CARYSIL
Lifestyle Sinks & Built-in Appliances

CARYSIL LIMITED

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November 11, 2024

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 November 08, 2024.

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 Q2 FY & H12025 Earnings Conference Call for the Un-Audited Financial Results for the quarter and half year ended September 30, 2024 held on **Friday, November 08, 2024**

Thanking you,
Yours faithfully,

For **CARYSIL LTD.**

Reena Tejas Shah
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Date: 2024.11.11 16:13:28 +05'30'

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“Carysil Limited Q2 FY & H125 Earnings Conference Call”

November 08, 2024

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 8th November 2024 will prevail.”

MANAGEMENT: **MR. CHIRAG PAREKH – PROMOTER (CHAIRMAN & MANAGING DIRECTOR)**
MR. ANAND SHARMA – EXECUTIVE DIRECTOR & GROUP CFO
SGA – INVESTOR RELATION ADVISORS

Moderator: Ladies and Gentlemen good day and welcome to Carysil Limited Q2 H1 FY25 Earning Conference Call.

This conference call may contain forward-looking statements about the company which are based on the belief, opinion and expectation of the company as on date of this call. The statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Chirag – Promoter (Chairman and Managing Director). Thank you and over to you sir.

Chirag Parekh: Thank you. Good afternoon, ladies and gentlemen. Thank you for joining the Carysil Limited Quarter 2 FY25 earnings conference call. I trust you had an opportunity to review our "Financial Results" and "Investor Presentations", both available on the Company's website and on Stock Exchanges.

Joining me on the call are Mr. Anand Sharma – our Executive Director and Group CFO and SGA, our Investor Relation Advisors.

The global economy has shown remarkable resilience, sustaining steady growth despite facing numerous challenges. The tightening of the monetary policies has helped reduce inflation. However, the growth in advanced economics is comprised to some extent in the process of containing inflation. The coordinated efforts by various governments and central banks working in tandem has supported a positive growth trajectory across different regions enhancing stability and creating a more favorable outlook for both developed and emerging markets. Furthermore, these improvements have established a solid foundation for continued recovery, fostering investment and aiding the gradual return of the pre-crisis economic conditions.

The Red Sea issue originally viewed as a short term as elongated creating supply chain disruption and increased our freight cost. Geopolitical situations have created some uncertainty and are impacting growth momentum. The Indian economy successfully carried forward a strong momentum from FY23 and '24, demonstrating resilience despite a range of global and external challenges. The government's emphasis on maintaining macroeconomic stability played a critical role in mitigating the impact of these challenges on India's growth trajectory. As a result, India's real GDP achieved robust growth by expanding 8.2% in FY24. These marks of the third consecutive year of growth rates surpassing 7% driven by sustained domestic consumption demand and a steady rise investment activity. Stable consumption demand fueled by increasing income levels and a growing middle class remained a key driver to the growth. Additionally structural reforms and regulatory improvements help attract investment across key sectors further strengthening India's economic outlook.

At Carysil we believe that innovation and high-quality product resonate with the changing customer aspirations and evolving marketing dynamics. We endeavor to innovate and process and make them streamlined and efficient. We understand this pursuit of consistent improvement is key to our vision to become one stop for solution kitchen and bathroom products. We have sought to offer premium product services being ahead of the curve technologies and provide world class products to our global customers. The business model enables us to export our Quartz Sinks to more than 50 countries worldwide. Carysil takes pride in being the custodian of the esteemed brands such as Carysil, TekCarysil, Sternhagen. Over the years these brands have earned a place distinction in the minds of both influencers and consumers. Carysil Quartz Sinks are sought by discerning customer worldwide while TekCarysil is known for high end kitchen sinks represent the epitome of exceptional design style and quality. Sternhagan , a symbol of luxury in design engineering is poised to redefine the luxury bathroom segment both in India and globally.

We are pleased with our performance. Our consolidated revenue for Quarter 2 FY25 grew by 25.8% and for H1 '25 by 33.2% on YOY basis. This growth is primarily driven by a strong presence in international markets and exports accounting for 81.6% of our total revenue in H1 FY25. We continue to excel in this area as our entire product portfolio is rapidly becoming the preferred choice in the kitchen segment globally. Our performance in the US and UK continues to show positive sign. We anticipate this momentum carrying forward. Europe has shown early signs of recovery and we are prepared to seize opportunity as it arises and overall improvement in the European market will significantly boost our entire product range.

Our capacity utilization for the Quartz business is currently about 65%. H1 '25 for the steel business capacity stood at about more than 90%. H1 FY25 and our faucet division recently expanded capacity of 40,000 units annually, bring to the total capacity of 50,000 units. We invested about more than 4 crores in strategically working towards increasing a capacity to 100,000 units per annum.

Changing consumer lifestyles, increasing customer awareness, a growing working population, rising female workforce participation, higher disposable incomes and availability of various financial options are driving trends such as the kitchen appliance market in India is poised for significant growth. 100,000 units per annum capacity for appliances now live and now already started receiving positive responses. We plan to proceed cautiously in this category, gradually moving to the entire range. We also heard about the BI certification getting restrictions in India and which will give us a further opportunity for us in the built-in appliances sector and we're looking for a great FY25 with the built-in appliances for India market.

At Carysil FZ-LLC which is our subsidiary based in UAE in the GCC market has strong demand traction. We continue to see promising growth and believe this trend will expand significantly. Our operations in Turkey have commenced and we're excited about this new initiative of brand building Carysil and due to its high growth potential. Regarding the performance of overseas subsidiaries, United Granite LLC has experienced subdued demand due to local US factors resulting in muted performance. However, we anticipate a turnaround the beginning of the

FY25-26. On the other hand, the UK subsidiaries Carysil Products and Carysil Surfaces Limited are progressing well and we continue to see it perform better. Globally the situation will change now with the change of the sentiments in the US. Our domestic growth business is showing strong progress with revenue growing by 14.2% in H1 FY25 to Rs. 75 crores, up from 65.9 crores in H1 FY24. This growth is a result of our focused efforts over past year performance, dealer and distribution network which expanded from 1500 dealers to more than +3500 dealers in '25.

We have also appointed Ms. Nikila Shridhar as a B2B head and Mr. Rakesh Nair, as a President of Sternhagen and Carysil South. Initiatives are starting to reflect positively on the performance and confident continuing momentum going forward. We also cracked upon this new chain of electronic stores in India which will give a further growth momentum in the year FY25-26. At Carysil we take pride in being a growing global company, recognized for delivering innovative and unique products. The success is driven by team's dedication, determination and passion who turn ideas into realities. Our employees are team-motivated and committed to provide exceptional value to our customers every day.

With this I handover the call to Mr. Anand Sharma – our Executive Director and Group CFO to brief you on the Financial Performance. Thank you. Over to you Anand.

Anand Sharma: Thank you, sir. Good afternoon, everyone. Let me take you through the Company's consolidated Financial Performance.

Quarter 2 FY25 performance:

Consolidated income stood at Rs 206.9 crores from Q2 FY25 grew by 25.8% on Y-on-Y basis. EBITDA for Quarter 2 FY25 stood at Rs 37.1 crores, grew by 9.2%. Y-on-Y. EBITDA margin for Quarter 2 FY25 stood at 17.9%. EBITDA marginally impacted mainly due to increase in raw material cost and export rate due to Red Sea issues. Profit after tax and minority interest stood at Rs 16.8 crores in Q2 FY25, grew by 8.7% on Y-on-Y basis.

Coming to H1 FY25 performance:

Sales volume for Quartz Sink stood at 3,15,044 units, Stainless steel sink stood at 79,167 units, Kitchen appliances and others stood at 28,877 units in H1 FY25. Consolidated total income stood at Rs 409.2 crores for H1 FY25 as compared to Rs 307.3 crores in H1 FY24. It grew by 33.2% Y-on-Y. EBITDA for H1 FY25 stood at Rs 74.1 crores as compared to Rs 61.3 crores of H1 FY24, growth by 20.8% Y-on-Y. EBITDA margin for H1 FY25 stood at 18.1%. Profit after tax and after minority interest stood at Rs 32.7 crores in H1 FY25 as compared to Rs 27 crores in H1 FY24. This grew by 21.1%. Gross debt at the company level stood at Rs 255.8 crores as of 30th September 2024. Debt to equity stood at 0.5. Thank you.

Now I open the floor for questions and answers. Over to you operator.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Anay Mittal from Nvest Analytics Advisors LLP.

Anay Mittal: My first question is on the margin side, like we used to guide for the 18% to 20% kind of margin. But if you look at last four quarters, our margins are on the lower side. So how do you look upon it and how the situation is going to be improved in upcoming quarters? That is my first question.

Chirag Parekh: I would like to answer your first question. Thanks for connecting with us. Last time I had said that there's been a product mix because we had seen a decline in US sales which is a high valued territory for us. And to some extent the margins were compromised because the US sales had gone down in the last quarters and at the same time, we mentioned that we had the Red Sea crisis. The freight charges right now have tripled, and we are fortunate that we only have about 10% of the CIF, so we're not impacted much. And on top of that because of the geopolitical crisis you had the raw material especially the acrylic prices on a higher side. So, moving forward since we have been seeing good traction in the US order situation right now coming from Quarter 3, adding to it we have been already seeing the export freight going down, the raw material prices of acrylic coming down. So, we see moving forward and scope of the margin expansion.

Anay Mittal: When we say raw material prices are going down, so are we not able to pass on the same?

Chirag Parekh: So sometimes they are so fast, it's very temporary. So, if there is any temporary situation we do not try to disturb it with our customers.

Anay Mittal: So that means from Q3 onwards we are going to see some improvement in the margin, is that understanding correct?

Chirag Parekh: Yes.

Anay Mittal: Secondly on the domestic side, like in last quarter also I asked about the domestic growth. Like you mentioned we are outperforming our peers considering the kind of demand is there in the domestic market. So, how do you see given the inflation and the levels of the unemployment rate, how do you see the second half, whether there will be any improvement in the urban demand from domestic consumption side?

Chirag Parekh: So, I think the question is good. Looking at the domestic situation what I hear and whatever the data I've been getting I think in domestic, the economy is quite muted, it's quite soft, especially the retail side of it. But we have been able to do, my teams would do quite a good job because of the glass growth initiatives our focus on the faucets and the appliances, we have shown a good performance. Our faucet sales have improved by 50% growth. So overall I think we have shown about a 9.2%, I think about 9% growth in the domestic market. Moving forward we are launching about 20 new faucet models in the Ace Tech. We're launching a whole new line of smart built in appliances with some amazing features. Third, we are launching a complete new range of kitchen sink products which we are going to exhibit at the Ace Tech exhibition in Mumbai November 14 to 17. If anybody of you are free should come and see us. So, we are looking at a good traction further building momentum indeed in domestic market. We believe that the overall demand in the India retail market can be muted but the scope for Carysil because since it's a premium product there has been a lot of traction for our products and adding to it, we are also focusing on the e-commerce line. We are building a new team for the e-comm. So, a lot of the old products we are moving it from our current product line to the e-commerce line to give boost to the e-commerce. So, we are looking at a good positive quarter in the domestic market.

Anay Mittal: Actually, I asked particularly from the macro side, how do you see macros improving for second half as compared to first half from domestic market?

Chirag Parekh: So that's what I said, that we see, for the sink side I think we are expecting a good growth. The lifestyle products traction is improving, so we see that trend changing. We are launching a lot of new products, so we expect the H2 to be better than the H1.

Anay Mittal: In H1 we did around Rs 73 Cr and I think for yearly basis we are having a target of around Rs 150 Cr. So, are you confident enough like we are going to beat that target or achieve that target at least?

Chirag Parekh: I think right now we are on a good momentum path and looking at what the strategies we have, I think we are quite confident that we'll be able to achieve our targets.

Moderator: The next question is from the line of Harsh Shah from Dalal & Broacha Stock Broking.

Harsh Shah: A few questions from my side. So firstly, on the gross margin within the standalone operations. So, when I compare FY24 to the first two quarters of this financial year, what we are seeing is that the gross margin has gone down from 61% to 58%. Could you give some understanding? Is it purely to do with the product mix or even to some extent the RM cost has impacted this. And should we expect this gross margin in the standalone operations to be the new normal or you expect this to inch upwards? That was my first question.

Chirag Parekh: I will ask my CFO to answer. But before my CFO answers, all I want to tell you is, the company is launching a lot of high value-added products. So overall the gross margins of the company will improve. Further to the detailing part I'll ask my CFO to answer you. Anand if you can take this, please.

Anand Sharma: I think this gross margin factor of both, one is sales mix and geography mix which geography we are selling. And second is the raw material prices which we already talked about. So raw material prices increased during this period of current half, it is around 3% higher than what we see in the last financial year. So that has impacted and some geographical mix also had impacted. But overall, fundamentally gross margin is same and it will come back because we have seen the trend of the material price going down moving forward.

Chirag Parekh: Now freight also.

Anand Sharma: Yes.

Harsh Shah: In the investor PBT, you mentioned that the losses in United Granite for the first half of this year was somewhere around Rs 5 crores odd. So, if you could quantify what was the loss in the FY24 period since we took over?

Anand Sharma: This is the first year of our consolidation. We bought this company in October '23. So last year it was in profit and at the operating level it is in profit. What is loss is at the PBT level because the interest and the depreciation are not getting covered. So, if you compare with the last year when we acquired the company it is it was in profit because the turnover has gone down. That's why it is not recovered the entire cost.

Harsh Shah: So even in FY24 since we took over it was PBT negative or it was a PAT profitable?

Anand Sharma: It was profitable. That's what I'm saying. When we bought this company in Oct-2032, it was profitable. It has a profit at the operating level as well as the PBT and PAT level. After that the market was very soft and that has resulted in decline in the turnover by 20%. That has resulted into the loss at PBT level, at the operational level it is breakeven as of now.

Harsh Shah: So, then you expect by the end of this financial year this kind of be PBT breakeven or even better than that?

Anand Sharma: Yes. So going forward with the change in the now US economy new setup I think there's a lot of momentum expected to come and we feel that from the next financial year it should improve and go back to the normal level of the previous year.

Chirag Parekh: I want to just add here or coming to your question, some new initiative we have taken. We have kind of substituted better margin products to the US from India and that has already helped the last month profitability into green. So, this initiative of substituting the European products with better gross margins from India is going to help the company move forward which is obviously going to further help to expand once the volume expansion happens, the margin expansion will also take place.

Harsh Shah: And lastly on the amount that we raised in the QIP, how much have we kind of utilized for CAPEX till date and when can we expect any further capacity addition majorly in your Sinks business?

Anand Sharma: So, on the CAPEX side what we did we made the advanced payment for the molds and other things what we wanted to have. So currently we have used less than Rs 5 crores, around Rs 4.5 crores on the CAPEX side. Working capital side, we utilize the amount allocated Rs 31.25, so rest is still lying with us in our banks with the FD.

Chirag Parekh: I just want to answer your last set of question on the expansion. So, in the last earnings call I did mention that there were some few deals on the horizon which are going to get realised got delayed. We got some final audits happening this month in our company where it looks quite positive and I think that's the reason we did go for QIP to that if we have some urgent expansion in our business, we can use this fund. So, we are quite optimistic on this audit should be going quite well and if everything goes good then I think we are kind of looking at doing some big deals with some big guys and I think that will that should take us to do use this funds of QIP into further expansion of not just Quartz Sinks but overall all the other categories of products will also have to expand. So, I think it all looks good now.

Harsh Shah: One just related to this. So, if say things go positive from here on in terms of the audit, if you use the QIP money right now when can the capacity come on stream? FY27 or…

Chirag Parekh: So, the capacity as far the infrastructure is concerned is already done. We had already built a million sink capacity as you know during this Covid time when we had a great curve. So, there is more or less, it is just the lot of the other like moulds and stations and all which we need to do which will take about the less than 90 days time for us.

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

Udit: So firstly, on the growth target for this year, you had said that it will be around close to $100 million, around Rs 800 crores. So that entails just a 3% growth on YOY basis for H2 versus last H2. Do you see any further revision like we can go to Rs 850 kind of run rate for the full year?

Chirag Parekh: I would not try to get in actual numbers. I think the company is doing quite well. I think we had taken number of growth initiatives. If we are quite confident as of now looking at the growth quarter-on-quarter, we'll be able to achieve $100 million sales in the current FY. What is going to happen, like I said the momentum is good right now. Our competition I said in the last earnings call, our all our competition is in Europe and they are really struggling with the cost aspect. So, we have a lot of opportunities coming ahead. If it does not come in guys next 60 days, it will come in the 90 days but I think we are looking at a good growth trajectory moving forward.

Udit: The gross debt level that has come down from March to this year, have we paid it off anything from the QIP because last call you said that no funds of the QIP will be used for debt reduction?

Anand Sharma: We have not paid the debt but there are repayments going on for the debt which we acquired for acquisition and the CAPEX. So that one is the repayment has happened. We have not taken any further limits. Number two, the QIP fund which is allocated for working capital that is also deployed, so there is also no pressure on the CC limit utilization. So that has resulted into decrease in the debt level.

Moderator: The next question is from the line of Yug Patil from Anand Rathi Institutional Equities.

Yug Patel: My first question is on the employee cost. If I look at from a year-on-year perspective as percentage of revenue, it has gone up nearly by 200 basis points and even in the absolute term it has gone significantly by 60%. So, if you could clarify on what has happened and secondly if you could guide on volume growth for Quartz Sinks as well as Steel Sinks for remaining half year?

Chirag Parekh: Sorry on the volume growth of?

Yug Patel: Quartz Sinks as well as Steel Sinks for the remaining half year or might be next fiscal year.

Chirag Parekh: But I think it's broadly on the largely of expansion on our sales team. There's expansion on our R&D team and our operations team. We are also building new verticals like faucets, built in appliances, a lot of these people have been engaged in to do this. I think that's a major cost. Second obviously the inflation is high, so the appraisal system has taken place where we have to give back to employees. But this should be all consolidated by next year. It should be all optimized with the sales growth coming in the next quarter. So, that's one. H2 again I'm repeating what I'm saying is momentum is good. Right now, we got a healthy order booking position. H2 looks quite positive. It can be now with the change in the air on the US side, we are already seeing a lot of traction, a lot of positive movements. So, the H2 looks good like I said and if things play out well, I think it can also better than the H1.

Yug Patel: Could you quantify on number terms like in the range of 10% to 12%?

Chirag Parekh: See there's no question on to do exact number. Like I already said that we are looking going at the run rate of $100 million for the current year. So that's what we are quite optimistic positive to achieve that.

Yug Patel: What will be the remaining CAPEX for this year?

Chirag Parekh: Anand, what is the remaining CAPEX you plan to do because that is again based on what the deal is what happens in the next 30-60 days?

Anand Sharma: This year we have planned CAPEX of Rs 35 to Rs 40 crores. Already we had a CAPEX of Rs Rs 20 crores and another Rs 15- Rs 20 crores will come in second half as of now.

Moderator: The next question is from the line of Abhilasha from Quantum AMC.

Abhilasha: First one is on the working capital. So, working capital looks elevated in this H1. So almost like we have added Rs 100 crores to sales and the sharp increase of around Rs 90 crores in the working capital. So, what is happening on that front? Inventory levels have gone up, so what is outlook on that? And secondly if you can clarify more on the QIP deployment because how much we will be utilizing for the organic route and how much for the inorganic route if you can throw some light on that?

Chirag Parekh: Anand, you want to take this question because we are anyway not going to use any QIP for any in organic growth, right?

Anand Sharma: So, on inventory side this quarter we built up the stock in the traded goods primarily because there was a BIS certification issues, and we didn't want to have a situation where we are stocked out. So, we have decided to build additional stock on the appliances side. We have also started our functioning for appliances manufacturing. So, on the production side also we have some bought out items, number one. Number two, there are certain containers which supposed to go on the September end which spillover to the next week. So, this too has increased the inventory level. Number three, on the QIP side we have no plan to utilize on the inorganic side as of now, fund is deployed primarily for the working capital and certain CAPEX and it is as per the object what we stated in the offer document.

Abhilasha: And so again on the working capital, so by then do we expect this inventory level to normalize?

Anand Sharma: I think you can see that normalisation happening from the next quarter itself because this is a purposely stock, we build up. We don't want to have a situation where we will not get the material and BIS certification was going on. Since the company has already received the BIS certification, so we are going to utilize these inventories and the normalisation will start happening from the Quarter 3 onward.

Abhilasha: And the last one is by when do we expect this QIP money to get utilized? So, working capital they have already deployed, so do we intend to deploy further on working capital? How much under CAPEX?

Anand Sharma: So, 50% of the fund is earmarked for the CAPEX and for that we have already given that it will utilize by end of FY26. So, we have sufficient time to make the plans. Normally we do our budgeting in the month of Jan and Feb and then we decide the action plan for the CAPEX for next financial year. So, this is we have already stated and it will utilize by FY26. On the CAPEX side, working capital we have already deployed. There are general corporate purposes also which we will utilize as and when it comes. But in all the probability it will go as per the schedule specified.

Moderator: The next question is from the line of Rohit Singh from Nvest Analytics Advisor LLP.

Rohit Singh: A few quarters that were talking about like having partnership with bottle cooling technology company Kylo. So, like you mentioned it's a new startup for wine chiller bucket. So, what are the ongoing developments in this regard?

Chirag Parekh: Anand, I'm finding very difficult to understand this question.

Anand Sharma: He's talking about some partnership on the wine chiller side. I also don't know this partnership, the name mentioned.

Chirag Parekh: No, we have not entered to any partnership with Kylo or something.

Rohit Singh: I think some discussions were happening. The brand name was Sommelier, you were saying

Chirag Parekh: Sommelier is the wine chiller which I would not able to give exact numbers but we are happy to share the numbers with you. But right now, we have a tremendous movement with the wine chiller category. We also sponsored the one of the biggest wine shows in India last month, this is Sonal Holland and we had launched this Sommelier into that. I think that's going onvery well.

If I'm not mistaken. I don't want to quote but we are expecting the wine category including the wine chillers to have good multiple fold growth in the next year.

Rohit Singh: Have you started generating any revenues in that?

Chirag Parekh: We have launched it. We are expecting the first shipment to come in within the next 60 days. So, it should be realized in the next financial year.

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

Reesha Mehta: So, first is just a clarification, when you say the standalone margins, the gross margins have declined essentially due to the inferior product mix and the raw material inflation seen especially in acrylic. So here if you could just clarify that what was this inferior product mix exactly, if you could just talk about that? Also, this acrylic is what percentage of our total RM?

Chirag Parekh: So, Anand I'll just take this then details you can do it. So, thank you for your question. Regarding this, the product mix in the US the price valued realization per se is about roughly about 10% to 20% higher than any other average product because of the size of a sink is 33 inches by 22 inches versus others that comes to about 20 inches by 24 inches. So, you obviously get a higher value realization. The economy was quite muted with higher inflation interest rates the last quarters which now will turn around. So, that's one part of it. On this acrylic side, it is the sink contains anywhere about 20% to 25% as far the weight is concerned, as far as the material concerned its approximately contribution is about 50% the total sink cost.

Reesha Mehta: So, in terms of value terms this acrylic would be what percentage?

Chirag Parekh: It again varies from sink to sink. But hypothetically if the sink RM cost is Rs. 2,000 then acrylic will be Rs. 1,000.

Reesha Mehta: And then the Quartz volume growth in this quarter was just 7%. It's probably the lowest in the last one year. So, any specific reasons apart from the general macro slowdown that you would want to attribute this to?

Chirag Parekh: I absolutely believe that and you guys know much better than what I do, macros about what's happening in the Indian economy and the global economy. I think our company has done fairly well to be honest. The 7% growth even at the beginning of the quarter we were like even seeing that whether we'll get this growth or not. But I think we have got this growth and thanks to the confidence with the new customers like Ikea has shown a good increase, sharp increase with us in the sales. Even the next coming quarters we have a healthy order booking position. The competition on the European side, the cost is getting expensive. So, we are expecting some good traction in our business. I do understand the percentage wise it looks small but we have to understand what's the world right now, is what challenges. So, I want to make a point here. The home improvement sector is probably the worst performing sector right now because of high inflation and at a high interest cost. And in spite of this, our company has been able to post some great growths and able to sustain the margin. So, when this scenario everybody is expecting to change from the next year because of the change of the helm in the US. So I believe that moving forward we should be looking at double digit growth now moving forward.

Anand Sharma: Just to add to the question, on the quarter-to-quarter Y-on-Y basis 10% growth, if we look at H1 this year versus last year growth is 50%. So last year H1 we had 253,000 granite sink sales and this year we have 315,000. So, 50% growth we have achieved on H1-25-to-H1-24 basis.

Reesha Mehta: But the H2 of last year which is H2 of FY24 had a high base of around 1.5 lakh sinks. My question was more towards, so in H2 in terms of volume growth would we be facing challenge?

Chirag Parekh: To answer your question, I think we won't improve the worst. I think we are kind of looking at a great year '25-26. Things that will dramatically change. It was all depending upon US election and we need to understand that before the US election you have seen all the world gets muted. So, I think you'll see the demand, the overall stability in the world happening beginning of the '25-26.

Reesha Mehta: And last question on this BIS front. So, we have been talking about the BIS benefits that may come to our appliances category. So, can you just elaborate on this one, by when is BIS expected to be implemented and how exactly are we positioned to benefit from this?

Chirag Parekh: BIS is going to be factory from January 1st and one of gentlemen asked question why your working capital is high because we had to really stock for next 3 to 4 months. It takes time for us to build this but it's great. I think it's going to be a blessing for us. So, we are already building this new kitchen hoods. This was relatively for kitchen hoods especially for the glass what do you import. And we are also now building a new division for the hobs too. Coming January you'll see a lot of competition, especially the unorganized sector getting wiped off. So, any company which is going to able to manufacture great quality products, would be able to exceed in technology capabilities is going to win. We are and we are probably one of those companies who always believe in high quality goods. So, I think we are very confident moving forward that this restriction is going to help us to kind of scrap out all these non-quality guys and then giving us an opportunity to enter the Indian market.

Reesha Mehta: Just a follow up here lastly that. Why would you say that the regional peers will get wiped off because hoods and hobs essentially local manufacturing is pretty established here in India or is that understanding not correct?

Chirag Parekh: No, the understanding is not correct on the kitchen hoods because there are very few companies who are doing this kitchen hoods and whatever the kitchen hoods you are importing are done by from the Chinese importers. So, people import from the Chinese importers and sell it in India. Now this you're not able to import it. So, all the local small-time companies and vendors who are importing from China you'll have to stop that.

Moderator: The next question is from the line of Vaidik from Monarch Networth Capital Ltd.

Vaidik: I have two questions. Firstly, on the stainless-steel side since we have reached 90% capacity utilization, is there any plan to further expand capacity over here for FY26 or '27?

Chirag Parekh: So, the company is already looking for a new place right now to expand the capacities. We are also putting a new investment in the PVD machine because there's a lot of traction coming into that business. We are also starting the third shift in stainless steel which we're not doing till now. So, we will have to take a lot of new initiatives now moving forward to expand the stainless-steel capacity.

Vaidik: So, any plans by how much are we going to expand?

Chirag Parekh: I think we are just kind of putting a plan together because we having some kind of a discussion which is kind of display our growth trajectory. But I think we are looking at least 200,000 sinks for next year, anyway 250000 sinks capacity in FY25-26 increased from 180000 Sink as of now.

Vaidik: How much CAPEX would be required for this?

Chirag Parekh: I think it should be roughly around, so minus land and building would be about Rs 10 crores, Anand would be probably another Rs 10, so may be Rs 20 crores.

Vaidik: Rs 20 crores is inclusive of land.

Chirag Parekh: Yes.

Vaidik: In this quarter our realization for stainless steel was down by around 12%, so any major reason, is it the product mix or what?

Anand Sharma: Realization is because of the product as we already explained about the US sale is down and other territories were up. So that's why the product ASP has gone down by some marginal Rs. 30-40 per piece.

Chirag Parekh: He's asking on a stainless-steel sink side.

Anand Sharma: Stainless steel sink again from Rs 4,275 to Rs 4,190 because of the product mix.

Chirag Parekh: The only thing I see the exports have gone up is because we have more press sinks getting sold on the export market.

Vaidik: Can you give us any guidance in terms of revenue for FY26 and '27?

Chirag Parekh: If we are expecting the world to be moving forward and I think looks quite positive to be stable. We kind of expect the inflation to slow down. We expect the interest rates to get cut, the tax reduction especially with now the new elected President of United States and what the opportunities especially coming in on the big deals which we're expecting some audits happening this month. I think we are quite positive that we can achieve a 15% to 20% growth next year.

Vaidik: For this year, where do you see your revenue is going to be reached around Rs 410 crores on a consolidated basis? So, can we clock around Rs 900 crores of revenue for this year?

Chirag Parekh: I believe that we are showing some good performance quarter-on-quarter. I think we're quite positive, moving forward it's going to grow. We are quite positive about $100 million. If the things go really in our favor, it can go a bit of +100. So, it's very hard for us to give you, I think we are quite confident on doing $100 million sales with the end of the year.

Vaidik: Lastly on the margin front; what would be our stable EBITDA margins for FY26 and '27? Do we see any margin improvement for next 2 years maybe by 100 or 200 bps?

Chirag Parekh: So, I think our margin guidance has always been around 20%-21%, it's gone 22%. And the company's endeavor is always to improve the margins. Anything which is going to happen now in terms of decreasing the material cost, freight cost, product mix in the US is only going to help us to increase the margin from here. So, whatever you see this, the margin EBITDA dropping to below 20, I think our company is going to make all efforts to cross that 20 next year.

Moderator: The next question is from the line of Vaibhav from Nippon AIF.

Vaibhav: Just had one accounting question, trying to find out the numbers. So, on slide #6, you have given product price revenue and slide #8 provides overseas operations performance for Carysil Surfaces and United Granite LLC. So, can be safely say that the 30.8% surfaces is basically comprised of the revenues from these two entities?

Anand Sharma: So, you're talking about the product wise revenue. So, 30.8% includes our UK subsidiary Carysil Surfaces Limited and sale from United Granite LLC. So, this putting together is 30.8% as of now for the H1.

Vaibhav: Just in these two subsidies it's only Surfaces right now, right?

Anand Sharma: It's both the subsidiary, UK subsidiary and US subsidiary putting together.

Vaibhav: I am talking about Carysil Surfaces plus and United Granite LLC, are we selling only surfaces or are we selling something else also?

Chirag Parekh: No, only surfaces.

Moderator: The next question is from the line of Shraddha Kapadia from Share India.

Shraddha Kapadia: I just had one question. If you could elaborate on the tie up with the electronic stores in India and how would it help in our domestic growth if you could provide brief numbers or brief details about the sale?

Chirag Parekh: We did a tie up recently with in Kerala this chain also called Nikshan Electronics and we go into this some mart I forget the G-Mart or something into that. I think that is going to be the first entry foray into the electronics. So Carysil which is predominantly a kitchen sink player now entering to the electronic stores. We are just starting now, so we will kind of know the momentum by end of Quarter 3 or Quarter 4. But I think the way we see the scope of the dramatic improvement in the appliances since the modern trade in electronic trade comprises more than 70% of the sales. I think what our endeavor was to double our appliances sale will help us to take this moving forward.

Moderator: The next question is from the line of Akash Shah from UTI.

Akash Shah: Just wanted to ask, if the deal that we are working on right now goes through, then by when can we expect expansion in capacity? Would it be done by let's say first half of FY26 or would it be by second half, by FY26 end?

Chirag Parekh: So, this audit is just like the last thing. So, it's the last thing which what we are going to do. A lot of things have already happened since last year. So, this is just a formality which has to be done. So, it is going to be starting as high. We have already started building our capacities. The furthermore capacities what we need to build we'll see after this. But everything is going to start happening from if not Quarter 4 then by Quarter 1. So, it's going to be pretty fast

Akash Shah: Also just wanted to ask, are we looking for any inorganic opportunity also or right now we are focusing on existing business?

Chirag Parekh: We are absolutely going to focus on existing businesses.

Moderator: As that was the last question, I would now like to hand the conference over to management for closing comment.

Chirag Parekh: Thank you everyone. I hope we have been able to answer all your questions satisfactorily. However, if you need further clarification or want to know more about the company, please get in touch with SGA team, our Investor Relation Advisors. Thank you and have a great day.

Anand Sharma: Thank you.

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