**February 19, 2025**

To,
BSE LIMITED
Department of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001
**Scrip Code: 524091**

To,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1
'G' Block, Bandra – Kurla Complex
Bandra East,
Mumbai 400 051
**Trading Symbol: CARYSIL**

**Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Earnings Conference call held on February 13, 2025.**

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the transcript of Q3 FY & 9M FY2025 Earnings Conference Call for the Un-Audited Financial Results for the quarter and nine months ended December 31, 2024 held on **Thursday, February 13, 2025**

Thanking you,
Yours faithfully,

For **CARYSIL LTD.**

Reena Tejas Shah
Digitally signed by Reena Tejas Shah
Date: 2025.02.19 10:51:48 +05'30'

**REENA SHAH**
**COMPANY SECRETARY & COMPLIANCE OFFICER**

Encl.: a/a

"Carysil Limited

Q3 & 9M FY '25 Earnings Conference Call"

February 13, 2025

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 13th February 2025 will prevail."

**MANAGEMENT:** **MR. CHIRAG PAREKH – CHAIRMAN AND MANAGING DIRECTOR**
**MR. ANAND SHARMA – EXECUTIVE DIRECTOR AND GROUP CHIEF FINANCIAL OFFICER**
**SGA, INVESTOR RELATIONS ADVISORS**

**Moderator:** Ladies and gentlemen, good day, and welcome to Carysil Limited Q3 and 9 Months FY '25 Earnings Conference Call. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Chirag Parekh, Promoter and Managing Director. Thank you, and over to you, sir.

**Chirag Parekh:** Good evening, ladies and gentlemen. Thank you for joining the Carysil Limited quarter 3 and 9 monthly FY '25 earnings conference call. I trust you have an opportunity to review our financial results and investor presentation, both available in the company's website and on stock exchanges. Joining me on this call are Mr. Anand Sharma, Executive Director and Group CFO; and SGA, Investor Relations Advisors.

With over 30 years of learning at Carysil, we focused on rapidly translating those learnings into action, which has helped us grow over the years. We have also step ahead and emerge as a bigger, stronger force in the market. We have continued with our multi-prolonged holistic strategy for growth and continuous innovation, investment in capacity expansion, brand visibility and expanding our reach across new geographies worldwide.

Our commitment to brand development, both in India and internationally, has been instrumental in strengthening our position as a trusted name in the kitchen industry. We are working to become the most trusted one-stop kitchen solution company by forming partnerships with global marquee customers, leveraging technology, strategic marketing, building a robust ecosystem, keen understanding on evolving consumer preferences.

Innovation, as you know, is a key driving force of Carysil and continuously, we strive to introduce cutting-edge products and technology resonate with the lifestyle, keeping the customer engaged and inspired on a continuous basis. Additionally, our strategic diversification of products allows us a comprehensive and integrated range of kitchen solutions, making Carysil a one-stop destination.

We have successfully expanded our footprint in global markets with a presence over in more than 60 countries worldwide. Besides of global expansion to increase production capacity, we have committed to provide best quality to our global customers, investing in the state-of-the-art manufacturing and adopting best-in-class process ensure our products meet the highest international benchmark.

While we are focused on business expansion, we are committed to the environment and people is reflected in our ESG certification and Great Place to Work certification. We recognize the strength, the expertise of our people, and fundamentally our growth, therefore, talent acquisition with our products business remains a key priority as we focus on building a young, energetic, motivated, high-skilled team to support our expansion plan in the domestic market.

We are also focusing on women empowerment very, very strongly. Attracting, developing, and retaining top industry talent, we aim to foster country innovation, enhance operational efficiency, and deliver an exceptional customer experience.

Furthermore, in the 9-month FY '25, we took significant steps in product innovation and portfolio optimization. We have successfully designed high-margin models for Quartz sink for the international and the Indian market, along with the stainless steel sinks and a large variety of high-margin kitchen faucets to cater the domestic industry. To support the development, we invested over INR35 crores in new moulds, machineries, utilities and new products, reinforcing our commitment to deliver high-quality cutting-edge kitchen solutions.

Simultaneously, as part of our continuous performance improvement strategy, efficient working capital manner optimized use of resources, we have undertaken a rationalization of our product portfolio by discontinuing slow-moving SKUs and focusing more on high value-added products to streamline and enhance our offerings and improve overall inventory management efficiency.

DuringQ3FY25, we had enhanced marketing efforts and run strategic marketing campaigns, including participation in Ace Tech exhibitions, Big 5 in Dubai, advertisement on the TV ads and in the theatres and a bunch of distributors and customers meet. Also, we run social media campaigns and invest in ads of about INR3 crore plus last quarter over our regular marketing spending.

Our participation in the Ace Tech exhibition allowed us to showcase our cutting-edge kitchen solutions to a diverse audience, including industry architects and potential customers. Our Big 5 exhibition in Dubai has helped us to reinforce our brand in the international market and tap into new business opportunities. The overwhelming response from the attendees combined meaningfully with key stakeholders usually enhances our brand credibility and market positioning. We have shown strong growth in our UAE subsidiary in the last quarter.

As we move forward, our focus will be on creating awareness with consumers, industry professionals, and businesses about the unique benefits of Quartz sink through well-structured and strategic marketing campaign. We believe that with well-planned and strategic marketing campaign, we can significantly expand the Quartz sink to a global scale. Our vision is to obviously position Carysil as a global pioneer in the industry.

In the upcoming quarter, our key objectives going to be achieved higher value growth, streamlining working capital and boosting margins to drive long-term success. We aim to accelerate value creation, enhance working capital efficiency, improve profitability in the coming quarters, and position our business for sustained growth.

Quartz business. Coming back to the business for the coming quarters. We will start with the good news. Finally, we are pleased to inform you that our major customer, Karran USA has been awarded a huge order by one of the biggest US home retail chains, and we are expecting a large flow of orders from them by this quarter. This will also require a fresh investment in new moulds with the addition of the moulds, machinery infrastructure. This achievement is a testament to our continuous efforts to expand and diversify our customer portfolio.

As of December 31, 2024, our plant capacity utilization stood at 65%. We are also happy to inform a second breakthrough by the new SKU has been approved by IKEA for their global requirement and will overall improve our capacity utilization to 80% in the coming quarters of FY '25, - '26.

Stainless steel sink business. In quarter 3 FY '25, our steel sink business experienced a softer performance due to the spill of some major orders. However, the momentum still remains a strong and healthy pipeline, encouraged many of our existing Quartz kitchen sinks customers and have also expressed their interest in expanding their portfolio to include our steel sinks.

We will provide updates once these new contracts are signed. Meanwhile, operational efficiency remains robust, capacity utilization remains around 80% in 9-month FY '25. We would also like to let you know –that with the China plus strategy, we've been receiving a large number of inquiries for the steel sinks for the US and other markets.

One more feather in the cap for the stainless steel division, we have able to secure a good size order as a starting point with Kohler India for the stainless steel sinks for our long-term journey with Kohler.

Subsidiaries performance. The December quarter is typically a softer period for overall international overseas subsidiary due to ending of their calendar year.

Domestic business. Our domestic business remained relatively flat quarter 3 FY '25 due to softer market conditions. However, we expect a more value-driven growth in the coming quarters. The implementation of the BIS standards has provided a unique opportunity to assemble and manufacture built-in appliances, products like kitchen hoods, hobs, ovens, dishwasher, etc, to capture significant market share.

We are also building capacity to meet the demand of the current sales forecast and to seize any OEM opportunities. Additionally, our faucet division is progressing well with the introduction of new technology of like powder coating and chrome plating, which is going to gain momentum, not only for kitchen faucets, but also for the bathroom faucets. We anticipate strong domestic growth in the faucet industry.

Strategic priorities, following key initiatives: product innovation, infrastructure expansion, A new factory will be constructed on the land opposite to existing facility to support above expansion plans in the built-in appliances. If required, we may use this land for further Quartz expansion business.

Cost optimization and improvement of profitability in the US subsidiary. We do understand that the last quarters in the US subsidiary have not been great. We feel it's an initial period of time. We are also learning the business. But now we have a plan. We are implementing a structured cost optimization plan for US subsidiary with a clear roadmap to achieve profitability in the coming quarters.

Customer expansion, we are broadening our customer base across diverse product portfolios to penetrate the market.

Leadership strengthening, we are enhancing our leadership team to drive operational excellence and effectively execute our strategic vision.

With this, I hand over the call to Mr. Anand Sharma, our Executive Director and Group CFO, to brief you on our financial performance. Thank you.

**Anand Sharma:** Thank you, sir. Good evening, everyone. Let me take you through the company's consolidated financial performance quarter 3 FY '25 performance. Consolidated total income stood at INR205.5 crores for Q3 FY '25. This grew by 8.9% on Y-on-Y basis, but marginally lower than the previous quarter, primarily due to holiday season in overseas subsidiary and lower sales in steel sinks segment.

EBITDA for quarter 3 FY '25 stood at INR31.2 crores as compared to INR36.1 crores in Q3 FY '24. EBITDA, margin for quarter 3 FY '25 was impacted mainly due to reasons like the export freight cost increased from 6.5% in March '24 to 9.3% in December '24 due to Red Sea issues. This has resulted in impact of margin by INR2.1 crore on Q-on-Q basis. However, with the current ceasefire with Israel and Hamas, freight rate has came down sharply and current freight cost will be at pre-March '24 level.

We have incurred a strategic additional marketing spend of INR3 crores in Q3 FY '25, which will drive the growth for the future. There was also an adverse impact of GBP INR translation difference due to the consolidation of the UK balance sheet in the Indian rupee as of 31st March '24, where the rupee appreciated from INR112 in September '24 to INR107 in December '24. This has resulted in the notional loss of around INR2.8 crores in quarter 3 FY '25. However, GBP INR now strengthened to INR108 plus. This will benefit us in the coming quarters.

Increase in price for key raw material MMA from $1.79 per kg in April '24 to $2.33 in September '24 to now $2.52 in December '24. However, the current trade shows that this will come down to around $2.02 per kg in March '25 onwards. So this is going to have benefit. However, this has resulted in around INR70 lakhs cost increase in a quarter-to-quarter basis. We also have some retention and training of additional skilled manpower to meet the upcoming demand and to enhance capacity utilization.

Profit after tax and after minority interest stood at INR12.5 crore as compared to INR15.3 crore in Q3 FY '24 due to reasons stated earlier. Coming to 9-month FY '25 performance, sales volume for Quartz sink stood at 472,193 as compared to 4,10,728. This is recording growth of 15% on a Y-on-Y basis. stainless sinks stood at 1,09,346 units as compared to 85,998 in 9MFY25, recording impressive growth of 27%.

Kitchen appliances and other products stood at 41,759 units in 9 months FY '25 as compared to 43,418 in last year 9-month period. There is a marginal de-growth mainly due to BIS issue and the import.

Consolidated total income stood at INR 614.9 crore in 9 month FY '25 as compared to INR496.1 crore in 9 month FY '24, recording a growth of 24% Y-on-Y. Total income increased mainly due to 2 reasons, Quartz sink business and better than expected performance by the UAE Subsidiary.

EBITDA for 9 months FY '25 stood at INR105.9 crore as compared to INR97.4 crore in 9 months FY '24. Profit after tax and minority interest stood at INR45.2 crores in 9 months FY '25 as compared to INR42.4 crores in 9 months FY '24.

Now coming to utilization of QIP proceeds. We have raised INR125 crores through QIP for capex, working capital and general corporate purposes. The working capital allocation of INR31.25 crore is deployed in the business, which has resulted in reduction in bank borrowings and cost management.

We have a capex allocation of INR62.5 crore, which includes investment in moulds, machinery, new facilities. Till now we have utilized around INR5 crore because the major capex plan is underway, which will be utilized in FY '25, '26.

Out of the general corporate purpose fund allocated of INR27.9 crores, INR5 crore is utilized for marketing, branding, and promotional activities. The remaining fund will be utilized in the coming period and the said balance we maintained in the FD with the banks.

Now coming to the debt position. As of 31st December 2024, our consolidated borrowings stand at INR255 crore as compared to INR300 crore as of 31st March 2024. The debt utilization on 31st December '24 is mainly in the areas like we have INR95 crore debt, which is for the acquisition of Carysil Surfaces Limited and United Granite LLC.

INR35 crore of the capex is used in the term loan for India operation and INR125 crore is used as a working capital. So we have efficiently used our working capital and tried to reduce our debt, which can be seen from the March to the 31st December level.

Thank you. Now I ask operator to open the floor for question and answer. Over to you, operator.

**Moderator:** The first question is from the line of Harsh Shah from Dalal & Broacha.

**Harsh Shah:** A few questions from my side. So firstly, on the gross margin front. So if you could kind of help us understand the dip in the gross margin, especially on a sequential basis. So even if I adjust the increase in the raw material cost, the dip in the margins at the gross margin front is almost by around 250 to 300 basis points.

So one question is that -- so when I do consolidate minus standalone to find out the subsidiary gross margin, it seems that there has been some one-off or maybe I don't know the reason for the drop in gross margin at the subsidiary level. So if you could kind of help us understand?

**Anand Sharma:** So the gross margin dropped, mainly because of the US subsidiary where we have an operating loss. Secondly, since we are doing consolidation in the Indian rupee, as I explained in my speech, when we did our consolidation on the 30th of September, theGBP/ INR equivalent is INR112, which came down to INR107 as on 31st Dec-2024.

So when we do again the consolidation on 31st December, the difference in the consolidation is all got into quarter 3 because we cannot change the first 6-month period number. So the consolidation difference came in quarter 3 itself. So that has brought down the gross margin side.

**Harsh Shah:** But , I'm not understanding how is my gross margin kind of getting impacted at the subsidiary level?

**Anand Sharma:** Yes, I'll tell you. So like you have closing stock valued at INR112 as on 30th Sep-24. When you do the consolidation on 31st Dec-24, your closing stock are valued at INR107. So INR5 getting loss just in that translation. So there is a notional translation difference of around INR3 crore at the subsidiary level.

**Harsh Shah:** That was clear. Secondly, going forward, in terms of the employee cost, so we have seen for the last 4 quarters, it's been on a continuous rise and you even alluded in the investor PPT saying that a lot of training programs kind of have been done. so how should one look in terms of at where this number would stabilize as a percentage of sales?

**Chirag Parekh:** Yes. Chirag Parikh here, CMD. There is, I think, a great point on the employees. So I think as far as the workforce we were expecting this increase in the sales in the Quartz sink business. We've been carrying quite a bit of workforce with us, and that's why we see this ERE cost rising in the last few quarters. Finally, anyway, we announced this new business, which is becoming to will be optimizing this.

As far as the new salesforce what we have recruited, they're undergoing a training. And we are now, as I said, focusing more on high-value-added products. So we just introduced this product. Some of them went out of stock. So in the quarter 1, FY'25'26, we'll have a complete range of new high-margin products, for which this been assigned to team to introduce in the Indian market.

**Harsh Shah:** And sir, if I may, I mean, what would be the percentage to sales that you're looking at? So meaning in terms of absolute, say right now, on a consol basis, it's somewhere around INR20-odd crores for Q3. Then should we consider this run rate to continue?

**Chirag Parekh:** What INR20 crores? I'm not -- understand, the INR20 crores of what?

**Harsh Shah:** Employee cost.

**Anand Sharma:** So basically -- I'll tell you, we have cost benchmark like 10% of the sales. If anything in that range, it's all acceptable because number one, we are growing and also we need to have more talented manpower. And second, we have built something more manpower for our future capacity expansion. So that's why...

**Chirag Parekh:** Skilled workforce.

**Chirag Parekh:** Which is not easy to get.

**Anand Sharma:** Yes, yes.

**Chirag Parekh:** So we carried on this skilled workforce because...

**Anand Sharma:** But 10% of the sales is our benchmark. So just for your benchmarking, 10% of sales.

**Harsh Shah:** Now you also mentioned the large flow of order you're expecting from Karran. So now you would kind of be doing some sort of capacity expansion. Any number in mind in terms of what would be the incremental capacity that would come in?

**Chirag Parekh:** So there is no capacity expansion because we already have a 1 million sink capacity in place. We are doing production expansion. So the plant utilization is expected to improve from 65% to 80%.

**Harsh Shah:** So this would be in the Quartz business, 65% to 80%?

**Chirag Parekh:** Yes, 65% to 80% will be the Quartz sink. What it requires fresh investment is only on some moulds and machinery, which is required to dedicate to this new customer.

**Moderator:** The next question is from the line of Ayush C. from Shravas Capital.

**Ayush C.:** I just wanted to know if you could give me an exact number for this quarter on how much we have sold in value terms in each segment, that is Quartz, steel sink and appliances. Could you just help me with that number?

**Anand Sharma:** So I'll give you the number for the quarter. So in Quartz sink, we have value of INR92.95 crore. Steel sinks, we have INR12.76 crore. Appliances, we have INR7.62 crore. Faucets and FWD INR3.4 crore and others INR1.56 crore. So total INR118.3 crores for India business.

**Ayush C.:** So this is India alone, you're saying?

**Anand Sharma:** Yes, India business. So that includes Carysil Limited India and Carysil Steel India.

**Ayush C.:** Understood. And also, could you just share some light on the faucet part? Is there any kind of demand? I mean I would have missed it in the initial comments, I wasn't present. But could you just like shed some color on what is going on in the faucet side? And are we expecting any incremental orders going forward? And also, on the quantum of Kohler, if possible? If you could just give us some idea.

**Chirag Parekh:** Yes. The momentum in the Quartz sinks orders will be expected it to flow in this quarter itself. We are gearing up as far as our internal team and our plant are concerned for these orders. Some indication has already been given to us. So we are already gearing up for that.

And the second question was on Kohler?

**Chirag Parekh:** So the Kohler is a good starting point. The deal value could be about $1 million a year to start with, but it's a good starting point with such a global company. It can only take you to places from here. Yes.

**Ayush C.:** Also on the first question, you said it's on the Quartz sink. I just want to understand on the faucets. Could you just like emphasize on that, like…

**Chirag Parekh:** Faucets, did you use the word faucets?

**Ayush C.:** Yes.

**Chirag Parekh:** Okay. So faucetsif I had to see the faucets, the last number with Mr. Anand Sharma has said was, yes. So the faucets, it's been sold about -- or close to INR3.5 crore in the last quarter. If I had to remember maybe some 6, 7 years back, it would be about INR30 lakhs, INR35 lakhs something. I'm not trying to -- maybe I'm wrong somewhere. But it has been a huge step forward on the faucet side.

Every sink needs a faucet. So I think it's wise for a company to introduce faucets where if you've seen the growth is muted across all the economies in the world. So where you could get growth is by introducing new products, especially faucets, which every sink requires a faucet. that's why we are ramping up our faucet capacity.

**Ayush C.:** So we have received orders already from an existing player, is it?

**Chirag Parekh:** we expect a good increase because we just launched it and it's been accepted very well in the market and orders have started flowing in.

**Moderator:** The next question is from the line of Resha Mehta from GreenEdge Wealth.

**Resha Mehta:** So one question is on exports to the US, so it's almost a 20% revenue contributor for us. So any thoughts that you can share in terms of are we expecting any kind of tariffs to be imposed on the kitchen sinks that we export? Because while we hear you that instead, you were rather talking about the China plus one opportunity that we have. But do we see that tariffs as a risk to our kitchen sink exports to the US, the Quartz and stainless steel sink?

**Chirag Parekh:** So all I can say is that nothing has been heard in Quartz's side as of now. Regarding metal, the announced import duties on stainless steel and metal sinks remain unclear.. I spoke with a few of my customers last night, and they are still seeking clarification from their internal trade teams, If there are no duties imposed on steel sinks and raw steel..

We don't export to US, I think maybe 1% maybe it's a very, very small. But if it is applicable, then we see only the rise in demand of the Quartz sinks in the US. So it may work in our favor.

**Resha Mehta:** But you're not hearing anything on the Quartz sink side, right? As of now, no...

**Chirag Parekh:** Quartz no, no. There's nothing on Quartz, and I think we should not kind of speculate things. I think as of now, we hear it on the stainless-steel sinks and aluminium metal products. As far as the Quartz sink business, probably we will see -- if this holds true, then we may see a demand or a surge in the business of the Quartz sinks in the US

**Resha Mehta:** And why would we talk about China plus one? This is for which particular product? Because as I understand, the main competition for us in Quartz sinks are the European players and not the Chinese imports, right, the Chinese exports to US for sinks. So for which products exactly are we talking about this China plus one opportunity?

**Chirag Parekh:** No some part of the Europe is still like we penetrate Croatia, right? So Croatia, we buying from China, now it's moved to us. But more of the stainless steel sink side, it is that the stainless steel sink, like I said, that we did some deals. We're having a strong traction in the stainless steel sink demand, and we are expanding in the stainless steel side.

So mostly, it has to do with more of the stainless steel and faucets. And India will be now for the built-in appliances.

**Resha Mehta:** Understood. And the second question is basically, we've been encountering weak demand, right? And you've mentioned reasons for that, right? But however, how do you see this going forward? Because we have also seen volume degrowth in Quartz, stainless steel sink and appliances, we have seen a pretty sharp decline, right? So how do you see this going forward considering US, it's an uncertain probably market.

UK, again, which is a bulk of our revenues, almost 40% revenues comes from there. So how do you see your subsidiaries there in the UK doing? So any outlook on demand on each of these markets and these product segments would kind of help from an FY '26 perspective?

**Chirag Parekh:** Yes. So no, nothing is that we don't know. The global economy, the demand is muted that also includes India now. And we have seen results of other companies also. So I think nothing. But one silver lining for us is that kitchen sink, it becomes a very functional product and it becomes a very necessity product. And we have not seen a major decline in the kitchen sinks.

Moving forward, as where the demand is muted, we see that the a strong growth can come by doing some great deals with some new customers. So this new deal, which our customer did with one of the US major. A large deals like this will help us to grab a larger market share and in result, will increase our growth in the Quartz.

Appliances on the other side, while the value has gone down. And the quantity, we have almost stayed in the same quantity is that because the Delhi was the North India market, especially in Delhi we do appliances everything 100% in India only. So the whole quarter -- and I probably would have heard it that quarter 3 was completely shut down because of the pollution control.

So there was the high value-added products, which we could sell in the North India market did not happen in quarter 3. Hence, the quantity has remained same, but we have a decline in the value growth.

UK now. The last one, the UK. So UK, yes, the economy is bad. The people are struggling but somewhere we've been able to maintain even if it's not grown very steady growth and healthy growth in UK. The reason is that more and more customers are preferring products from us. And I had also said it last time that the biggest competition for us is Germany.

And all our competition in Germany, the inflation cost is rising, the production cost is rising. So, there has been a massive price and cost difference between us and that so we have been able to grab more and more customer. So the expansion of the customer based in UK is right now helping us to drive our sales in UK. I hope I answered all your questions. Yes.

**Moderator:** The next question is from the line of Nikhil Gada from Abakkus Asset Management.

**Nikhil Gada:** Sir, my first question is you sort of mentioned that we can see the expanded capacity as in the capacity utilization to go to 80% in the coming quarters. When can we sort of achieve this?

**Chirag Parekh:** I would obviously like to have it soon as possible, but I think you'll be able to see it coming quarter gradually from this quarter, slowly, slowly. So I would say 80%, if I'm trying to be optimistic, it will be from quarter 1.

**Nikhil Gada:** And we are currently working on the entire 1 million line, right? We are currently operating on 800,000, 900,000.

**Chirag Parekh:** Capacity is 1 million. As we said that current last quarter 3 capacity utilization was around 65%.

**Nikhil Gada:** And sir, just also you mentioned about IKEA as well that the second set of SKUs have been approved by them.

**Chirag Parekh:** Yes.

**Nikhil Gada:** So can you highlight what kind of order flows and from when can we see this coming into the numbers?

**Chirag Parekh:** Yes. So IKEA, we have already got the order flow. We are expecting a 10% to 15% rise in sales with the IKEA business.

**Nikhil Gada:** And sir, if you don't mind, can you share how much IKEA contributes right now?

**Chirag Parekh:** so as last time, IKEA is always that because of our contract with IKEA, we are not able to disclose the number, but the whole IKEA business is a substantial business for us.

**Nikhil Gada:** One last question, sir. The value-added product mix, which you sort of highlighted in the early statements, is this largely for the -- I missed a statement, whether it's for the Indian markets or whether it is for this new customer that you have just onboarded?

**Chirag Parekh:** So the high-margin products I would say the high-margins, there are 2 kinds. So one is like quite high-margin and one is mediocre. So the very high-margin products are for India. The US business, particularly will obviously draw a higher margin because of the US dollar currently, which is in our favor right now.

Also, I would like to take an opportunity is also that the freight rates have crashed in the US. The acrylic prices, which is one of our key components in the products are also declining. So overall, last time also I said, there's nothing that we are talking, which we are not and that you have not heard before.

I always said, and I say it again, when the US business increases, when the US market increases, the margins will grow. When we had experienced this during the COVID time where our margins they were gone to 20%, 22%, around, I think, 22%, 23% guidance, right?

And so I think the time is back for us now. US is back. Forex rates are favoring us. The input goods are going low. So we definitely see a margin expansion happening gradually from quarter 4. And I think probably a good impact you can see from quarter 1.

**Moderator:** The next question is from the line of Yug Patel from Anand Rathi.

**Yug Patel:** So my first question is on to the capacity expansion. So as you know, when we reach to the capacity utilization of 80% to 85%, we tend to increase our capacity. So what will be the planned capacity expansion for Quartz sinks, steel sinks and faucets?

**Chirag Parekh:** So I think it's a very good question. I think the quarter where we receive 80% expansion, I think the company should start planning about how do we increase the capacity because like I said, any large major customer wants at least 10% to 15% idle capacity in the plant before they do. the quarter which we touch 80%, the company will start looking at expanding the capacity of more than 1 million sinks, and that's why exactly the QIP was raised for this reason.

**Yug Patel:** And my second question is on to the margin side. So if you look at our operating margin, so it has gone below to 14%, which is the lowest in the last 2 to 3 years. And if I see that our freight cost has spiked up in FY 2022, which has been the highest. But then we will be able to maintain our margin to 18%. So what has changed now? And when we can expect this number to normalize?

**Chirag Parekh:** US have definitely the decline in the US sales have spoiled the game. The increase in the freight cost has changed the game for us. So this would soon start changing in the coming quarters. Yes. And we need to understand that with all this happening at the same time, we have increase in our key material costs in the quarter 3 is acrylic.

So everything, we call it a perfect storm, like we had all these increases. We had low value-added product sales. And then on top of that, we had a increase in the input cost and the freight cost, which kind of spoiled the party and the margin guidance, it went below the margin guidance.

**Moderator:** The next question is from the line of Gautam Vandra from Shubhalakshmi Family Office.

**Gautam Vandra:** Sir, my first question is in previous con-call, you mentioned that there is 1 lakh capacity you have added to the kitchen appliances. Could you please clarify which specific product in the kitchen appliances category has this capacity increased?

**Chirag Parekh:** Yes, it is for the kitchen hoods and cook tops.

**Gautam Vandra:** And my another question is, are we generating any sales from countertops in the Indian market?

**Chirag Parekh:** Not yet. No.

**Gautam Vandra:** And my final question before I jump to the queue, like what are our plans to grow our domestic segment, like our plan to improve and grow our Indian market business segment overall in the Indian market?

**Chirag Parekh:** Yes. So we are kind of drawing up a great plan. I think the first plan we got into play for introducing high-margin products, sinks with better utility. Now what is that? That is a sink you saw it in the 8 stack, they called the workstation sink. The workstation sinks are completely functional sinks where you can wash and clean and even have the glass, Windsor. Typically, a sink like that sells for a retail INR25,000 to INR40,000 against a normal sink of INR10,000. Now that's in vogue right now, right? So I think that's the first thing.

Second thing, we have come out with new Quartz sinks with better designed for catering the high-end segment of the market. For example, let's say, a sink 24X18. 24X18 is the largest-selling model in India. We had only one Quartz sink model, which was catering to all the segments of the market, which is not right. Somebody has more money to pay. He wants to pay money, but does Carysil have an option? No, we didn't have an option.

So the same big bowl, we call it, 24X18 used to cater to the mid-end to the high end of the market. Now we have a completely different category of the model, the high-end market, which is now compromising. Already, we expect in quarter 4 about 10% of our sales will be of high-end margin products.

Secondly, we introduced the new built-in appliances, which are of great value. For example we tried to introduce a 300 quantity of built-in refrigerators,We have  everything got soled out and now we are without stock. So now we are bringing in with a double-door refrigeration. Average price of this could be more than INR2 lakh to INR3 lakh one piece.

Then we introduced the AI-driven smart appliances with a digital screen of where you don't have to use -- even if a guy like me goes at night, I want to cook some food. If I put something in, I just have to press a rice button. I have to press a popcorn button. So automatically, it generates the time and the heat that is required to do it.

Third category of oven we introduced all the ovens are with built-in air fryer. Air fryers becoming very, very popular. We had completely did not have this segment. So these kind of new products are in demand and they're going to add not only value, but also the margin.

Very important point is the faucet. So all the faucets what we have launched are with an average retail price of INR20,000 to INR25,000. And to my mind, a faucet is an ornament to a kitchen. A kitchen becomes a necessary item, but a faucet becomes an ornament to a kitchen. Why would somebody not pay a kitchen INR40,000 and would pay over a faucet?

It's got a PVD, looks good and stands out. It comes under aesthetic A. I am very, very surprised, honestly, to see this demand in the surge in the faucets where people are able to pay a higher price than the sinks also. So I think we are going to keep that momentum. I'm very, very happy, and satisfied with my team that we can adapt new technologies very, very fast. Diversification is the answer, but we are all playing with the box.

We are using the same distribution system. What can we sell with the things at the same time, which gives you better margins. So hence, we are very confident with the strategy moving forward. And this , will result in better growth and better margins.

**Moderator:** The next question is from the line of Udit from Yes Securities.

**Udit:** Thank you for explaining the growth prospect going ahead. Just wanted to check on the numbers that given all the orders and the growth that you are talking about, so the quarterly run rate, which will take us to INR1,000 crore number on an annualized basis, when do you expect from which quarter should it translate?

**Chirag Parekh:** Good question. You see, this INR1,000 crore, I think it's also hitting me as a CMD of the company. Why do we are reading? We are talking about INR1,000 crore. What has happened is suddenly and last quarter also, I mentioned this or I think probably you were in our factory. I don't know, I remember maybe I've seen you or met you. But I had mentioned this, this is not an attempt to avoid the question nor I'm trying to duck the question.

But global scenario, who knew this we are in a period where there's so much of uncertainty and now the trumpet blows everyday morning, you don't know what's happening. So we are in a very uncertainty period, geopolitical situation, inflation situation. Hence, I think organically, with these large deals, we will grow, and I think we will reach to INR1,000 crore marks.

What is important for right now, our focus is how do we improve back our margins? How do we improve on our capacity? How do we become more innovative and seize the opportunities in the world. I think we are on the right track. This deal was very, very important for my customer, Karran. It's very, very important deal because I've been talking about this for a long time. This happens once a lifetime. If you have 2 deals like this my friend, I think the INR1,000 crore will not look very far from us.

**Udit:** That's great to hear. And also, I respect, sir, that you have been maintaining that best at least to reach there, and I understand the uncertainties, but yes. And sir, just one more question, if I may squeeze in specifically to the Sternhagen brand. And how much of it will be the focus and how much will Carysil? Because a few quarters back, we were saying that Sternhagen we could be on a side-line maybe. So what is the status now? And how are you looking at that side of the business?

**Chirag Parekh:** So I think Sternhagen isn't it a burning question every quarter? And also, I think the Sternhagen, we have just kept it as it is. Organically, whatever we can grow. One thing which was just missing is, for example, we had a review meeting on Sternhagen is we need to indigenize the Sternhagen products. Can you believe it? Every Sternhagen product with a retail price type of INR50,000 to INR1 lakh.

Compared to my competition, it's about 5x to 10x more. This is ridiculous. Luxury is there, customer can pay up I mean, how much a customer can pay. So we have started indigenizing the products. In the next quarter, we're going to slash the price of Sternhagen at least by 30% to 40% for some key products. That's strategy one.

Strategy 2 is we did not have a project series, which could give us volumes. So we are focusing on the launching the pro series we call in April 2025, which we are specifying for some large products in India. People love the brand Sternhagen. Projects want to use it. Why we are not able to get a penetration. We have the B2B in place because we are atrociously priced as far as our pricing is concerned. We need to recheck our prices. And I think that's the answer to Sternhagen.

I do understand the Sternhagen sales is less than $1 million a year. How much time we are giving to, I think we are not giving even more than 5% of our time to it. We just want to see whatever we want to put it in the market, what are the gaps. We want to fill those gaps up, and we just want to let that brand move in the market. If it gives us $2 million, I'm fine. It gives $1.5 million, $2 million is fine. But when the right time comes, I think we are going to push it.

So I think we're still trying to learn the pricing game. If you can hit the right pricing game in quarter 1, I will be able to answer your question in your quarter 2 conference call.

**Moderator:** The next question is from the line of Tushar Raghatate from KamayaKya Wealth Management.

**Tushar Raghatate:** Sir, just wanted to know like in the domestic market, you've been increasing your dealers, and distributors, but in tandem, the sales are not growing. Firstly, the reason for that? And secondly, sir, what are your marketing efforts that you are planning going forward in order to create a brand in India? Yes, sir, that would be my questions.

**Chirag Parekh:** Yes. The whole demand in India market is muted. There is a low demand. Last quarter, Delhi was suffering from pollution. All the construction was stopped. Everything was stopped come to a halt. Not our company, other companies also suffered that. So we have seen growth in other states of India, but minus north, when the north comes back in, you will see the growth in the domain. That's point number one.

The point number two is when the market is flat or muted, we try to see what opportunities, what can we see in India. And that's what I'm saying. We're not looking at a quantity. We're seeing value-driven growth. So we are focusing on value driven. I think I said it in my many replies to other fellow members, but I say it again, we have launched new kind of things, workstation things, new faucet, new appliances, and I think that's going to drive us the growth in India.

As far as the distribution and the branding is concerned, we are opening now more galleries. I think that's what gives us a very good momentum in the sales. The campaign, the Mira Kapoor campaign, we are going to keep on doing it. We do a lot of advertising, which happened last quarter.

We are very excited on television to see the brand is made , we've been able to maintain the sales. I think this kind of marketing actually would have not declined in sales. So I think we are good, we are able to maintain that. We do want to continue our momentum on brand building and marketing but for the right terms.

**Tushar Raghatate:** Sir, in your stainless steel sink business, there's been a competition in India, like Nirali NG is a company. They've been a good competitor to you. So how do you see the competition in the stainless sink? I understand Quartz sink you have a moat -- kind of moat in India. But on the stainless steel front and the appliances front, I just wanted to know why any buyer would go for Carysil appliances, why not any Bosch or any other companies, any MNC companies for the appliances business?

**Chirag Parekh:** You will not able to own everything, isn't it? Somebody buys Bosch, and somebody buys Carysil, right? Somebody buys KAFF and whatever. It's a different priority. We all don't buy the same television, the same clothes, the same way everybody cannot buy the same appliance. I think it's very clear. How we can sell appliances, I think it's a very good question is when the trust factor comes that this company, Carysil is a trusted brand. When I come to buy a sink, why not buy appliances, give me a one-stop solution is the key, and that's why they buy it.

So I think this one key stop solution is a major , 7 years back, you were asking, so why are you launching appliances? what do we understand? Today, we have almost 20%, 25% of our business is appliances, right? As far as the stainless steel sink is concerned , you have a right question. Nirali is not my competition.

My competition is not anyone. My competition is if we offer unique products, unique stainless steel sinks, which offers a better functionality, value and design end as I took customers. So when you're looking at an average value, our average value must be maybe INR6,000, INR5,000, INR6,000 a sink. Maybe our competition has INR3,000, maybe half than ours. So I think we are in a very different category of the market, yes.

**Moderator:** The next question is from the line of Saumil Shah from Paras Investments.

**Saumil Shah:** Sir, how is the current quarter shaping up? I mean we were expecting to cross INR850 crores in the current financial year. So are we on track to achieve it?

**Chirag Parekh:** So I think we are definitely on a track to cross INR800 crores. Now let's see how this quarter 4 ends, but we are definitely looking -- if the same momentum comes, I think we'll be doing INR815 crores, INR820 crores or something like that. Yes, something like that.

**Saumil Shah:** And sir, in terms of EBITDA, I mean, we were at the lowest in terms of EBITDA, 14% in last many years. So I mean, how is the current quarter shaping up? And by FY '26, where do we see the EBITDA margin settling down?

**Chirag Parekh:** See, one thing, if we can just split on a standalone and consol basis, right? So I think our CFO and Executive Director, Mr. Sharma clearly stated. **Anand Sharma:** So what happens, they do calculate the margin where they not calculate the other income. But the other income includes exchange difference and interest. So exchange difference is actually operational income, which you should include and if you include that...

**Chirag Parekh:** So anyway, taken into that on a standalone basis, and obviously, you can talk to Mr. Sharma separately and give the details or on investor presentation, but the margin has improved from 18% to 19% on a standalone. On a console basis, it's down to 14%. Is that the reason? There were 2 major reasons. One is the notional value impact, which we have taken on the UK companies and the second is the US company integrating into this.

As on an operational level, it's not bad. Unfortunately, we had to face, both these things. But moving forward, the exchange rate looks good. It looks strong. And so I think we should be getting back to our normalized margin guidance of 18%.

**Anand Sharma:** And adding to that, if you see what I said in my speech, every factor coming from the export freight to exchange to raw material price, everything in the cycle is getting reversed. So whatever the factor was affected in quarter 3, all the factors getting reversed in the current quarter itself. So it's not something we are talking without base.

This is what is there, like freight from 9.3%, it is coming to 6.5% like the pound, which came down to INR 107, we today say INR 108.5. Like the MMA price from $1.79, $2.33, and $2.52, again, it came down to 2.02. So all these things factors which has impacted quarter 3 is all coming down. So I think this is going to improve our margin.

**Saumil Shah:** So to summarize, from the current quarter, we can go back to the 18% EBITDA margin, if I look at consol numbers?

**Chirag Parekh:** We are going back on our original guidance of 18%. We still do not -- on the operations side, I think nothing is wrong. The margins are there, but this notional which we do take for the UK. And yes, US, yes, I think the US, we are looking at turning around, which quarter did not happen because it's a year ending, there was a cash flow issue.

So we were also trying to minimize the inventory level, which has also resulted in some decline in sales in the US. Yes. Minus that, I think operation, we are still very good. It has not been the best quarter. Yes, we agree. But we are going to 100% get back on our guidance of 18% plus.

**Moderator:** Ladies and gentlemen, this will be the last question for today, which is from the line of Rupesh Tatiya from Intelsense Capital.

**Rupesh Tatiya:** I have 3 more questions. So one question, sir, is this Carysil Surfaces, 9 months, we have had INR6 crore, I think, PBT loss. So how do you see this subsidiary doing in FY '26?

**Chirag Parekh:** No, no. There is no loss.

**Anand Sharma:** There is no loss in Carysil Surfaces. Loss you see in US subsidiary...

**Rupesh Tatiya:** United Surfaces.

**Anand Sharma:** United. Right, there's a loss in the 9-month period. But if you look at the quarter, it is at the break-even level. As we already stated this quarter will have break-even at the operating level, it will not be a loss. And going forward from quarter 1 onwards, we see that it turn into the profitable.

**Rupesh Tatiya:** And is that subsidiary growing, sir? Can we expect like a $10 million kind of sales next year?

**Chirag Parekh:** No. So I think we were expecting the demand to grow, which has not grown to be honest. We're expecting quarter-on-quarter the fabrication business to grow in the United States. The election is down the line, but it has not grown. So the strategy change is not trying to be more quantity-driven. We are changing our sources of material supply, which is going to yield better margins.

Number two, we are going to cut now the high-end gemstones, which again is going to increase our margins. Third, there are lot of operating costs we were unnecessary in that, the fabrication.

So which we are since the business has not grown in terms of revenue, we have to cut down those cost rates.

So Mr. Anand Sharma is going to the US next week. There's a strategy form. So all the unnecessary expenses or operating costs, even we have 3 showrooms. One showroom was making losses. So we are shutting down the showroom. So all necessary actions we are trying to see that in the quarter 4 itself of the current year on the operating side, we have a break-even.

**Rupesh Tatiya:** That is good to know, sir. Second question, sir, is this steel sink, I think we were looking to expand capacity from 1.8 lakhs to 2.5 lakhs. So can you just maybe update on that?

**Chirag Parekh:** So we are just waiting for the final clearance on IKEA. I think on the team expansion is going on, so 6 months going on. We are just waiting for some final clearance from our buyers to go ahead. Once that goes through, we'll be getting back to that.

**Rupesh Tatiya:** So this capacity expansion will finish, let's say, by Q1, and we will be able to use this capacity next year?

**Chirag Parekh:** It should finish by , end of quarter 2.

**Rupesh Tatiya:** And another question, sir, is what is our marketing spend for the 9 months? And what is the strategy? And how do you see that number moving into FY '26?

**Chirag Parekh:** So I think broadly on the purely branding advertising, we definitely want to spend around 8% to 10% coming. So we need to start building our brand. I think we have not been visible as a Carysil brand. It's a great brand. But to order now we have taken the business of India very seriously.

I had also mentioned that we are going to appoint one of the Big 4s to help us to build a strategy in India. So that exercise will be going to start from the 1st of March to build the India business. And I had mentioned this, we want to do the INR500 crore India sales in the next 5 years.

we are trying to do a blueprint for India, how do we build a INR500 crore store in India within the next 5 to 7 years.

**Rupesh Tatiya:** So this 10% number is only on the India sales, right?

**Chirag Parekh:** Yes, yes.

**Rupesh Tatiya:** And do we do any marketing spend in UK?

**Chirag Parekh:** UK, we don't do much of marketing in the UK because it's mostly OEM, what we do for others, yes.

**Rupesh Tatiya:** And then sir, my final question, sir, is if I look at US business ex of United, it's like 13%, 14% of our business and UK, which is, I think, a significantly smaller market is 40% of our business. So US business, I think, at least theoretically, and logically, if I think about it, should be significantly larger than UK business. So can you maybe update me on some business development efforts in US?

**Chirag Parekh:** This deal that we have got through recently will put up, I think the US business to about around 25%.

**Rupesh Tatiya:** This is FY '26, 25%?

**Chirag Parekh:** Yes. Yes.

**Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

**Chirag Parekh:** Thank you, everyone. I hope we've been able to answer all your questions satisfactorily. However, if you need further clarification to want to know more about the company, please get in touch with SGA team, our Investor Relations Advisers. Thank you. Have a great day.

**Moderator:** Thank you. On behalf of Carysil Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.