

31 May 2024

To,

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

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

Dear Sir / Madam,

Subject: Intimation under Regulation 30 - Transcript of Earnings Call

Pursuant to the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings call held on 24 May 2024.

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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“Stovekraft Limited Q4 FY-24 Earnings Conference Call”

May 24, 2024



**MANAGEMENT: MR. RAJENDRA GANDHI – MANAGING DIRECTOR,
STOVEKRAFT LIMITED
MR. RAMAKRISHNA PENDYALA – CFO, STOVEKRAFT
LIMITED
MR. HEMANT KOTHARI – CHIEF BUSINESS ANALYST,
STOVEKRAFT LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Stovekraft Limited Q4 and FY24 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 this conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajendra Gandhi – Managing Director of Stovekraft Limited. Thank you and over to you Mr. Gandhi.

Rajendra Gandhi: Thank you. Good evening, everyone. On behalf of Stovekraft Limited, I extend a warm welcome to all participants to the Q4 FY24 Financial Results Earnings Call.

We also have Orient Capital with us on the call, who are our Advisors on Investor Relations. Along with me are Mr. Ramakrishna Pendyala – our CFO and Mr. Hemant Kothari – our Chief Business Analyst.

We have uploaded our Investors Deck, an Earnings Press Release on the Stock Exchanges and the Company's website. I hope everybody had an opportunity to go through them.

In the face of challenging market dynamics our steadfast commitment to excellence has not only sustained us but propelled us forward, showcasing robust growth and resilience. In the fourth quarter of FY24 which is generally a soft quarter for the industry, our revenues stood at INR 325 crores, registering a significant growth of 17% in revenue on a YOY basis with improved gross margins of 37.1%. Furthermore, the recent quarter witnessed a paradigm shift in our growth trajectory, marked by significant emphasis on volume driven expansion across various product categories. The fiscal year ‘24 is a testament to our unwavering dedication in pursuit of leadership as we navigated through a landscape of fluctuating demands, emerging with a notable 6.3% increase in revenue, a vigorous growth of 21.4% in volume and a commendable 20% growth in EBITDA.

Moreover, our foray into direct retail to Company owned stores has registered promising results, exemplifying a superior brand experience for our consumers. It gives me immense satisfaction to share that the Company has added 117 stores in FY24, far exceeding our initial target of adding 7/8 stores per month. We concluded the year with a strong network of 171 stores in 50 cities across 8 states. These stores will not only enhance our brand salience but also contribute to the improved margins for the Company. We will continue to expand our retail presence across multiple strategic and diversified locations across the country.

It is our constant endeavor to unveil a range of groundbreaking products that redefine the art and convenience of cooking and elevate culinary experiences for our consumers. Introducing the Pigeon Healthyify, an appliance that combines cutting edge technology and unmatched

aesthetics for health-conscious consumers of our countries, we also launched a range of Pigeon cast iron cookware in the current quarter for our customers to experience superior heat retention, unmatched versatility, unparalleled durability and the health benefits of iron enrichment. This range combines global cookware design standards and local craftsmanship ensuring an exceptional cooking experience with every use. Our other product launches include multipurpose kettles, dough makers, copper coated double walled, stainless steel water bottles and hobs.

Our unwavering focus on in house manufacturing and enhanced backward integration ensures superior quality, agility and cost efficiency reinforcing our position as pioneers in the industry. As we progress through the 2024, we remain committed to continue our growth trajectory while taking cognizance of the volatility and challenges of the market environment. We are set forth in our focus on broadening our product portfolio, bolstering current distribution channels and intensifying accessibility for our consumers. These efforts are geared towards propelling Stovekraft towards sustained growth, fostering long term value for all stakeholders involved.

Onto our Q4 FY24 financial performance; the consolidated revenues stood at 325 crores for Q4 FY24 against INR 278 crores in the Q4 of FY23, registering a growth of 17% on YOY basis. Gross profit for the quarter stood at 121 crores against INR 89 crores in Q4 of FY23, registering a growth of 35% year-on-year basis. While gross profit margin for the current year stood at 37.1% reflecting an increase of 490 basis points year-on-year basis. EBITDA for Q4 FY24 stood at 25 crores versus 6 crores in Q4 FY23, recording a sharp growth of compared to same quarter in the previous year. The EBITDA margin for the current quarter stood at 7.6% versus 2.1% in Q4 FY23, improving by 550 basis points year-on-year. Profit after tax for Q4 FY24 stood at INR 3 crores versus the negative of 6 crores in Q4 FY23.

Now coming to the full year FY24 financial performance; the consolidated revenue stood at INR 1,364 crores for FY24 versus 1,284 crores for FY23, hence reducing a growth of 6.3% on year-on-year basis. Gross profit for FY24 stood at INR 504 crores versus 420 crores in FY23, registering a growth of 99.9% year-on-year basis. Gross profit margin stood at 36.9%, that is an increase of 420 basis points year-on-year basis. EBITDA for FY24 stood at 119 crores versus 99 crores in FY23, recording a growth of 20% YOY basis. The EBITDA margin for FY24 stood at 8.7% versus 7.7% in FY23. Profit of the tax for FY24 was at 34.1 crores versus INR 35.8 crores for FY23.

I am also pleased to share that our board has recommended our first maiden dividend of Rs. 2.5 per share.

I now request the moderator to open the floor for questions. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. First question is from the line of Khush Gosrani from InCred Asset Management.

- Khush Gosrani:** What is the volume growth?
- Rajendra Gandhi:** For the quarter, comparative quarter of the last year, we were at 28.6% volume growth for our core categories of cookware and appliances. And for the year we were at 21.4% growth on volume for the whole year versus the last year. And this is a consolidated category for cookware and appliances.
- Moderator:** Due to no response, we move on to the next participant. Next question is from the line of Resha Mehta from GreenEdge Wealth.
- Resha Mehta:** My first question is on the Q4 growth. So, we have registered a very good growth in Q4. So can you just talk about where this growth is coming from in terms of which regions, which channels?
- Rajendra Gandhi:** Channel wise also I can give you, for the quarter our general trade has been flattish but e-com is the bigger growth have come in our corporate sales and our own retail. These two channels have given higher growth, both our corporate sales and our retail. For the year we have grown about 25%, our modern trade, we also grown our exports. Our brand exports have grown substantially.
- Resha Mehta:** The reason why I am asking this question is because the market the overall demand is generally subdued while we have grown at a very heavy rate. So, we're just trying to understand the color of this growth.
- Rajendra Gandhi:** Fundamentally of course, while our existing categories we have performed, there are several categories that we are getting to leadership. We are expanding our product portfolio, more particularly with products that we are manufacturing within our facilities and those products that we are able to get to manufacturing within our facilities, we are seeing very high market share growth. We are acquiring a lot of market share from these products and that is where I think that is the differentiator.
- Resha Mehta:** And also, if we see cookers and nonstick cookware for Q4 which is almost 45% of our revenues in terms of value. So, there volume growth is way ahead of the value growth. So, is it that the growth in these two categories cooker and nonstick cookware has specifically come from a lot of heavy discounting?
- Rajendra Gandhi:** So, I will give you a little more insight that will better understand the growth in volume versus value. Particularly these two items, Aluminum is a major contributor in the manufacture of these products. There has been a huge I can say input cost degrowth which as a policy of the Company we pass on the benefits to the consumer. So, in value terms we are not seeing growth but volume of course we are growing.
- Resha Mehta:** And going ahead in FY25, what is the kind of guidance that you want to give in terms of top line growth as well as margins and top line growth if you can split between what would be the volume growth and the overall value growth?

Rajendra Gandhi: So, we believe we'll continue to grow at the current levels, particularly on the volume growth because value sometimes if you will see a CAGR of the last 5 years we have been growing at 19%. But this year it was a different year for us, particularly on the value because we have seen correction in most of the input costs during the year and so on value growth, we are seeing not in line with what we used to be. On the gross margins, we have been particularly working on this and we could also register a good growth on our gross margins. We are very close to where we want to be now and I think we will further improve on our gross margins this year.

Resha Mehta: So just to clarify your revenue growth that you're talking for FY25, if you were to quantify the value growth that would you're saying the past figure has been 19%. So, we look at a 19% kind of growth top line growth?

Rajendra Gandhi: Yes.

Resha Mehta: And the volume growth would be at the run rate of the Q4 volume growth levels?

Rajendra Gandhi: If not the Q4, may be at the run rate of the last year.

Resha Mehta: Which is 9%?

Rajendra Gandhi: The volume growth we have been able to grow at 21.4% for the year.

Resha Mehta: And value growth you are saying would be as per the past?

Rajendra Gandhi: It depends if there is inflationary growth. Of course, we believe maybe this is not exactly that the volume growth will be in the same. But overall, we see that to grow at the same rate that we have been growing the last 4-5 years.

Moderator: Next question is from the line of Khush Gosrani from InCred Asset Management.

Khush Gosrani: This quarter we have seen increase in our allowance for ECL to 4.7 crores which used to be around 1.5-1.6 crores. So, could you please help us what has happened over here?

Rajendra Gandhi: So, there were some reconciliation items that were pending from the previous year for which we have provided in our ECL. They are continuing for a long time and in the process of cleaning up our receivables, we have brought it in the ECL.

Khush Gosrani: And so, for FY25 this will continue as well at around 9.5?

Rajendra Gandhi: No, I think it is an extraordinary provision that we have made. And in fact, that has given us more comfort on our receivables. Wherever we have exceeded the number of days as per our provision policy, we have provided in our ECL.

- Khush Gosrani:** Our depreciation has also increased to 14.6 and interest cost as well. So, is this because of the IndAS impact of 116 accounting?
- Ramakrishna Pendyala:** Yes.
- Khush Gosrani:** Do you have the breakup right now between what would be the actual and what would be the both for IndAS?
- Ramakrishna Pendyala:** You are talking about depreciation or?
- Khush Gosrani:** Both, depreciation and finance cost both sides. It's okay if you could give me for the full year that's also fine.
- Ramakrishna Pendyala:** In the interest cost, Its about 6 to 7 crores was related to leases. I think in the depreciation also would be more or less the same amount, about 9 to 10 crores.
- Khush Gosrani:** If you could highlight for FY25, I missed your guidance number but what kind of growth are you targeting? So, this year we have been single digit due to I think so very high pricing pressure that we have seen. But full year how are you seeing FY25 panning out?
- Rajendra Gandhi:** We believe that we will continue to grow at the pace that we have been growing the last 5 years.
- Khush Gosrani:** And margins have improved to 8.7 from 7.7 for a full year. So, we have earlier guided for a 10% to 11% number, so is that achievable in FY25? And how it will be....
- Rajendra Gandhi:** That is our endeavor for this year. We believe that everything is in place. So, our endeavor is that we should get to our aspired EBITDA number.
- Moderator:** Next question is from the line of Pritesh Chheda from Lucky Investment managers.
- Pritesh Chheda:** Last 2 years I am seeing that you are utilizing your cash flow for assets. In the last 2 years of 200 crores investment that you have made, if you would highlight where it is made and incrementally will the asset intensity, the pace at which you're expanding come down, go up, if you could give some comments there?
- Rajendra Gandhi:** So, this is not from last year. We started this CAPEX cycle middle of the COVID times. This is FY21 and we are at the fag-end of our CAPEX cycle. This year FY25 you will see a lot of concluding CAPEX. There is no new CAPEX plan. So, there will be a decline in the overall CAPEX. But there's only concluding CAPEX that we are doing. And this will put the Company, in terms of manufacturing in a very strong position in all the categories that we are currently operating. To answer to your question yes, the CAPEX cycle is coming to an end. So, you will see this overall cash flow to CAPEX declining, both this year and the years following.

- Pritesh Chheda:** So then incrementally will your CAPEX be equal to depreciation, more than depreciation, less than depreciation?
- Rajendra Gandhi:** This year itself will be well within the depreciation. Our depreciation number would have definitely gone up, is also going up. And the CAPEX for the current year, the plan that we have it will be much below the depreciation number.
- Pritesh Chheda:** So basically, will the surplus cash flows then bring us a financial leverage? Because you can have the ability to repay your debt, bring down your interest costs. We will see that journey starting this year?
- Rajendra Gandhi:** This year hopefully before the end of the year we should be very close or aspirationally we should be debt free.
- Pritesh Chheda:** And on the lease liability creation and also, the CAPEX which you spent of about 200 crores in the last 2 years, more than 200 crores. How much of it has gone in retail that the store creation and is this lease liability because of the store creation?
- Rajendra Gandhi:** So, on an average about 18 lakhs is what we spend on the retail. Overall is not for the year. For the year it's 117 stores which will be about 15-16 crores. But overall CAPEX in the retail is about 31 crores.
- Ramakrishna Pendyala:** 30 crores.
- Pritesh Chheda:** So then why is the lease liability such a big number, 100 crores?
- Rajendra Gandhi:** Lease liability is not 100 crores.
- Ramakrishna Pendyala:** Not only the retail stores, we also have our foundry which was....
- Rajendra Gandhi:** So, some of our CAPEX has been funded through lease and buyback model. So, we have some lease liability even in our investment on the manufacturing facilities.
- Pritesh Chheda:** And are you through your store creation or you going to add more stores?
- Rajendra Gandhi:** We will be adding more stores but the overall format of this is changing. We have at the end of last year 171 stores at the end of FY24. And these will continue to be overall in the scheme of our future retail. 171 stores will be Company owned Company operated. All the future stores that including the existing stores will be actually Company owned and franchise operated. In a way it facilitates that there is no cash outflow into the investment in these stores.
- Pritesh Chheda:** Current stores were Company owned Company operated, 150?
- Rajendra Gandhi:** 17.

- Pritesh Chheda:** Future stores will be?
- Rajendra Gandhi:** Will be Company owned and franchisee operated.
- Pritesh Chheda:** So, there will be CAPEX, right?
- Rajendra Gandhi:** There will be CAPEX, will be funded by the deposits that the franchisee will give us. There will be no cash outflow from the Company.
- Pritesh Chheda:** And my last question is, in the year of FY24, what was your A&P spent?
- Rajendra Gandhi:** It's 45 crores.
- Pritesh Chheda:** This includes both ATM and ...
- Rajendra Gandhi:** For us when you say A&P is all advertising spend and this is 45 crores.
- Pritesh Chheda:** Versus last year?
- Rajendra Gandhi:** We were in the similar A&P of Rs. 34 cr..
- Pritesh Chheda:** 45 crores.
- Moderator:** Next question is from line of Parneet from Samatva Investments.
- Parneet:** I am curious about the product development cycle. We have been developing a lot of new products last year and year before that. I am curious if there's a specific development cycle and can we expect the product every month or every week or what is it? How can we expect the product launches to be?
- Rajendra Gandhi:** First of all, we are in the various categories and these are all led by individuals as product heads. And each one of them are focused on bringing more convenience to our consumers and better products. Also to get into the cycle of indigenizing these products so different. We are in the cookware; we are in the cooktop and also in the various appliances that we want to offer to our consumers. There is not exactly a number that it comes every week or every month but overall, that is the business that we operate. It is a business of products and channels. Whenever we introduce these products, this goes into each of these channels. And whenever we add a new channel all these products also go into the channel. And innovation is the key, both innovation and indigenization is what is helping us.
- Parneet:** As you mentioned about channels, another player in this industry also mentioned about channel harmony that they want to limit the specific channels because they do not want to create any distance between channels. So, as we're expanding our Company and Company operated stores

and franchisee stores, do we see any like disharmony between channels such as general trade modern trade because of the varying amount of discounting or promotions?

Rajendra Gandhi: We would want to be available to our consumer wherever they would want to by our products. We will explore all possibilities on expanding our channels, particularly domestically and then of course internationally. For our product managers, this is a constant endeavor to manage the channel conflict. We will try and ensure that this is minimized but that is the nature of the business and different channels operate differently. There could be sometimes disruption but we would try our best to maintain harmony between the channels.

Parneet: I am more curious because between general trade and Company owned and Company operated stores, they're usually in the same vicinity of the sorts. Is the general trade facing any cannibalization of sales because of Company owned stores or franchise stores that have been operating?

Rajendra Gandhi: To give you an insight, wherever we have opened our stores whichever city, our general sales contribution has gone up. It's because the consumer is able to now touch-feel wider range of products hitherto which were not necessarily available with all these multi brand stores. Our consumer is now exposed to the whole range of our products and it's not a very big challenge. Maybe sometimes whenever the dealers have found that it's not related to discount but overall, the feeling was that there is another seller in the vicinity of the store. But ultimately what is our experience is whichever cities we have this retail stores we have seen growth in our general trade.

Parneet: One more thing about franchisees. It is our expectation that we maintain the Company on an operator shows at 170 to 180 and we'll onboard franchisees to continue future expansion. I am curious are franchises willing to adapt or take up this new franchisee model to onboard new franchises? And how is the adoption of these franchises and conversion of Company owned stores to franchise stores?

Rajendra Gandhi: So, it is not limited to the only the new stores. The existing stores will also move to the franchisee model. Wherever we see the stores are performing well we offer this to our franchises. On the demand side or the interest from franchisees, we have already a pipeline. With the plan that we have for every quarter we would ideally want to open between 25 to 30 stores. If you want to know for us, for this quarter the pipeline is full. And we believe that with the kind of interest that is that we are seeing from franchises that should not be a challenge.

Parneet: So, what is the breakup of the franchise stores and Company owned stores out of the 171?

Rajendra Gandhi: All the 171 stores as of the end of last year were Company owned, Company operated. We started this journey of franchise stores beginning of this year. I think we have signed up about 30-35 franchisees, of which 15 to 18 stores have been handed over to them. This also includes the existing COCO stores. The whole guideline to our retail team is we will retain 100. At any

point of time, the number of Company owned, Company operated stores will not exceed 171. The newer and increasing number of these stores will be through the franchise route.

Parneet: One more curious thing about the geographical expansion. We are mostly present in South like most of the places. So, you're guided to the expansion to North regions. How is the expansion going? How is it any contribution going from the northern and eastern and Western states of India?

Rajendra Gandhi: So, we have operated through various channels, if at all you heard us on the expansion on the retail. Yes, we are now there across. We are opening more and more stores in the Delhi region. Going forward you'll see more expansion coming up in the West particularly the in the Gujarat state and overall, in the general trade, we are there across the country and our opportunity for growth in North and the East is much larger than the South and the West. In the modern trade wherever they established modern retailers are there we are available. E-commerce has given us an opportunity to reach the consumer in every pin code the country.

Parneet: One last question from my side, one of the previous presentation, contribution from oil marketing companies for us. So, what is the revenue contribution from that segment of our business and what the capacity in Himachal Pradesh was specially meant for oil marketing companies? How is the capacity utilization for that plant at the moment?

Rajendra Gandhi: We have moved away from the co-branded sales with the oil companies a few years back. Maybe you're not tracking us. We don't do any co-branded business. And our Himachal facility which was established to manufacture gas stoves and which was catering to the requirement of the co-branded stoves when we were operating this is now a complete facility to manufacture pressure cookers, the variety of pressure cookers that we manufactured, there is inner lid pressure cooker which have a larger market mostly in the North and the East. Of course, we sell them across the country but majority of the sales are in the North and the East. And 100% of our inner lid pressure cookers are manufactured at the Himachal facility and it is another type of pressure cooker where we are acquiring the highest market share. We are growing the fastest in the inner lid pressure cooker category when you compare with any other brand in the country.

Parneet: One last question about you mentioned the CAPEX cycle has come to an end and we do not have much CAPEX going forward. What can be the annual maintenance CAPEX we can expect?

Rajendra Gandhi: For this year, we have a budget of Rs. 50 crores. That includes the concluding CAPEX and a normal ongoing CAPEX will be about Rs. 25 crores.

Moderator: Next question is from the line of Achal Lohade from JM Financial.

Achal Lohade: What I wanted to check was with respect to the e-com channel growth. Sorry I missed the beginning part of the call. If you have already mentioned, what is the growth in the e-com channel and the export channel for FY24?

- Rajendra Gandhi:** Last year e-com we grew by 9% and our exports we grew by 26%.
- Achal Lohade:** And is it possible to get our revenue mix in terms of general trade, e-com, modern trade, export for FY24?
- Rajendra Gandhi:** 540 crores for general trade, e-com was 440, modern trade was 165, export was 160 crores. We have our corporate sales which is at 77 crores and our retail contributed to 42 crores.
- Achal Lohade:** So, is it possible to get some sense what is the growth in each of these for FY24 or if you could give me the number for FY23 also that would be helpful?
- Rajendra Gandhi:** I think it's there on our investor presentation.
- Achal Lohade:** I'll take a look. It's come at a very short notice. The second question I had, can you update us on the other initiatives with respect to your modular kitchen, Black & Decker, SKAVA? Any update on that how they have done in FY24 and what is the outlook there? What is the strategy there?
- Rajendra Gandhi:** Our bigger focus has been on our Pigeon brand and the various channels that we operate in the country. And the second I can say the channel that we have been focusing on is our export. So, these are the two primary contributors to our business. Of course, we have the kitchen business. We have made little changes in the way we do the kitchen business. We have let gone our manufacturing facility. We have sold it to a vendor who takes care of the manufacturing part. The need base we buy and then they sell it to only through our retail outlets. The SKAVA business has got merged with LED business and LED business stays where it is and it has got defocused in the overall scheme of our growth plans.
- Achal Lohade:** I missed the part, FY25 you said what is the volume growth and what is the revenue growth?
- Rajendra Gandhi:** We believe that we have been growing at the same steady state at what we have been doing last 5 years. If you see the CAGR for the last 5 years, we have been at about 19% but this year has been at the exceptional different year. We have had good volume growth but the value growth has actually come down. So, if in a normal circumstance we'll continue to grow at the same pace that we have been doing last 5 years.
- Achal Lohade:** And the margins you said, we aspire to reach to our previous guidance but can you help with the absolute margin? Is it 11% to 13%, 12% to 14%, 10%-11% what is the?
- Rajendra Gandhi:** We have been successful increasing our gross margins and the rest will automatically follow we believe. And with the growth that we aspire, I think the first target is to first get to that between 10% to 11% and we believe this is the year to perform.
- Achal Lohade:** And just one more question, historically we have seen that we have been investing heavily and that kind of impacted the margins in terms of EBITDA margins. Now incrementally where the investments will go, are you looking at substantial increase in the manufacturing? But you said

CAPEX is going to be limited. We are already almost done with. So, what kind of cost increase can we look at the employee cost in the other expense assuming your revenue growth?

Rajendra Gandhi: We had a substantial increase on employee cost, is also in front of various new facilities that we have been putting up for our manufacturing. All these investments, both in people and the manufacturing facility will start contributing to our revenue and EBITDA now. I don't think there is a substantial increase in our people cost compared to the FY24. In this current year there is not going to be a substantial increase. On investment that we have made on CAPEX is all that will start delivering, some of it particularly the cash side and is just about to begin. Whereas we are already started incurring both people and costs through lease finance and decreases, not decreasing through the lease finance. So, there is a cost that is already in our P&L and the moment they start contributing it will also get to improving our EBITDA.

Achal Lohade: Any percentage you want to give, manufacturing percentage, how much was that for FY24, '23 and going forward?

Rajendra Gandhi: Not having an exact number. We are currently between 91% and 92%, the total contribution from our revenue is coming from the manufactured products within the factories of Stovekraft.

Moderator: Next follow up question is from the line of Khush Gosrani from InCred Asset Management.

Khush Gosrani: Could you help us to understand how is the market demand as of now and how has been the pricing situation going on in this summer season as of now? What is your outlook for the full year in terms of pricing because last 2 years as you highlighted, right now pricing has been a challenge for us? So, if you could help us with understanding of your outlook over there that would be helpful.

Rajendra Gandhi: We did not have a challenge this year. Last year there was unprecedented disruption in the input costs and while we were able to pass on the difference in our cost but while we were implementing the cost increase itself again before even the quarter ended, we were experiencing that there was again a disruption and increase in the input cost which was leading to erosion of our margins. This year we have not experienced that and we believe that there is a lot of learning that has happened and we will be cautious enough to protect our margins at the gross margin level. On the current times, I can tell you that on the demand, particularly we are not in the summer products like fans or coolers but overall, the business is going through not great demand times. So, we believe that if we could perform, I mean with the addition of these new channels and bringing new products to our consumers, we are able to grow at the current rate. If the demand scenario improves from here, it can be a positive to our revenue.

Khush Gosrani: Are you seeing increased competition from the peers as well, such as TTK, JUDGE brand or Hawkins etc. especially in the pressure cooker side?

Rajendra Gandhi: So, we are operating in a different segment. We are addressing the largest consumer base in this country, the value consumer. And in the category that we operate we are leaders. And we are continuing to grow in all these categories. We have not seen a single year where we have So, in this current year we have degrown in pressure cooker by value terms by 2% but our volume growth is 18%. We continue to grow in the pressure cooker category also. But it is not the only category that we operate. There are several categories and we are seeing growth in each of these categories.

Moderator: Next question is from the line of Sahil Vora from MNS Associates.

Sahil Vora: Can you provide more insights into the factors that drove the 17% revenue growth in this quarter? I wanted to understand that if there are any specific product lines or markets that contributed significantly.

Rajendra Gandhi: You wanted revenue growth from categories or from channels?

Sahil Vora: From category.

Rajendra Gandhi: The biggest growth for us has come in from appliances which is 33%. On the non-stick cookware, the growth has been 33% again or the cookware category, it's not exactly nonstick. Overall, the cookware category has grown by 33% for us and in the quarter our induction cooktop we have grown by 63%.

Sahil Vora: My next question was about the geographical region. So, we have more than 100 Company owned retail stores in FY24 like addition wise. So how do we plan to leverage this increased presence to enhance customer engagement and brand visibility? Specifically, are there any regions or demographics that you are targeting?

Rajendra Gandhi: We have been very successful in opening the stores in the South and we have now moved to Delhi region. Currently in Delhi region, we have already 11 stores. We plan to expand this region of NCR Delhi and we have started signing stores in the West, that is in Gujarat. Then also opening stores in UP now.

Moderator: Next question is from the line of Natasha Jain from Nirmal Bang Securities.

Natasha Jain: My first question is, is it possible if you can give me the breakdown of the volume numbers across category for FY24, absolute volume numbers?

Rajendra Gandhi: That will be very difficult to give you a number. But I can tell you in terms of percentage. Do you want the growth on the category volume for the year?

Natasha Jain: No, volume growth I had. I mean it's there in your PPT. I was actually looking for absolute volume numbers.

- Rajendra Gandhi:** Even in our PPT we have given you revenue contribution from each category.
- Natasha Jain:** Then the chart which says growth volume year-on-year, would that not be a volume growth number?
- Rajendra Gandhi:** You have both the volume growth and the value growth for the quarter.
- Natasha Jain:** So basically, absolute number is not possible, right?
- Rajendra Gandhi:** I don't think we'll save this number.
- Natasha Jain:** Second question is, in terms of the 171 stores that you said, those are Company owned and operated. Can you help us first in terms of the additional run rate in terms of increasing the store and then you said 50 to 55 per month is our conversion to a franchisee model. First if you could help with the run rate then probably, I'll ask you to follow up.
- Rajendra Gandhi:** No, I will run this whole strategy. We have 171 stores at the end of March FY24. We would retain these 171 stores as a number to be Company owned and Company operated. Any additional stores overall, the new stores or from the existing stores will move to a COFO model, Company owned, franchisee operated model. And the run rate we have been able to do is about 25 to 30 stores a quarter and we believe will continue at the same rate.
- Natasha Jain:** 25 to 30 you meant probably conversion of your existing model to your COFO model, right?
- Rajendra Gandhi:** Yes, so we believe that we will be able to expand our number of stores by 25 to 30 every quarter. Since we have capped the number of Company-owned, Company operated stores at 171, all the incremental number will also have to be the Company owned franchise operated. So, the number of new stores and the number of Company-owned franchisee operated model will remain the same.
- Moderator:** Next question is from line of Praneet from Samatva Investments.
- Praneet:** I have one last question about the designation of the CTO and Human Resource Officer. There were fairly recent onboarding people, so I am curious on why did they resign or like what is the change in idea of CXO suite we are planning to do?
- Rajendra Gandhi:** We have a dynamic situation. We are embarking on several initiatives. Some of the initiatives of course, we are broad basing our management team and some things fructify based on our plans and some not necessarily. And individuals will have their own personal, professional aspirations. Sometimes they do not match and it should be a win-win for the professional and the Company when somebody wants to contribute to the Company. And in this process, we may have people sometimes who may not, will have to let go or people will want to pursue their other professional goals. So, I think it falls in one of them.



*Stovekraft Limited
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Moderator: Thank you very much. Ladies and gentlemen, in the interest of time that will be a last question. I'll now hand the conference over to Mr. Rajendra Gandhi for closing comments.

Rajendra Gandhi: Thank you all. It was wonderful answering all queries and questions that you have had. But if any of your queries or you have any more questions, you can always reach us out. You can also reach us through our investor relations team at Orient Capital. Thank you again. Good evening and we did also share with you that we are extremely excited to share that this is our first maiden dividend payout and I hope this gives you a little more joy to all our investors. Thank you.

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