

## Carysil Ltd — Feb 2022 Quarterly Analysis

### 1. VERDICT & BUSINESS QUALITY SNAPSHOT

*The punchline. Read this first — it frames everything below.*

**Result:** Strong Beat **One-line:** Aggressive capacity expansion (aiming for 1.2M units) is being met with robust global demand and high-margin realization, confirming the thesis that Acrysil is successfully transitioning from a niche manufacturer to a global kitchen solutions powerhouse.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	Revenue grew 50.5% YoY; PAT grew 43% YoY.	☐
Earnings Quality	Moderate	Core driven, but includes ₹2.1 Cr FX gain (9.3% of EBITDA).	☐
Guidance Confidence	Strong	Capacity expansions of 140k units completed on schedule; next phases (360k units) underway.	☐
Management Credibility	Strong	Consistent delivery on capacity milestones (Feb, June, Aug, Oct 2021 announcements).	☐
Business Quality Signal	Improving	Strengthening "Schock" tech moat and expanding partnership reach (IKEA/Grohe).	☐
Key Q&A Exchange	N/A	PPT_ONLY: Not applicable.	☐
The Street's Primary Anxiety	Margin Sustainability	Impact of RM costs and freight on 20%+ EBITDA margins.	☐
Capital Cycle Stage	Investment	Significant greenfield and brownfield capex (~₹3 Cr total committed).	☐
Margin Trajectory	Stable	21.2% EBITDA margin vs 21.8% YoY; resilient despite macro headwinds.	☐
Pricing Power	Expanding	Shift toward high-end "Quadro" sinks and premium "Sternhagen" bath brand.	☐
FCF Conversion & Quality	Not in document	Cash flow statement not provided in Q3 PPT.	☐
Competitive Moat Signals	Widening	Only Asian manufacturer with Schock Technology; deepening IKEA/Grohe ties.	☐
Balance Sheet Strength	Adequate	Interest coverage at 7.8x; capacity to fund ₹3 Cr capex via debt/accruals.	☐
Working Capital Efficiency	Stable	Inventory management critical as capacity ramps up.	☐
Mgmt Guidance Track Record	Reliable	Delivered 840,000 units capacity target by Oct 2021 as promised.	☐
Key Vulnerability	Raw Material Volatility	Reliance on Methyl Methacrylate (MMA) prices for Quartz sinks.	☐
Management Tone	N/A	PPT_ONLY: No concall available to assess tone.	☐

#### Key Takeaways (Positives & Negatives):

**Positives:** \* **Massive Capacity Leap:** The company is on track to double capacity from 600,000 units (start of 2021) to 1,200,000 units (by Q2 FY23), reflecting high demand visibility from global partners like IKEA and

Grohe. \* **Strategic Export Dominance:** Exports to 55+ countries and 100% ownership of UK-based Acrysil Products Ltd (formerly Homestyle) provides a direct route to high-margin European markets. \* **Premiumization Play:** Focus on "Quadro" (Designer) stainless steel sinks and the "Sternhagen" luxury bath brand (52 international awards) is successfully moving the mix away from commodity products.

**Negatives:** \* **Margin Softening:** EBITDA margins saw a slight compression (60 bps YoY) to 21.2%, likely due to rising raw material and logistics costs. \* **FX Reliance:** ₹2.1 Cr of the ₹22.5 Cr EBITDA (standalone) came from FX gains; stripping this out shows core operating EBITDA growth is slightly lower than the optical 46.7% YoY growth. \* **High Capex Intensity:** Rapid-fire expansion announcements (₹38 Cr, ₹20 Cr, ₹10 Cr) require disciplined execution to avoid gestation-period drag on ROCE.

## 2. BUSINESS PERFORMANCE

### 2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column absent.

Metric	Current Qtr (Q3FY22)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	₹106.1 Cr	↑ 50.5%	↑ 9.4%	↑	Volume expansion via new capacity (840k units).
Gross Margin (%)	58.1%	↓ 1.1%	↑ 0.5%	→	Based on Raw Material cost of ₹44.5 Cr on ₹106.1 Cr total income.
EBITDA (Consol)	₹22.5 Cr	↑ 46.7%	↑ 1.8%	↑	Growth driven by volume; slightly offset by expenses.
EBITDA Margin %	21.2%	↓ 60 bps	↓ 160 bps	↓	Margin compression vs Q2FY22 (22.8%).
PAT After MI	₹17.3 Cr	↑ 43.0%	↓ 2.3%	↓	Impacted by higher finance costs/depreciation from capex.
EPS (₹)	₹6.6 (9M)	↑ 47.0%	N/A	↑	9M FY22 EPS vs 9M FY21 (₹4.5).
Interest Coverage (x)	7.8x	↓ (Prev 9.1x)	↓ (Prev 9.6x)	↓	Increased debt for capex expansion (Finance cost ↑ 44% YoY).
Quartz Sink Capacity	840,000	↑ 40.0%	↑ 20.0%	↑	Reached 840k units in Oct 2021; targeting 1.2M.
Stainless Steel Capacity	90,000	→	→	→	Doubling to 180,000 units expected in Q4FY22.
Domestic Revenue (9M)	₹106.0 Cr	↑ (YoY N/A)	N/A	↑	Strong growth in Carysil brand via 1,500+ dealers.

### 2B. SEGMENT BREAKDOWN

Segment	Revenue Contribution (9M FY22)	Target / Strategy	Margin Profile	Trend	vs Company Avg	Key Development
Quartz Sinks	~81% (Implied)	Export Focus / OEM	High	↑	Above Avg	Capacity reaching 1.2M units by Q2FY23.
Stainless Steel	14%	Quadro (Designer) Sinks	Premium	↑	Inline	Capacity doubling to 180k units in Q4FY22.
Appliances	5%	Kitchen Lifestyle	Emerging	↑	Below Avg	Expansion into chimneys, hobs, wine chillers.
Bath (Sternhagen)	Not disclosed	Luxury Brand	Ultra-Premium	↑	Not disclosed	Won Red Dot Award; 60+ showrooms/SIS.

### 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume	Reach 1,200,000 Quartz units capacity by Q2 FY23.	Needs commissioning of 360,000 units in next 2 quarters; consistent with past 12-month speed.	High; delivered 600k to 840k in FY21.	Execution delay in Bhavnagar Greenfield.
Guidance	Volume	Double Stainless Steel sink capacity to 180,000 p.a.	Must be onstream by Q4 FY22 (current quarter).	High; tracking on time.	None.
Guidance	Revenue	Aiming for 70 countries in next 3 years (from 55+).	Needs addition of ~5 new countries per year.	High; recent IKEA/Grohe deals support this.	Geopolitical/ Logistics disruption.
Guidance	Capex	Total spend of ~₹3 Cr across current expansions.	Funding via internal accruals and debt; interest coverage remains healthy at 7.8x.	Consistent with announced schedules.	Cost overruns on greenfield project.
Strategy	Branding	Strengthen Carysil brand recall via Vaani Kapoor association.	Marketing spend expected to rise; requires domestic revenue growth to outpace ad-spend.	Brand already in 1,500+ outlets.	Ad-spend drag on margins.

### 4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

### 5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
Quartz Sink Capacity	700,000 units	840,000 units	↑
Greenfield Commitment	Not disclosed	₹8 Cr Greenfield at Bhavnagar	↑
Brand Strategy	In-house/Product focus	Celebrity Endorsement (Vaani Kapoor)	↑
Interest Cost (Consol)	₹1.6 Cr (Q3FY21)	₹2.3 Cr	↓ (Deteriorating)
FX Contribution	Low	₹2.1 Cr (Standalone)	↑

STOP HERE.