

20 May 2026

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001
Scrip Code: 543260

National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051
NSE Symbol: STOVEKRAFT

Sub: 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 13 May 2026.

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

Request you to kindly take the same on record.

Thanking you,

Yours faithfully,
For Stove Kraft Limited

Shrinivas P Harapanahalli
Company Secretary & Compliance Officer

Stove Kraft Limited

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“Stove Kraft Limited
Q4 & FY '26 Earnings Conference Call”
May 13, 2026



MANAGEMENT: **MR. RAJENDRA GANDHI – MANAGING DIRECTOR –
STOVE KRAFT LIMITED**
**MR. RAMAKRISHNA PENDYALA – CHIEF FINANCIAL
OFFICER – STOVE KRAFT LIMITED**
**MR. HEMANT KUMAR KOTHARI – VICE PRESIDENT –
INVESTOR RELATIONS – STOVE KRAFT LIMITED**
**MR. SUBHADEEP PAL – VICE PRESIDENT, FINANCE –
STOVE KRAFT LIMITED**

MODERATOR: **MS. VIDHI VASA – MUFG INTIME INDIA PRIVATE
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Stovekraft Limited Q4 and 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 star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Vidhi Vasa from MUFG Intime. Thank you, and over to you.

Vidhi Vasa: Thank you, and good afternoon, everyone. On behalf of MUFG Intime, I welcome you all to Stovekraft Limited Q4 and FY '26 earnings conference call. Today on this call, we have Mr. Rajendra Gandhi, sir, Managing Director; and Mr. Ramakrishna Pendyala, Chief Financial Officer; Mr. Hemant Kumar Kothari, Vice President, Investor Relations; and Mr. Subhadeep Pal, VP, Finance.

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, opinions, expectations as of today. The statements are not a guarantee of our future performance and involve unforeseen 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.. Good evening, everyone. On behalf of Stovekraft Limited, I extend a warm welcome to all participants to the Q4 and FY '26 financial results earnings call. We also have MUFG Intime with us on this call who are our advisers on Investor Relations.

Along with me is Mr. Ramakrishna Pendyala, our CFO; Hemant Kothari, Vice President, Investor Relations; and Mr. Subhadeep Pal, VP, Finance, who is taking charge as CFO from 16th May 2026. We have uploaded our investor deck and earnings press release on the stock exchanges and the company's website. I hope everybody had an opportunity to go through them.

I would like to begin that the global geopolitical environment has disrupted supply chain. The situation has also resulted into volatility in foreign currency and commodity resulting into cost pressures across both. However, we are happy to inform our investment in the last 5 years on backward integrated manufacturing setup is well equipped to observe such supply chain disruption and improve our resilience to adapt to the situation.

Our ability to quick turnaround resulted into addressing the surge in demand of small appliances better than the peers. We are already observing this transition with rising adoption of induction cooktops and increasing traction in small electrical appliances, particularly rice cookers, kettles, OTGs and air fryers, which are emerging as key growth drivers within the electric cooking segment.

Iran war resulted in surge in demand for induction cooktops and other small appliances. During the quarter, both small appliances and induction cooktops have contributed around 56% of our total revenue. This is mainly due to a higher adoption and penetration of these products by households. This will broaden the market of these categories and increase the market size base as it has moved from option to necessity. This quarter, induction cooktops contributed 15.5% of

revenue and delivered strong momentum with high value growth of 89.4% year-on-year and volume growth of 67.3% year-on-year.

We understand that there was an untapped market of HoReCa (the hotel, restaurant and cafe chain segment) which was dependent on LPG for cooking. HoReCa segment has limited access to solutions suited to high volume, high voltage and high intensity. So to address this segment, we launched the Pigeon Ignite 3,500 watt heavy duty infrared cooktop designed specifically for professional kitchens and commercial use case.

The unit's 3,500 watt high power output enables faster heating and more efficient cooking cycles and essential advantage in the high pressure service environment. Built with a heavy duty stainless steel body, the cooktop is engineered to withstand continuous use aligning with the durability expectations of commercial setups. Going forward, demand for energy-efficient alternatives is expected to remain resilient as households increasingly prioritize reliable and affordable appliances.

This trend is reflected in our small kitchen appliances segment, which contributed 40.2% of revenue and delivered Q4 value growth of 12.7% year-on-year and volume growth of 97.7% year-on-year. Further, the recent reduction in U.S. tariff on Indian goods from nearly 50% tariff to around 18% is expected to meaningfully improve export competitiveness and open more sustainable growth opportunities for the Indian kitchen appliance industry in global markets.

In line with this, our OEM exports contribution increased to 8.7% in quarter 4, up from 3.8% in quarter 3 on a YTD basis. OEM exports have delivered a CAGR of 3.9%, supported by continued progress on key customer development.

Moving forward, our channel mix Q4 FY '26 were led by e-commerce at 34.3%, followed by general trade at 32.3%, modern retail at 11.3%, retail EBOs at 9%, OEM exports at 8.7% and corporate sales at 4.8%. For FY '26, e-commerce contribution at 35.9%, general trade, 29.7%; modern retail 12.4% OEM export 10.7%, retail EBOs at 7.5% and corporate sales at 3.8%. This evolution is encouraging because organized channels are expanding both access and visibility for Pigeon.

Online platforms are helping us reach consumers beyond our traditional geographies. e-commerce is enabling faster deliveries and improving conversion, especially for our chip replacement needs and convenient purchases. Our consistent stock availability, reliable fulfillment and strong customer feedback are strengthening trust and supporting repeat buying from our customers.

I'm also pleased to highlight our progress in Pigeon exclusive brand outlets. As on 31st March 2026, we have grown to 329 stores across 151 cities and 22 states with 67 net additions in the year, including 16 in Q4. We are firmly aligned with our goal of reaching 500 stores exclusively by the year 2027. Alongside this, our flagship brand, Pigeon, delivered a YTD CAGR of 11.6% with Q4 FY '26 CAGR at 16.7%, reinforcing its pan-India leadership and strong consumer affinity. Now I will discuss Q4 FY '26 financial performance.

The consolidated revenue stood at INR414.5 crores for the quarter versus INR313 crores in the previous quarter last year, hence registering a growth of 32.4% year-on-year basis. Gross profit for the quarter stood at INR160.2 crores versus INR120.8 crores in Q4 FY '25, a growth of 32.6% year-on-year.

Gross margins for the current quarter stood at 38.6% in line with Q4 FY '25. EBITDA for Q4 FY '26 stood at INR39.5 crores versus INR29.5 crores in Q4 FY '25, showing a growth of 33.9% year-on-year. EBITDA margins for the current quarter stood at 9.5% versus 9.4% in Q4 FY '25, improving by 113 basis points year-on-year.

PAT for Q4 FY '26 stood at INR6.1 crores versus INR1.4 crores in Q4 FY '25, showing exceptional growth of 317.8% year-on-year. The PAT margins for the current quarter stood at 1.5%. Now I will discuss the FY '26 financial performance. The consolidated revenue stood at INR1,607.4 crores for FY '26 versus INR1,449.8 crores in FY '25 and suggesting a growth of 10.9% year-on-year. Gross profit for FY '26 stood at INR622.5 crores versus INR552.4 crores last year, same time same period, registering a growth of 12.7% year-on-year.

Gross profit margin stood at 38.7%, an increase of 164 basis points year-on-year basis. EBITDA for FY '26 stood at INR166.1 crores versus INR150.7 crores in FY '25, showing a growth of 10.3% year-on-year. EBITDA margins for FY '26 stood at 10.3%. Profit after tax FY '26 stood at INR42 crores versus INR38.5 crores in FY '25, showing a growth of 9.1% year-on-year. PAT margins for the period stood at 2.6%.

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

Moderator: Thank you very much. The first question is from the line of Shreyans Jain from Swan Investments. Please go ahead.

Shreyans Jain: I have 3 questions. First is on the cash flow, sir. If I look at the cash flow statement, we've done a capex of about INR111-odd crores. And I think in the Q3 call, we had mentioned that our capex was INR63 crores. So I'm just trying to understand Q4, we have spent about INR48-odd crores. Can you help me understand what have we spent this on for Q4 as well as the whole year? Because you are going to understand that a large part of our capex we are done with.

Rajendra Gandhi: So what is reflecting on these numbers is what we have capitalized, what has been capitalized in the quarter. We'll give you a list of all those capitalized items. Of course, the capex spend has come to a complete , I mean, the cycle is completed. There are very few WIP items like our substation for electric power and one IKEA plant, which is a total of WIPs.

Ramakrishna Pendyala: About in the cash flow, where you see the cash flow for investment is INR111 crores. But we also have taken some LCs and then we have gone with the long-term borrowing against this capex. So you should net off the capex investment with suppliers credit. So - the net is the actual cash flows for the capex.

Shreyans Jain: So sir, net I tried to do with last year's gross block, I did accumulated depreciation and this year's depreciation. So the net addition comes to INR35 crores and the amount here is INR111 crores.

So I'm just trying to understand, is this fixed assets, lease liability, where are we spending this on? If you can just explain this in a little more detail?

Ramakrishna Pendyala: As I said, you have to net the increase in the or decrease in this suppliers credit. So in the financing activities, you have suppliers credit where it has positive of about INR32 crores is net of that.

Shreyans Jain: Maybe I'll take this offline. Sir, the second question is, obviously, we have repaid our debt. But if you look at the interest and other finance charges paid, that has increased from, say, INR19 crores to INR25 crores. ?

Moderator: We can hear you. Yes, we bring the headset a little bit closer.

Shreyans Jain: Yes. I'm saying, sir, during the year, we have repaid our debt. But if I look at your cash flow, again, interest and other finance charges paid has increased from INR19-odd crores to INR25-odd crores. Now even if I adjust the suppliers' credit, I mean, I'm just trying to understand what is happening in this line item because ideally, you would expect interest and other finance charges to go down, right?

Rajendra Gandhi: See, interest and borrowings have come down and the interest expense that is for suppliers' credit, lease liability, lease and buyback financing, that has gone up.

Ramakrishna Pendyala: We had one sale and leaseback transaction in the last quarter. And on that, the interest charges has gone up compared to the previous quarters, but the borrowing cost has come down.

Shreyans Jain: Okay. And sir, one question on the P&L. Obviously, we've done well on the top line. But I'm just trying to understand, shouldn't we have benefited on the gross margins? Because ideally, I think in one of the calls, Mr. Gandhi had mentioned that we have taken price increases. So , but Y-o-Y gross margins are flat. And on the same side, if I look at the opex, INR50 crores of opex has gone to INR73-odd crores, which is an increase of 41%. And I was going to understand that all our exports are FOB. So a lot of the increase in freight and all of that doesn't actually impact us, right? So what is leading to this 41% increase in opex?

Rajendra Gandhi: See, our retail sales has gone up from the like-to-like previous quarter or for the whole year. Is there some disturbance?

Shreyans Jain: No, I can hear you clearly.

Rajendra Gandhi: Yes. So because there is a sales commission that is accounted for other expenses, which is in line with the revenue growth. And generally, the overall otherwise, the growth for the quarter is about 30%. So also the relative cost of freight, provision for guarantee, and business promotion, power cost, all this are growing in line with that revenue growth.

Ramakrishna Pendyala: So Shreyansh, the sale has gone up compared to the previous year same quarter by 32%. My cost has gone up by only less than that increase, so which means about a similar range, but it is in line with the sales increase. As Mr. Gandhi said, freight, then warranty, then business promotion expenses, these are all increased in line with the sales increase.

- Shreyans Jain:** And sir, last question is, can you help us understand the value volume split in small appliances, volumes have grown by almost 100%, but overall value is just 13-odd percent. So what is happening in this segment, sir?
- Rajendra Gandhi:** You are telling there's a difference between volume growth and value growth?
- Shreyans Jain:** So for the quarter, small appliances volumes have grown by almost 100%, but overall value growth is just 13%. So what is actually happening in small appliances?
- Rajendra Gandhi:** Yes. So we'll give you a complete breakup if required. So the different products are at different price points. There are higher contribution coming from lower ASP products in the quarter. And so you are seeing higher volumes of those products and the net value growth is according lower because the unit count of sum of all the small appliances is what we give you in the presentation, but the value is absolute.
- Moderator:** The next question is from the line of Rehan Saiyyed from Trinetra Asset Managers.
- Rehan Saiyyed:** Sir, I have a couple of questions. First on the inventory side. The inventory levels still remain relatively elevated despite working capital improvement. So is this inventory being built intentionally ahead of anticipated demand growth? Or are there certain categories where sell-through remains slower than expected this quarter?
- Rajendra Gandhi:** Are you discussing inventory?
- Rehan Saiyyed:** Yes, yes.
- Rajendra Gandhi:** I think we have optimized on the inventory levels. This is inventory of both our RM and finished goods. We are a manufacturing company. We have both almost at equal level RM and inventory. Actually, our number of days of inventory has come down.
- Ramakrishna Pendyala:** You may see the absolute value remain the same, but the number of inventory days has come down.
- Rehan Saiyyed:** Yes, yes. I I'm talking about the absolute inventory.
- Ramakrishna Pendyala:** Absolute inventory, yes, to some extent, because the metal prices are increasing, we had stopped this --
- Rajendra Gandhi:** Aluminum.
- Ramakrishna Pendyala:** Yes, aluminum and then steel in the last quarter.
- Rehan Saiyyed:** My second question is around your retail expansion that your retail expansion accelerated meaningfully in FY '26. So at the current maturity level, are newly added stores dilutive or accretive to overall company margins in the first 12 to 18 months?
- Rajendra Gandhi:** Can you repeat your question, sir? We would still not be able to --

- Rehan Saiyyed:** Yes. Sir, my second question is around your retail expansion that you have done has accelerated meaningfully in FY '26. So at the current maturity level, are newly added stores dilutive, accretive to overall company margins in the first 12 to 18 months?
- Rajendra Gandhi:** Yes. So if you will see our average sales of the retail per store has gone up substantially from INR3.8 lakhs to – Rs. 4.7 Lakhs
- Ramakrishna Pendyala:** INR4.7 lakhs.
- Rajendra Gandhi:** INR4.7 lakhs. So any incremental growth beyond INR2.5 lakhs on an average is directly contributing to bottom line.
- Rehan Saiyyed:** And sir, last one bookkeeping question. Could you please guide that what revenue or EBITDA margin growth are you targeting for next 2 to 3 years?
- Rajendra Gandhi:** I think we would definitely want to protect that 11%. Even we are currently at that level. There are one-off items like particularly in the quarter, we had a huge surge in the forex loss, very volatile rupee, depreciation of rupee. Otherwise, we are in line. And so with higher revenue growth, we definitely believe that EBITDA margins will be better than this. But we are very confident with the current trend and the demand for all the categories of our products, we will be able to protect that 11% and definitely grow on this.
- On the growth front, we are seeing growth in all our channels and all our products. So again, we are confident of getting back to the earlier growth rate, while the quarter gone by was strong. Before the quarter, we had challenges with our export. Export is getting normalized with the normalization and additional revenue of IKEA coming this year and with the growth of small appliances, we are very confident of upwards of 15% growth this year.
- Moderator:** The next question is from the line of Anand Mundra from Soar Wealth.
- Anand Mundra:** Congratulations on great results, especially on revenue and working capital side. And thanks for the detailed presentation also, which captured the reason for onetime expenses in the financials. I wanted to understand about EBITDA margin. So we had missed this year guidance what is your guidance for next year EBITDA margin, 11% you said. So in spite of growing revenue by 15%, some operating leverage may play out and EBITDA margin may be higher than 11%, sir?
- Rajendra Gandhi:** Anand ji, what we were suggesting is we are very confident of protecting the 11% and improving upon from here. We are also confident on the revenue growth, both driven by growth in small appliances, our exports stabilizing and also IKEA business commencing to, I mean we will start doing revenue in IKEA. So all these 3 gives us the confidence that we will grow at upwards of 15%. And any growth beyond that will be also positively contributing to increase in percentage of EBITDA.
- Anand Mundra:** Another thing, have we taken any price hike because rupee has depreciated substantially, and we may have some higher raw material this quarter?

- Rajendra Gandhi:** Yes. We have covered the price hike for commodities beginning of this quarter. We have accounted for that and passed on the price increase. And for our exports, there has been a little delay, but starting from 1st of June, all our customers have agreed to the increase that we have asked for. And so with that, we are confident of this margin.
- Anand Mundra:** My another question with respect to capacity of induction cooktop, what is our capacity, sir, in terms of number of units? And how much are you planning to increase that?
- Rajendra Gandhi:** We were around 2 million pieces last year. And we would be upward, at the current run rate, we'll be between 4 million and 5 million, but we are adding some more with our additional lines also being set up at our plant in Baddi apart from Bangalore. So we should be on the lower side between 4 million to 5 million. And if we are able to, manufacture more with the demand being very high, it could be higher.
- Anand Mundra:** So last year, we were having capacity of 2 million?
- Rajendra Gandhi:** Yes, we produced 2 million.
- Anand Mundra:** Okay. And this year, what is your guidance, sir? Or what is your capacity?
- Rajendra Gandhi:** Current run rate, we will hit between 4 million to 5 million.
- Anand Mundra:** So you want to double the production?
- Rajendra Gandhi:** We have already doubled the production, but the demand continues to be higher than our capability to produce and overall manage the supply chain. And if we are able to improve on our production capacity, we see a market which is growing very fast and we are confident to be in leadership position in this. We are well equipped compared to our peers on this.
- Anand Mundra:** Okay. And sir, with respect to capex because since you are doubling the capacity, there would be some capex for this financial year, too, other than maintenance.
- Rajendra Gandhi:** No, no. we have the capacity. It is more of some small assembly line and allocating more resources towards this product. It's not a meaningful capex. There's very small assembly line, testing lines and all that.
- Anand Mundra:** Okay. And sir, what is the guidance for this year capex? That will be cash outflow from the balance sheet from the cash flow statement, I'm saying.
- Rajendra Gandhi:** Yes, that I think is well within our plan. It is around INR40 crores, including our retail. I mean overall capex for this year will be around the INR40 crores.
- Anand Mundra:** Okay. And sir, when is billing to IKEA will start, sir?
- Rajendra Gandhi:** This quarter.
- Anand Mundra:** Q1 of this year.

- Moderator:** The next question is from the line of Vinod Krishna from Avendus Wealth.
- Vinod Krishna:** So my question is now that we have done our capex is almost at the end and we have added IKEA, we are also expanding our footprint across the globe and also having a tailwind in our kitchen appliances because of whatever is happening. And I'm not asking for a particular number guidance, but don't you think our growth rate should be better than what we have done over the last 5 years in the next 2 to 3 years?
- Rajendra Gandhi:** We are confident about our higher growth, sir.
- Vinod Krishna:** More than 15%. I'm not saying give me exactly. It's not our commitment, but given the factors that you already have IKEA, exports and also tailwinds in the domestic, can we assume better growth than last 15% that we did in the last 5 years, sir?
- Rajendra Gandhi:** No, I will tell you last quarter, we grew in the range of 30%. And current demand continues to be at the same level. So we are confident of the higher growth.
- Vinod Krishna:** So sir, second question, can we assume the working capital be at the same, can we maintain or it is a one-off because of the inductionsales inventory moving very fast because of Iran or we can maintain current level of working capital of around 30 days or it is too optimistic? What should be the working capital assumption, sir?
- Rajendra Gandhi:** We are confident of keeping it below 30 days.
- Vinod Krishna:** You're confident below 30 days. Sir, the last question, so what will be the drivers? Last 2 questions, sir, in e-commerce because our 30%, 35% sales come into e-commerce, are we seeing more competition in e-commerce because it is easier to distribute instead of having presence across retail outlets, general trade, retail trade? Are we seeing more competition?
- And how are we positioning ourselves because a large part of our sales is coming from e-commerce, so to really build a brand and what are we doing because there, it is easy to compete, right? You can outsource and put a brand, you don't need to be present across the cities and towns and GT and MT, you can't retail, you need not to be. So can you see explain more the dynamics of the e-commerce business, sir, if you don't mind?
- Rajendra Gandhi:** In both the small appliances category and the cookware category, we are leaders on both the large platforms in this country already.
- Vinod Krishna:** So you are not seeing a difference.
- Rajendra Gandhi:** And it is a combination of too many factors. It is not only about sourcing and selling, our capability to make, innovate, , bring the product to the consumer at the right price point, make it available in large numbers when it is required, having established network across the country, the brand, connect with the customer. I think all of these matters work, and that's why we are leaders there.
- Vinod Krishna:** Sir, on the -- if you can, in the presentation, put the market shares in at least where you think it is not moving, it is more stable like in pressure cookers in the at least categories where you are

sure that the market shares don't change too much. If you can put it in the presentation, it will be helpful, sir. That is one request. And second is what are the drivers of margin growth in the next 2 to 3 years, sir? I'm not asking for next 1 year, because we have done the capex, most of the thing is behind us. So what are the drivers of our margin expansion, just sales growth or because at peak of our manufacturing capacity, what would be our sales, sir? And how far we are away from that sale?

Rajendra Gandhi: So you answered it yourself. As we scale up, I mean, harness the capacities that we have built, the cost gets rationalized and the unit cost gets improved with all the backward integration that we have and , efficiency in production, definitely, this becomes a margin driver. With higher revenue growth, definitely, the cost between the cost of the product and the realization also goes up. And the overall corporate costs will proportionately come down. All these are margin drivers. As we grow from here, we can definitely see improvement on our EBITDA margin.

Vinod Krishna: So at peak capacity, what would be our sales, sir, if you can .

Rajendra Gandhi: Between 2,500 to 3,000 with the existing facility, we are very confident to get there.

Vinod Krishna: And it would come in the next 2 years mostly because if you assume a 15%, 20% growth?

Rajendra Gandhi: We wish we grow at the current pace that we are growing. The last quarter, we have grown at 30%.

Moderator: The next question is from the line of Nilay Parekh from Perpetuity Ventures.

Nilay Parekh: So wanted to have some more information on the export side, can you just provide this revenue mix of the domestic and the export?

Rajendra Gandhi: So our exports were growing. We did have a disruption because of tariffs. Those tariffs now today are in line with the Southeast Asian countries, and we are a preferred supplier with our existing customers. And additionally, with the growth of the IKEA business, our export contribution, which in the earlier years used to be around 12%, will grow from there. The setback in the early part of this year is the reason for lower contribution from exports, but we will get back to a higher of 12%, and actually, our exports in terms of growth will be a little higher than the company's growth rate.

But we are also very confident of strong domestic growth driven by both small appliances and the pressure cooker. Our pressure cooker segment is growing by volume, and there's a lot of movement from aluminum to stainless steel. So by value terms is also growing. So between pressure cooker and small appliances and export, we see growth coming from all these 3 segments.

Nilay Parekh: Just a quick add-on. Can you just please provide the export numbers contribution in Q4 FY '26, just from the numbers perspective,

Rajendra Gandhi: It's about 8.7% for the Q4, sir, and 11% for the whole year.

- Moderator:** The next question is from the line of Raghav Maheswari from Kamaya-Kya Wealth Management.
- Raghav Maheswari:** First of all, I just wanted to understand since you mentioned that from Q1 onwards, revenue from IKEA will be built. So is it fair to assume that the plant is live and we have capitalized all the costs? Or are we still yet to capitalize some cost?
- Rajendra Gandhi:** We have capitalized it, Raghav, in the first quarter. We have capitalized all but last quarter. All of IKEA's, the investment in that plant has been capitalized as of 31st March.
- Raghav Maheswari:** Okay, sir. And sir, what kind of revenue are we looking for from this IKEA deal?
- Rajendra Gandhi:** I think this is a progressive growth. We have invested for the future. We have 3 line of products already that has been awarded to us. The first line will start production and revenue recognition in the company from this quarter. And maybe by the third quarter, the second line and by the fourth quarter, the third line.
- So maybe before the end of this year, we are between INR40 crores, INR50 crores. But at a full-fledged full year of this at the full capacity utilization of these 3 lines will be around between INR200 crores and INR250 crores.
- Raghav Maheswari:** And sir, my next question is on the line of our retail stores. So we are moving from the COCO model to the COFO model and the FOFO model . In which model are we more aggressive? Like are we considering franchisee-owned, franchisee operated more?
- Rajendra Gandhi:** So as a strategy, when we started to build our retail, we wanted to have a complete control on the experience of the stores, the way it is working and understand the whole thing. The future stores are all COFO or FOFO including the existing COFO stores I believe in the next 2 years, majority of all the stores will be franchisee operated, either it is FOFO or COFO. We would want entrepreneurs to manage these stores. There is a good pipeline of franchisees who are interested in taking up the existing stores also. We are working on that. I mean, the future of our retail is that it will be managed by entrepreneurs.
- Raghav Maheswari:** And for such aggressive expansion of franchisees, sir, can you guide me to your same-store sales growth percentage for, not the new stores for the mature stores?
- Rajendra Gandhi:** At the moment, particularly if you want to only compare the last quarter, it has been very strong. It is in the range of 25%, even the same store growth.
- Raghav Maheswari:** This you are talking about the mature stores, right?
- Rajendra Gandhi:** Yes.
- Raghav Maheswari:** Okay. So mature stores assuming like 2 years old?
- Rajendra Gandhi:** No, that may not be the benchmark. I said the last quarter has been very strong. Store-to-store growth is in between 25% to 30%.

- Raghav Maheswari:** 25% to 30%. I just wanted a bifurcation between newer stores will get you more revenue in the first month.
- Rajendra Gandhi:** Yes, I think for us, we believe any store which is crossing that 2 years of operation, majority of those stores are breaching the INR5 lakhs.
- Raghav Maheswari:** And sir, last question from my side, sir. In this FOFO and COFO model of franchisee in which we are targeting, who books the inventory, will the inventory be on your book or the franchisee owner's book?
- Rajendra Gandhi:** Yes. All the inventory belongs to the company and this is funded by deposits that we will take from the franchisees if these are franchisee-operated stores.
- Raghav Maheswari:** What kind of royalty arrangement do you have with them?
- Rajendra Gandhi:** For franchisee INR2 lakhs is a fixed franchisee fee that he pays. And otherwise, based on the arrangement between COFO & FOFO, he gets between 15% to 30% margin.
- Moderator:** The next question comes from the line of Madhur Rathi from Counter Cyclical Investments.
- Madhur Rathi:** I wanted to understand how much gross margin improvement can we expect with economies of scale going forward maybe over the next 2 to 3 years?
- Rajendra Gandhi:** We are targeting to improve by 1% every year. And we believe that within the 2, 3 years, we should hit the 42%.
- Madhur Rathi:** Right. Sir, so on a INR2,500 crores to INR3,000 crores revenue base also, we are expecting a 40% to 43% gross margin. Is that understanding correct?
- Rajendra Gandhi:** Yes. So as we grow from here, definitely, we are also working on our margin improvement. So we believe we'll be able to improve by 1% year-on-year.
- Moderator:** The line has got disconnected. I'll take the next participant. The next question is from the line of Resham Mehta from GreenEdge Wealth. Please go ahead.
- Resham Mehta:** A few questions on the balance sheet. If you look at the working capital, it has improved substantially in FY '26. So what really has helped reduce our inventory and debtor days? I think they've reduced by 8 days each. And also simultaneously, creditor days have increased. So if you could just explain the reduction in overall working capital.
- Ramakrishna Pendyala:** Yes. So for receivables, we are working with the channel financing partners to realize the money earlier than the due dates. And then for payables, we are working with payable finance partners while we pay the vendors on time, so we get an extended credit from these partners. And then for inventory, we have a close watch on the utilization and then we keep the inventory, whatever is required for production. And then we have good controls on the inventory so that we are trying to reduce the inventory and then the number of days.

- Resham Mehta:** So typically, for raw materials like steel and aluminum, what is the inventory that we typically keep for them? And considering the inflationary trends we are seeing there, what kind of stocking up have we done?
- Ramakrishna Pendyala:** So for raw materials, we keep around for 60 days of sales. So especially aluminum and then steel, around 45 to 60 days.
- Resham Mehta:** And currently, in the current scenario, are we increasing that from, let's say, 60 days.
- Ramakrishna Pendyala:** For the last quarter, because we're expecting the increase in the metal prices, we have had taken high volumes and then kept the materials. So it is an advantage for us so that we got at the lesser price than the market price.
- Resham Mehta:** So with this, where do we see our working capital at a sustainable level? What would be those levels?
- Ramakrishna Pendyala:** Yes. With all that, we were able to reduce it. So in fact, while the inventory is at the same levels in absolute value compared to the previous year, still we have reduced the number of days.
- Resham Mehta:** Right. And you think that is sustainable, right, like around ?
- Ramakrishna Pendyala:** Yes, it is sustainable. You're right. You're right.
- Resham Mehta:** And the right-of-use assets, this number has reduced substantially from INR160 crores in FY '25 to INR62 crores in FY '26. So what led to this reduction?
- Ramakrishna Pendyala:** See, in last quarter, we have reduced the useful life of the retail stores. So initially, we used to capitalize for 9 years. So because we started the retail stores about 2.5 years ago. So , we have the trend established and then we have reduced this useful life from 9 years to 3 years. That's why the assets and liability has come down both, , equally.
- Resham Mehta:** Okay. And if you could just talk about the demand and where we are seeing that buoyancy. Of course, point taken, sir, in your opening remarks in terms of induction cooktops and OTGs and things like that. But any specific areas? And are we also seeing the buoyancy because of the GST rate cuts that had happened some time ago. So just your thoughts on how the demand has shaped up and how it is expected to move going forward? And any specific regions or subsegments apart from induction cooktops and electrical appliances that you would like to highlight?
- Rajendra Gandhi:** Primarily, these are the 3 categories of products for us, cooktop, appliances and cookware. Cookware substantially is contributed by pressure cooker and the cookware is coming from our exports. In all these 3 segments, we continue to see very positive growth. Of course, the small appliances growing faster. Pressure cooker segment is growing both in terms of volume and also because of the premiumization that is going from aluminum to stainless steel, the value growth is also substantial.
- In the last quarter, you will see that we had very high growth in value terms, 44% coming from pressure cooker. And because we had a reasonably good export, we had a 49% growth in even

in our non-stick cookware. The small appliances category, apart from induction is also growing, but induction at the moment is growing disproportionately. But this is also getting into adaptation now. Most of the households are wanting to use induction cooktops, they would have started using it based on those emergency needs, but now people want to use.

We are seeing this kind of trend, and we believe this will continue for a long time. India being a very large country, not too much of capacity in the country. We are positioned in a better position to peers. So all this will lead to higher growth than industry for us, but the industry is also continuing to improve.

Resham Mehta:

Sir, on the induction cooktop side, if I'm not wrong, a bulk of the raw materials is imported from China. So because of the supply chain disruptions that we are seeing and overall industry demand surge for this category, are we facing any challenges in terms of sourcing the underlying raw materials for induction cooktop?

Rajendra Gandhi:

Again, as I mentioned, we are better positioned in this. We manufacture ,it's a highly backward integrated facility for manufacturing induction cooktops. It's not that all of these components we import. All those facilities that are available domestically, we use them, either we manufacture them ourselves or also source them. Example, to give you one small example, we make our own PCBs, but we get the PCB board from the domestic manufacturers is only the components that we import.

A typical assembler would want to import the whole popular PCB. The cost difference between these 2, the capacity that will be available from the suppliers in China may not be adequate enough to address the surge in demand. Of course, there is one particular import that is the crystalline glass. Today, at the moment in this country, we do not have any capacity. So about between 33% and 40% of the import is imported based on the type of model that we make.

Yes, that remains. but we have a very strong capability of sourcing, procuring these items from China. We have a very strong team on the rolls of the company working in China also.

Moderator:

The next question is from the line of Anubhav Goel from Cosmo Ventures.

Anubhav Goel:

Congratulations on a great set of numbers, especially the cash flows front. Sir, we are a mass value brand and 60% to 70% of the cost of an induction cooktop for the industry is still imported. I think there are 3 components, PCB, glass and induction coils. Sir, I think I heard your comments for PCB and glass. Sir, what about this induction coils?

Rajendra Gandhi:

There's enough of wire available in the country, and then there's a plastic part. Of course, we import the magnets.

Anubhav Goel:

Okay. So sir, wouldn't gross margins take a hit for the next 1, 2 quarters? Like we have steel prices increasing, aluminum prices increasing, the forex movement is not favorable. So at least temporarily for a few quarters, we should see a hit on margin, right?

Rajendra Gandhi:

No. We will definitely pass on any commodity price increase. Generally, we have an arrangement with our suppliers for a quarter. And the average of the previous quarter is what we

have an arrangement for all our key material but we definitely see a challenge on addressing the forex disruption. That could be a challenge. But otherwise, on any input cost increase due to commodity, we will pass on.

Anubhav Goel: Okay. Sir, can you quantify the price hikes we might have taken so far?

Rajendra Gandhi: For the current quarter, we are in the range of 10%.

Anubhav Goel: 10%.

Rajendra Gandhi: Yes.

Anubhav Goel: Okay. And sir, coming to exports, I think before tariffs came in picture, we were very, very positive on growth even beyond IKEA. So you feel that potential business we were running will take some time to come back once lines have -- on tariffs?

Rajendra Gandhi: It started coming back.

Anubhav Goel: So sir, we should pencil in some gradual growth for this year?

Rajendra Gandhi: Yes. So definitely, there will be good growth, and it will be gradual.

Anubhav Goel: And sir, my last question is, we see many new brands and entrants coming in the market. Maybe they are at about INR50 crores sales or INR100 crores sales. Do we have any thoughts to acquire a mass premium or a premium brand and try leveraging our manufacturing and distribution setup to play?

Rajendra Gandhi: We don't want to evaluate any such opportunity, but there is enough room for us to grow with the facility and capability that we have built, both in the channels and the manufacturing capacities. But we'll not say up a if there is any good opportunity that can add value to our business.

Moderator: The next question is from the line of Anand Mundra from Soar Wealth.

Anand Mundra: Sir, just wanted to understand about other expenses. In quarter 4, our other expenses has gone up to INR62 crores. This is very high. So I wanted to understand, is there any one-off item in this, sir?

Rajendra Gandhi: There is no one-off item per se. But I will tell you, substantially of the large number, about INR10 crores is increase in sales commission. The sales commission is a commission that we pay to our franchisee stores. Because there is a huge surge in the revenue number itself for retail, that's where you see that higher. Otherwise, it is in line with our revenue growth.

Example, I will give you. If it was INR5.5 crores of freight and forwarding last year, this year, it is INR6.15 crores. Similarly, provision for warranty, it was INR1.25 crores, it is INR1.75 crores this year, business promotion would have moved from INR48 crores to INR54 crores. So it is in line of this. Power and fuel, say, from INR15 crores has gone to INR20 crores. It is in line with revenue growth.

- Anand Mundra:** So sir, effectively, our revenue from our own stores have increased in quarter 4 as compared to the full year. Hence, the commission has gone up, correct?
- Rajendra Gandhi:** Yes, yes.
- Anand Mundra:** So our gross margin is impacted much more because gross margin from the direct store is much higher.
- Rajendra Gandhi:** Currently, our revenue from retail stores is in the range of 9%.
- Anand Mundra:** Okay. And in Q4, it was higher, sir?
- Rajendra Gandhi:** In the same range. Q4 overall revenue was also higher.
- Anand Mundra:** Understood, sir. Sir, one more thing. I checked a few conference call of last year, we have guided for INR50 crores of capex, including the IKEA capex. But as per cash flow statement, we ended up spending INR111 crores. So this year, our guidance is INR50 crores. Do you think we may end up spending more? Or do you think INR50 crores is more or less we are there?
- Ramakrishna Pendyala:** Sir, in the cash flow, the capex investment is coming INR109 crores is actual it's an indirect cash flow. So whatever is capitalized in the PPA schedule is reflecting there. But it is funded by the banks by way of suppliers' credit. So my actual cash out is the net of the decrease in suppliers credit.
- Anand Mundra:** And what is the actual outflow, sir? Actual net outflow?
- Ramakrishna Pendyala:** It would be around INR70 crores to INR75 crores.
- Rajendra Gandhi:** You want an exact number we will share it with you.
- Anand Mundra:** Yes, understood, sir. Just a clarification, sir, till the time it is funded by suppliers, right, it will not come in cash flow statement as capex..
- Ramakrishna Pendyala:** It will not be a real cash flow. Only when we pay the liability to the bank, it reflects in the cash flow.
- Anand Mundra:** Understood. Actual outflow was INR70 crores last year.
- Ramakrishna Pendyala:** Yes. Net cash out for capex would be about INR70 crores, INR75 crores.
- Anand Mundra:** Okay. And sir, since other expenses have gone up substantially, coming back to the same question, other expenses have gone up substantially in Q4. What shall we budget for financial year '27 as a whole other expenses as a percentage of sales?
- Ramakrishna Pendyala:** As a percentage of sales, it remains the same. So it would come down being the revenue is growing up, but the other expenses will not go in the same increase while the revenue grows. So if revenue, obviously, it will be less than the current year's percentage.
- Moderator:** The next question is from the line of Vinod Krishna from Avendus Wealth.

- Vinod Krishna:** You mentioned that in my previous question that you are leader in e-commerce. So any market shares can you give on pressure cookers, induction wherever you can clearly say that we are leaders in whichever items? If you can name that the market share.
- Rajendra Gandhi:** So if you mentioned these 2 products, definitely by volume, we are far ahead of competition, both on induction cooktops and pressure cookers on the e-commerce side.
- Vinod Krishna:** You do -- -- and overall also, you do not want to share the exact number..
- Rajendra Gandhi:** No, no, there are different category of products, different -- see, in different product segments, particularly since you mentioned induction cooktop and pressure cookers, we are far I mean, definitely far ahead in volume by any competition on both these platforms.
- Vinod Krishna:** Sir, any target of retail expansion over the 3 years, sir, this year will be 500 for the next 3 to 4 years
- Rajendra Gandhi:** So we are working at the trend rate of 25 stores every quarter, more or less.
- Vinod Krishna:** That will continue.
- Rajendra Gandhi:** Yes.
- Moderator:** The next question is from the line of Madhur Rathi from Counter Cyclical Investments.
- Madhur Rathi:** Sir, how would be our margin, excluding the induction segment? So I'm trying to understand what would be the margin for induction? Would it be near company average or higher or lower?
- Rajendra Gandhi:** So for us, other than the export business, which is white label, at the gross margin level, we are agnostic on channel or product or category.
- Madhur Rathi:** Okay. And sir, I wanted to understand, we have invested over INR500 crores in capex over the past 5 years, but that hasn't reflected in our revenue. If I consider FY '22 to '26, hardly INR400 crores revenue increase. So where we struggled and sir, going forward, how should I look at our capital allocation policy?
- Rajendra Gandhi:** So there is no struggle. The capex is for a long term. And we have moved from INR800 crores revenue to INR1,600 crores, but the capex is designed for INR3,000 crores. So the growth is from INR800 crores to INR3,000 crores.
- Madhur Rathi:** Right. So what kind of payback period do we expect before embarking
- Rajendra Gandhi:** Generally, we believe that whatever we invest, we should get back in maximum 3 years.
- Madhur Rathi:** Right. And so even if I consider our PBT, the PBT that we accumulated in the past 5 years doesn't like if I consider the payback versus the PBT incremental PBT that we have delivered in the past 5 years, it doesn't match up for the 3-year payback.

- Rajendra Gandhi:** So this is not for the 5 years period. These investments have happened progressively in the last 4 years. And this is also for the future. It is not for the period that has gone by. Whenever we do an investment, if it does not give us returns in 3 years, we will not pursue that investment.
- Madhur Rathi:** Right. And sir, with this IKEA business scaling up, what can be the quantum of this business maybe in the next 1 or 2 years?
- Rajendra Gandhi:** The current line of items that have been awarded to us and at its full capacity will be between INR200 crores to INR250 crores.
- Moderator:** The next question is from the line of Lakshminarayanan from Tunga Investments.
- Lakshminarayanan:** I was just looking for the channel mix of sales. Has it been given already because I joined the call a little late, I'll pick it up.
- Rajendra Gandhi:** Sorry?
- Lakshminarayanan:** Yes, I'd like to understand the channel mix of the sales in terms of modern trade, your own channel, e-commerce?
- Rajendra Gandhi:** For the quarter or for the year?
- Lakshminarayanan:** For the full year.
- Rajendra Gandhi:** Okay. We were at 29.7% for GT, 35.9% on e-com, 12.4% for modern trade, 3.8% is corporate sales. Our EBO sales is at 7.5% and our exports is at 10.7%.
- Lakshminarayanan:** And I see that we sell products on various combo offers, right? So what percentage of our sales come from combo offers is something which you track? Is that a better way to?
- Rajendra Gandhi:** No, we do an annual combo sales during the December period. And the overall sales is about -- between 5% to 6% of our annual sales.
- Lakshminarayanan:** And your working capital has actually has gone through a tremendous improvement. What led to this improvement? And how sustainable is this?
- Rajendra Gandhi:** So we have worked on both our receivables and payables and the inventory. The receivables now are all fullymajority of all that are covered by channel financing. So we have some charge discount policy for our customers that funds their cost of paying us. So most of the time, it is much ahead of the normal payment period. A majority of all our payments we receive within 15 days.
- And on payable side, we are on invoice platform. This is a platform which facilitates payment to MSMEs, wherein while the maximum credit period to MSMEs is 45 days, we pay them in 90 days, but they get the payment upfront immediately. And because they get this money immediately, they fund the cost of this financing. For us, while we pay them in 90 days, the payment is received by our suppliers almost immediately. And on the inventory, while we

maintain the same level of inventory as our revenue is going up, the inventory to the number of days is coming down.

All these 3 are contributing to our better cash flow by number of days. We believe this is a sustainable model. We have worked for this. And in that range between the 24 to 30, we are definitely confident of being there. This also is accounting for some inventory that we sometimes as a strategy build like in the last quarter, we had to build inventory on aluminum because there was disruption in forward-looking costs.

Similarly for stainless steel, there were supply chain challenges on. So this is also accounting for all this. We believe that this is a sustainable model.

Lakshminarayanan: And in terms of your total in-house manufacturing versus outsourced, how this has actually panned out over the year when compared to the last year?

Rajendra Gandhi: No, we almost have moved to 97% and 98%. We are between 97% and 98% of all in-house manufacturing.

Lakshminarayanan: And in terms of good sales in Q4, when you started the Q4, did you anticipate such a good increase? Or how much was actually driven by the induction, if you remove the induction part, how much of that you actually anticipated and you actually could actually manage such a good sale?

Rajendra Gandhi: Okay. Let me put it like this. The industrial sales started on the 10th of March. So yes, of the 90 days, 70 days has lapsed. We are seeing growth in across the categories. Of course, there was a sudden spurt in all in the sales of induction and that has seen -- but we were growing on the induction category as a category, even before this high spurt in demand, we were growing.

Lakshminarayanan: And do you see this anything that led to this spurt in demand other than your own sales engine and the marketing engine? any other factor that actually contributed to.

Rajendra Gandhi: We believe post the GST reduction to 5%, we are continuously seeing across the categories, good demand in our products. Even those products which were not falling the category, the bracket of 5% but post the GST reduction announcement that was in the middle of third quarter, we are seeing continuous growth.

Lakshminarayanan: Because I mean, just wondering if a person would go and buy a cookware or a utensil or something because of GST cut. Is that, just trying to understand how GST cut would

Rajendra Gandhi: Let me try to explain to you. This becomes a very strong play for any organized player. At 5%, there's almost no impact of GST on the product. Between 18% and 5%, there is a huge difference. There is a lot of challenge for any unorganized player then.

In our opinion, a lot of that sale is also coming to players like Stovekraft who are very aggressive - we are also addressing a very price conscious, very cost-conscious customer. By design, the brand is designed to address them. So it definitely impacts. It does not mean that it will have no impact at all.

Lakshminarayanan: And do you think this is actually, this is faced by other manufacturers also, all your peers, this kind of a spurt in demand?

Rajendra Gandhi: On the induction, yes, across board, those who are serious players in the induction cooktop category, those who are stranded with inventory that they could not liquidate, all that saw very I mean consumption. And so there is a pipeline that is completely empty. Even if demand stabilizes, normalizes, there is a pipeline that has to be completely filled in. So for the near term, even if assuming there is no adaptation of these products, still there is demand. But in our opinion, the consumers are now wanting to have the appliance as a regular daily use cooktop. And with that, we see that there is an opportunity of a very large growth.

Moderator: In the interest of time, that was the last question for the day. I now hand the conference over to Mr. Rajendra Gandhi, Managing Director from Stovekraft Limited for closing comments.

Rajendra Gandhi: Thank you. We hope we could answer your queries. But in case you have any further clarifications and any queries, you may write to us or reach out to our Investor Relations advisers. And thank you for this evening.

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