

Stove Kraft Ltd.
SECTOR
Consumer Appliances
Issue Highlights

| | |
|-------------------------|-----------------------------|
| Issue Open | January 25, 2020 |
| Issue Close | January 28, 2020 |
| Issue Price | Rs. 384 - Rs. 385 per share |
| Total Issue Size | Rs. 412.6 Cr |
| Of which | |
| Fresh Issue | Rs. 95 Cr |
| Offer for sale | Rs. 82,50,000 equity share |
| Face Value | Rs. 10/share |
| Market Lot | 38 Equity Shares |
| Issue Type | Book Built Issue |

Offer Structure

| | |
|--------------------------|-----|
| QIB Category | 75% |
| Retail category | 10% |
| Non-Institutional | 15% |

Lead Book Running Managers

- Edelweiss Financial Services Ltd
- JM Financial Limited

Registrar To The Offer

- KFin Technologies Pvt. Ltd

About the Company

Incorporated in 1999, Stove Kraft is a kitchen solutions and an emerging home solutions brand. They are the leading brands for kitchen appliances in India, and are one of the dominant players for pressure cookers and amongst the market leaders in the sale of free standing hobs and cooktops. They are engaged in the manufacture and retail of a wide and diverse suite of kitchen solutions under brands like Pigeon and Gilma, and also it proposes to commence manufacturing of kitchen solutions under the BLACK + DECKER brand, covering the entire range of value, semi-premium and premium kitchen solutions.

Their kitchen solutions comprise of cookware and cooking appliances across brands, and its home solutions comprise of various household utilities, including consumer lighting, this enables them to not only be a one stop shop for kitchen and home solutions, but also offer products at different pricing points to meet diverse customer requirements. The company has two manufacturing facility one at Bengaluru, Karnataka and other at Baddi, Himachal Pradesh. As on September 30, 2020, they have 651 distributors in 27 states and five union territories of India and 12 distributors for products that are exported.

Objects of the Issue

- Repayment/pre-payment, in full or part, of certain borrowings availed by the company
- General corporate purposes.

Strengths/Risks

Sector to drive growth: The Indian Consumer appliance market demand is driven primarily by rising disposable incomes in Indian households, and easy access to credit which induces a growing purchasing power. Increasing electrification of rural areas, along with rising influence of social media and popularity of online sales are also likely to aid growth in demand. Apart from this, favorable government policy will aid growth for the sector.

Scaling up of branding, promotional and digital activities: Stove Kraft has wide spread presence and scale of operations which allows them to increasingly focus on branding and promotional activities to enhance their visibility in the cookware and kitchen appliances industry. Also they have well established consumer brands which enjoy a high brand recall. Going ahead, it would continue to focus on brand awareness, retail branding and as well increase digital presence.

Expand portfolio in the existing product categories: The company has strong product portfolio under the brand Pigeon. Further it is divided under four categories - cookware, cooktops, small kitchen appliances and home utilities aiding different functions and utilities in the kitchen and home. Going ahead they plan to utilise their research and development capabilities to develop new products to cater the requirements of a large customer base and target new customers.

Key Risk:

- The company has negative reserves.
- The debt on books is high

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[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below , are given separately]

| S. No. | Statement | Answer | |
|--------|--|------------------|----|
| | | Yes | No |
| | | Tick appropriate | |
| | | Yes | No |
| | I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table] | | No |
| | I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance? | | No |
| | I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance? | | No |
| | I/we have received any compensation from the subject company in the past twelve months? | | No |
| | I/we have managed or co-managed public offering of securities for the subject company in the past twelve months? | | No |
| | I/we have received any compensation for brokerage services from the subject company in the past twelve months? | | No |
| | I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months? | | No |
| | I/we have received any compensation or other benefits from the subject company or third party in connection with the research report? | | No |
| | I/we have served as an officer, director or employee of the subject company? | | No |
| | I/we have been engaged in market making activity for the subject company? | | No |

Nature of Interest (if answer to F (a) above is Yes :

.....

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

| SS.No. | Name(s) of RA. | Signatures of RA | Serial Question of question which the signing RA needs to make a separate declaration / answer | Yes | No. |
|--------|----------------|------------------|--|-----|-----|
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