11 August 2026

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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 04 August 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 PRANESHACHARYA HARAPANAHALLI

Digitally signed by SHRINIVAS PRANESHACHARYA HARAPANAHALLI
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Shrinivas P Harapanahalli
Company Secretary & Compliance Officer

"Stove Kraft Limited

Q1 FY27 Earnings Conference Call"

August 04, 2026

MANAGEMENT:	**MR. RAJENDRA GANDHI – MANAGING DIRECTOR – STOVE KRAFT LIMITED** **MR. SUBHADEEP PAL – CHIEF FINANCIAL OFFICER – STOVE KRAFT LIMITED** **MR. CHANDRU KALRO – VICE CHAIRPERSON – STOVE KRAFT LIMITED** **MR. HEMANT KUMAR KOTHARI – VICE PRESIDENT, INVESTOR RELATIONS – STOVE KRAFT LIMITED**
MODERATOR:	**MS. VIDHI VASA – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY27 Earnings Conference Call of Stove Kraft Limited. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Vidhi Vasa from MUFG Intime. Thank you, and over to you.

Vidhi Vasa: Thank you, Nisa. On behalf of MUFG Intime, I welcome you all to Stove Kraft Limited Q1 FY27 Earnings Conference Call. Today on this call, we have Mr. Rajendra Gandhi, sir, Managing Director; Mr. Subhadeep Pal, Chief Financial Officer; Mr. Chandru Kalro, Vice Chairperson; and Mr. Hemant Kumar Kothari, Vice President, Investor Relations.

Before we begin the call, I would like to give a short disclaimer. This call may contain some of the forward-looking statements, which are completely based upon our belief, opinion and expectation 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: Good afternoon, everyone, on behalf of Stove Kraft Limited. I extend a warm welcome to all participants to the Q1 FY27 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. Chandru Kalro, our Vice Chairman; Mr. Subhadeep Pal, our CFO; and Mr. Hemant Kothari, Vice President, Investor Relations. We have uploaded our investor deck and earnings press release on the stock exchanges and on the company's website. I hope everybody had an opportunity to go through them.

We are pleased to report on our strongest ever first quarter performance since inception. A particularly noteworthy achievement given that Q1 has traditionally been a seasonally softer quarter for the kitchen appliances industry.

Our revenue has grown by 41.3% over the same period last year. This performance was delivered against the backdrop of global economic uncertainty, geopolitical tensions, supply chain disruptions, commodity price volatility, and currency fluctuations.

Despite these external headwinds, Stove Kraft delivered a strong performance, outperforming the industry growth trends, and further strengthening our market positions, reflecting the positive impact of the strategic initiatives undertaken by the group over the last few years.

The quarter was marked by healthy revenue growth, meaningful margin expansion, and profitability growth, that significantly outpaced revenue growth, driven by the increasing benefits of operating and financial leverage.

More importantly, the quality of growth continues to improve, supported by strong momentum across our general trade business, expanding retail footprint, premiumization-led product innovation, and disciplined execution across the value chain. These results reinforce our confidence that the investments made in distribution expansion, brand building, supply chain capabilities, and product development are beginning to deliver sustainable outcomes.

As we look ahead, with strong channel momentum, continued traction in premium categories, an expanding retail network, and onset of the festive season in the coming quarters, we believe we are well positioned to build on this strong start and continue delivering profitable, market-leading growth.

Turning to the product-wise performance, growth during the quarter was broad-based across our key product categories, reflecting the strength of our diversified portfolio and ability to capture consumer demand across multiple segments.

The Induction Cooktop category delivered exceptional growth of 315.9% year-on-year, driven by strong underlying demand trends and our ability to effectively capitalize on the market opportunity following geopolitical disruptions. While the category witnessed extraordinary growth last year, demand continues to remain substantially above pre-war level, indicating a structural shift in consumer adoption rather than a temporary spike.

ICT contributed 27% of our total revenues during the quarter, reaffirming it as a key growth engine for the business, reflecting our manufacturing capability with great agility to meet demands.

Beyond the Induction Cooktop, growth remained healthy across our core categories, underscoring the resilience and depth of our portfolio. The Pressure Cooker segment grew by 41.3% year-on-year and contributed, to our overall revenues.

Our non-stick cooker recorded robust growth of 21.8% year-on-year, accounting for 21% of our revenues during the quarter. These performances were supported by strong brand acceptance, product innovation, expanding distribution reach, consumer inclination towards premium products, and affordability due to reduction in GST.

While Small Appliances & Gas Cooktop categories witnessed temporary moderation, the small appliances category was affected by deficiency on the supply side as this was, the lines and other resources that were allocated to the small appliances were utilized together to the surge in sudden demand for Induction Cooktop, which now has stabilized with all the additional requirements for Induction Cooktops in place.

They continue to represent a significant 27.5% of our revenue mix. The sustained growth across our core categories demonstrates the benefits of our diversified business model, ongoing premiumization initiatives, and focused investment in product development and market expansion.

The broad-based growth strengthens our confidence in the sustainability of our growth trajectory and imposes our ability to deliver consistent value creation over the long term. Premiumization is emerging as a key growth theme at Stove Kraft as consumer preferences evolve towards higher value and feature-rich products, we continue to invest in innovation and category creation.

Our focus on introducing differentiated products and other technology-led kitchen solutions is helping us create new consumer segments while improving product mix and realizations. These initiatives are not only strengthening our brand positioning but also enabling us to drive industry-leading growth across categories.

We believe premiumization will continue to be a significant growth lever for the company and play an important role in driving both revenue growth and margin expansion in the years ahead. Moving on to channel-wise sales. Our diversified distribution portfolio continued to deliver strong results during the quarter, reflecting the strength of our omnichannel strategy.

General trade was a key highlight, registering an impressive 56.2% year-on-year growth, the strongest growth witnessed in the last three years, signaling a meaningful recovery and improving channel productivity.

E-commerce remained our largest channel, contributing 31.8% of our total revenues. While general trade accounted for 28.6%, followed by exports at 15.3%, modern retail at 13%, and overall retail at 8.7%. Notably, our retail channel delivered an outstanding 86.3% year-on-year growth and 88.5% for three-year period, supported by network expansion and increased consumer engagement.

Further, we added 17 new stores under franchise model during the quarter, reinforcing our retail expansion strategy and advancing our long-term objective of establishing 500 standalone Pigeon exclusive outlets by the year end 2027.

This continued expansion not only enhances brand visibility and consumer accessibility but also strengthens our connect with the consumers through a dedicated retail ecosystem supported by deeper distribution growing retail partnership, and a well-diversified channel mix. We remain well positioned to sustain our growth momentum, strengthen market share, and drive long-term value creation of these geographies.

Now I will discuss Q1 FY27 financial performance. Q1 FY27 was marked by strong operational execution and improved profitability, resulting in earned growth that significantly outpaced revenue. The consolidated revenue stood at INR480.6 crores for the quarter versus INR340.1 crores in the previous quarter last year. Hence, we are just seeing a growth of 41.3% year-on-year basis.

Gross profit for the quarter stood at INR190.4 crores versus INR130.4 crores in Q1 FY26, a growth of 46% year-on-year. Despite ongoing supply chain challenges and elevated raw material costs. Also, gross margins expanded by 127 basis points year-on-year, reflecting the strength of our brand portfolio, pricing discipline, and operational excellence.

EBITDA stood at INR53.8 crores in Q1 FY27 compared to INR35.6 crores in Q1 FY26, registering a robust 50.9% year-on-year. Consequently, EBITDA margins improved to 11.2%

from 10.5% in the corresponding period last year, expanding by 71 basis points, supported by operating leverage, a favorable product mix, and disciplined cost management.

PAT for Q1 FY27 stood at INR17.1 crores versus INR10.4 crores in Q1 FY26. Showing exceptional growth of 63.5% year-on-year. The PAT margins for the current quarter stood at 3.5%. Our return metrics also witnessed meaningful improvement during the quarter, reflecting capital productivity and prudent capital allocation.

ROCE improved to 13.9% from 12.6%, while ROE increased to 9.3% from 8.3% in the corresponding period last year. These improvements demonstrate our ability to generate stronger returns from the capital employed in the business in greater value for shareholders. From a working capital perspective, the net working capital increased to 45 days in Q1 FY27, which is much better than Q1 FY26 and FY25, but is higher than quarter 4 of FY26.

Primarily driven by strategic inventory buildup undertaken to ensure adequate quality availability, product availability ahead of the upcoming festive season and anticipated demand. This proactive approach is aimed at supporting sales momentum, minimizing supply disruption, and enabling faster market services during peak demand periods.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Manoj Gori from Equirus Capital. Please go ahead.

Manoj Gori: Yes, so if you look at, obviously we had a very strong quarter during Q1, and then we look at the breakup of categories. Induction Cooktop obviously remains the outlier, but when we look at the cookers and cookware, even there we have seen healthy traction. So you have already highlighted about your preparedness for Q2 and Q3 in terms of supply chain management to avoid any disruption. Can you throw some light on how the growth is panning out?

How should we look at it from Q2, Q3 point of view? Because there would have been some anxiety among consumers and they would have definitely, there would be a demand, in anticipation of LPG crisis, but there could be some structural demand tailwinds also. If you can highlight probably, for rest of FY27, how we should look at the overall growth from Q2 onwards, that would be very helpful.

Rajendra Gandhi: Your voice was not very clear, but from whatever I gather, let me try to address it. Yes, you are looking at the growth for the remaining three quarters. Let me guide you. While you will already know that the second and third quarters are larger quarters, they are all amidst the various festival seasons.

Fortunately, this year it is well spread. We have Onam in August, then early October we have Dussehra kind of festivals, and then we have November. So, it is also November, we have Diwali. These are spread over the period. This allows us to address the demand better. We are seeing strong, kind of consumption in various of our product categories, and all the manufacturing facilities that we have set up in the last few quarters are all now up and running.

So we are very confident of a strong performance vis-a-vis the last year. And the current period, this quarter, we could not roll out many of the innovations that we are in the pipeline. And some of our smaller appliances we could not actually produce during this time because a lot of impetus given to the Induction Cooktop, some of our lines, and the resources.

When I say resources, I mean people. Being a manufacturing company, we had to reallocate some of these capabilities to produce Induction Cooktop. That being the case, but, there is a strong structural shift in the consumption of this product itself, the cooking, the way people cook at Indian homes now.

Now we believe that the traction for induction will continue. It will not be at the level of the spike that was there in the beginning of the quarter, but then we still see very high growth in the Induction Cooktop followed by cooking category. So overall, the, the quarters ahead look very strong.

Manoj Gori: Right, thank you, sir. Just to continue on this, so you said like there were few launches which have been delayed and now it has been done, which will be, which will act as a growth driver for you guys. So cookware or probably cookers, so are these launches into this categories and Should we expect the growth in these two categories to continue in the coming quarters as well? Because even the growth here was very healthy during the first quarter?

Rajendra Gandhi: Yes, I think actually all the three, we are generally, our business is, in product category, we divided over three categories: the small appliances, cooktops, and cookware. For us, cookware is pressure cooker and cookware. We see growth in all the three. I think all the categories we see very high growth. The opportunities are very high growth. We also have pipeline of a lot of innovation in all the three categories of products. So that gives us the additional confidence of high growth overall as a business.

Manoj Gori: Sure. And so lastly, on the margin side, this quarter we have seen y-o-y margin improvement. There would have been some pricing power also because of especially for the cooktops. Now when we look at from a Q2, Q3, and Q4 point of view, are we still left with some price hikes, or probably most of the RM pressures or rupee depreciation impact that has been passed on, and this margin improvement on y-o-y basis should be sustainable for, for rest of the FY27?

Rajendra Gandhi: So yes, while, there has been input cost pressure continuing, we have also addressed this by correcting our realization. We have increased our prices for the domestic market. We also are, there's a favorable situation even in our exports. They have corrected their buying prices upwards to address the input cost.

With these initiatives and with the efficiencies that are setting, we are very confident of the current margin levels, and we are also confident of improving from here. We hope that on a year-on-year basis, there is some headroom, and we will be able to improve at least 1% on gross margin year-on-year.

Moderator: Thank you. The next question is from the line of Vinod Krishna from Avendus Wealth. Please go ahead.

Vinod Krishna: Sir, can you highlight, because we had these disruptions on export side from last one and a half year, so how is the export panning out? Is it just US or more than US? And then IKEA. And how should we think about revenue contribution from these two in the current year?

Because last year we had projected a very high growth rate on exports, and because of the tariff situation, we lost out on the opportunity. And over a two, if you can give this year export plus IKEA, and over a two-three year where this export plus IKEA revenue can go to.

Rajendra Gandhi: So yes, the disruption of last year is behind us. We are back to normal, and we will grow, actually grow even the current year. But, the way ahead for export is current. As of last year, we had about 12% contribution to the revenue. As the company grows, we believe even in spite of the growth overall as a company, our export contribution in the next two years, that is the current and the next year, should get to 15%.

Vinod Krishna: So like, I export and IKEA, how is like, if you can give the absolute numbers also, how much IKEA will be and how much exports will be over the next two-three years?

Rajendra Gandhi: Absolute number will be difficult, but I am telling you, as a percentage of the revenue, it is definitely in the range of 15%, would be, in the positive range of 15%.

Vinod Krishna: IKEA will be apart from this, right? IKEA will be apart from...

Rajendra Gandhi: We consider IKEA as a deemed export for us. Both IKEA, Walmart, all these companies, revenue we consider.

Vinod Krishna: This year will be good for us in terms of exports?

Rajendra Gandhi: We are continuing to grow, sir. Even the first quarter we had reasonable growth.

Vinod Krishna: Sir. And second question, if you see September, like Q2 was always the best quarter for us, if you see, and we had a really good Q1. So can we grow on last year's Q2? This Q2, like, you could, I am not asking you the exact growth number, but can we grow on? Because last year itself it was INR480 crores, INR475 crores September 25?

Rajendra Gandhi: Historically, the Q2 is the strongest and we will continue to be there. Obviously, because the Q1 was stronger, the Q2 has to be in line with that. It may not be exactly at the same rate of growth of Q1, but definitely there is a very strong demand, that we are witnessing. So we believe that the Q2 will be as strong.

Vinod Krishna: So can you highlight where is the growth coming from? Is it just again the induction cooker and cookware, or it's like, can you -- if you can, or is it something that's, it is across…

Rajendra Gandhi: Across the three categories. Our pressure cooker business has grown by 41%. It continues. The demand is very high. We have to augment this demand. We are, we are equipping ourselves with additional capacities. In fact, by now, at the run rate that we are, we are already by volume numbers the largest.

But then there is still unmet demand, and so we are addressing it by additional capacities. On the small appliances, we have capacity. In the first quarter, we had to let go some of our, I mean, capacity is being used for some other, when used for Induction and other Infrared products.

But we have now augmented those capacities as well. So we are confident of a growth even in our small appliances. On the Cooktop business, on the base of pre-war level, definitely there is a huge room for growth. We continue to see the demand being higher than the pre-war one. So for us, it's a mix of all these three products, and all our channels are also growing.

Our EBOs are growing at a good pace. We are seeing very high growth in general trade. E-commerce continues to drive the overall contribution to the company's revenue, and we are confident also about the export. So these are all a combination of all this, is not driven by one particular category or one particular channel.

Vinod Krishna: So we should see growth in Q2 also over last year, even though it's a high base?

Rajendra Gandhi: Yes. Absolutely.

Vinod Krishna: Sir, when will we see PAT margins going above 5%? Because you used guide us around 7% we can achieve in the long run. So when will we start growing about 4%-5%? Like how many years?

Rajendra Gandhi: The financial leverage is already setting in. As we grow, the increase both, revenue growth will lead to higher, also there is an improvement on our gross margin will lead to higher EBITDA. And definitely, because there is a kind of a fixed number below the EBITDA, all incremental growth will flow. So, you will see this continuously quarter on quarter.

Vinod Krishna: So this year also we will see a good growth despite Q1 being a very high growth. So that we can take?

Rajendra Gandhi: Though Q1 was very high growth. Of course, we are very excited about this. Q1 is one of the smallest quarter of the year.

Vinod Krishna: Yes, but still we can expect Q2 growth and Q3 growth, even though they are bigger quarters, right?

Rajendra Gandhi: We are very positive.

Moderator: Thank you. The next question is from the line of Rehan Saiyyed from Trinetra Asset Managers. Please go ahead.

Rehan Saiyyed: Yes, now, okay, so just I have two questions. First, on your working capital side, so we have seen that working capital increased due to our inventory buildup for the festive season. So assuming a normal festive demand environment, so where do you expect our working capital days to settle by end of financial year '27? This is the first question.

Rajendra Gandhi: So to answer to your working capital days, see, Q4 for us is the base. But Q1, we build the inventory for the year. So historically, if you go to our Q4 of FY25, we were at 75 days. And if you will go back to Q4 of FY26 -- sorry, Q1 of FY25 and Q1 of FY26, you are at 69 days. We have improved to, 45 days.

So relative, because our business is a little cyclic, seasonal, and, so you'll have to look at it seasonally. And also we are now going to a straight-line production plan. So irrespective of the cycles that we have over Q1, Q2, Q3, Q4, we would want to have uniform production around the year. This optimizes our cost and better supply chain. It addresses the supply chain better. So overall, I will tell you, we are only improving on our working capital and so are the other ratios.

Rehan Saiyyed: So my second last question is around your integrated manufacturing capabilities. So as we have understand about your integrated manufacturing capabilities, so are you, witnessing any improvement in sourcing advantages versus import-dependent competitors, particularly in the current geopolitical environment?

Rajendra Gandhi: So I think the demonstration of addressing the market for Induction Cooktops when the whole Southeast Asian region was grappling for supply chain challenges is itself a demonstration of our capability. We have a very strong capability of manufacturing within our facilities and a very, very strong supply chain side capability, both within the country and also from the importing countries. We import a lot of our inputs from China. Very strong capability. I think definitely that is the differentiator with Stove Kraft Limited when you compare with our peers.

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

Anand Mundra: Thanks for giving out detailed information in the presentation. So wanted to check about the benefit of JV with a Chinese entity which we have, which we have entered last month, I guess?

Rajendra Gandhi: Yes, the Chinese, too, we have a WS, wholly owned subsidiary, where we would, in the future want to domestically buy from China and export so that we get some advantage on the buying cost and the drawbacks that through to the exporters from China. Also to streamline our large import of inputs that we do into the country.

But we have a subsidiary, JV, where we want to address the challenge that the current producers of Triply Cookware and pressure cookers are facing. We want to be strong before we get into this category fully. So we are getting into a manufacturing arrangement with JV partner in the China. The facility itself is among the largest or the largest in China itself, and we have started installing the machines and the current process is in progress.

We believe by the end of this calendar year or before December, we'll be able to produce commercially the circles that are, I mean, triply circles that are required for manufacturing the pressure cookers and cookware. There is a huge demand for this globally and in the country.

Both induction cooking is also aggravated the demand, but overall the efficiency of these cookware and pressure cookers is far higher compared to the plain stainless steel. So there is a huge opportunity for us and is also to augment our own business for both pressure cooker and cookware.

Anand Mundra: So the things that our other expenses have gone up significantly in quarter 1, so that is in line with the revenue growth or slightly higher. So any thoughts on that, sir?

Subhadeep Pal: Yes, hi, good afternoon. Subhadeep here. So as you can broadly see, the increase has happened in four clear buckets. We have grown well above our plan. And that has been possible only by a constant focus on ensuring supply for our products, and this has driven demand fulfilment.

To do this, we outsourced manufacturing of some key products on job work basis in the first quarter, and as a result, the job work charges as a percentage to sales grew by 1.2%. This has helped in service fulfillment and also help in flexibility for later.

Second, is marketing and business promotion expense grew by an additional 1.2%. As a strategy management, we believe to allocate a focused investment on product marketing at around 3.5% to 3.6%, and this is being charged to P&L on a linear straight line linked with the sales basis.

The third point I want to highlight is while overall retail sales grew 86%. We have been consciously moving towards a more franchise-operated store structure, which resulted in higher commission payout. Franchise-operated sales mix moved up from 43% last year same quarter to 55%, 56% this year in Q1.

This resulted in a higher commission payout, approximately 1% of sales. Additionally, we did some advanced CSR this first quarter. Which will get annualized in coming quarters. So with all this above, we explained around 3.5% higher percentage to sales, which partly got offset by some operating leverage. And net-net, we landed at around 18% of sales as other expense.

Anand Mundra: So how much CSR we have done as a percentage of PBT this quarter, sir?

Subhadeep Pal: So we have done around 94 lakhs, around 3%.

Anand Mundra: Okay, 1% higher than the stipulated numbers. Okay, this…

Subhadeep Pal: Okay, this will get analyzed in coming quarters as per the company's expectations.

Anand Mundra: Yes, thanks, thanks for the detailed clarification. This is really helpful. So the job work charges which has increased in this particular quarter, so this will remain elevated or we will manufacture in-house and it will not, how do we read it as an annualized expense for the for the company, sir?

Rajendra Gandhi: No, these are not, continuing costs, but definitely there was elevated during the first quarter. We are a manufacturing company, we would prefer to do that way, but, to address that spurt, we had, we had resorted to, contract manufacturing contractors and outsourced manufacturing. It may not happen that immediately everything will get, I mean, subsumed.

But in the quarters ahead, this will all be part of our own manufacturing, and this will come down in terms of percentage. Both the annualized spend, CSR, I mean, all this that you're seeing, that increase 3% of other expenses, will come down back to the normal levels. When you analyze it, it'll look normal.

Anand Mundra: Okay, so one more question I had was about finance cost. Since we have hardly any debt, why our finance cost is so elevated? Can you give the breakup within finance cost and lease expenses so that we know the actual finance cost of the company?

Subhadeep Pal: Do you want to do it immediately? Yes, so on a YTD basis, we are at INR7 crores finance cost. Our finance cost comprises of broadly, three components. So one is fund-based facilities where we have a cost of working capital lines, which is cash credit and working capital LCs.

Second is the ROU leases, and third is the asset lease that we have taken. So clearly, on the fund-based limits, we have saved close to INR2 crores year-on-year, whereas the asset lease that we took last year in Q3, that shows up as an increase.

So while on a fund-based working capital cost we have done better, the additional of INR2 crores is happening because of the asset lease that came in last year Q3. Overall, as a percentage to sales, I would also like to add, on a year-on-year basis we reduced from 2.1% to 1.6%.

Rajendra Gandhi: What is our interest on CCM? The rest is all indirect supporting.

Anand Mundra: Okay, sir, one, one question I had. So we have guided for, in the TV presentation, TV interview which you, which you gave today, you have mentioned that, or the anchor was mentioning that you have guided for 7% to 8% PAT margin in two-three years. So from current 3%-4% to 7%-8%, the key lever I think would be gross margin, sir. And any other or some operating leverage which may flow in. So any thoughts, sir, where do you see gross margin over the next two-three years so that you can reach to 7%-8% PAT margin?

Rajendra Gandhi: We are confident of increasing our gross margin at least a percentage year-on-year. Ideally, we would want to get, of course, we want to be above 40%, and we, I think the gross margin should settle between 40% and 42% on an ongoing basis. Definitely there will be financial leverage now that you will play out, and with that I think we are able to get, the trajectory will be towards that 7%.

Anand Mundra: Because 7% to 8% will only translate to 18% to 20% ROE, which is, which an FMCG company?

Rajendra Gandhi: That is also our endeavor to get to this.

Moderator: Thank you. The next question is from the line of Maghav Agarwal from Emerge Capital. Please go ahead.

Maghav Agarwal: So, I just wanted to understand how you're looking at the material costs and, are there any price further price hikes in the plan in the near term?

Rajendra Gandhi: So actually, being a brand company, but still we are driven by cost-plus model. Any price increase in the input cost, we pass it on. Definitely there are some challenges in the input cost further to the Q1. We have addressed that by increasing our realization both for domestic and export. I think, there is not a worry. There is definitely price increase, in the input costs. And so we have addressed this by our adjusting the realization prices.

Maghav Agarwal: Sure. the second question, wanted to understand, since we've seen a significant growth rate in the Induction Cooktop category, should we build in similar growth rates going forward for the Q2, Q3, or can we see some moderation in that?

Rajendra Gandhi: On an annualized basis, we still believe that we will be a 2x of last year.

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

Nikhat Koor: So in the 41% revenue growth, how much can be attributed to volume and my second question is, if this EBITDA margin of 11% is sustainable, and in the next three years, are we, on track to, clock 14% kind of EBITDA margin? And another question is on channel inventory, if you can give some color on the channel inventory.

Rajendra Gandhi: So we always believe that, we keep the channel healthy and never choke the channel. So we are not, practice because we, it's an everyday affair. It's not that one of, events that we do. On the contribution of growth is a combination of product mix, the value growth, and the volume growth.

All three have contributed, and the higher growth of course has come from the Induction Cooktop. Otherwise, the overall growth is a combination of all of these three. We are seeing a lot of premiumization into various category of products that we are example is our pressure cooker.

We have grown higher in our stainless steel pressure cooker versus our aluminium pressure cooker, which also means, I mean, it's the product mix which is contributing. There has been continuous pricing cost increase which has led to price increase and realization increase.

So there is a value growth, and definitely there is a volume growth in all the categories that we are currently catering to. On the EBITDA margins, yes, that is where the endeavor is. We believe that we'll be able to grow at least a percentage even on the margin side year-on-year, which will ultimately in the range, in the next two to three years, we should be in the range of 14-15%.

Moderator: The next question is from the line of Shazad Shroff from Demeter Advisors. Please go ahead.

Shazad Shroff: Most of my questions are answered. I just had one question. Has IKEA, have you started supplies to IKEA this quarter?

Rajendra Gandhi: No, not in the quarter reported.

Shazad Shroff: But, and when do we expect?

Rajendra Gandhi: In this quarter, Q2 is when, IKEA business is starting.

Shazad Shroff: Okay, it's already started in Q2?

Rajendra Gandhi: Yes.

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

Resham Mehta: Thank you. Congrats on, an industry-leading growth rate. So, while there seems to be a secular growth trend in the entire category, driven by a few macro factors, being, GST tailoring and premiumization, and of course Induction Cooktop, right?

So the first question basically on the growth of like with this, what kind of growth rates are we expecting, say Q4 onwards, Q3, Q4 onwards, when all of this will be there in the base, like the GST effect would have gone away, and of course Induction Cooktop demand would have also tempered?

And the reason I'm asking this is, because this kind of growth rates, of course, don't look sustainable. And, ultimately, I mean, it's not a toothpaste or a soap, which gets over and it to be refilled, right? So the replacement cycle demand would have also kicked in, with the post-COVID resurgence.

So then, Q3, Q4 onwards, are we looking at, let's say around 8% to 10% kind of growth for the category where, largely premiumization would be, the driver of this category or how do we look at, the growth outlook Q3, Q4 onwards?

Management: Okay, let me, this is Chandru here. Let me try and answer this question. See, there are a few themes that are very obvious. You must have heard from the others also. Premiumization is one of them. Where Stove Kraft Limited has been focusing its energies is to build a slew of products which are differentiated, unique, and which will address the premiumization theme and also try and drive impulse to upgrade.

So what we are trying to do is actually create category growth and lead category next few quarters. And our endeavor is to actually take the non-induction growth to nearly 20% if possible, if you are able to do everything right. And we believe that is possible given the way the economy is growing and the way consumption is growing at the cohorts that we are addressing at this point in time. So that's what we are trying to do.

Resham Mehta: So you're saying like once the high base sets in, then it's more of, will probably start with double-digit revenue growth. Would that understanding be right?

Management: So can you say that again, please?

Resham Mehta: Okay, what you're trying to say is that basically once the high base has set in, from there on the growth rates for us would be largely driven by, these company-led initiatives rather than…42:18

Management: Will be by both, but we are looking at 15% plus going, going across consistently in the categories we are operating in. Given the kind of product development and innovations that we have lined up.

Resham Mehta: Okay, the second question is on margins. So what has led to this quarter-on-quarter gross margin expansion of 100 bps? Is it that, we were sitting on low-cost inventory, or is it the premiumization, the Induction Cooktop, that has helped us? And the other related question is that, on a blended basis at a company level, what is the kind of raw material inflation that we have seen and the blended price hikes that we have taken at a company level so far this calendar year?

Rajendra Gandhi: Generally, our procurement is linked to the cost for a quarter and our prices to the market are also for a quarter. Other than the exports, we are able to play that very safely. Though we are a brand company, we still are a cost plus. If there is a pressure on input cost, we pass it on. But there is also an endeavor to now improve our margins. So whenever we correct our prices, we also want to ask, account for the additional margin that we want.

And that's how we are able to, improve our gross margins. It's a purely cost-plus, situation for us at Stove Kraft Limited. We are not, while we would ideally want no price increase, cost increase, which will not lead to definitely passing on price increase, always a pain, but then that is how we work. And generally, we control our input cost by having arrangements with our large suppliers for a quarter.

Resham Mehta: So should I see this as that whatever cost inflation we have seen, we have kind of passed it on since it's a cost-plus model?

Rajendra Gandhi: Absolutely.

Resham Mehta: And, and what explains the 100 bps quarter-on-quarter gross margin expansion?

Rajendra Gandhi: That again, when we address the price correction, we are also address the increased aspiration of our gross margin.

Resham Mehta: And, the last one was on this exchange program, exchange campaign that, we ran. Typically, we see this for a lot of brands, right? So, what is the revenue salience that, we see from, exchange programs that we have generally. I mean, in the past several years, what has been the revenue contribution from such exchange campaigns?

This particular, quarter, since there's been a big, uptrend that we are seeing in terms of the category growth, has this number really shot up, or is it really diverging from our usual past trends?

Rajendra Gandhi: See, while our business is seasonal, second and third quarter driven by festivities, festival seasons. So we call that manage the demand. We manage, apply to cater to the requirement. And the first and the last quarter is when we have to sell, create, so for the first quarter, generally we have this exchange offer program that we, we encourage our customers to upgrade themselves to new, new products and such things. So these are everyday affair, every year of it. In the first quarter, generally we have this. We saw a very good response from our consumers, and but then that has been every year.

Resham Mehta: And would you like to quantify? I understand it may probably be a small part of it because we generally do this in Q1?

Rajendra Gandhi: If you are not doing any of these programs, probably Q1 will be even softer than what it is. So if this exchange offer program is a regular affair, maybe the consumers also wait. There's no otherwise, generally a reason to buy other than the regular buying. Unlike the activities and, driven by festivals and marriage season where there is a compulsive buying requirement, so the first quarter, some of the sales traditionally is coming from exchange.

Mr. Chandru Karlo: Just to add, there is a theme of upgrading that is anyway very prevalent, number one. Number two, what happens is people move homes during the first quarter because they are, school time, transfers get affected, etc. So actually kitchens get refurbished. We are using this. Now most of these exchange programs happen only in our EBOs and general trade, and that's what excites them.

And you have seen the benefits there. The GPOs have grown by 80%-odd and the general trade has grown by 50%-odd, and those are things that are actually doing that. After these exchange programs, then we get into the festival sale like Mr. Gandhi said, where, there is a clear shopping potential for people.

Moderator: Thank you. The next question is from the line of Vinod Krishna from Avendus Wealth. Please go ahead.

Vinod Krishna: So thank you for the opportunity. This is the same question actually, because see, everybody has the same doubt. If we can spend more time, because of the GST benefit and the induction cookware, because of the Iran war, there is a huge growth that we have seen. So on this base, what are the factors, both external and internal, that the Stove Kraft Limited is doing differently that we can sustain?

And not like you, so sir mentioned that 20% growth non-induction cooker, we are very confident. So what gives us this confidence, both external and internal factors? If you can please elaborate, that would clear us, because people, I think that is the doubt weighing on investors. If I can -- if I make myself clear?

Rajendra Gandhi: Fundamentally we are very strong levers at Stove Kraft Ltd. We are a manufacturing brand marketing distribution company. The three levers for us is of course the cost. We are able to control cost at the manufacturing and also the operational cost of the company. It is a very strong driver. We believe the consumers that we are addressing are highly cost conscious.

As long as we can make, right quality products and then at right price and then make it available to the distribution through a proper distribution channel, the various channels that we address through, and the ever-growing brand, this is a unique position that we have.

We are able to continue to acquire over the years We are the probably the youngest company among the peer group, but we are able to definitely get to leadership position by volume in many of the categories. This will continue to happen. I don't see a reason why this can stop.

Along with this, we continue to innovate. We are also stronger today with having a very strong team, both domestic here in the country and also with the capabilities that we have set up in China. We are able to develop, and bring to market products much faster at the right price and make excite the consumer even if this is not the customer that was looking for this product.

If you can excite them to be consumers for this, all of this cost, distribution, and brand is what I believe is unique to Stove Kraft. The combination of all these three in one company is what is driving the growth. We are historically also growing the last 10 years at about 17%-18%, but for some setback with some product categories in the last two-three years, we have offset that growth.

With actual growth that you have reported. So we believe that we will be able to grow at the same, CAGR that we were in the last 10 years. And it is not too surprising for us to grow at 15% plus, in the range of 15% to 20%. I don't think there's a challenge.

Chandru Karlo: Just to add to that, you said what are the external factors? The external factors are obviously, mature categories that are largely looking at upgrade and impulse buying. the external factor is also that there is a general overall growth in the economy, especially in the, middle and upper middle end.

Internal factor, apart from whatever Mr. Gandhi says, is one major thing. We have the most highly backward integrated factory. So every kind of technology for metalworking, for coating, takes for electronics, we are probably best placed to bring out the innovative products quickly to the market. So we're very, very agile, not just cost effective.

Vinod Krishna: Got it. So on retail, what would be the average sales per store beyond which it will start contributing, reasonably to the company?

Rajendra Gandhi: For us, anything beyond the 2.5 lakhs per store is profitable. We are currently trending at about 4.3 lakhs, and ultimately our target is to at least stabilize at 5 lakhs per store per month.

Vinod Krishna: The last question, exports. You said you're adding beyond US. Any updates on it, or mostly our target is US only…

Rajendra Gandhi: IKEA supplies are for global markets. We are also working with one large retailer in the UK already, Walmart in US, and small other retailers. For us at the moment, with the current customers that we have, we are having enough of potential within the existing customers. But we will always look at some quality customers, and then in the years ahead, we'll add some.

Moderator: Thank you. The next question is from the line of Rohan Advant from Prad Capital. Please go ahead.

Rohan Advant: Yes, sir. Thank you for the opportunity, and congrats on a good set of numbers. So our Induction Cooktop revenues were 27% in this quarter, which is around INR130 crores. Could you tell us what were they in April, May, June, and where they are right now on a monthly basis? Because the spike must have been very high, and then there would have been, some normalization. So where we are and where was it pre-war at the monthly run rate, if you can share that?

Rajendra Gandhi: There is a good traction. There is a demand. It is in excess of, pre-war levels. So before the year began, at the level that we were. We are confident of this, contribution from Induction Cooktop to be in the range of, at least 20% and a little above that as we progress over the year.

Rohan Advant: Okay, so 20% contribution from this for the full year FY26 revenue, this is what you are confident of?

Rajendra Gandhi: Yes.

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

Anand Mundra: Sir, thanks for the opportunity again. I wanted to check about chimneys. Chimneys is a category, so wanted Chandru sir's view on that category. We are very small and this category is underpenetrated, so we can grow fast. First of all…

Chandru Karlo: Yes, see, look, I mean, we've got some fantastic movement in the chimney category. What we have done is actually revamped the entire range from normal AC motors to BLDC motors, all but one. So that makes us extremely, current and in fact ahead of many of our competitors. And given that we've got our own retail also to drive this, we are very confident that the Chimney business is going to grow quite substantially. Manufacturing is our internal manufacturing, which makes us actually very competitive.

And what we are also doing is get constantly building new designs and new features in this. We are very cognizant of the fact that this category has tremendous potential as we go along, and therefore we are going to actually push the envelope on these two categories, both chimneys and built-in hobs also as we go along.

Anand Mundra: Noted, sir. And, for, Gandhi sir, I had one question about IKEA businesses. So do you think IKEA can increase, because the base of this year will be high, next year IKEA revenue can help us to report good numbers because domestic market may not grow so much, particularly induction? Because of the highways?

Rajendra Gandhi: No, I appreciate that your confidence only on the IKEA business. Of course, we are also very, very excited about IKEA business. It's a very high quality business which is also giving us a lot of learning. But our business is diversified into so many channels and so many products, and with a huge innovation pipeline, of course this will also contribute, at the best, even at a large scale, meaning the full-blown IKEA business, it may be 5%-6% of our business.

Today is nothing, of course, but then that is where it can, there are several growth opportunities and drivers. You just now asked Chandru about the index, I mean, the chimney. It's a huge opportunity. There are several opportunities that we have built. We have of course built our strong capability on cast iron.

We are setting up a completely automated line for pressure cookers. For triply, we have not even started this. This will be ready, up and ready in the end of third quarter. And to augment and ensure that we get to leadership in that, we have backward integrated even before we have fully, fully invested in the triply.

We are not still harness the power and the demand of the Triply Cookware. Within our cooking appliances, we are seeing very high traction in our Rice Cooker segment, the OTG business. We have a huge headroom available in our mixer-grinder. Very soon you will see a range of products in the mixer-grinder. This is one of the largest category in the small appliances, which our contribution from this category was very small. This line is, this list of product categories is very large to be explained in one answer.

And also our channels, we have opportunities in multiple channels. Our, EBO stores growing at 86%. I mean, in the years to come, at a larger base, there is a huge opportunity to grow. The general trade, which was kind of muted for the last two-three years particularly, we are seeing very high growth.

We continue to see that high growth. There is definitely scope for expansion in exports, including the IKEA business. So I'm not underplaying the IT opportunity. It is a huge and very exciting opportunity, but we have too many possibilities, avenues to grow.

Moderator: Thank you. The last question is from the line of Nikhat Koor from Dolat. Please go ahead.

Nikhat Koor: Hi, thank you again for the opportunity. So can you highlight the growth in the South market as well as the non-South market separately?

Rajendra Gandhi: We continue to grow on the South, that is our larger base. The North is, bigger opportunities, smaller base. The absolute percentage growth, we are growing faster in the rest of the country versus the South. Particularly this division, I am only contributing the contribution of our general trade, but other channels we are more or less equally divided over the various, regions of the country. E-commerce, we are there across every import in the country.

We are thankful to the players apart from the new e-commerce players. They have taken our products to every nook and corner of the country. I can say, to answer to your question, in the general trade still the growth opportunity in terms of percentage is larger than the rest of the country, and we are growing. South is our strongest, followed by West, and then the North and the East. So that is the sequence of our current.

Nikhat Koor: Okay, and what is the South contribution currently?

Rajendra Gandhi: Is upwards of around 50, around 50%.

Moderator: Thank you. Due to interest of time, that was the last question. I would now like to hand the conference over to the management for closing comments.

Rajendra Gandhi: We thank you all for having shown so much keen interest into the company's performance, and we hope that we were able to answer your queries. But if you have any queries or want to know more, you can always reach out to our Investor Relationship team, both at MUFG or Hemant. We will be, do answer all of you. Thank you. Have a great evening.

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