensurate benefit in terms of profit So we understand we are doing COCO and all of that. We are just trying to understand sir when does all these initiatives that you have taken increase in CAPEX, backward integration in our manufacturing. When does that actually start to come in and increase our profits because when I try to reconcile all of this, the savings in gross profits has actually gone into other expenses and opening of COCO stores. But four years of efforts, not flowing down to profits is something which is worrying us as investors. And secondly, sir, when you say when you take deposit from the franchisee and it is shown as a deposit, but when I look at your balance sheet, there is no increase in current assets or other assets. So where exactly is this deposit sitting in? And when I look at the cash flow statement, there is Rs. 25 crores of lease payments. So we are unable to reconcile this thing, sir.

**Rajendra Gandhi:**

Let me break it up from the beginning. See, of course, that Rs. 861 crore revenue, that was an exceptional year, I want to say. We had very low expenses then because that was the COVID year. But our gross margins were at about 35%. We had a closer to 15% EBITDA in that year because of low cost. We had no marketing costs, no travel costs, and a severe freeze on various costs. That was a different year. But otherwise, every year, but when one year we went down on our gross margins from 35 to 32.5 we have continuously worked on improving our gross margins, which is also reflecting in our EBITDA. Definitely because of our incremental investments in the various, capital investments in various manufacturing apart from the retail, which is a long term plan. This was as per plan that we wanted to invest for three years that is closer to little upwards of Rs. 400 crores that has gone into make us what we are today. We are a strong manufacturing capability today. And also today, if you have to be relevant to this business in this country, you have to either be sourcing domestically or be making it yourself. And the most efficient form today without the supply chain being very strong, it is the best to be manufacturing it yourself. We have built both. Though we have invested, we also built the capability. And our gross margins improvement is also reflecting in our EBITDA improvement. So if you see our last year, we have improved while we were targeting to get to 11%. Our last quarter did not plan out the way we envisage to. So that has led to be a little short of 11%. Going forward, the outcome of these investments, we have already hit that point where from here we are going upwards. Any increment beyond the normal expenditure that we would have for growth, any increment on our gross margin will definitely impact our EBITDA positively. And the fixed cost below the EBITDA now, whatever you see about Rs. 115 crores will all flow to PBT. So if we increase our gross margin contribution from the Rs. 550 crores, say Rs. 650 crores, if at all. And that Rs. 100 crores definitely after accounting for the general cost, then everything will flow to EBITDA and all of that will flow to PBT. The number between the EBITDA and impact will only improve now because with the additional cash flows, our cost of borrowing, actual borrowing will further come down. Of course, it will be offset by a little increase in the

number of stores. And this is for the first five years, because there is a negative impact on our accounting on the actual rental cost for the initial period. For the next five years, actually it will be a positive. Example is for this year, we on the accounting, we have incurred additional nine crores over and above the rental cost which goes in the form of depreciation and interest below EBITDA. Because these are the initial years, after the fifth year, this becomes positive. You may actually be paying a little higher rent, but your accounting will be a little lower than that. So this is upfronted, the way that accounting happens on this is like that. I will only want to guide you through that, that we are at that crux of that, our PBT and PAT margins and absolute number improving from year-on-year.

**Ramakrishna Pendyala:** I would like to add your question on this franchise deposits received. It is there in the other financial liabilities both current and non-current is about Rs. 17 crores. I hope that answers.

**Shreyans Ashok Jain:** Yes. And second sir, second is, now we are at 262 odd stores of retail and incrementally retail, starts picking up. And obviously your gross margins will be higher than other channels, right? So what are the kind of benefits that should flow through in terms of gross profits and gross margins, sir?

**Rajendra Gandhi:** So today, we are at about, for the quarter we are at about 8% and gradually we will move to between 8% and 10%. So there is definitely a gross margin, better gross margins in our retail business. But at the EBITDA level, I will tell you that the companies EBITDA, it will get to, it will definitely improve the EBITDA once we are able to get to that mature stage, which we believe that currently we are at about 3.6 lakhs of monthly revenue, net revenue. And as soon as we get to 5 lakhs, this will be much more positive than the company's EBITDA. The final business will have to be looked at in the EBITDA for retail, not at gross margin. Gross margins will be very higher. But then the cost to manage these stores will also be equivalent to that. That is either we are giving our franchisee's commission, or we are paying rent and people cost for the stores. So at EBITDA, I will assure you that in the year, when we are seeing that size, that newer stores are negative to our EBITDA now in the terms of in percentage. But as these stores mature, it will be positive to the company's EBITDA. When I say what is positive and negative, supposing the company is cruising at 11%-12% EBITDA in a full mature stage, we will be upwards of 12% on EBITDA on these stores.

**Shreyans Ashok Jain:** Okay. Alright, sir. Thanks and all the best. I will get back in the queue.

**Moderator:** Thank you. The next question is from the line of Anand Mundra from Soar Wealth. Please go ahead.

**Anand Mundra:** Good evening sir. Sir, what is your long-term guidance on gross margin? You have seen remarkable improvement from 32%-33% to 38%. Your competitors are at 40%-43%? Is it possible that we can reach 40%-43% in next 3-4 years sir?

- Rajendra Gandhi:** We are very confident of having the best gross margins in industry because we control cost. Our cost are controlled because of our highly backward integrated facilities in manufacturing. We are gradually moving to that. I don't want to commit to you the time frame when we can, but we will definitely be at our peer group on gross margins.
- Anand Mundra:** Okay, sir. My second question with respect to export opportunity. How do you see this business growing? And what is the current contribution? And how do you see in FY'26 and '27 how big it can become, sir?
- Rajendra Gandhi:** You will see high spike in our growth rate quarter-on-quarter this year. We believe this year itself you'll see very high growth rate. It will be absurd to give you a number, but it will be very high growth rate upwards of 50% in the current year itself. But we are also building several things for the future. Our new ceramic coated cookware, existing nonstick cookware, that outdoor category that we want to do, and the cast iron cookware, apart from the plants that we are setting up in the IKEA plant that you are aware that we are building, we are having a bakeware line coming up. All this will start contributing. And from the last year, we were at about 12% contribution to our overall revenue. In the next three years, we will be sure it will cross 25%.
- Anand Mundra:** And sir, whatever the tariff imposed on India, will it be passed to the customer or how it will play out, sir?
- Rajendra Gandhi:** For us, all our pricing is FOB. We deliver to the customer's designated port, that is, if we are sending it to Kattupalli or Tiruchirappalli, whichever port that they want, there our responsibility ends. Our revenue is recognized when we deliver there. Beyond the sea freight or custom duty that is applicable, is on the customer's account and it does not impact us in any way, positively or negatively.
- Anand Mundra:** Noted sir. Sir, one last thing sir on balance sheet, our inventory in absolute amount has significantly gone up. You have mentioned some reason...
- Rajendra Gandhi:** There are two reasons. One is we could not complete our export orders. I was telling that we had challenges in execution. We have moved from nonstick to ceramic coated cookware. So we had fully capitalized on the inventory because we were to deliver in that quarter. That is now happening. Apart from this, there was a little slowdown in our domestic business. We were actually short by almost 10% of our revenue. Particularly for domestic business there are several components that we import almost 50% of our inputs are imported. There is a month where there is a challenge that we import from China. February is a month when Chinese all, I mean they are closed for almost a month. We plan to buy all these inputs for the whole quarter and we are little stranded with that inventory. You will start seeing improvement in the absolute inventory starting from this quarter itself. But we are also cognizant of this that their inventory levels are little higher. You will see substantial improvement on our inventory, but absolute number and inventory days also.

- Anand Mundra:** Thank you, sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Gaurav Jogani from JM Financial. Please go ahead.
- Gaurav Jogani:** Thank you. Sir, I want you to understand, once the IKEA business starts to hit your overall P&L, what kind of impact could we see on the gross margin front? Would it be bit dilutive from the current levels?
- Rajendra Gandhi:** So the gross margin levels will be lower to our domestic brand business. All the export business on the gross margins are lower to our brand business. But at EBITDA, they're at par or better.
- Gaurav Jogani:** So any number that you would like to guide us, what kind of an impact this could have?
- Rajendra Gandhi:** Impact overall, I can only assure you that we are working on our gross margins. We wish to improve our gross margin at least by 1%. And we also want to improve our EBITDA margins at least by 1% in the current year.
- Gaurav Jogani:** That is FY'26, right?
- Rajendra Gandhi:** Yes, current year.
- Gaurav Jogani:** So I think the IKEA business will start hitting from Q4 as you mentioned, right? So because of the impact will be seen on the gross for the next year. So if you can help us out like despite this IKEA number, still you would expect to maintain this?
- Rajendra Gandhi:** Despite the growth on our export business, which we believe will get to 25%, you will see growth on our gross margins in percentage, overall gross margins. So we are also working on our domestic gross margins. These are netted off. There is a mix of both the margins. There will be an incremental contribution of revenue from exports, which of course in terms of percentage dilutes our gross margin. But we are also working on improving our gross margins from the domestic business. There is enough opportunity. There is a scope. We are very aggressively priced in the market. Our consumers will have no pain with giving us a little more increased by price itself. But more of that will come in by efficiency that we are building in. We have backward integrated several facilities. All that efficiency will sweep in, and then that also will contribute to gross margin. We are moving towards industry-based margin, but it will happen a little gradually. We have moved from 32.5 to closer to annualized 38.1. But we are confident that even from here, we can get to industry-based gross margins.
- Gaurav Jogani:** Sure. And sir, as you have mentioned in one of the previous comments, that you have also started to see pick up with the domestic business as well. And, given that we have closed on a 4% decline in Q4. So what is your guidance for FY'26 in terms of overall growth rate?

- Rajendra Gandhi:** We will grow by double digits, sir. For this year, the higher growth will come from our export business. But we also feel that I can only say, in for that the quarter gone by was not a great quarter. It was soft on that. There are some 2-3 reasons. It is not limited to one. I did mention that we could not execute some export orders. We had a softness in our GT channel and two channels are having challenges. That is the MFI and the institutional channel, which will all get regularized and they are not very significant. But because this all happened in that last one quarter, And the last quarter itself is smaller quarter for us. The first and the last quarter are smaller quarters. And that's why you are seeing that very significant.
- Gaurav Jogani:** No. So I was asking at an aggregate level. mean, it is including export and domestic both in double digit, right? That is what I was trying to ask.
- Rajendra Gandhi:** Yes. Both, the growth is not only coming from exports. Exports, of course, today is about 12% of our, it is about Rs. 160 crores last year. We are very confident of growing upwards of 50%. The growth may be larger than that. And the remaining growth will come from our domestic business. We have introduced several products. Our channels are all doing well. Our retail is also growing. Our retail, both in terms of number of stores growing and sale per store is also growing. Apart from this, we are seeing good traction already in our e-commerce channels. We wish that our GT channel also starts contributing.
- Gaurav Jogani:** Sure. And sir, the last question from my end is, the EBITDA that you have reported for the full year, I mean how much would be the actual rent if you take out and what would be the actual EBITDA margin if you adjust for the rent because of these index?
- Rajendra Gandhi:** Ramakrishna can you please?
- Ramakrishna Pendyala:** The actual rent for the full year is Rs. 24 crores and whereas depreciation interest together is about 33 crore. So the additional impact in the P&L is Rs. 9 crores.
- Gaurav Jogani:** Okay, so the PBT level I think we were less stated by Rs. 9 crores right? That would be right understanding?
- Ramakrishna Pendyala:** Rs. 9 crores additional, yes. A little more than that.
- Gaurav Jogani:** Okay. Thank you and that's all from me.
- Moderator:** Thank you. The next question is from the line of Nikhat from Dolat Capital. Please go ahead.
- Nikhat:** Thank you for the opportunity. So can you provide any region-wise flavor? How was the growth in the South versus non-South? That is my first question.
- Rajendra Gandhi:** So of course, for all the rest of the channels, continue to be there. We are continuing to grow a little higher in terms of percentage for the regions other than south. But for our retail, we are expanding apart from south in the rest of the country, particularly north and west. So the growth

rate is a little higher. But we continue to be at almost at 50-50 now for the south and the rest of the south. The overall business has actually grown at the same almost at the same rate at the company's growth rate.

**Nikhath:** Okay, and so any price increases we have taken during the quarter for any of the products?

**Rajendra Gandhi:** We continue to improve on our margins. It's a function of both efficiency improvement and some price increase post that. And we continue to do this every quarter.

**Nikhath:** Okay, and sir, in FY'25, our growth was 6%. So any idea, any number you can give on the overall kitchen appliance growth rate during the year?

**Rajendra Gandhi:** I can only say that each of the categories that we are in, we are acquiring market share, and it will be difficult to give what the organized retailers, organized brands are doing currently versus unorganized brands. But each of the categories, we are seeing market share growth.

**Nikhath:** Okay.

**Rajendra Gandhi:** So maybe when you tabulate it with the other players, you'll be able to know that we probably you'll find us doing better than our peers.

**Nikhath:** Okay, thank you, sir.

**Moderator:** Thank you. The next question is from the line of Yash Bajaj from Lucky Investment Managers. Please go ahead.

**Yash Bajaj:** Yes, thanks for the opportunity. Sir, I think you were responding to the previous participant on gross margin, where you mentioned that if Financial Year '20 or '21, you were at 60%-65% in-house manufacturing, which today is 95%. And in FY'20 your gross margin was anywhere between 31%-32% which is now 38%. So my question sir is that what levers are there for the gross margin improvement after taking into consideration that we are 95% doing it in-house in terms of manufacturing? That's my first question.

**Rajendra Gandhi:** Both price increase and efficiency, definitely has new when we start manufacturing new products and backward integrate them, there is a curve, the learning curve that we go through. Definitely there is a lot of scope on efficiency improvement, which will bring down our cost further. And definitely there is a huge scope because we are very aggressively priced to competition. The brands are getting stronger. Our distribution is getting stronger. So definitely we can pass on some more additional price increase to our to the channels and the market. The opportunity of growth rests on both sides, efficiency improvement and price increase.

**Yash Bajaj:** Okay. And just a follow up on this, sir. When you mentioned efficiency, it is in terms of a learning curve of the new products or even also the existing products? And if that is the case, then where are we in that journey?



- Rajendra Gandhi:** So if a plant is built for producing 100,000 pieces and we are producing 90,000 piece. And if you produce 100,000 piece, the absolute cost remains the same. The cost per piece will definitely come down. And there is also a process where we automate these plants. So cost of people come down, productivity goes up. So even for existing products, it's a continuous activity that I think for any manufacturing process, efficiency improvement is a continuous process. There is no maturity for this.
- Yash Bajaj:** Okay, got it. And my second question is, sir, can you just mention the distribution mix, GT, Ecom, our own stores?
- Rajendra Gandhi:** For the year?
- Yash Bajaj:** Yes.
- Rajendra Gandhi:** Will you allow me some time to get back to you on this?
- Yash Bajaj:** Sure, no problem.
- Rajendra Gandhi:** Yes, I can give you the contribution. Our GT has contributed 34.4%. Ecom is at 34.1%. Modern Trade is 11.5%, Our institutional sales, corporate sales is at 3.5%. Retail for the whole year is at 5.7%. And export is at 11%.
- Yash Bajaj:** Okay. So out of all these channels, the one which is on a muted level is the GT channel only, right?
- Rajendra Gandhi:** GT, actually, it was 37.9% is now 34.4%. Our Ecom has grown from 30.8% to 34.1%. The muted channel is modern retail is at 11.5%. We had a drop in our corporate sales, the MFI sales from 5.4 to 3.5. We had an improvement in our retail from 3% to 5.7%. Exports for the year was from 11.4% to 10.9% as contribution.
- Yash Bajaj:** Okay, got it, Thank you so much for answering my question and all the best.
- Moderator:** Thank you. The next question is from the line of Praneeth from Samatva Investments. Please go ahead.
- Praneeth:** Yes, hello. Thank you for giving me the opportunity again. So I was wondering in terms of gross margin in previous concalls, you mentioned that the margins are same across most of the channels and most of the products. And you mentioned that you have a better margin in terms of retail footprint. And is there any differences across different channels like that in terms of products or product categories? Could you give me a more broad picture in terms of EBITDA and gross margin? And how will it be for as an investor for me to look going forward? Which one to track?

- Rajendra Gandhi:** So of course the retail gross margins at the gross margin levels are higher. It is in the range of about 52%. And our domestic gross margins are definitely higher, closer to the 40, a little upwards of 40%. And for export, gross margins are in the range of 30%, 29% to 30%. But overall at EBITDA, I can say today, of course, because of that main initial stage of our retail, our EBITDA for the retail is below the company's EBITDA level. And both for exports and domestic business, at EBITDA, more or less they are the same. And for product and channel, more or less we work at the same margins. There could be a very small difference, but there is no significant difference in margin between products and channels.
- Praneeth:** Got it. And going forward, all the new products are also expected to be in the same similar margin ring, right, in terms of gross margin?
- Rajendra Gandhi:** We would prefer to maintain the margin, retain at least that margin that we work on based on the channel. That is exports, of course, are at a lower margin, but at EBITDA, we would want to maintain the same margin. And for domestic, the channels, whether it is Ecom, modern trade, general trade, or corporate sales, margin will be the same. Of course, the retail will continue to have a little higher margin.
- Praneeth:** Okay. That's it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Anand Mundra from Soar Wealth. Please go ahead.
- Anand Mundra:** Thanks for the follow up questions. How much revenue was lost because of slowdown in microfinance channel?
- Rajendra Gandhi:** Overall for the year for us it is about I can say it is a drop of about 2% for the overall business. So about that corporate sale channel from 5.5 has come down to 3.5.
- Anand Mundra:** Okay, and this is largely happened in last quarter or throughout the year it would have happened?
- Rajendra Gandhi:** But majorly, of course, it is impacted more in the last quarter, but this is not only the last quarter because the impact is almost say Rs. 30 crores, 5.4 to 3.5, 1.9% of 1,450, approximately 27-28 crores. It's not only the last quarter, but I think particularly in the last quarter everything happened. We had a drop in GT and exports and in the corporate sales, I mean, institutional sales.
- Anand Mundra:** And sir the second question, how much lease rental is charged to P&L much more than the actual payment for the Financial Year?
- Rajendra Gandhi:** For the whole year, the approximate difference between the rental and the lease accounting is about 9.5 crores.
- Anand Mundra:** 9.5 crores?

- Rajendra Gandhi:** For the last quarter it was 3.4 crores. For the last quarter alone the difference between the actual rent paid and the accounting lease rental is 3.4 crores for the last quarter. For the whole year it is 9.5 crores.
- Anand Mundra:** Any reasons why it is much higher in last quarter sir because more stores were open in the last quarter.
- Rajendra Gandhi:** Yes sir. And initial period it is higher because last quarter we opened 32 stores. Of the 90 stores one third of the stores were opened in the last quarter.
- Anand Mundra:** Okay, and so when you are giving guidance for gross margin for FY'26 that assume that export revenue will go up because that will be margin-dilutive.
- Rajendra Gandhi:** Yes, considering that, I just also want to guide you through something. Our last quarter was at 39% and we would want to improve from the current level of 38%. So we would definitely want for the whole year to improve by at least 1%. If you will only say the quarter, we are already at 39.
- Anand Mundra:** Okay, understood. And so sir there are chances we may even report higher than 39% because you already reached 39% in last quarter.
- Rajendra Gandhi:** We reached, but I think what we are confident of is with all those actions that we are taking, considering there is substantial growth in exports, we will still be able to improve our gross margins by 1%.
- Anand Mundra:** Okay, noted. Thanks.
- Moderator:** Thank you. Ladies and gentlemen, in the interest of time, this will be our last question. I now hand the conference over to Mr. Rajendra Gandhi, Managing Director for closing comments. Over to you, sir.
- Rajendra Gandhi:** First of all, thanks all of you for the patience and for listening. I hope I 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. Thank you.
- Moderator:** Thank you. On behalf of Stove Kraft Ltd. that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.