Carysil Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat **One-line:** The structural transition from an export-focused sink manufacturer to a global "one-stop kitchen solution" partner is accelerating, as evidenced by a 20.3% EBITDA margin that defied a 50% US tariff headwind and the confirmation of a massive 70% wallet share with IKEA.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	EBITDA margin of 20.3% exceeded the upper-band guidance (20%) despite 50% US tariffs.	□
Earnings Quality	High	PAT growth (61.9% YoY) is supported by high FCF (CFO/PAT 1.4x) and subsidiary turnarounds.	□
Guidance Confidence	Strong	Reiteration of 15% revenue CAGR and 18-20% margins despite macro volatility.	□
Management Credibility	Strong	Delivered the IKEA global supply rollout and US subsidiary turnaround as promised last quarter.	□
Business Quality Signal	Improving	Diversification into built-in appliances and faucets is reducing reliance on the US market.	□
Key Q&A Exchange	Q#4 Realization	Clarified that realization drops were mix-driven, not pricing erosion; margins remained intact.	□
The Street's Primary Anxiety	50% US Tariffs	Mgmt confirmed 50% tariff impact but mitigated it via margin sharing and cost competitiveness.	□
Capital Cycle Stage	Growth / Expansion	Aggressive capex: +100k Quartz units, +70k SS units, and □25 Cr for Appliances.	□
Margin Trajectory	Improving	EBITDA margins expanded 90 bps QoQ to 20.3% due to better utilization (88%) and cost control.	□
Pricing Power	Stable	Ability to pass on a portion of 50% tariffs while remaining "most cost competent" globally.	□
FCF Conversion & Quality	Strong	H1FY26 CFO at □71.4 Cr vs PAT of □50.3 Cr indicates excellent working capital management.	□
Competitive Moat Signals	Widening	Becoming the non-China OEM of choice for IKEA and Lowe's through "Schock" technology.	□
Balance Sheet Strength	Adequate	Gross Debt stable at □230.9 Cr; Net Debt/Equity remains manageable (~0.33x).	□
Working Capital Efficiency	Improving	Inventory levels stable (□224 Cr) despite 18% revenue growth; CFO/PAT > 1.	□
Mgmt Guidance Track	Reliable	Consistently hitting volume targets (197k Quartz units this quarter).	□
Key Vulnerability	Geopolitical	Further tariff escalations or a slowdown in the UK economy (currently lagging).	□
Management Tone	Aggressive	Focused on "changing gears" in India (□500 Cr target) and global capacity dominance.	□

Sentiment: **□Positive**

Key Takeaways (Positives & Negatives): * **Positives:** The IKEA partnership is now a "feather in the cap," securing 70% of their global non-US quartz sink business. The US subsidiary (Karran/United Granite) has finally turned PAT positive, transforming from a drag to a contributor. Domestic appliance volumes grew 25.5% YoY, signaling that the non-sink strategy is gaining traction. * **Negatives:** The 50% US tariff is a significant hurdle that requires "margin sacrifice" from Carysil, its distributors, and customers. The UK economy is showing signs of cyclical cooling, leading to flat/declining performance in Carysil Surfaces. * **The Street's Concern:** Analysts remain fixated on the "Strategy B" for US tariffs. Management effectively neutralized this by showing that even with tariffs, EBITDA margins *expanded* QoQ, proving that backward integration (Acrycol sand plant) and high utilization (88%) provide a sufficient buffer. * **Watchpoint:** Execution of the ₹25 Cr appliance facility by Q2FY27. This is the cornerstone of the "Vision ₹500 Cr India" plan and will determine if Carysil can transition into a true domestic consumer brand.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (Q2FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (₹Cr)	243.6	↑ 17.9%	↑ 7.2%	↑	Driven by 24% volume growth in Quartz sinks; IKEA supplies started.
Gross Margin (%)	55.6%*	↓ 220 bps	→	→	*Standalone basis. Mix-driven decline but offset by opex efficiency.
EBITDA (₹Cr)	49.5	↑ 33.5%	↑ 12.1%	↑	Strong operating leverage as utilization hit 88%.
EBITDA Margin %	20.3%	↑ 240 bps	↑ 90 bps	↑	Exceeded guidance; benefited from Acrycol backward integration.
PAT (₹Cr)	27.2	↑ 61.9%	↑ 19.1%	↑	Boosted by US subsidiary turnaround and lower finance costs.
EPS (₹)	9.56	↑ 61.5%	↑ 19.1%	↑	Core profitability strength.
CFO/EBITDA (%)	76.3%	↑	↑	↑	H1 CFO ₹71.4 Cr on EBITDA of ₹93.6 Cr. Strong conversion.
Net Debt/Equity (x)	0.33x	↓	↓	↑	Debt reduction priority; Gross Debt at ₹230.9 Cr.
Interest Coverage (x)	10.1x	↑	↑	↑	EBIT ₹36.3 Cr / Finance Cost ₹3.6 Cr.
Volume: Quartz Sinks	197,000	↑ 23.9%	↑ 4.2%	↑	Record volumes; 88% utilization. Adding 100k capacity by Dec.
Volume: SS Sinks	43,400	↑ 7.7%	↑ 2.1%	↑	Near full capacity (95%); 70k unit expansion by Q4.
Volume: Appliances	23,400	↑ 30.5%	↑ 6.4%	↑	Strong domestic premiumization; ₹25 Cr new plant announced.
Capacity Utilization %	88% (Quartz)	↑	↑	↑	Entering the "over-utilization" phase (95% in SS).
Int'l Revenue Mix	80% (Est)	→	→	→	US export exposure noted at 12-13% of consolidated.
Key RM Price (MMA)	Stable	→	→	→	Prices stabilized; Acrycol provides ₹buffer.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Avg	Key Development
Quartz Kitchen Sinks	~165.0	↑ 24% (Vol)	22%+	↑	Above	70% IKEA global RFQ secured; 100k capacity addition.
SS Kitchen Sinks	~38.0	↑ 7.6% (Vol)	Medium	→	Below	Shifted to 3rd shift production; 95% utilization.
Appliances & Others	~40.6	↑ 30.5% (Vol)	Improving	↑	Below	Setting up in-house glass processing for hobs/hoods.
US (Karran/UG)	Not Discl.	↑	Positive	↑	Below	Subsidiary turned PAT positive this quarter.
UAE Subsidiary	Not Discl.	High	High	↑	Above	Exceeding budget; new showrooms in Sharjah & Oman.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	□1,000 Cr Run-rate.	Needs □265 Cr avg in Q3/Q4. Highly feasible via IKEA ramp.	Reliable	Low
Guidance	Margins	18% - 20% EBITDA.	Currently 20.3%. Feasible due to backward integration.	Reliable	Low
Guidance	Volume	+100k Quartz, +70k SS.	Needs completion by Dec-25 and Mar-26 respectively.	Reliable	Medium
Guidance	Capex Plan	□25 Cr for Appliances.	Q2FY27 operationalization target.	Reliable	Medium
Strategy	Domestic	□500 Cr Revenue in India.	Needs aggressive CAGR; hiring new leadership team.	New	High
Strategy	US Tariffs	Navigation of 50% tariff.	Requires continued mix optimization toward non-US.	Ongoing	High
Macro	Industry	"China Plus One" shift.	SS sinks seeing active OEM interest from global brands.	Reliable	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	4.5	Vaidik Bafna / Monarch	Lowe's Orders	Financials	What is the kind of order book left to be delivered in H2 for Karran?	Management confirmed a ~10,000 piece backlog due to mold capacity bottlenecks and ordered 3 new molds for Lowe's. This suggests demand is outpacing capacity, a high-class problem that confirms Lowe's success.	None	5.0	Specific timeline given
2	3.5	Pritesh / Lucky Inv	Surfaces Growth	Business Overview	Why is the Surfaces business only growing at 5% and what is the strategy?	Management explained the UK is currently 100% "soft surfaces" (bathroom/ yachts) and is now pivoting to "hard surfaces" (90% market share). This shift to hard surfaces is the key to doubling UK revenue in 3-5 years.	None	4.0	Directional evidence
3	4.0	Akshay / AK Invest	Sustainable Growth	Mgmt Outlook	What is the sustainable revenue growth and margin trajectory given tariffs?	Management reiterated a 15% annual growth guidance and 18-20% EBITDA margin despite the 50% US tariff impact. This indicates high confidence in their "India manufacturing excellence" cost moat.	None	4.5	Consistent logic
4	4.5			Financials			None	4.0	

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
		Naitik / NV Alpha	Realization Drop		Why did Quartz sink realizations drop 3-4% while volumes grew?	Management attributed the drop purely to geographical/ product mix and certain discounts to support US customers under the tariff regime. This implies core unit economics are stable and realization will normalize as non-US IKEA volumes ramp.			Logical explanation
5	5.0	Resha Mehta / GreenEdge	US Tariffs	Business Overview	Were exports preponed to September to avoid the tariff hike?	Management clarified that no preponement occurred and September volumes were actually higher than August, despite bottlenecks. This suggests genuine demand strength rather than artificial front-running of taxes.	None	5.0	Verified data
6	3.5	Sagar Jethwani / PhillipCap	Domestic Ramp-up	Mgmt Outlook	Will the aggressive hiring and marketing for the India □500 Cr plan spike costs?	Management stated marketing spend will remain a fixed percentage of sales with a focus on "influential-based" rather than mass-consumer marketing. This provides comfort that domestic growth will not	None	4.0	Specific policy stated

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
						come at the expense of consolidated margins.			
7	4.5	Naitik / NV Alpha	IKEA/ Lowe's Volume	Business Overview	What incremental units are expected from Lowe's and IKEA global?	Management declined to give exact units but confirmed they will be "major parts" of revenue and require a 250k unit total expansion in the next 4-6 months. This highlights that Carysil is now a core supply-chain partner for the world's two largest home retailers.	Exact unit count	3.0	Hedged for confidentiality
8	2.5	Jainab / Ind. Investor	Cocochico	Governance	Is the Cocochico cafe initiative a part of Carysil or an RPT?	Management clarified Cocochico is an independent entity started by the CMD's wife with no financial correlation to Carysil. This addresses potential "diworsification" or RPT concerns early.	None	5.0	Clear and quantified
9	4.0	Saumil Shah / Paras Inv	US Exposure	Financials	Is the 25% of revenue from the US completely hit by the 50% tariff?	Management clarified that only 12-13% of consolidated revenue is direct US exports subject to the tariff; the rest is domestic US subsidiary fabrication. This significantly	None	5.0	Specific data given

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
						reduces the perceived risk profile of the tariff headwind.			
10	3.5	Yug Jhaveri / Molecule	Backward Integration	Financials	How does the Acrycol quartz sand plant impact the business?	Management confirmed that in-house quartz sand processing makes them substantially more cost-competitive than European peers. This is the primary reason margins have remained resilient despite the US tariff sharing.	None	4.5	Directional evidence

PATTERN FLAGS & SENTIMENT * **The "Supply-Chain Pivot":** Multiple analysts questioned capacity constraints (molds for Lowe's, SS unit additions). Management's posture was aggressive, moving to a third shift in SS and ordering immediate new molds. This confirms the business has shifted from a demand-seeking phase to an execution-constrained phase. * **The "Tariff Shield":** The anxiety over US tariffs remains, but management successfully narrowed the "danger zone" from 25% of revenue down to 12.5%. The sentiment is that Carysil is the "last man standing" for global retailers who need a non-China source.

Analyst Sentiment Verdict: Analysts were **convinced of the growth runway but wary of the tariff mechanics**. The fact that EBITDA margins expanded QoQ despite the 50% tariff news was the most powerful signal of the quarter. The IKEA confirmation provides a massive multi-year visibility floor. The only unresolved friction point is the UK subsidiary's growth, which management is attempting to fix by pivoting to hard surfaces.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1FY26)	This Quarter (Q2FY26)	Direction
US Tariff Level	25%	**50%**	□Escalating
EBITDA Margin	19.4%	**20.3%**	↑ Improving
IKEA Status	RFQ Secured (75% share target)	**Supplies Commenced (70% confirmed)**	□Derisked
US Subsidiary (Karran)	EBITDA Positive	**PAT Positive**	↑ Improving
SS Sink Capacity	180,000 units	**250,000 units (by Q4)**	↑ Expansion
Appliance Strategy	Trading / OEM	**□25 Cr In-house Facility Announced**	□Value Addition
Utilization (Quartz)	75%	**88%**	↑ Efficiency
UK Surfaces Mix	100% Soft	**Initiating Hard Surfaces Pivot**	□Strategy Shift
US Export Exposure	30% of Quartz Revenue	**12-13% of Cons. Revenue**	□Risk Sizing

STOP HERE.