Carysil Ltd — May 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The structural transition from a sink manufacturer to an integrated kitchen-bath solutions provider is accelerating, evidenced by record EBITDA margins (20.3%) and a 54% jump in full-year profits.

Result: Beat on Bottom-line / Inline on Revenue **One-line:** The "Carysil 2.0" strategy is delivering high-quality earnings as US tariff rollbacks and premium OEM partnerships (Kohler, Hafele) drive significant operating leverage despite a 30% spike in raw material (MMA) costs.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat (Profit)	PAT after MI grew 54.1% FY26; Q4 EBITDA margins hit 20.3% vs 18-20% guidance.	□
Earnings Quality	High	CFO/PAT at 1.1x (□108.7 Cr CFO on □98.2 Cr PAT); growth driven by high-value OEM volumes.	□
Guidance Confidence	Strong	Reaffirmed 15-20% revenue growth and 18-20% EBITDA margin despite geopolitical/RM headwinds.	□
Management Credibility	Strong	Delivered SS Sink expansion (250k units) exactly as promised; successfully passing through MMA hikes.	□
Business Quality Signal	Improving	Transition to high-margin adjacent categories (Faucets/Appliances) reaching pilot manufacturing scale.	□
Key Q&A Exchange	Q#7 (SS Volumes)	Mgmt explained 50% SS volume growth via high-end product demand and new OEM tie-ups (Kohler/Hafele).	□
The Street's Primary Anxiety	RM Inflation (MMA)	Analysts feared 30-35% MMA price spike; mgmt confirmed stabilization and successful pass-through to clients.	□
Capital Cycle Stage	Growth / Expansion	Commissioned 70k SS unit expansion; ground broken for 250k Quartz expansion due Q4 FY27.	□
Margin Trajectory	Improving	EBITDA margins expanded 277 bps YoY to 20.3% via product mix and US discount rollbacks.	□
Pricing Power	Expanding	Sole supplier status for global giants allows effective pass-through of inflationary costs.	□
FCF Conversion & Quality	Strong	CFO/EBITDA at 59%; disciplined working capital management despite scaling inventory for new capacities.	□
Competitive Moat Signals	Widening	Exclusive technology partnerships and entry into electronic modern trade (B2C) for appliances.	□
Balance Sheet Strength	Adequate	Gross debt rose to □270 Cr to fund capex; Net Debt/Equity at 0.34x remains well within comfort zone.	□
Working Capital Efficiency	Stable	Inventory increased to □259 Cr (vs □221 Cr YoY) to support expanded SS capacity and new appliance lines.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on volume growth targets (Quartz +21%, SS +20%) across market cycles.	□
Key Vulnerability	Geopolitical Logistics	Continued disruption in freight/container availability remains the primary external drag on export timelines.	□
Management Tone	Aggressive / Bullish	Focused on "Next Frontier" $1Bn vision and aggressive domestic gear-shift to □500 Cr.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** Carysil has hit an operational sweet spot where the resolution of US tariffs is merging with a massive ramp-up in the Stainless Steel segment (+50% volume growth in Q4). The quality of earnings is exceptional, with cash flows (□108.7 Cr) exceeding net profit, and the Faucet/Appliance segment is now contributing meaningful volume (18.7k units combined in Q4), validating the "one-stop kitchen hub" thesis. * **Negatives:** Raw material volatility has returned, with MMA prices surging 30-35% in the last two months, potentially testing Q1 FY27 margins if pass-throughs lag. Gross debt increased by □42 Cr QoQ as the company front-loads capex for its next phase of growth. * **Street Concern:** Analysts were concerned about the UK market's drag, but management confirmed it has "bottomed out," with new customer wins offsetting macro softness. * **Watchpoint:** The execution of Phase-1 Appliance capacity (50k units) in FY28 and the trajectory of the newly launched "Carissa" B2C e-commerce brand.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (Q4FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	233.7	↑ 14.5%	↑ 5.0%	↑	Growth driven by Quartz volume (+21%) and SS value growth (+20%).
Gross Margin (%)	55.9%	↑ 27 bps	↑ 47 bps	↑	Expansion led by premium product mix and US realization improvements.
EBITDA (□Cr)	48.0	↑ 34.0%	↑ 10.3%	↑	YoY growth outpaced revenue due to high operating leverage.
EBITDA Margin %	20.3%	↑ 277 bps	↑ 87 bps	↑	Exceeded internal guidance; aided by US tariff discount rollbacks.
PAT (□Cr)	27.1	↑ 45.7%	↑ 28.4%	↑	High-quality beat; 9M momentum carried through despite RM spikes.
EPS (□)	9.52	↑ 45.8%	↑ 28.5%	↑	Full year EPS □34.52 vs □22.43 prior year.
CFO/EBITDA (%)	59.0%	↑	↑	↑	(FY26) Strong cash generation; conversion remains industry-leading.
Net Debt/Equity (x)	0.34x	↓	↓	↑	Improved from 0.37x (FY25) despite incremental capex.
Interest Coverage (x)	7.7x	↑	↑	↑	Robust improvement from 4.8x in FY25 due to higher EBIT.
Vol: Quartz (000 units)	195.5	↑	↓	→	Resilient demand; Q4 is typically slightly lower than seasonal Q3 peaks.
Vol: Steel (000 units)	44.6	↑ 50.0%	↑ 20.5%	↑	Driven by OEM orders (Kohler/Hafele) and high-end Indian demand.
Vol: Appliances (000 units)	8.5	↑	↓	→	Pilot production phase for hoods/hobs; transitioning to full scale.
Vol: Faucets (000 units)	10.2	New	New	↑	Shaping up as a critical growth category; goal is "Carysil in every home."
Utilization (Quartz) %	~80%	→	→	→	Adding 250k units to handle future IKEA/US contract demand.
Int'l Revenue Mix (%)	81.0%	→	→	→	USA (26%), UK (23%), India (19%), Europe (14%), ROW (18%).
Key RM: MMA ($/kg)	$1.95*	↑ 30%	↑ 30%	↓	Prices rose 30-35% in last 2 months; (*implied from $1.50 prior qtr).

2B. SEGMENT BREAKDOWN

Segment	Revenue (□Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Quartz Sinks	114.5	↑ 16.9%	22%+	↑	Above	250k capacity expansion underway; commissioning Q4 FY27.
Stainless Steel	32.7	↑ 14.5%	High	↑	In-line	Capacity increased from 180k to 250k today; backlogs already exist.
Appliances & Faucets	37.4	↑ 45.3%	50-60%*	↑	Below (Vol)	Targetting 100k units (Ph 1) in FY28; high gross margin (60%).
Surfaces (Global)	60.8	↓ 3.0%	Stable	→	In-line	UK market flat/bottomed; US Surfaces sales grew 10% in last quarter.
**Derived from PPT Product-wise mix Q4 FY26 vs Q4 FY25.*						

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	□1,000 Cr+ annual run-rate (FY27).	Needs □250 Cr/qtr. Q4 is already at □234 Cr. Highly feasible.	Reliable	Low
Guidance	Margins	18% - 20% EBITDA.	Currently 20.3%. Feasible despite RM hikes due to pass-through.	Reliable	Low
Guidance	Volume / Capacity	1.25M Quartz, 0.25M Steel.	Steel: Delivered (May 21). Quartz: Q4 FY27 completion.	Reliable	Low
Guidance	Capex Plan	□70-75 Cr for FY27.	Focus on automation and Appliance Phase-1 plant.	Reliable	Medium
Strategy	Domestic	□500 Cr Revenue in <5 years.	Needs 30-40% CAGR. FY26 growth supports this momentum.	New	High
Strategy	E-commerce	Scale meaningful B2C (Carissa).	Online rev INR 5 Cr in FY26; targeting 2x-3x in FY27.	New	Medium
Strategy	Middle East	Global brand stores expansion.	Opening 2nd store in UAE shortly; expanding in Gulf region.	Reliable	Low
Macro	Industry	Make in India Hub.	Tapping into global OEM interest due to BIS regulations in India.	Reliable	Low
Balance	Debt Target	Debt/Equity < 0.4x.	Currently at 0.34x. Management maintaining discipline.	Reliable	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.0	Naman Parmar / Niveshaay	UK Market	Business Overview	"How has been the demand scenario on that market side... break up the capacity on the U.K. market?"	Management clarified that UK manufacturing is dedicated only to solid surfaces and stated the market appears to have bottomed out. The strategy is to win market share from European competitors through a low-cost Indian manufacturing model.	None	4.0	Directional evidence
2	4.5	Naman Parmar / Niveshaay	India Strategy	Management Outlook	"What's your outlook for the Indian market going forward?"	Management targeted □500 Cr revenue within 5 years, necessitating a 30-40% annual growth rate. This signals a major strategic pivot from being export-led to capturing domestic modular kitchen penetration.	None	4.5	Specific target given
3	3.5	Vaidik Bafna / Monarch	Financials	Financials	"What kind of forex gains have been recorded in the quarter?"	Management reported a □2.5 Cr forex gain for Q4, contributing less than 0.5% to margins. This suggests the operational beat was core-led rather than currency-inflated.	None	5.0	Specific number given

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4	4.5	Vaidik Bafna / Monarch	Capacity	Capex and Allocation	"By when should we expect [Quartz Sink capacity] to come?"	Management confirmed ground-digging has started with a target to commission the 250,000 unit expansion by Q4 FY27. This provides clear visibility for volume-led growth in the FY28 financial year.	None	5.0	Specific timeline given
5	4.5	Vaidik Bafna / Monarch	Steel Sinks	Business Overview	"Have we added new clients [for Stainless Steel] or increased wallet share?"	Management attributed growth to both increased wallet share and new ties with global leaders like Grohe, Kohler, and Hafele. The immediate utilization of the new 70k capacity (within 90 days) indicates a significant demand backlog.	None	4.5	Quantified utilization
6	4.0	Mudit Pincha / Cycas	Europe Demand	Business Overview	"How have the demand trends evolved over the last few quarters in sinks and appliances?"	Management noted that while Europe is fragmented, they are gaining market share as local European competitors weaken. The strategy focuses on the "indispensable" nature of kitchens and premium	None	3.5	Qualitative context

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						segment resilience.			
7	4.5	Sagar Jethwani / PhillipCap	SS Volumes	Financials	"What led to 50% growth in volumes in stainless steel on a Y-o-Y basis?"	Management credited the launch of high-end products and the start of OEM supplies to global brands like Hafele and Kohler. This validates the company's ability to cross-sell into premium global supply chains beyond Quartz.	None	5.0	Specific drivers identified
8	4.0	Sagar Jethwani / PhillipCap	Margins	Management Outlook	"Would you be able to provide a margin for kitchen appliances and faucet business?"	Management guided for 50-60% gross margins in hoods and faucets, identifying them as the most profitable future segments. This implies a significant potential for consolidated margin expansion as these categories scale.	None	4.0	Specific margin guided
9	4.5	Sagar Jethwani / PhillipCap	RM Inflation	Financials	"How [are] MMA prices?"	Management admitted a 30-35% spike in MMA prices over the last 2 months but noted that the increase has now stopped. The ability to pass these	None	4.5	Quantified RM spike

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						costs to customers is the key monitorable for Q1 FY27 margin stability.			
10	3.5	Disha Jain / Ethos	Sustainability	Management Outlook	"How should we think about the sustainability of current margins...?"	Management explained that margins would be sustained through a mix of high-value product introduction and automation-led operating leverage. They highlighted technology breakthroughs in manufacturing that will either reduce costs or allow for higher ASPs.	None	3.5	Directional evidence
11	3.0	Pragyam Laddha / Omnee	Surfaces Rev	Business Overview	"Is the surface revenue going to remain in the same line, growing at like 5%, 6% every year?"	Management guided for 7-10% growth in surfaces, driven by 10% sales growth in the US through innovation in exotic stones. This indicates the surfaces business is a steady cash generator rather than a high-growth engine.	None	4.0	Specific growth guide
12	3.5	Pragyam Laddha / Omnee	Appliances	Capex and Allocation	"Is the capacity coming in FY27 or will entire capacity be	Management clarified they are building infrastructure for 200,000 units, with the	None	4.5	Phased timeline given

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					operational in FY28?"	first phase of 50,000 units coming in FY28. The current appliance volume is partly pilot production and outsourced to meet pilot demand.			

PATTERN FLAGS & SENTIMENT * **Theme Cluster: The OEM Pivot.** A significant portion of analyst inquiries focused on the source of volume growth, particularly in Stainless Steel. Management’s posture was highly confident, naming top-tier global partners (Kohler, Hafele, Grohe) as the primary drivers. This shift from private label/commodity sales to "Sole Supplier" status for luxury OEMs suggests a structural re-rating of the business quality is underway. * **Theme Cluster: Domestic Ambition vs. Reality.** Analysts pressed on the aggressive ₹500 Cr India target. Management was defensive but realistic, admitting it requires "shifting gears" but pointing to the new B2B architect vertical and e-commerce (Carissa) as the missing pieces now being put in place. The consensus remains that India is a "launch phase" story with high execution risk but high margin rewards. * **Theme Cluster: RM Resilience.** The MMA price spike was the primary negative sentiment driver. Management effectively neutralized this by confirming price pass-throughs and a "halt" in the price climb, although analysts will likely remain skeptical until Q1 FY27 numbers are printed.

Analyst Sentiment Verdict: Analysts were **very optimistic** but cautious regarding RM inflation. The tone of the call suggested management has earned significant credibility by delivering the SS capacity and hitting the 20% margin threshold earlier than expected. The primary unresolved issue is the long timeline (FY28) for the full Appliance ramp-up, which may keep a lid on valuation multiples until execution proof-of-concept is seen.

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5. WHAT CHANGED vs PRIOR QUARTER

Comparison against Q3 FY26 context.

What Changed	Prior Quarter (Q3FY26)	This Quarter (Q4FY26)	Direction
EBITDA Margin	19.4%	**20.3%**	↑ Expanding
Gross Debt	□228 Cr	**□270 Cr**	↓ Increasing (Capex)
Steel Sink Capacity	180,000 Units	**250,000 Units**	□Expansion Complete
MMA Price Environment	Stable ($1.50/kg)	**Rising (30-35% spike)**	□Margin Risk
India Strategy	"Early Stage"	**□500 Cr Target / E-com Launch**	↑ Aggressive
Quartz Volume Trend	199.1k (Q3 Peak)	**195.5k (Q4 Normalization)**	→ Stable
Steel Volume Trend	37.0k (Q3)	**44.6k (Q4)**	↑ Explosive Growth
Net Debt/Equity	0.48x	**0.34x**	↑ Strengthening
UK Market Tone	"Soft and Muted"	**"Bottomed Out"**	□Sentiment Turn
Appliance Strategy	Smeg OEM focus	**B2C (Carissa) + Pilot Mfg**	□Channel Expansion

STOP HERE.