



## Strong Guidance for FY26, Gaining market share globally even in subdued demand environment

Carysil Ltd reported inline Q4FY25 performance. Operating margins did bounce back sequentially but remain below the guided range. Operating cashflows remained impacted due to stretched inventory and receivables, with the hope of normalising within few quarters.

### Key business highlights

- Exports Revenue for the quarter stood at Rs 1632 Mn up by 5% on YoY and -2% on QoQ
- Domestic Revenue for the quarter stood at Rs 376 Mn up by 7% on YoY and 3% on QoQ
- Quartz sinks volume +13% YoY and +10% QoQ
- Stainless sinks volume +12% YoY and +53% QoQ
- Kitchen appliances volumes +53% YoY and 66% QoQ

### Key Financial Highlights:

- Revenue at Rs 2,042Mn, +1% qoq/+7% yoy
- EBITDA (excl OI) at Rs 344Mn, +20% qoq/flat yoy
- EBITDA margin at 16.9% vs 14.2% vs 18.1% in Q3FY25/Q4FY24
- PAT at Rs 183Mn, +46% qoq/+16% yoy
- EPS at Rs 6.6 vs 5.8/4.4 in Q3FY25/Q4FY24

### Outlook:

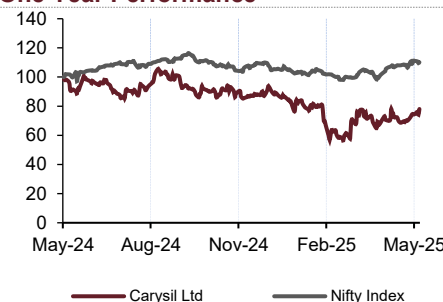
- Revenue Guidance:** 9200-9350Mn (+15% YoY), Annual revenue runrate of ~1Bn likely to start from Q3/Q4FY26
- Margin guidance:** 18-20% (FY25 – 16.8%)
- Capacity utilization to reach 85-90% by Q2/Q3 (on 10lac sink capacity)
- Working capital to normalize over the next 6 months
- Capex of ~500Mn to be incurred in FY26 for capacity expansion and automation

Rating	TP (Rs)	Up/Dn (%)
<b>BUY</b>	<b>978</b>	<b>44</b>

### Market data

<b>Current price</b>	<b>Rs</b>	<b>681</b>
Market Cap (Rs.Bn)	(Rs Bn)	19
Market Cap (US \$ Mn)	(US \$ Mn)	226
Face Value	Rs	2
52 Weeks High/Low	Rs	984.9 / 482.3
Average Daily Volume	('000)	163
BSE Code		524091
Bloomberg		CARYSIL.IN
Source: Bloomberg		

### One Year Performance



Source: Bloomberg

% Shareholding	Mar-25	Dec-24
Promoters	41.37	41.37
Public	58.63	58.63
Others	0.00	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Source: Bloomberg

### Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net sales	4,839	5,939	6,838	8,155	9,428	10,854
<b>Growth</b>	<b>56.24%</b>	<b>22.73%</b>	<b>15.13%</b>	<b>19.27%</b>	<b>15.61%</b>	<b>15.12%</b>
EBIDTA	1,033	1,074	1,287	1,368	1,768	2,089
<b>Growth</b>	<b>57.04%</b>	<b>3.93%</b>	<b>19.88%</b>	<b>6.26%</b>	<b>29.22%</b>	<b>18.19%</b>
Margins (%)	21.4	18.1	18.8	16.8	18.8	19.3
Adjusted net profit	653	528	584	643	933	1,158
<b>Growth</b>	<b>65.97%</b>	<b>-19.04%</b>	<b>10.47%</b>	<b>10.16%</b>	<b>45.15%</b>	<b>24.11%</b>
EPS (Rs)	23.0	18.6	20.5	22.6	32.8	40.8
P/E (x)	30	37	33	30	21	17
EV/EBITDA (x)	20	20	17	16	12	10
RoCE (%)	21.72%	15.35%	14.67%	12.66%	16.16%	17.46%
RoE (%)	25.40%	17.21%	16.30%	12.10%	15.08%	15.88%

Source: Dalal &amp; Broacha

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**Concall Highlights:**

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**A. Export Market Operations:**

- Incremental 1.5lac quartz sinks supply to Karran USA for 1800+stores across USA with supplies starting from May
- Signed a landmark deal with Howdens (largest retailer in UK) for sinks, announcement will be made in due course
- Company participated in a global tender for IKEA for Non-US business within Quartz sinks. Earlier was eligible only for 25% of total qty, however the company has principally been awarded 75% of global Non-US business subject to final quality approvals. Deal likely to be finalized in the next 60days. Potential to triple the business with IKEA which is massive. IKEA is looking to increase business for Stainless Steel sinks substantially for global markets.
- Overwhelming queries for Stainless steel sinks business from global players post tariff announcement. Have started supplies to Kohler India and Haffle.
- Breakthrough with Emmar group in UAE, largest real estate player in UAE.
- Already turnaround witnessed in United Granite in Q1
- IKEA contributes ~10% of overall revenue
- 30% exports is contributed by USA.
- Likely to double sinks sales in FY26 (~2.4lac)

**B. Domestic Market Operations:**

- ~300crs revenue target in mid term (sinks and faucets largest growth driver)
- Dealer network increased substantially with newer loyalty programmes introduced
- Focus is on building owned service network for 24x7
- 70% distribution is via own stores and remaining through large retailers.

**C. Other Operational Details:**

- 7-10crs to be invested to increase stainless sinks capacity from 1.8lac to 2.5lac. Incremental capacity to commercialize by Q3
- Faucets capacity to increase from 30,000 to 1,00,000 units
- Fabrication technology for countertops to be launched in India by end of FY26
- Product mix impacted realizations of all products
- Faucets revenue at 15.2crs vs 11.27crs in FY24
- Appliances revenue at 31.4crs vs 29.81crs in FY24
- Tax rate increased in UK from 19% to 25%

### Valuations and Outlook:

We remain optimistic on Carysil in the mid to long term primarily due to its positioning as one of the leaders in global quartz sinks market which is growing at 15-20% CAGR. We expect Sales/Ebitda/Pat to grow at healthy rate on the basis of partnerships with global retailers providing revenue visibility, expanding into newer geographies, strategic acquisitions in UK and increased demand for the products they offer. The vision of the company is to be a fully integrated kitchen solution provider and be among the Top 10 players globally. In our opinion Carysil is taking the right steps to be a major player in the kitchen segment and is well poised to take advantage of the opportunities that are present.

We value the company at 24x FY27EPS of Rs 40.8 and arrive at a target price of Rs 978, an upside of 44% from CMP of Rs 681 and maintain BUY recommendation.

### Quarterly Snapshot

(Rs Mn)	Q4FY25	Q4FY24	YoY Growth	Q3FY25	QoQ Growth
Revenue from operations	2,042	1,905	7%	2,031	1%
Other income	23	19	18%	43	-47%
<b>Total Income</b>	<b>2,065</b>	<b>1,925</b>		<b>2,074</b>	
Cost of goods sold	936	780	20%	975	-4%
Employee Benefit expenses	200	176	14%	207	-3%
Other Expenses	561	604	-7%	561	0%
<b>EBITDA (excl other incom</b>	<b>344</b>	<b>345</b>	<b>0%</b>	<b>288</b>	<b>20%</b>
Less : Depreciation	82	95	-13%	92	-11%
PBIT	262	250	5%	196	34%
Less: Interest cost	54	58	-6%	58	-6%
<b>PBT (after exceptional)</b>	<b>231</b>	<b>212</b>	<b>9%</b>	<b>182</b>	<b>27%</b>
Less : Tax	48	55		56	
<b>PAT</b>	<b>183</b>	<b>158</b>	<b>16%</b>	<b>125</b>	<b>46%</b>
<b>EPS</b>	<b>6.6</b>	<b>5.8</b>		<b>4.4</b>	
<b>Margins(%)</b>					
Gross Margins	54.1%	59.1%	(493)	52.0%	214
EBITDA Margins	16.9%	18.1%	(126)	14.2%	268
Net profit Margin	8.9%	8.2%	68	6.0%	283
<b>As a % of sales</b>					
RM as a % of sales	45.9%	40.9%		48.0%	
EE as a % of sales	9.8%	9.2%		10.2%	
Other exp as a % of sales	27.5%	31.7%		27.6%	

Source: Company, Dalal & Broacha Research

## Quarterly Breakup

(Rs in Mns)					
Q4FY25					
	Standalone		Consolidated	Subsidiary	
SALES	1,087		2,042	955	
cogs	436		936	500	
Gross Profit and GP margins	651	59.9%	1,106	54.1%	47.6%
EBITDA	214		344	130.5	
EBITDA margins	19.7%		16.9%	13.7%	
PAT	86.5		183	96.6	
Q3FY25					
	Standalone		Consolidated	Subsidiary	
SALES	1,057		2,031	974	
cogs	449		975	526	
Gross Profit and GP margins	608	57.5%	1,056	52.0%	46.0%
EBITDA	157		288	131.3	
EBITDA margins	14.8%		14.2%	13.5%	
PAT	86.5		125.3	38.8	
Q2FY25					
	Standalone		Consolidated	Subsidiary	
SALES	1,054		2,071	1,017	
cogs	443		919	476	
Gross Profit and GP margins	611	58.0%	1,152	55.6%	53.2%
EBITDA	174		372	197.9	
EBITDA margins	16.5%		18.0%	19.5%	
PAT	78.1		171.1	93	
Q1FY25					
	Standalone		Consolidated	Subsidiary	
SALES	1,005		2,012	1,007	
cogs	417		940	522	
GP	587	58.5%	1,072	53.3%	48.1%
EBITDA	218		373	155	
	21.7%		18.5%	15.4%	
PAT	9.26		15.86	6.6	

Source: Company, Dalal &amp; Broacha Research

## FINANCIALS

P&L (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	3,097	4,839	5,939	6,838	8,155	9,428	10,854
Total Operating Expenses	1,418	2,095	3,024	3,149	3,770	4,313	4,966
Employee Cost	222	336	449	603	794	896	977
Other Expenses	799	1,375	1,392	1,799	2,223	2,451	2,822
<b>Operating Profit</b>	<b>658</b>	<b>1,033</b>	<b>1,074</b>	<b>1,287</b>	<b>1,368</b>	<b>1,768</b>	<b>2,089</b>
Depreciation	127	177	264	324	359	379	397
PBIT	531	856	810	963	1,009	1,389	1,693
Other income	80	101	16	53	98	80	80
Interest	73	96	145	209	229	207	207
PBT ( Before exceptional )	538	861	681	808	878	1,261	1,565
Exceptional	-	-	-	-	-	-	-
PBT (post exceptional)	538	861	681	808	878	1,261	1,565
Provision for tax	145	208	153	224	235	328	407
Reported PAT	393	653	528	584	643	933	1,158
Net Profit	393	653	528	584	643	933	1,158
<b>Adjusted Profit</b>	<b>393</b>	<b>653</b>	<b>528</b>	<b>584</b>	<b>643</b>	<b>933</b>	<b>1,158</b>

Balance Sheet ( Rs mn )	FY21	FY22	FY23E	FY24	FY25	FY26E	FY27E
Equity capital	53	53	54	54	57	57	57
Reserves	1,886	2,516	3,017	3,528	5,257	6,133	7,234
<b>Net worth</b>	<b>1,940</b>	<b>2,569</b>	<b>3,070</b>	<b>3,581</b>	<b>5,313</b>	<b>6,190</b>	<b>7,291</b>
<b>Non Current Liabilites</b>	<b>310</b>	<b>538</b>	<b>949</b>	<b>1,317</b>	<b>1,043</b>	<b>920</b>	<b>922</b>
<b>Current Liabilites</b>	<b>1,662</b>	<b>2,426</b>	<b>3,104</b>	<b>3,548</b>	<b>3,497</b>	<b>3,521</b>	<b>3,688</b>
<b>TOTAL LIABILITIES</b>	<b>3,912</b>	<b>5,533</b>	<b>7,123</b>	<b>8,447</b>	<b>9,853</b>	<b>10,631</b>	<b>11,901</b>
<b>Non Current Assets</b>	<b>1,703</b>	<b>2,458</b>	<b>3,514</b>	<b>4,304</b>	<b>4,589</b>	<b>4,582</b>	<b>4,685</b>
Fixed Assets	1,380	2,031	2,384	3,006	3,122	3,121	3,224
Goodwill	239	239	1,034	1,135	1,135	1,135	1,135
Non Current Investments	-	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-	-
Other Financial Assets	12	16	40	27	189	183	183
Other Non Current Assets	71	171	56	136	142	142	142
<b>Current Assets</b>	<b>2,209</b>	<b>3,076</b>	<b>3,609</b>	<b>4,143</b>	<b>5,264</b>	<b>6,049</b>	<b>7,216</b>
Current investments	-	-	-	-	-	-	-
Inventories	546	1,042	1,306	1,732	2,211	2,557	2,943
Trade Receivables	830	1,004	1,031	1,378	1,460	1,688	1,943
Cash and Bank Balances	201	113	102	125	680	873	1,378
Advances	1	2	3	4	3	3	3
Other Current Assets	630	915	1,167	904	909	928	949
<b>TOTAL ASSETS</b>	<b>3,912</b>	<b>5,533</b>	<b>7,123</b>	<b>8,447</b>	<b>9,853</b>	<b>10,631</b>	<b>11,901</b>

## FINANCIALS

Cashflow Statement	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Cash flow from operating activities</b>							
Profit before tax	538	861	681	808	878	1,261	1,565
Depreciation & Amortization	127	177	264	324	359	379	397
Interest expenses	73	96	145	209	229	207	207
<b>Operating profit before working capital change</b>	<b>738</b>	<b>1,134</b>	<b>1,090</b>	<b>1,341</b>	<b>1,466</b>	<b>1,848</b>	<b>2,169</b>
Working capital adjustment	(28)	(294)	(394)	(703)	(599)	(417)	(470)
<b>Gross cash generated from operations</b>	<b>710</b>	<b>840</b>	<b>696</b>	<b>638</b>	<b>867</b>	<b>1,431</b>	<b>1,699</b>
Direct taxes paid	(145)	(208)	(153)	(224)	(235)	(328)	(407)
Others	(111)	(115)	85	153	(72)	14	9
<b>Cash generated from operations</b>	<b>454</b>	<b>516</b>	<b>534</b>	<b>567</b>	<b>560</b>	<b>1,117</b>	<b>1,301</b>
	-	-	-	-	-	-	-
<b>Cash flow from investing activities</b>							
Capex	(359)	(731)	(1,411)	(1,048)	(475)	(378)	(500)
Investment	-	(3)	(1)	(2)	6	-	-
Others	12	9	-	-	-	-	-
<b>Cash generated from investment activities</b>	<b>(348)</b>	<b>(725)</b>	<b>(1,411)</b>	<b>(1,050)</b>	<b>(469)</b>	<b>(378)</b>	<b>(500)</b>
<b>Cash flow from financing activities</b>							
Proceeds from issue of share	-	-	-	-	-	-	-
Borrowings/ (Repayments)	37	340	850	772	(358)	(250)	-
Interest paid	(73)	(96)	(145)	(209)	(229)	(207)	(207)
Dividend paid	(53)	(64)	(64)	(64)	(64)	(64)	(64)
Others	-	4	-	-	-	-	-
<b>Cash generated from financing activities</b>	<b>(88)</b>	<b>184</b>	<b>641</b>	<b>500</b>	<b>(651)</b>	<b>(521)</b>	<b>(271)</b>
<b>Net cash increase/ (decrease)</b>	<b>18</b>	<b>(25)</b>	<b>49</b>	<b>16</b>	<b>(560)</b>	<b>217</b>	<b>530</b>
<b>Ratios</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
OPM	21.24%	21.35%	18.08%	18.83%	16.77%	18.75%	19.25%
NPM	12.37%	13.21%	8.87%	8.47%	7.79%	9.81%	10.59%
Tax Rate	26.96%	24.19%	22.42%	27.75%	26.79%	26.00%	26.00%
<b>Growth Ratios (%)</b>							
Net Sales	12.12%	56.24%	22.73%	15.13%	19.27%	15.61%	15.12%
Operating Profit	41.79%	57.04%	3.93%	19.88%	6.26%	29.22%	18.19%
PBIT	76.60%	59.91%	-20.89%	18.62%	8.72%	43.60%	24.11%
PAT	226.98%	65.97%	-19.04%	10.47%	10.16%	45.15%	24.11%
<b>Per Share (Rs.)</b>							
Net Earnings (EPS)	13.84	22.97	18.60	20.54	22.63	32.85	40.77
Cash Earnings (CPS)	18.30	29.21	27.87	31.96	35.27	46.20	54.73
Dividend	0.00	0.15	0.15	0.15	0.15	0.15	0.15
Book Value	68.28	90.44	108.07	126.05	187.03	217.87	256.64
Free Cash Flow	3.34	-7.57	-30.86	-16.93	2.98	26.00	28.21
<b>Valuation Ratios</b>							
P/E(x)	49.21	29.65	36.62	33.15	30.09	20.73	16.70
P/B(x)	9.97	7.53	6.30	5.40	3.64	3.13	2.65
EV/EBIDTA(x)	30.64	19.94	19.98	17.25	15.59	11.81	9.75
Div. Yield(%)	-	0.02	0.02	0.02	0.02	0.02	0.02
FCFF Yield(%)	0.49	(1.11)	(4.53)	(2.49)	0.44	3.82	4.14
<b>Return Ratios (%)</b>							
ROE	20.27%	25.40%	17.21%	16.30%	12.10%	15.08%	15.88%
ROCE	17.99%	21.72%	15.35%	14.67%	12.66%	16.16%	17.46%

Source: Company, Dalal &amp; Broacha Research

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