

June 24, 2025

## Stove Kraft Limited: Ratings reaffirmed; outlook revised to Positive

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based (Cash credit)	80.00	80.00	[ICRA]A- (Positive); Reaffirmed with change in Outlook to Positive from Stable
Short term – Fund based – Interchangeable – (Sub limit of Cash credit)	(80.00)	(80.00)	[ICRA]A2+; Reaffirmed
Short term – Fund based - EPC/WCDL	95.00	95.00	[ICRA]A2+; Reaffirmed
Long term – Term loan	20.89	20.89	[ICRA]A- (Positive); Reaffirmed with change in Outlook to Positive from Stable
Long term/ Short term – Interchangeable (Sub limit of working capital)	(130.00)	(130.00)	[ICRA]A- (Positive)/[ICRA]A2+; Reaffirmed with change in Outlook to Positive from Stable
Short term – Non-Fund based - working capital	130.00	130.00	[ICRA]A2+; Reaffirmed
<b>Total</b>	<b>325.89</b>	<b>325.89</b>	

\*Instrument details are provided in Annexure I

### Rationale

The revision in outlook on the long-term rating of Stove Kraft Limited (SKL/the company) to Positive from Stable factors in the expectation of improvement in its credit profile, supported by its established market position in the domestic appliances and cookware segments, as well as its investments in manufacturing capabilities, aiding its business prospects. The company has an established market position and strong brand recall in the domestic market for kitchen appliances and cookware with its “Pigeon” brand, positioned as a value-for-money (VFM) brand, it has consistently been expanding into new product segments and categories. The company’s strong manufacturing infrastructure, along with its established domestic distribution network and presence in export markets, has supported the company in maintaining a consistent growth momentum, which ICRA expects to sustain going forward. Additionally, with investments in backward and forward integration, SKL has been able to offer products at competitive price points, enabling it to strengthen its market position while improving its margin profile. While these investments, coupled with the store expansion strategy employed by the company over the past couple of years, have resulted in an increase in debt levels, ICRA expects this to reverse going forward as returns on these investments are realised.

The ratings remain constrained by SKL’s exposure to changing consumer preferences and intense competition from other established players in the kitchen appliances segment. Moreover, SKL remains vulnerable to price fluctuations of key inputs, i.e., aluminium and steel. Furthermore, the dependence on external borrowings has continued over recent years on account of working capital requirements. Coupled with ongoing investments in capacity and store expansion, the coverage indicators remain moderate. While the company did not avail incremental term loans for recent capex, the lease liabilities pertaining to the retail stores and higher working capital debt resulted in continued elevated debt levels (including lease liabilities) of Rs. 317.4 crore as on March 31, 2025 (PY: Rs. 318.4 crore). The company plans to open 30 new retail stores per quarter and expects to incur a capex of Rs. 50-55 crore in FY2026 towards opening new stores, maintenance capex and enhancement in manufacturing capacity for a new customer, as well as the chimney project. While ICRA expects the company’s coverage

metrics to improve going forward on the back of improvement in the company's profitability, its ability to limit its dependence on external borrowings will remain a key monitorable.

## Key rating drivers and their description

### Credit strengths

**Established market position and diversified product portfolio** – SKL has maintained a robust footprint in the kitchen appliance segment, offering products like pressure cookers, LPG stoves, non-stick cookware and induction cooktops. Its market standing is particularly strong in South India, backed by well-established brands such as Pigeon, Gilma, and Black + Decker. In recent years, the company has steadily broadened its branded portfolio, positioning Pigeon as a VFM offering with competitive pricing. Going further, the demand for SKL's products is expected to remain healthy, with supportive consumer sentiments on the back of easing interest rates and tax benefits in the current fiscal year. As one of the market leaders in the industry, SKL is expected to benefit from such positive market dynamics.

**Established domestic distribution network; exports offer revenue diversity** – The company has a nationwide distribution network of distributors and retail outlets, which has been steadily expanding over the years. The company is also setting up its own retail stores with 262 exclusive branded stores as on March 31, 2025, and plans to expand with ~30 stores incrementally each quarter. Further, SKL also has sizeable sales through e-commerce platforms and modern retail stores. The company also exports its products to large retail stores in the US, providing diversification to a certain extent. SKL is also an exclusive partner for other brands such as Gilma and Black + Decker, which are sold through an exclusive network of distributors and retailers.

**Comfortable capital structure led by healthy net worth** – Despite significant rise in SKL's debt levels in FY2025 owing to the increase in lease liabilities against the new stores opened, the company continues to have a comfortable capital structure with a gearing of 0.8x as on March 31, 2025 (March 31, 2024: 0.7x).

### Credit challenges

**SKL's margins remain vulnerable to fluctuations in raw material prices** – Aluminium and steel serve as the primary raw materials in the pressure cooker and cookware segments, forming a substantial portion of SKL's input costs. Consequently, the company's margins remain sensitive to fluctuations in these commodity prices, which tend to be volatile. In line with its value-for-money positioning, SKL ensures that any reduction in input costs is passed on to consumers, reinforcing its commitment to affordability and customer value.

**Moderate working capital intensity led by inventory and debtor requirements** – SKL's working capital cycle was elongated in FY2025 on account of inventory days increasing to 123 days owing to some unfulfilled orders in Q4 FY2025, inventory requirements at the new stores, and a general softness in demand during the fourth quarter. While this is expected to reverse with inventory liquidation, the company's ability to efficiently manage its working capital cycle remains critical for reducing its dependence on external borrowings on a sustained basis, which remains a key monitorable. This is especially important as the company expands its revenue base, store presence and exports.

**Exposure to consumer spending trends and intense competition from other branded players** – SKL's revenue, profitability, and earnings remain inherently linked to broader macroeconomic indicators, consumer sentiment and discretionary spending trends, given the nature of its product portfolio. Additionally, the company's sales are exposed to evolving consumer preferences and competitive pressures from established brands such as TTK Prestige Ltd., Hawkins Cooker Ltd., and Butterfly Gandhimathi Appliances Ltd. This dynamic environment limits SKL's pricing flexibility and requires consistent marketing and promotional spends.

## Environmental and social risks

**Environmental considerations:** Environmental risks for the industry players include handling hazardous waste materials and waste disposal practices. The company is exposed to the costs involved in maintaining the standards needed to be

environmentally compliant. However, the company ensures that waste and hazardous waste are disposed through authorised agencies. While these risks have not resulted in any material implications yet, any breach in waste management or higher-than-permissible emission norms could have cost implications for the company.

**Social considerations:** SKL is exposed to social risks, including the implementation of labour rights and maintaining corporate governance. Entities in this sector are also exposed to the risk of disruption due to the inability to properly manage human capital in terms of their safety and overall well-being. Further, any significant increase in wage rates can adversely impact the cost structure, impacting their margins. SKL is also exposed to the shortage of skilled labourers, which can impact operations.

### Liquidity position: Adequate

SKL's liquidity position remains adequate, supported by cash flows of around Rs. 130 crore from operations (as per FY2025 reported financials), and unutilised working capital limits (average of Rs. 55 crore over 12-month period ending March 2025). As against these, the company has modest term debt repayment obligation of Rs. 4.9 crore in FY2026, and capex planned of Rs. 50-55 crore, which can be comfortably funded from the aforementioned sources of liquidity.

### Rating sensitivities

**Positive factors** – ICRA could upgrade SKL's ratings if there is an improvement in its scale of operations along with profitability and liquidity resulting in better debt coverage metrics. Specific metrics that could support a rating upgrade include total debt/OPBDITA less than 2.3x (total debt includes lease liabilities) on a sustained basis.

**Negative factors** – The ratings can be downgraded if the company witnesses a material decline in its scale and profitability or if there is any stretch in the working capital cycle leading to weakened liquidity on a sustained basis. Moreover, higher-than-expected debt-funded capex impacting debt coverage metrics can also trigger a downgrade. Further, total debt/OPBDITA greater than 3.0 times (total debt includes lease liabilities) on a sustained basis may trigger a rating downgrade.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of SKL.

### About the company

Incorporated in 1999 by Mr. Rajendra Gandhi, SKL is involved in the manufacturing and retailing of a wide range of kitchen solutions under the 'Pigeon' and 'Gilma' brands. It acts as an exclusive partner for kitchen appliances of the Black + Decker brand. SKL's products comprise cookware and cooking appliances across brands, while its home solutions constitute various household utilities, including LED bulbs and oxymetres. The company sells its products through its dealer distributor network, e-commerce platforms and exclusive brand outlets. It operates through clearing and forwarding C&F agents (for custom clearance), distributors and through retail outlets across 27 states and five Union Territories in India. It exports Pigeon products to 12 countries and acts as a vendor to principals like Walmart Inc. in the US and Mexico. SKL has two manufacturing plants in Bangalore and Baddi (Himachal Pradesh), with a production capacity of 2.23 crore units of pressure cookers, induction cookers, LPG stoves, mixer grinders, etc. It forayed into LED manufacturing in FY2019 from its Bangalore facility. ICRA has noted that 14.62% of the promoters' shareholding is pledged.

### Key financial indicators (audited)

SKL Standalone	FY2024	FY2025
Operating income	1,364.3	1,449.8
PAT	34.1	38.5
OPBDIT/OI	9.1%	10.4%
PAT/OI	2.5%	2.7%
Total outside liabilities/Tangible net worth (times)	1.5	1.6
Total debt/OPBDIT (times)	2.6	2.5
Interest coverage (times)	4.2	4.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

		Current rating (FY2026)			Chronology of rating history for the past 3 years					
		FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based (Cash credit)	Long Term	80.00	June 24, 2025	[ICRA]A-(Positive)	May 31, 2024	[ICRA]A-(Stable)	Dec 04, 2023	[ICRA]A-(Stable)	Feb 16, 2023	[ICRA]A-(Stable)
Fund based – Interchangeable – (Sub limit of Cash credit)	Short Term	(80.00)	June 24, 2025	[ICRA]A2+	May 31, 2024	[ICRA]A2+	-	-	-	-
Fund based - EPC/WCDL	Short Term	95.00	June 24, 2025	[ICRA]A2+	May 31, 2024	[ICRA]A2+	-	-	-	-
Term loan	Long Term	20.89	June 24, 2025	[ICRA]A-(Positive)	May 31, 2024	[ICRA]A-(Stable)	Dec 04, 2023	[ICRA]A-(Stable)	Feb 16, 2023	[ICRA]A-(Stable)
Interchangeable (Sub limit of working capital)	Long Term/ Short Term	(130.00)	June 24, 2025	[ICRA]A-(Positive)/ [ICRA]A2+	May 31, 2024	[ICRA]A-(Stable)/ [ICRA]A2+	Dec 04, 2023	[ICRA]A-(Stable)/ [ICRA]A2+	Feb 16, 2023	[ICRA]A-(Stable)/ [ICRA]A2+
Non-Fund based -working capital	Short Term	130.00	June 24, 2025	[ICRA]A2+	May 31, 2024	[ICRA]A2+	Dec 04, 2023	[ICRA]A2+	Feb 16, 2023	[ICRA]A2+

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based (Cash credit)	Simple
Short term – Fund based – Interchangeable – (Sub limit of Cash Credit)	Very simple
Short term – Fund Based - EPC/WCDL	Very simple
Long term – Term loan	Simple
Long term/ Short term – Interchangeable (Sub limit of working capital)	Simple
Short term – Non-Fund based -working capital	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's

credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term – Fund-based (Cash credit)	NA	NA	NA	80.00	[ICRA]A- (Positive)
NA	Short term – Fund based – Interchangeable – (Sub limit of cash credit)	NA	NA	NA	(80.00)	[ICRA]A2+
NA	Short term – Fund Based - EPC/WCDL	NA	NA	NA	95.00	[ICRA]A2+
NA	Long term – Term loan	FY2022	NA	FY2026	20.89	[ICRA]A- (Positive)
NA	Long term/ Short term – Interchangeable (Sub limit of working capital)	NA	NA	NA	(130.00)	[ICRA]A- (Positive)/ [ICRA]A2+
NA	Short Term – Non-Fund based -working capital	NA	NA	NA	130.00	[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis - Not Applicable**

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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