Carysil Ltd — Nov 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The structural transition remains intact, but the quarter highlights the friction of scaling in a high-inflation logistics environment. While revenue hit a Q2 record, the "peak margin" narrative from Q1 has moderated due to transitory cost headwinds.

Result: Inline (Revenue) / Weak Miss (Margins vs. Q1 Peak) **One-line:** Carysil is trading short-term margin volatility (freight/RM) for aggressive long-term capacity and brand building, underpinned by a significant bullish pivot on the US trade environment.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Weak Miss (Margins)	EBITDA margins fell to 19.4% from 21.2% in Q1; missed the "upper band" target this quarter.	□
Earnings Quality	High (Core-led)	CFO/PAT at 1.06x for H1; growth driven by volume (Quartz +10%) and domestic acceleration.	□
Guidance Confidence	Strong	Reiterated 15% revenue growth; maintaining 18-20% EBITDA band despite cost spikes.	□
Management Credibility	Neutral	Execution on capacity is on track, but the resignation of the Group CFO creates a leadership transition watchpoint.	□
Business Quality Signal	Improving	Domestic business growing at 30% (H1); sole supplier status with Grohe/IKEA remains a formidable moat.	□
Key Q&A Exchange	Q#4 (US Election)	Mgmt sees the US election result as a major catalyst for trade deal optimism and tariff reduction.	□
The Street's Primary Anxiety	Margin Compression	Analysts focused on the 172 bps QoQ EBITDA drop; mgmt cited sea freight and RM inflation.	□
Capital Cycle Stage	Investment	Doubling Faucet/Appliance capacity; □90 Cr capex for FY27 in mid-execution.	□
Margin / Return Ratio Trajectory	Stable	Margins are cooling from Q1 peaks but remain within the structural 18-20% band.	□
Pricing Power	Expanding	5% price hike taken in October to offset RM; rolling back trade discounts to fund 5% ad-spend.	□
FCF Conversion & Quality	Strong	H1 Consolidated CFO at □65.2 Cr vs PAT of □61.1 Cr.	□
Competitive Moat Signals	Widening	Launching Nanotechnology sinks in Feb-27; entry into US luxury segment (20% higher value-add).	□
Balance Sheet Strength	Adequate	Net Debt/Equity at 0.37x (Consolidated, Sept-26); interest coverage robust at 7.7x (FY26).	□
Working Capital Efficiency	Stable	Inventory levels managed at □256.6 Cr despite supply chain disruptions.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on volume growth and domestic store expansion targets.	□
Key Vulnerability / Red Flag	CFO Transition	Departure of a long-standing, competent CFO during a massive expansion phase.	□
Management Tone	Bullish	Highly optimistic on US demand post-election and "Carysil 2.0" domestic restructuring.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** The domestic engine is accelerating (30% growth in H1), now contributing 21% of revenue. The company is successfully pivoting its India strategy from "push" (trade discounts) to "pull" (brand ambassadors, 5% ad-spend). The US election result is being treated as a de-risking event for tariffs, leading to an immediate surge in OEM inquiries. Technological differentiation continues with the upcoming KBIS 2027 launch of Nanotechnology sinks, targeting the global luxury tier. * **Negatives:** Profitability took a hit this quarter as sea freight and raw material costs (MMA/PMMA) eroded 150-200 bps of EBITDA margin compared to Q1. The UK surfaces business remains a laggard (down 25% in H1) due to new-build softness, requiring a leadership overhaul. * **Street Concern:** Analysts were concerned about the sustainability of margins and the impact of the CFO’s resignation. Management clarified that the 19.4% margin is the "floor" in a

worst-case logistics environment and that the CFO transition is a personal choice, not a strategic rift. * **Watchpoint:** The commissioning of the 250k Quartz sink and 150k SS sink capacity by March 2027 is the critical milestone for the FY28 growth thesis.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *PPT available - Consolidated figures used. Trend based on YoY (seasonal impact in durables).*

Metric	Current Qtr (Q2FY27)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	275.7	↑ 14.6%	↑ 5.2%	↑	Highest ever Q2; core sink business (+10% vol) leading.
Gross Margin (%)	53.9%	↑ 133 bps	↓ 96 bps	□	YoY expansion due to mix; QoQ dip due to RM inflation.
EBITDA (□Cr)	54.1	↑ 9.3%	↓ 3.5%	□	Impacted by higher freight costs and employee hiring.
EBITDA Margin %	19.4%	↓ 83 bps	↓ 172 bps	↓	Within 18-20% guidance; Q1 (21.2%) was an outlier peak.
PAT (□Cr)	28.4	↑ 4.3%	↓ 9.7%	□	PAT after MI; reflects higher depreciation from capex.
ROCE (%)	17.3% (FY26)	↑ 510 bps	-	↑	Trending up toward 20%+ target as scale improves.
Cash Flow (OCF - H1)	65.2	↓ 8.7%	-	□	Strong H1 performance; slightly lower than H1FY26.
Net Debt / Equity (x)	0.37x	↓ from 0.42x	↓	↑	Deleveraging despite ongoing □90 Cr capex cycle.
Interest Coverage (x)	7.7x (FY26)	↑	-	↑	Comfortable buffer against borrowing costs.
Working Capital (H1)	-32.9 (change)	↓	-	□	Investment in inventory to support H2 festive demand.
Vol: Quartz (units)	217,000	↑ 10.0%	↑ 8.0%	↑	Plant running at 92% utilization; expansion critical.
Vol: Steel (units)	47,000	↑ 8.0%	↓ 4.8%	□	Running at 91% capacity; 150k new units due Q4.
Vol: Faucets (units)	Not split	↑ 8.0%	-	□	H1 growth strong; doubling capacity to 100k units.
Vol: Appliances (units)	Not split	↑ 12.0%	-	□	Shift to in-house mfg (70-80%) to beat BIS norms.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	H1 Growth	Margin	Trend	vs Avg	Key Development
Quartz Sinks	148.9*	↑ 10% (Vol)	~20%+	→	Above	54% of Q2 revenue; sole supplier to IKEA/Grohe.
Surfaces	71.7*	↑ 23% (Vol)	50% (GM)	↑	Above	26% of Q2 revenue; strategy shift to exotic stones.
UK (Carysil Prod)	67.0 (GBP 6.2M)	↑ 11%	Stable	□	In-line	Highest ever half-year revenue in GBP terms.
UK (Surfaces)	62.6 (GBP 5.8M)	↓ 17%	Soft	□	Below	Soft demand in UK new-builds; new segment head hired.
US (United Granite)	47.0 (USD 5.6M)	↑ 12%	Improving	□	Above	High growth in exotic natural stones (10%+).
Domestic (India)	112.9 (H1)	↑ 30%	High	□	Above	Targeting □500 Cr; signed Bobby Deol for brand push.

**Derived from % contribution in PPT.*

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	15% growth for FY27.	Needs ~□470 Cr in H2 (H1 was □538 Cr). Highly feasible.	Reliable	Low
Guidance	Margins	18% - 20% EBITDA.	H1 is at 20.3%. Easily achievable even if H2 remains at 19.5%.	Reliable	Low
Guidance	Volume	250k Quartz, 150k Steel sinks.	Construction ongoing; commissioning by end of FY27.	Reliable	Low
Guidance	Capex Plan	□80 - □90 Cr for FY27.	Ongoing; 90% utilization in core plants justifies spend.	Reliable	Low
Strategy	Domestic	□500 Cr revenue in 3-4 years.	Needs 30-35% CAGR. H1 FY27 delivering 30%.	In-Progress	Medium
Strategy	Branding	5% pure ad-spend in India.	Funded by cutting 5% trade discount; margin neutral.	New	Medium
Strategy	Product	Launch Nanotechnology sinks.	Feb-2027 launch (Las Vegas); targets 25% global luxury sink mkt.	New	Low
Macro	Logistics	Sea freight to normalize.	October showed cooling trend; 5% price hike already taken.	New	High
Balance	Deleveraging	Improve Net Debt/ Equity.	Improved from 0.42 to 0.37 YoY.	Delivered	Low

4. ANALYST Q&A

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
1	4.0	Resha Mehta / GreenEdge	Logistics	Financials	"Was there any disturbance and loss of revenue due to container availability or high freight?"	Management admitted to tremendous challenges and slipping a few containers but claimed they weathered the headwinds to clock record revenue. This implies the 14.6% growth is a "floor" and revenue could accelerate as logistics normalize.	None	4.0	Directional evidence
1a	4.5	Resha Mehta / GreenEdge	UK Surfaces	Business Overview	"Why has Surfaces revenue degrown by 3% [globally] and accelerated degrowth in UK?"	Management attributed the UK decline to a soft new-build market and announced the hiring of a new dedicated head for the Surfaces vertical. This confirms the UK surfaces segment is currently the primary drag on consolidated profitability.	None	4.0	Specific drivers
1b	3.5	Resha Mehta / GreenEdge	UK Market	Business Overview	"Why would Carysil Products [UK] have done well while Surfaces didn't?"	Management explained that sinks and faucets are driven by the stable replacement market, whereas surfaces depend on new kitchen builds which are currently depressed. This distinguishes the business into a defensive core and a cyclical growth segment.	None	4.0	Market nuance
2	5.0						None	4.5	

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
		Vaidik Bafna / Monarch	US Election	Management Outlook	"Do we expect any kind of political or industrial changes [post-US election] which shall benefit Carysil?"	Management expressed high optimism, stating the result removes tariff uncertainty and has already triggered fresh inquiries for Granite and Stainless Steel sinks. This signals a potential re-rating trigger if US-India trade ties lead to definitive tariff reductions.			Bullish pivot
3	4.0	Sanjay Ladha / Bastion	Costs	Financials	"Employee cost and other expenses have been increasing rapidly... specifically for Q2."	Management explained they are hiring ahead of the March 2027 capacity expansion, including a new CTO and project heads to manage the scale-up. This indicates the current EBITDA compression is a deliberate investment in organizational "readiness" for the next □1,000 Cr revenue tier.	None	4.0	Investment-led
3a	4.5	Sanjay Ladha / Bastion	Utilization	Capex and Allocation	"How do we see the capacity ramp-up... will we go for a new capex?"	Management is building infrastructure for 0.5M sinks but only installing machinery for 250k initially to remain flexible, with 90%+ utilization currently necessitating the rush. This reflects a disciplined approach to	None	5.0	Quantified

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						capital, avoiding over-capacity while preparing for "rush orders."			
4	4.5	Bala Krishna / Oman Inv.	New Deals	Business Overview	"What is the progress on deals with Hafele New Zealand and Australia?"	Management confirmed receiving the first orders from Hafele (target 25k-30k sinks/ year) and Canada, with dispatches starting next month. This provides clear revenue visibility for H2 FY27 beyond the existing IKEA/ Grohe contracts.	None	5.0	Verifiable
5	4.5	Sagar Jethwani / PhillipCap	Pricing	Financials	"What was the impact of sea freight/ RM inflation on margins and any pricing action taken?"	Management quantified the impact at 150-200 bps and confirmed a 5% price hike effective October, which will fully benefit Q3. This suggests the Q2 margin dip was a timing issue and a recovery to 20%+ is likely in H2.	None	4.5	Core-led beat
6	4.0	Sagar Jethwani / PhillipCap	India Strategy	Business Overview	"What's the expansion strategy in India... tapping specific cities?"	Management is splitting the sales leadership into e-comm, B2B, and B2C verticals with strong KPI monitoring, moving away from an underperforming centralized structure. This "Carysil 2.0" restructuring is the key to hitting	None	4.0	Specific timeline

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						the ₹500 Cr domestic target.			
7	4.5	Sagar Jethwani / PhillipCap	Advertising	Financials	"Your comments on ad and branding expenses for next year?"	Management will invest ₹25-30 Cr in 27 brand stores and maintain a 5% ad-spend, funded by eliminating 5% trade discounts previously given to distributors. This is a high-quality strategic shift from "push" to "pull" marketing without diluting margins.	None	4.5	Strategic shift
8	3.5	Nipurn Khemka / CD Equi	Talent	Governance	"Is there sufficient pull for attracting top talent to Bhavnagar?"	Management argued that the quality of life, lack of pollution, and Carysil's global momentum are attracting CXOs from Bombay, supported by a hybrid work model. This addresses a common "periphery location" risk, though talent retention remains a long-term monitoring point.	None	3.5	Qualitative
9	4.0	Rushabh Shah / Systematix	Asset Turns	Capex and Allocation	"What sort of asset turnover are we planning on the new Faucet/ Appliance capacity?"	Management expects a 5x to 6x asset turnover due to the assembly-focused (asset-light) nature of these segments, with 80-85% utilization targeted next year. This confirms that the new segments	None	4.5	Quantified

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						are significantly more capital-efficient than the core Sink business.			

PATTERN FLAGS & SENTIMENT * **Theme Cluster: The US Opportunity.** The management has pivoted from "managing tariffs" to "anticipating a boom." The Republican victory in the US is being viewed as a clearing event that will release pent-up demand and potentially lower trade barriers. This is a significant sentiment shift from the cautious tone of previous quarters. * **Theme Cluster: Investment-led Margin Compression.** Analysts were zeroed in on the QoQ margin drop. Management was transparent that the "excess" costs (employee hiring, freight) are the price of scaling the business to a □2,000 Cr+ potential. The 5% price hike in October served as a credible rebuttal to fears of permanent margin erosion. * **Theme Cluster: Brand Transformation.** The hiring of Bobby Deol and the reallocation of trade discounts to media spend marks Carysil's evolution from a B2B manufacturer to a B2C brand. Analysts were intrigued by this shift, recognizing it as a necessary step to capture the premium Indian kitchen market.

Analyst Sentiment Verdict: Analysts were **cautiously optimistic.** They appreciated the record revenue and the clarity on the India growth plan but remained wary of the CFO departure and the immediate margin impact of sea freight. Management's credibility remains **strong** due to quantified volume growth and specific deal updates (Hafele/Amazon). The primary unresolved risk is the **leadership transition** at the CFO level during a peak capex year.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1FY27)	This Quarter (Q2FY27)	Direction
EBITDA Margin	21.2% (Peak)	19.4%	↓ Compression
Group CFO	Anand Sharma (Active)	Anand Sharma (Resigned)	□Leadership Risk
US Macro Sentiment	Uncertain (Pre-election)	Bullish (Post-election optimism)	↑ Positive Shift
Brand Ambassador	Mira Kapoor	Bobby Deol (added/focused)	↑ Increased Spend
Pricing Strategy	Status Quo	5% price hike + Discount Rollback	↑ Expanding Power
Domestic Revenue	□56.0 Cr (Q1)	□112.9 Cr (H1 total)	↑ Accelerating
International Entry	Agreements signed	First Orders / Dispatches (Hafele)	□Execution
Product Tech	In R&D	KBIS Feb-27 Launch Announced	□Visibility
Appliance Sourcing	High Imports	70-80% In-house Mfg	↑ Margin Protection

STOP HERE.