Carysil Ltd — Aug 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The structural transition from a sink manufacturer to an integrated kitchen-bath solutions provider has reached an inflection point, with EBITDA margins hitting a record 21.2%, exceeding the upper band of management's own guidance.

Result: Strong Beat (Profit) / Inline (Revenue) **One-line:** Carysil is successfully converting its "Sole Supplier" status with global OEMs into pricing power, while the domestic business is scaling at 40% YoY to become a primary margin driver.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	EBITDA margins at 21.2% vs. 18-20% guidance; tracking to "upper band."	□
Earnings Quality	High	Driven by 12% ASP growth in India and 90% completion of US tariff rollbacks.	□
Guidance Confidence	Strong	Reiterated 15% revenue growth; upgraded margin outlook to upper band.	□
Management Credibility	Strong	Executed 70k unit SS Sink expansion; on track for Mar-27 Quartz expansion.	□
Business Quality Signal	Improving	Faucets volume grew 43%; domestic high-margin B2B/Architect sales scaling.	□
Key Q&A Exchange	Q#1 (Logistics)	Mgmt explained Quartz volume lag (6% YoY) was due to container delays, not demand.	□
The Street's Primary Anxiety	Quartz Growth Lag	Fear of demand slowdown in Quartz; mgmt confirmed record order booking.	□
Capital Cycle Stage	Growth / Expansion	Investing □80-90 Cr in FY27 to expand Sinks, Faucets, and Appliances.	□
Margin Trajectory	Improving	EBITDA margins expanded 175 bps YoY and 89 bps QoQ via product mix.	□
Pricing Power	Expanding	Domestic ASP grew 12% via premiumization; US discounts successfully rolled back.	□
FCF Conversion & Quality	Strong	FY26 CFO/PAT was 1.1x; Q1 inventory remains elevated to support growth.	□
Competitive Moat Signals	Widening	Sole supplier to IKEA/Grohe/Kohler; unique CNC fabrication tech for India surfaces.	□
Balance Sheet Strength	Adequate	Net Debt/Equity at 0.34x (FY26); remains comfortable despite □90 Cr capex.	□
Working Capital Efficiency	Stable	Inventory increased to support □1,000 Cr+ run-rate and new appliance lines.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on expansion timelines and premiumization strategy.	□
Key Vulnerability	Logistics	Red Sea/Container availability remains the primary drag on export dispatches.	□
Management Tone	Confident	Focused on "building the next 1,000 crores" rather than quarterly optimization.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** Carysil has broken through the 21% EBITDA margin barrier, driven by the finalization of US tariff rollbacks and a higher-margin product mix in Stainless Steel (SS) and Faucets. The domestic business is firing on all cylinders (+40% growth), with 20% of sales now coming from the high-margin B2B/Builder segment. The partnership expansion with Home Depot (USA/Canada) and entry into Amazon USA provide high visibility for export volumes in H2. * **Negatives:** Logistics remain a persistent bottleneck; Quartz volume growth (6%) was artificially suppressed by container shortages despite 88% capacity utilization. The UK market, while bottoming, remains "modest," necessitating a shift toward the project/builder segment to gain share. * **Street Concern:** Analysts were concerned about the single-digit volume growth in Quartz sinks. Management countered this by confirming they are currently in a "serious stress" situation due to order backlogs, requiring 7-day factory operations. * **Watchpoint:** The commissioning of the 250k Quartz and 150k SS sink capacities in Q4 FY27 will be the critical lever for FY28 growth.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (Q1FY27)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	264.8	↑ 16.5%	↑ 13.3%	↑	Growth driven by 40% domestic jump and premium product mix.
Gross Margin (%)	54.0%*	→	→	→	*Historical avg; Q1 supported by US realization recovery.
EBITDA (□Cr)	56.0	↑ 27.0%	↑ 16.7%	↑	Outpaced revenue growth via operating leverage.
EBITDA Margin %	21.2%	↑ 180 bps	↑ 90 bps	↑	Tracking toward the upper band of 18-20% guidance.
PAT (□Cr)	31.4	↑ 37.7%	↑ 15.9%	↑	High-quality earnings beat; EPS at □11.05.
ROCE (%)	18.1%*	↑	↑	↑	*FY26 figure; trending up as utilization hits 90%+.
Cash Flow (OCF)	Not in doc	-	-	-	FY26 full year CFO was □108.7 Cr.
Net Debt / Equity (x)	0.34x*	↓	↓	↑	*FY26 figure; deleveraging despite growth capex.
Interest Coverage (x)	7.7x*	↑	↑	↑	*FY26 figure; strong buffer against finance costs.
Vol: Quartz (000 units)	201.0	↑ 6.0%	↑ 2.8%	→	Growth suppressed by container delays/ logistics.
Vol: Steel (000 units)	49.4	↑ 16.0%	↑ 10.8%	↑	Driven by Kohler/Hafele OEM orders and Indian demand.
Vol: Faucets (000 units)	12.5	↑ 43.0%	↑ 22.5%	↑	Fastest growing category; expanding into PVD finishes.
Vol: Appliances (000 units)	9.8	↑ 12.0%	↑ 15.3%	↑	Increasing in-house manufacturing (now 53%).
Utilization (Quartz) %	88.0%	↑	↑	↑	Reached 90% in June; 250k unit expansion critical.
Domestic Rev (□Cr)	56.0	↑ 39.8%	↑ 40.0%	↑	25% volume growth + 12% ASP realization growth.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Avg	Key Development
Quartz Sinks	135.0	↑ 10.6%*	~22%+	→	Above	Sole supplier to Grohe; long-term Karran contract (150k p.a.).
Stainless Steel	31.8	↑ 16.0%*	High	↑	In-line	Kohler volumes doubled; 150k expansion due Q4.
Appliances	31.2	↑ 12.0%*	50-60%**	↑	Below	RO-enabled taps sold out; 60-day backlog in India.
Surfaces	66.2	~20%*	50%	↑	In-line	US gross margins improved 35% to 50% via exotic stones.
Faucets	Not Split	↑ 43.0%*	High	↑	Below	67% in-house; tech collaboration in Europe pending.
**Derived from volume growth/ segment %; Gross Margin guidance.*						

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	15% - 18% annual growth.	Needs ₹260 Cr/qtr. Q1 at ₹264.8 Cr already exceeds this.	Reliable	Low
Guidance	Margins	18% - 20% EBITDA.	Currently 21.2%. High feasibility given US tariff rollbacks.	Reliable	Low
Guidance	Volume	250k Quartz, 150k Steel expansion.	Commissioning by Mar-2027. Construction underway.	Reliable	Low
Guidance	Capex Plan	₹80 - ₹90 Cr for FY27.	₹40-50 Cr Quartz, ₹20 Cr Steel, ₹20 Cr Others.	Reliable	Low
Strategy	Domestic	3x growth in 3-4 years (₹500 Cr).	Needs 35% CAGR. Currently delivering 40% YoY.	In-Progress	Medium
Strategy	E-commerce	3x growth in online sales this year.	Scaling through Amazon Alpha/Flipkart; Q1 momentum strong.	New	Medium
Strategy	UK Market	Gain share via new builder channels.	Tied up with Bodel/JJO for project breakthroughs.	New	High
Macro	Logistics	Disruption in container dispatches.	Management expects Q1 backlog to flow into Q2/Q3.	New	High
Balance	Inventory	"Cut less, make more" in US.	Added $1M inventory in exotic stones to boost margins.	Delivered	Low

4. ANALYST Q&A

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
1	5.0	Pritesh Chheda / Lucky Inv.	Quartz Vol	Business Overview	"Any reason for the quartz growth being single digit in the quarter?"	Management attributed the 6% growth to logistics disruptions and container delays that postponed dispatches to Q2. This implies the slowdown is external/temporary, and revenue should recover as freight normalizes.	None	4.0	Directional evidence
1a	4.5	Pritesh Chheda / Lucky Inv.	UK Demand	Business Overview	"U.K. products revenue also looks slightly lower in growth?"	Management admitted a tight phase in the UK but highlighted new customer wins (Bodel, JJO) and project-market entry as catalysts for a turnaround. This signals a strategic shift from retail-only to builder-led growth in Europe.	None	4.0	Specific drivers
2	4.5	Pritesh Chheda / Lucky Inv.	OEM Scaling	Business Overview	"When do we see start seeing these fructification of those relationships [Kohler/ Hafele]?"	Management confirmed 88-90% utilization and the highest-ever export order booking, requiring 7-day-a-week production. This confirms the OEM pivot is the primary volume floor for the business.	None	5.0	Quantified
3	4.0	Avijit Sheet / SBI Cap	Pricing	Financials	"Any price hikes that you have taken across categories during the quarter?"	Management highlighted that higher Average Selling Price (ASP) was driven by premium product mix and the 90% rollback of US tariff discounts. This indicates margin expansion is structural/mix-	None	4.5	Core-led beat

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						driven rather than just raw material pass-through.			
4	4.0	Resha Mehta / Green Edge	UK Projects	Business Overview	"Do we also explore the projects or the builder segment in UK?"	Management confirmed entry into the UK builder market through Bodel and JJO, which was previously untapped. This opens a large-volume channel that could offset macro-economic retail softness in the UK.	None	4.5	New channel
5	4.0	Resha Mehta / Green Edge	Faucet Tech	Business Overview	"Acquired tap company... is it a combination of domestic as well as UK?"	Management clarified that the UK acquisition was for RO-water system technology, which has seen 100% sell-through in India with a 60-day backlog. This validates the acquisition strategy as a R&D-to-India-market pipeline.	None	5.0	High-quality
6	4.5	Resha Mehta / Green Edge	US Surfaces	Financials	"What's driving this 20% plus kind of revenue growth [in United Granite]?"	Management explained a "cut less, make more" strategy focusing on high-end Italian exotic stones, moving gross margins from 35% to 50%. This identifies United Granite as a high-value boutique business rather than a volume play.	None	5.0	Specific margin
7	4.0	Achal Mehta / Bastion	OEM Conflict	Governance	"Could [selling own brand] create a conflict with your OEM partners?"	Management insisted OEM partners are aligned as channels and models are distinct, with no observed conflict.	None	3.5	Qualitative

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						This mitigates fears that Carysil's own-brand expansion would cannibalize its "Sole Supplier" OEM revenue.			
8	4.5	Achal Mehta / Bastion	India Surfaces	Capex & Alloc.	"Update on [surface segment] update on it and how do you see this segment contributing?"	Management is bringing CNC automated fabrication to India for the first time, aiming to sell "sinks with worktops" as a modular bundle. This creates a competitive moat in the Indian market where fabrication is currently labor-intensive and unorganized.	None	4.5	Moat signal
9	4.0	Bala Krishna / Oman Inv.	Capacity	Capex & Alloc.	"Why add 250,000 [Quartz] units at a time instead of 100,000?"	Management stated that infrastructure for 500,000 is being built now because Carysil is now a global cost-leader, making large expansions imperative at 90% utilization. This reflects aggressive market-share intent.	None	4.5	Aggressive
10	4.5	Pragyam Laddha / Omnee	US Tariffs	Financials	"Any reversal of discounts or any payback from the customer [re: US tariffs]?"	Management confirmed 90% of the rollback is done, and the resulting $3-4M savings are being reinvested into display changes at Lowe's (1,890 stores). This suggests the margin benefit is being used to lock in long-term retail shelf space.	None	4.5	Strategic pivot
11	3.5	Saket / Indiv.	Guidance	Management Outlook	"15% growth... volume	Management clarified it is 15%	None	4.0	Verified

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
					guidance or revenue guidance?"	for both, as they are maintaining current price levels despite improving ASP trends. This implies potential revenue upside if premiumization continues to outpace volume growth.			

PATTERN FLAGS & SENTIMENT * **Theme Cluster: The Logistics Bottleneck.** Analysts repeatedly probed the single-digit Quartz volume growth. Management was defensive but provided clear evidence that dispatches, not demand, were the issue. The "serious stress" in factory utilization suggests that as soon as containers are available, a massive revenue catch-up is likely in Q2/Q3. * **Theme Cluster: Premiumization as a Margin Floor.** Questions on pricing and surfaces revealed a consistent strategy: Carysil is moving away from "cheap" products. Whether it is exotic stones in the US (+15% margin) or 12% ASP growth in India, the shift toward luxury/premium segments is effectively neutralizing any raw material or logistics cost inflation. * **Theme Cluster: The India 3.0 Story.** The entry into CNC-fabricated surfaces and the sell-out of RO-taps indicates that India is moving from a "sink market" to a "high-tech kitchen solutions" market. Analysts were particularly intrigued by the B2B builder segment (20% of domestic), which management identifies as a massive untapped reservoir for Tier 2 and Tier 3 markets.

Analyst Sentiment Verdict: Analysts were **highly impressed** by the margin expansion (21.2%) but **skeptical** regarding the near-term Quartz volume trajectory due to logistics. Management's credibility improved as they proved that the US tariff resolution is flowing through to the bottom line. The primary unresolved issue remains the Red Sea logistics overhang, which is the single greatest risk to hitting the 15% volume target in the next two quarters.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY26)	This Quarter (Q1FY27)	Direction
EBITDA Margin	20.3%	**21.2%**	↑ Expanding
US Tariff Status	Rollbacks starting	**90% Completed**	□Resolution
Domestic Revenue	□39.7 Cr (Q1FY26)	**□56.0 Cr**	↑ Accelerating (+40%)
Quartz Vol Growth	21% YoY	**6% YoY**	↓ Decelerating (Logistics)
Steel Sink Capacity	180k -> 250k	**94% Utilization (weighted)**	↑ High Demand
UK Market Strategy	Retail-focused	**Project/Builder focus (Bodel/JJO)**	□Channel Pivot
United Granite GM	35%	**50%**	↑ Mix-driven Expansion
Appliances Mfg	~40% in-house	**53% in-house**	↑ Margin Accretive
Faucet Vol Growth	New Category	**+43% YoY**	↑ High Momentum
Online Strategy	5 Cr total FY26	**Targeting 3x growth in FY27**	↑ Scaling

STOP HERE.