

Stove Kraft | BUY

Disappointing quarter; expectation miss in all aspects



Q4FY25 Performance

- Stove Kraft posted disappointing result with **consolidated revenue** of **INR 3.1bn** down 4% YoY and 22% QoQ (23% miss vs JMFe)

Profitability - EBITDA was **INR 303mn** up 22% YoY (38% miss vs JMFe) largely on the account of EBITDA margin expansion of 200bps, primarily aided by 160bps gross margin expansion, supported by 50bps improvement in other expenses; PAT stood at INR 14mn (miss 92% JMFe) down 45% YoY and down 88% QoQ, impacted by elevated depreciation (+42% YoY) and finance costs (+20% YoY).

FY25 Performance

- **Consolidated revenue** came in at **INR 14.5bn**, up 6% YoY, driven by stable performance across core product segments despite macroeconomic volatility.
- **Profitability** - EBITDA for the year stood at INR 1,507mn, up 27% YoY, largely aided by 120bps expansion in gross margin and supported by 35bps improvement in employee costs and 15 bps reduction in other overheads resulting in EBITDA margin improvement of 170bps YoY to 10.4%,. PAT stood at INR 385mn, up 13% YoY, supported by strong margin expansion even after subdued revenue growth.
- **Depreciation and finance costs** were both elevated for the year, with depreciation rising by 45% YoY (INR 712mn vs INR 493mn) on account of increased capex (INR 820mn in FY25 and INR 1.15bn in FY24), while finance cost rose 29% YoY to INR 310mn.
- **Working capital and inventory** - Inventory days rose to 91 days (vs 86 days in FY24), indicating higher stocking levels, whereas payables are coming down to 74 days (vs 86 days in FY24) both negatively affecting working capital days; which has gone to 50 days (39 days in FY24)
- **Net debt position** - Company's net debt increased to INR 1.7bn as on Mar'25 (vs INR 1.3bn in Mar'24), driven by higher short-term borrowings to support working capital and capex needs.

Key Aspects to watch out for in the concall:

1) Outlook for FY26, 2) Segmental Performance in Q4FY25, 3) Update on performance of recent partnership with IKEA

Earnings call tomorrow @ 04:30 PM Dial in: +91 22 62801245/ 71158146

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Exhibit 1. Consolidated Quarterly Performance

	Quarterly			Chg (%)		Q4FY25E		Reported		Chg (%)
INR mn	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	JM Est	Chg (%)	FY24	FY25	YoY
Net Operating Revenue	3,252	4,041	3,138	-4%	-22%	4,062	-23%	13,643	14,498	6%
Material Cost	2,045	2,523	1,922	-6%	-24%	2,551	-25%	8,604	8,974	4%
Gross Profit	1,207	1,517	1,216	1%	-20%	1,511	-20%	5,040	5,524	10%
Employee Cost	401	460	390	-3%	-15%	446	-12%	1,666	1,719	3%
Other expenditure	558	652	523	-6%	-20%	580	-10%	2,186	2,299	5%
EBITDA	248	405	303	22%	-25%	486	-38%	1,188	1,507	27%
Interest	75	74	90	20%	22%	76	19%	240	310	29%
Depreciation	146	181	206	42%	14%	184	12%	493	712	45%
Other income	-5	-1	5	-200%	-691%	11	-57%	1	4	598%
PBT	22	149	11	-51%	-93%	237	-95%	456	488	7%
Tax	-4	28	-4	-16%	-113%	59	-106%	114	103	-10%
Recurring PAT	27	121	14	-46%	-88%	178	-92%	341	385	13%
Extraordinary items	0	0	0			0		0	0	
Minority Interest	0	0	0			0		0	0	
Share of Associate	0	0	0			0		0	0	
Reported PAT	27	121	14	-46%	-88%	178	-92%	341	385	13%
Ratios (% of net sales)										
Gross Margin (%)	37.1%	37.6%	38.8%	163 bps	120 bps	37.2%	155 bps	36.9%	38.1%	117 bps
EBITDA margin (%)	7.6%	10.0%	9.6%	203 bps	-38 bps	12.0%	-230 bps	8.7%	10.4%	168 bps
Employee Cost	12.3%	11.4%	12.4%	11 bps	106 bps	11.0%	147 bps	12.2%	11.9%	-35 bps
Other expenditure	17.2%	16.1%	16.7%	-50 bps	52 bps	14.3%	238 bps	16.0%	15.9%	-16 bps
Tax rate (% of PBT)	-19.1%	18.7%	-33.1%	-1394 bps	-5174 bps	25.0%	-5809 bps	25.1%	21.1%	-399 bps

Source: Company, JM Financial

APPENDIX I

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