December 18, 2025

Stove Kraft Limited: Ratings upgraded; outlook revised to Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Long term – Fund based (Cash credit)	90.00	90.00	[ICRA]A (Stable); upgraded from [ICRA]A-; with change in outlook to stable from positive
Short term – Fund based – Interchangeable (Sub limit of Cash credit)	(90.00)	(90.00)	[ICRA]A1; upgraded from [ICRA]A2+
Short term – Fund based - EPC/WCDL	125.00	125.00	[ICRA]A1; upgraded from [ICRA]A2+
Long term – Term loan	5.89	5.89	[ICRA]A (Stable); upgraded from [ICRA]A-; with change in outlook to stable from positive
Long term/ Short term – Interchangeable (Sub limit of working capital)	(105.00)	(105.00)	[ICRA]A (Stable)/ [ICRA]A1; upgraded from [ICRA]A- (Positive)/[ICRA]A2+; with change in outlook to stable from positive
Short term – Non-Fund based - working capital	105.00	105.00	[ICRA]A1; upgraded from [ICRA]A2+
Total	**325.89**	**325.89**	

**Instrument details are provided in Annexure I*

Rationale

The upgrade in the ratings of Stove Kraft Limited (SKL/the company) factors in the healthy scale-up in its operations, coupled with an improvement in profitability, supported by the benefits of backward integration and operating leverage. The company has strengthened its financial risk profile over recent years amid reduced reliance on external borrowings, which is expected to be sustained going forward. The ratings are underpinned by the company's established market position in the domestic kitchen appliances and cookware segments, along with investments in manufacturing capabilities that have enhanced its business prospects. SKL enjoys strong brand recall in the domestic market through its 'Pigeon' brand, which is positioned as a value-for-money (VFM) offering, and has consistently expanded into new product segments and categories, thereby cementing its competitive position.

The company's strong manufacturing infrastructure, coupled with its established domestic distribution network and growing presence in export markets, continues to support its growth momentum, which ICRA expects to be sustained going forward. Further, investments in backward integration have enabled SKL to offer products at competitive price points, strengthening its market position while improving its margin profile. Although these investments, along with the store expansion strategy undertaken in recent years, increased debt levels, ICRA expects the debt profile to improve as returns from these initiatives materialize.

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, dependence on external borrowings has continued over recent years due to working capital requirements as well as investments in backward integration and capacity and store expansion.

Going forward, the company plans to open around 30 new retail stores per quarter and expects to incur a capex of Rs. 70-80 crore in FY2026 towards new store openings, maintenance capex and overall capacity enhancement. Notwithstanding this, given the steady cash flow from operations, focus on working capital management and limited capex requirements going forward, the debt metrics are expected to improve over the medium term.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will benefit from healthy demand for its products and continue to maintain a comfortable financial risk profile going forward.

Key rating drivers and their description

Credit strengths

Established market position and diversified product portfolio – SKL maintains a strong presence in the domestic kitchen appliance segment, supported by a diversified product portfolio comprising pressure cookers, LPG stoves, non-stick cookware, and induction cooktops. The company enjoys a well-entrenched market position in South India, aided by its established brands—Pigeon, Gilma, and Black+Decker. Over the past few years, SKL has expanded its branded offerings, with Pigeon positioned as a value-for-money brand catering to price-sensitive consumers. The demand outlook for SKL's products remains favourable, driven by supportive consumer sentiment on the back of easing interest rates and GST rate reductions in the current fiscal. As one of the leading players in the industry, SKL is expected to benefit from these positive market dynamics, which are likely to sustain healthy revenue growth and strengthen its competitive positioning.

Established domestic distribution network; exports offer revenue diversity – SKL has an extensive pan-India distribution network comprising distributors and retail outlets, which has witnessed steady expansion over the years. The company is also strengthening its retail presence through exclusive branded stores. The company currently operates 301 stores, comprising 199 COCO (Company owned company operated) outlets, 62 under COFO (Company owned franchise operated), and 40 under FOFO (Franchise owned franchise operated) as of November 2025, and plans to add approximately 30 stores each quarter. In addition to its offline footprint, SKL derives sizeable revenues from e-commerce platforms and modern trade channels, enhancing its market reach. Further, the company exports products to large retail chains in the US, providing a degree of geographical diversification. SKL also enjoys exclusive partnerships for brands such as Gilma and Black+Decker, which are marketed through a dedicated network of distributors and retailers, reinforcing its brand positioning and distribution strength.

Comfortable capital structure led by healthy net worth – As on March 31, 2025, SKL's total debt stood at Rs. 371.2 crore, comprising Rs. 4.9 crore of term loan, Rs. 189.5 crore of short-term borrowings, Rs. 167.9 crore of lease liabilities, and Rs. 8.8 crore of long-term suppliers' credit. Subsequently, as on September 30, 2025, the company's total debt declined to Rs. 259.9 crore, including Rs. 59.4 crore of lease liabilities, with the reduction in reported lease liabilities primarily attributable to a revision in accounting treatment. With the company's earnings primarily ploughed back for growth, SKL has reported a steady expansion in its net worth base to Rs. 494.4 crore as on September 2025, resulting in a comfortable gearing of 0.5x, as against 0.8x as on March 2025

Credit challenges

SKL's margins remain vulnerable to fluctuations in raw material prices – Aluminium and steel constitute the key raw materials for SKL's pressure cooker and cookware segments, accounting for a significant share of its input costs. Accordingly, the company's operating margins remain exposed to volatility in commodity prices. Given its value-for-money positioning, SKL typically passes on any reduction in input costs to consumers, thereby reinforcing its affordability proposition and competitive positioning in the market.

Moderate working capital intensity led by inventory and debtor requirements – SKL's working capital cycle elongated in FY2025, primarily due to an increase in inventory days to 123, driven by unfulfilled orders in Q4 FY2025. However, the cycle improved to 102 days during H1 FY2026 and is expected to improve further with efficient inventory management. The company's ability to efficiently manage its working capital remains critical for reducing reliance on external borrowings on a sustained basis, especially as SKL scales up its revenue base, expands its retail footprint, and increases export volumes.

Exposure to consumer spending trends and intense competition from other branded players – SKL's revenue and profitability remain closely linked to macroeconomic conditions, consumer sentiment, and discretionary spending trends, given the nature of its product portfolio. Further, the company's sales are exposed to evolving consumer preferences and intense competition from established players such as TTK Prestige Ltd., Hawkins Cooker Ltd., and Butterfly Gandhimathi Appliances Ltd. This competitive landscape constrains pricing flexibility and necessitates sustained investments in marketing and promotional activities to protect market share.

Environmental and social risks

Environmental considerations: Environmental risks for industry players include the handling of hazardous waste materials and waste disposal practices. The company is exposed to costs involved in maintaining the standards required to be environmentally compliant. However, the company ensures that waste and hazardous waste are disposed of through authorised agencies. While these risks have not resulted in any material implications yet, any breach in waste management practices 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 the maintenance of corporate governance standards. Entities in this sector are also exposed to the risk of disruption due to the inability to properly manage human capital in terms of employee safety and overall well-being. Further, any significant increase in wage rates can adversely impact the cost structure, thereby affecting margins. SKL is also exposed to a shortage of skilled labour, which can impact operations.

Liquidity position: Adequate

SKL's liquidity position remains adequate, supported by cash flows of more than Rs. 100 crore from operations in H1 FY2026 and unutilized working capital limits of Rs. 34.1 crore as of September 2025. As against these, the company has a modest term debt repayment obligation of Rs. 4.9 crore in FY2026 and planned capex of Rs. 70-80 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.

Negative factors – The ratings can be downgraded if the company witnesses a material decline in its scale or profitability or if its inventory management is below par, leading to a weakening of cash flows and 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 2.0 times (total debt includes lease liabilities) on a sustained basis may trigger a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
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 customs clearance), distributors, and 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 such as 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
OPBDITA/OI	9.1%	10.7%
PAT/OI	2.5%	2.7%
Total outside liabilities/Tangible net worth (times)	1.5	1.6
Total debt/OPBDITA (times)	2.6	2.4
Interest coverage (times)	4.2	4.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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

Instrument	Type	Amount rated (Rs. crore)	Current rating (FY2026)		Chronology of rating history for the past 3 years					
			FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based (Cash credit)	Long term	90.00	Dec 18, 2025	[ICRA]A (Stable)	May 31, 2024	[ICRA]A- (Stable)	Dec 04, 2023	[ICRA]A- (Stable)	Feb 16, 2023	[ICRA]A- (Stable)
			Jun 30, 2025	[ICRA]A- (Positive)						
			Jun 24, 2025	[ICRA]A- (Positive)						
Fund based – Interchangeable (Sub limit of Cash credit)	Short term	(90.00)	Dec 18, 2025	[ICRA]A1	May 31, 2024	[ICRA]A2+	-	-	-	-
			Jun 30, 2025	[ICRA]A2+						
			Jun 24, 2025	[ICRA]A2+						
Fund based - EPC/WCDL	Short term	125.00	Dec 18, 2025	[ICRA]A1	May 31, 2024	[ICRA]A2+	-	-	-	-
			Jun 30, 2025	[ICRA]A2+						
			Jun 24, 2025	[ICRA]A2+						
Term loan	Long term	5.89	Dec 18, 2025	[ICRA]A (Stable)	May 31, 2024	[ICRA]A- (Stable)	Dec 04, 2023	[ICRA]A- (Stable)	Feb 16, 2023	[ICRA]A- (Stable)
			Jun 30, 2025	[ICRA]A- (Positive)						
			Jun 24, 2025	[ICRA]A- (Positive)						
Interchangeable (Sub limit of working capital)	Long Term/ Short Term	(105.00)	Dec 18, 2025	[ICRA]A (Stable)/ [ICRA]A1	May 31, 2024	[ICRA]A- (Stable)/ [ICRA]A2+	Dec 04, 2023	[ICRA]A- (Stable)/ [ICRA]A2+	Feb 16, 2023	[ICRA]A- (Stable)/ [ICRA]A2+
			Jun 30, 2025	[ICRA]A- (Positive)/ [ICRA]A2+						
			Jun 24, 2025	[ICRA]A- (Positive)/ [ICRA]A2+						
Non-Fund based -working capital	Short Term	105.00	Dec 18, 2025	[ICRA]A1	May 31, 2024	[ICRA]A2+	Dec 04, 2023	[ICRA]A2+	Feb 16, 2023	[ICRA]A2+
			Jun 30, 2025	[ICRA]A2+						
			Jun 24, 2025	[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)	Simple
Short term – Fund based - EPC/WCDL	Simple
Long term – Term loan	Simple
Long term/ Short term – Interchangeable (Sub limit of working capital)	Simple
Short term – Non-Fund based -working capital	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	90.00	[ICRA]A (Stable)
NA	**Short term – Fund based – Interchangeable (Sub limit of cash credit)**	NA	NA	NA	(90.00)	[ICRA]A1
NA	**Short term – Fund based - EPC/WCDL**	NA	NA	NA	125.00	[ICRA]A1
NA	**Long term – Term loan**	FY2022	NA	FY2026	5.89	[ICRA]A (Stable)
NA	**Long term/ Short term – Interchangeable (Sub limit of working capital)**	NA	NA	NA	(105.00)	[ICRA]A (Stable)/ [ICRA]A1
NA	**Short Term – Non-Fund based - working capital**	NA	NA	NA	105.00	[ICRA]A1

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

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Srikumar Krishnamurthy
+91 44 4596 4318
ksrikumar@icraindia.com

Sruthi Thomas
+91 80 4332 6430
sruthi.thomas2@icraindia.com

Rahul Mhaskar
+91 80 4332 6427
rahul.mhaskar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches