



Margins disappooint, Outlook remains positive

Carysil Ltd reported a subdued Q3FY25 performance, which was below our estimates. However the focus remains on product and inventory optimisation, cost optimisation, customer base expansion and strenthening of leadership across verticals.

Key business highlights

- Exports Revenue for the quarter stood at Rs 1667 Mn up by 12% on YoY and -1% on QoQ
- Domestic Revenue for the quarter stood at Rs 365 Mn down by 6% on YoY and 6% on QoQ
- Quartz sinks volume flat YoY and de-grew by 2% QoQ
- Stainless sinks volume de-grew 3% YoY and de-grew 25% QoQ
- Kitchen appliances volumes de-grew 14% YoY and 13% QoQ

Key Financial Highlights:

- Revenue at Rs 2,031Mn, -2% qoq/+8% yoy
- EBITDA (excl OI) at Rs 288Mn, -23% qoq/-18% yoy
- EBITDA margin at 14.18% vs 17.97% vs 18.73% in Q2FY25/Q3FY24
- PAT at Rs 125Mn, -27% qoq/-18% yoy
- EPS at Rs 4.4 vs 5.6/5.7 in Q2FY25/Q3FY24

Outlook:

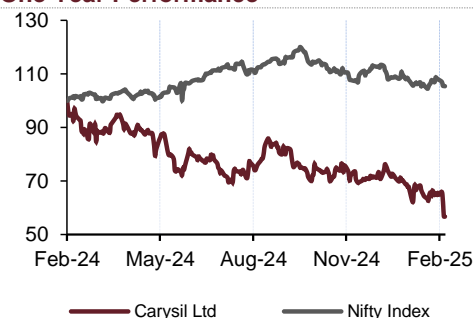
- Large orders from Karran USA and IKEA to flow through in coming quarter
- Q4 operating margins likely to normalize closer to ~18% (Q3 - 14.18%)
- Optimistic of ~80% capacity utilization in quartz sinks much before H1FY26 (9MFY25 - 63%)

Rating	TP (Rs)	Up/Dn (%)
BUY	960	58

Market data

Current price	Rs	609
Market Cap (Rs.Bn)	(Rs Bn)	17
Market Cap (US\$ Mn)	(US\$ Mn)	199
Face Value	Rs	2
52 Weeks High/Low	Rs	1151 / 596
Average Daily Volume	('000)	266
BSE Code		524091
Bloomberg		CARYSIL.IN
Source: Bloomberg		

One Year Performance



Source: Bloomberg

% Shareholding	Dec-24	Sep-24
Promoters	41.37	41.37
Public	58.63	58.63
Others	0.00	0.00
Total	100.00	100.00

Source: Bloomberg

Financial Summary

Y/E Mar (Rs mn)	FY 22	FY 23	FY 24	FY 25E	FY 26E	FY 27E
Net sales	4,839	5,939	6,838	8,179	9,528	10,987
Growth	56.24%	22.73%	15.13%	19.62%	16.49%	15.31%
EBIDTA	1,033	1,074	1,287	1,373	1,739	2,087
Growth	57.04%	3.93%	19.88%	6.62%	26.69%	20.05%
Margins (%)	21.4	18.1	18.8	16.8	18.3	19.0
Adjusted net profit	653	528	584	630	906	1,136
Growth	65.97%	-19.04%	10.47%	7.87%	43.94%	25.40%
EPS (Rs)	23.0	18.6	20.5	22.2	31.9	40.0
P/E (x)	26	33	30	27	19	15
EV/EBITDA (x)	18	18	16	15	11	9
RoCE (%)	21.72%	15.35%	14.67%	14.61%	17.89%	19.17%
RoE (%)	25.40%	17.21%	16.30%	15.07%	17.93%	18.46%

Source: Dalal & Broacha

Harssh K Shah
+91 22 67141496

harsh.shah@dalal-broacha.com

Concall Highlights:

A. Export Market Operations:

- **Expecting a very large flow of order from Karran USA** in Q4 for which investment would be required in molds and machineries.
- **A new quartz sink SKU has been approved by IKEA** which will aid significant capacity utilization.
- **Gaining strong traction for stainless sinks** from existing customers who are currently buying only Quartz sinks from the company.
- **Signed a contract with Kohler India** for supply of stainless sinks, which will be a start to a long relationship
- Demand in UK, USA was below expectations
- **USA likely to contribute ~25% of overall sales in FY26. Higher sales in the USA leads to better operating margins.**
- Currently operations are being streamlined in United Granite with focus on raw material sourcing and cost optimization. United Granite will turn PAT profitable in Q1FY6.
- Currently there are no talks of increase in tariffs on quartz sinks by USA.
- **In UK gaining market share from competition based out of Germany.**

B. Domestic Market Operations:

- One of the Big4 firms to be appointed to drive sustainable growth in India operations.
- Focus is on high margin products in India with a full range of products being introduced as per the demand trends in Q1FY26.
- Marketing expenses ~8 to 10% of Indian operations

C. Other Operational Details:

- Gross margins got impacted on account of increase in raw material costs (MMA) by 7Mn and notional exchange translation loss on inventory due to the appreciation of GBP/INR by ~28Mn.
- EBITDA margins was impacted on a YoY basis due to increased export freight expenses by 21Mn and marketing expenses by 3Mn.
- PBT loss at Acrysil USA Inc., which stood at Rs 35Mn in Q2FY25, reduced to Rs 10Mn in Q3FY25 and expected to be PAT positive by Q1FY26.
- Capacity will be added only once 80% capacity utilization will be reached as very large customers would require atleast 10-15% ideal capacity.
- **Capacity in stainless sinks to be added by end of FY26 to ~2.5lac from currently ~1.8lac.**
- **~255crs Net Debt as on 31.12.24**

Valuations and Outlook:

We remain optimistic on Carysil in the mid to long term primarily due to its positioning as one of the leaders in global quartz sinks market which is growing at 15-20% CAGR. We expect Sales/Ebitda/Pat to grow at healthy rate on the basis of partnerships with global retailers providing revenue visibility, expanding into newer geographies, strategic acquisitions in UK and increased demand for the products they offer. **QIP money raised will be used for capacity additions, working capital and brand building initiatives.** The vision of the company is to be a fully integrated kitchen solution provider and be among the Top 10 players globally. In our opinion Carysil is taking the right steps to be a major player in the kitchen segment and is well poised to take advantage of the opportunities that are present.

We value the company at 24x FY27EPS of Rs 40 and arrive at a target price of Rs 960, an upside of 58% from CMP of Rs 607 and maintain BUY recommendation.

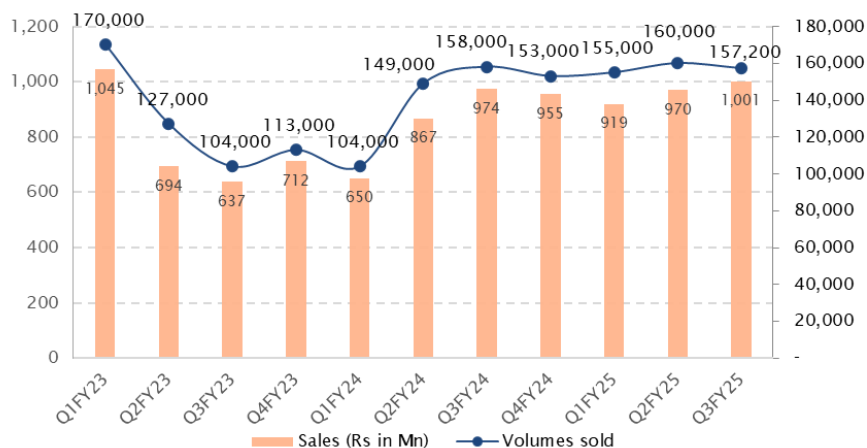
Quarterly Snapshot

Particulars (Rs Mns)	Q3FY25	Q3FY24	YoY		QoQ	
			Growth	Q2FY25	Growth	
Revenue from operations	2,031	1,880	8%	2,070	-2%	
Other income	43	9	370%	18	137%	
Total Income	2,074	1,889		2,088		
Cost of goods sold	975	890	10%	919	6%	
Employee Benefit expenses	207	174	19%	199	4%	
Other Expenses	561	464	21%	581	-3%	
EBITDA (excl other income)	288	352	-18%	372	-23%	
Less : Depreciation	92	81	13%	98	-7%	
PBIT	196	271	-28%	274	-28%	
Less: Interest cost	58	58	-1%	56	2%	
PBT (after exceptional)	182	222	-18%	236	-23%	
Less : Tax	56	68		65		
PAT	125	153	-18%	171	-27%	
EPS	4.4	5.7		5.6		
Gross Margins	52.00%	52.63%		55.62%		
EBITDA Margins	14.18%	18.73%		17.97%		
Net profit Margin	6.04%	8.12%		8.18%		

* Consolidated

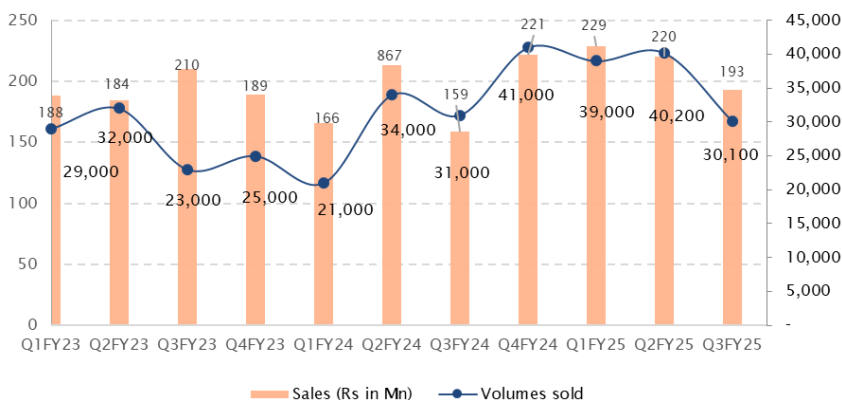
Focus Charts

Exhibit 1: Quartz sink sales and volume



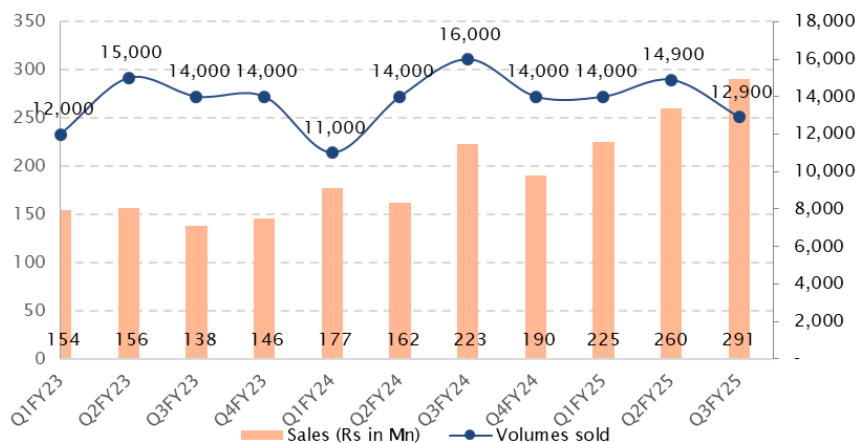
Source: Company, Dalal & Broacha Research

Exhibit 2: Stainless sink sales and volume



Source: Company, Dalal & Broacha Research

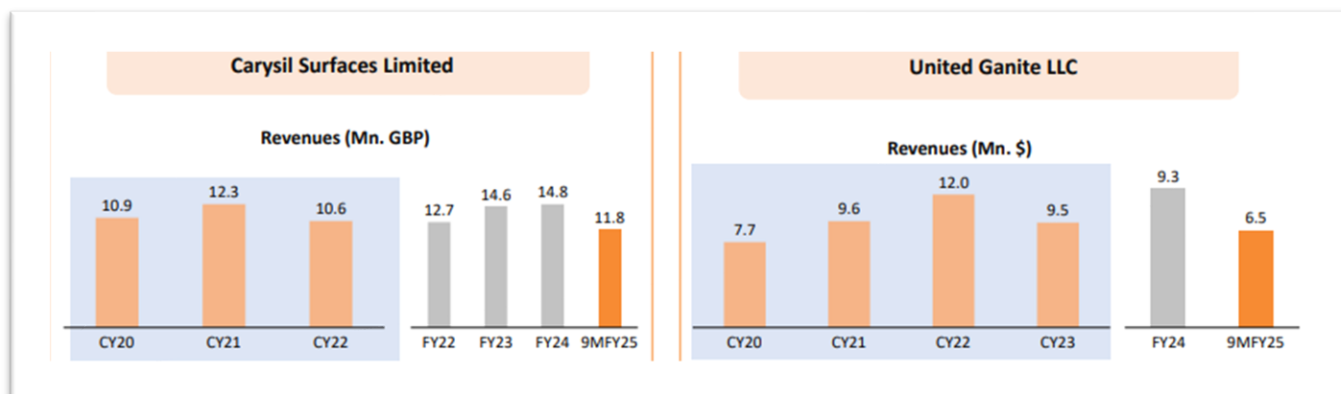
Exhibit 3: Kitchen Appliances Sales and volume



Source: Company, Dalal & Broacha Research

Focus Charts

Exhibit 4: Overseas operations seeing good traction



Quarterly Breakup

(Rs in Mns)

Q3FY25						
	Standalone		Consolidated		Subsidiary	
SALES	1,057		2,031		974	
cogs	449		975		526	
Gross Profit and GP margins	608	57.5%	1,056	52.0%	448	46.0%
EBITDA	157		288		131.3	
EBITDA margins	14.8%		14.2%		13.5%	
PAT	86.5		125.3		38.8	
Q2FY25						
	Standalone		Consolidated		Subsidiary	
SALES	1,054		2,071		1,017	
cogs	443		919		476	
Gross Profit and GP margins	611	58.0%	1,152	55.6%	541	53.2%
EBITDA	174		372		197.9	
EBITDA margins	16.5%		18.0%		19.5%	
PAT	78.1		171.1		93	
Q3FY24						
	Standalone		Consolidated		Subsidiary	
SALES	1,026		1,880		854	
cogs	456		890		435	
Gross Profit and GP margins	570	55.6%	989	52.6%	419	49.1%
EBITDA	228		352		124	
EBITDA margins	22.2%		18.7%		14.5%	
PAT	98.4		156.1		57.7	

FINANCIALS

P&L (Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	3,097	4,839	5,939	6,838	8,179	9,528	10,987
Total Operating Expenses	1,418	2,095	3,024	3,149	3,776	4,359	4,999
Employee Cost	222	336	449	603	804	905	989
Other Expenses	799	1,375	1,392	1,799	2,227	2,525	2,911
Operating Profit	658	1,033	1,074	1,287	1,373	1,739	2,087
Depreciation	127	177	264	324	370	400	441
PBIT	531	856	810	963	1,003	1,339	1,646
Other income	80	101	16	53	115	80	80
Interest	73	96	145	209	233	211	211
PBT (Before exceptional)	538	861	681	808	885	1,208	1,515
Exceptional	-	-	-	-	-	-	-
PBT (post exceptional)	538	861	681	808	885	1,208	1,515
Provision for tax	145	208	153	224	256	302	379
Reported PAT	393	653	528	584	630	906	1,136
Net Profit	393	653	528	584	630	906	1,136
Adjusted Profit	393	653	528	584	630	906	1,136

Balance Sheet (Rs mn)	FY21	FY22	FY23E	FY24	FY25E	FY26E	FY27E
Equity capital	53	53	54	54	54	54	54
Reserves	1,886	2,516	3,017	3,528	4,125	4,999	6,103
Net worth	1,940	2,569	3,070	3,581	4,179	5,053	6,157
Non Current Liabilites	310	538	949	1,317	1,169	1,045	1,047
Current Liabilites	1,662	2,426	3,104	3,548	3,585	3,648	3,853
TOTAL LIABILITIES	3,912	5,533	7,123	8,447	8,932	9,746	11,057
Non Current Assets	1,703	2,458	3,514	4,304	4,346	4,370	4,456
Fixed Assets	1,380	2,031	2,384	3,006	3,030	3,030	3,089
Goodwill	239	239	1,034	1,135	1,135	1,135	1,135
Non Current Investments	-	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-	-
Other Financial Assets	12	16	40	27	25	25	25
Other Non Current Assets	71	171	56	136	156	179	206
Current Assets	2,209	3,076	3,609	4,143	4,586	5,376	6,601
Current investments	-	-	-	-	-	-	-
Inventories	546	1,042	1,306	1,732	2,072	2,413	2,783
Trade Receivables	830	1,004	1,031	1,378	1,648	1,920	2,214
Cash and Bank Balances	201	113	102	125	(62)	95	635
Advances	1	2	3	4	4	4	4
Other Current Assets	630	915	1,167	904	924	944	966
TOTAL ASSETS	3,912	5,533	7,123	8,447	8,932	9,746	11,057

FINANCIALS

Cashflow Statement	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Cash flow from operating activities							
Profit before tax	538	861	681	808	885	1,208	1,515
Depreciation & Amortization	127	177	264	324	370	400	441
Interest expenses	73	96	145	209	233	211	211
Operating profit before working capital cha	738	1,134	1,090	1,341	1,488	1,819	2,167
Working capital adjustment	(28)	(294)	(394)	(703)	(408)	(410)	(446)
Gross cash generated from operations	710	840	696	638	1,080	1,409	1,721
Direct taxes paid	(145)	(208)	(153)	(224)	(256)	(302)	(379)
Others	(111)	(115)	85	153	(21)	(25)	(27)
Cash generated from operations	454	516	534	567	804	1,082	1,315
	-	-	-	-	-	-	-
Cash flow from investing activities							
Capex	(359)	(731)	(1,411)	(1,048)	(394)	(400)	(500)
Investment	-	(3)	(1)	4	-	-	-
Others	12	9	-	-	-	-	-
Cash generated from investment activities	(348)	(725)	(1,411)	(1,044)	(394)	(400)	(500)
Cash flow from financing activities							
Proceeds from issue of share	-	-	-	-	-	-	-
Borrowings/ (Repayments)	37	340	850	772	(300)	(250)	-
Interest paid	(73)	(96)	(145)	(209)	(233)	(211)	(211)
Dividend paid	(53)	(64)	(64)	(64)	(64)	(64)	(64)
Others	-	4	-	-	-	-	-
Cash generated from financing activities	(88)	184	641	500	(597)	(525)	(275)
Net cash increase/ (decrease)	18	(25)	49	22	(187)	157	540
Rat ios	FY21	FY22	FY23E	FY24	FY25E	FY26E	FY27E
OPM	21.24%	21.35%	18.08%	18.83%	16.78%	18.25%	19.00%
NPM	12.37%	13.21%	8.87%	8.47%	7.59%	9.43%	10.27%
Tax Rate	26.96%	24.19%	22.42%	27.75%	28.88%	25.00%	25.00%
Growth Ratios (%)							
Net Sales	12.12%	56.24%	22.73%	15.13%	19.62%	16.49%	15.31%
Operating Profit	41.79%	57.04%	3.93%	19.88%	6.62%	26.69%	20.05%
PBIT	76.60%	59.91%	-20.89%	18.62%	9.59%	36.48%	25.40%
PAT	226.98%	65.97%	-19.04%	10.47%	7.87%	43.94%	25.40%
Per Share (Rs.)							
Net Earnings (EPS)	13.84	22.97	18.60	20.54	22.16	31.90	40.00
Cash Earnings (CPS)	18.30	29.21	27.87	31.96	35.18	45.96	55.53
Dividend	0.00	0.15	0.15	0.15	0.15	0.15	0.15
Book Value	68.28	90.44	108.07	126.05	147.08	177.85	216.71
Free Cash Flow	3.34	-7.57	-30.86	-16.93	14.43	24.00	28.69
Valuation Rat ios							
P/E(x)	43.86	26.43	32.64	29.55	27.39	19.03	15.18
P/B(x)	8.89	6.71	5.62	4.82	4.13	3.41	2.80
EV/EBIDTA(x)	27.44	17.91	18.02	15.61	14.56	11.26	9.12
Div. Yield(%)	-	0.02	0.02	0.02	0.02	0.02	0.02
FCFF Yield(%)	0.55	(1.25)	(5.08)	(2.79)	2.38	3.95	4.73
Return Rat ios (%)							
ROE	20.27%	25.40%	17.21%	16.30%	15.07%	17.93%	18.46%
ROCE	17.99%	21.72%	15.35%	14.67%	14.61%	17.89%	19.17%

Disclaimer

Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D&B (CINU67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.dalal-broacha.com

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.

D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and

investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992, 2287 6173 | E-mail: equity.research@dalal-broacha.com