

December 04, 2023

Stove Kraft Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based (Cash Credit)	90.00	90.00	[ICRA]A-(Stable); outstanding
Long-term – Term Loan	30.98	30.98	[ICRA]A-(Stable); outstanding
Long-term/ Short-term – Interchangeable	(35.00)	(35.00)	[ICRA]A-(Stable)/[ICRA]A2+; outstanding
Short-term – Non-fund Based	35.00	35.00	[ICRA]A2+; outstanding
Total	155.98	155.98	

*Instrument details are provided in Annexure-I

Rationale

Material Event

The Income Tax (IT) department conducted search operations at the company premises in Karnataka and Himachal Pradesh and the company notified the same to the stock exchanges on November 22, 2023.

Further, vide a filing dated November 27, the company notified the stock exchanges regarding the conclusion of search operations by the IT department and resumption of normal services.

Impact of the material event

Based on the discussions with the management, ICRA understands that there is no material impact on the business operations and operations of the bank accounts of the company as on date. ICRA would continue to monitor closely on the developments related to the IT survey and would take appropriate rating action, if necessary. ICRA notes that the company's liquidity position continues to remain adequate with moderate utilisation of cash credit limit.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position and rating sensitivities: [Click here](#)

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 manufacturing and retailing 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 consist of various household utilities, including LED bulbs and oxymeters. The company sells its products through its dealer distributor network, e-commerce platforms and a few exclusive brand outlets. The company operates through nine C&F agents (for custom clearance), over 700 distributors and through more than 1,21,000 retail outlets (with 65 exclusive Gilma stores) 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, which has a production capacity of 75,000 bulbs a day. ICRA has noted that 9.08% of the promoter's shareholding is pledged.

Key financial indicators (audited)

SKL Standalone	FY2022	FY2023	H1 FY2024*
Operating income	1,136.4	1,283.8	677.5
PAT	56.2	35.8	24.7
OPBDITA/OI	8.6%	7.7%	9.4%
PAT/OI	4.9%	2.8%	3.7%
Total outside liabilities/Tangible net worth (times)	1.0	1.2	1.5
Total debt/OPBDITA (times)	1.6	2.4	1.9
Interest coverage (times)	6.8	6.0	6.0

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; *Unaudited results

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022		Date & rating in FY2021	
				Dec 04, 2023	Feb 16, 2023	Dec 15, 2021	Jul 02, 2021	Feb 09, 2021	Oct 08, 2020
1 Cash credit	Long-term	90.00	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Positive)	[ICRA]A-(Stable)	[ICRA]BBB+(Positive)	[ICRA]BBB(Stable)
2 Term Loan	Long-term	30.98	17.14	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Positive)	[ICRA]A-(Stable)	[ICRA]BBB+(Positive)	[ICRA]BBB(Stable)
3 Non-Fund based	Short-term	35.00	-	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2	[ICRA]A3+
4 Interchangeable	Long-term/short term	(35.00)	-	[ICRA]A-(Stable) / [ICRA]A2+	[ICRA]A-(Stable) / [ICRA]A2+	[ICRA]A-(Positive) / [ICRA]A2+	[ICRA]A-(Stable) / [ICRA]A2+	[ICRA]BBB+(Positive) / [ICRA]A2	[ICRA]BBB(Stable) / [ICRA]A3+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term - Fund Based (Cash Credit)	Simple
Long Term – Term Loan	Simple
Long Term/Short Term – Interchangeable	Simple
Short Term – Non-Fund based	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	90.00	[ICRA]A-(Stable)
NA	Long-term – Term Loan	FY2022	NA	FY2026	30.98	[ICRA]A-(Stable)
NA	Long-term/ Short-term – Interchangeable	NA	NA	NA	(35.00)	[ICRA]A-(Stable) / [ICRA]A2+
NA	Short-term – Non-fund Based	NA	NA	NA	35.00	[ICRA]A2+

Source: Company

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

ANALYST CONTACTS

Shamsher Dewan

+91 124 4545 328

shamsherd@icraindia.com

Kinjal Shah

+91 022 6114 3400

kinjal.shah@icraindia.com

Sheetal Sharad

+91 124 4545 308

sheetal.sharad@icraindia.com

Susovan Mondal

+91 124 4545 392

susovan.mondal@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

About ICRA Limited:

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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



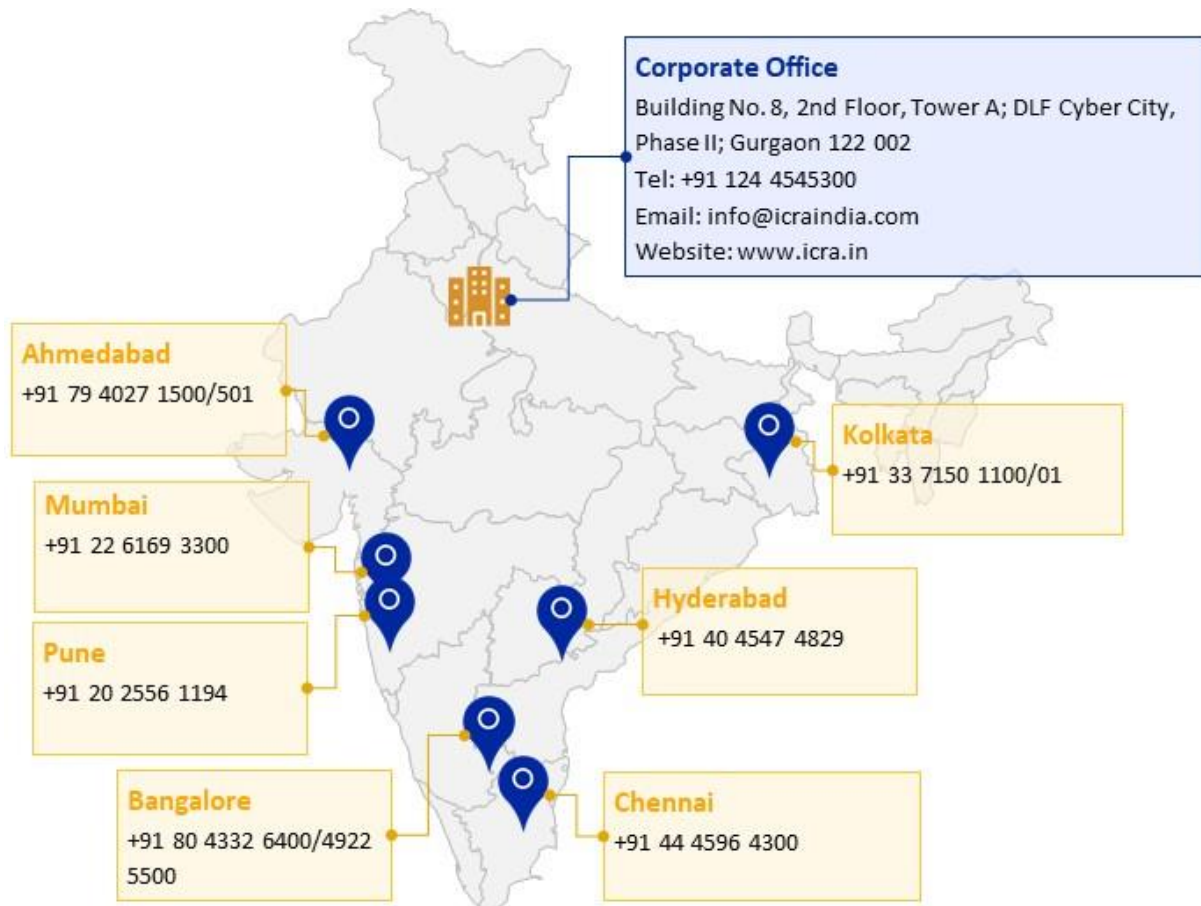
Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2023 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.