CARYSIL
Lifestyle Sinks & Built-in Appliances

CARYSIL LIMITED

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August 14, 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 August 09, 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 Q1 FY2024 Earnings Conference Call for the Un-Audited Financial Results for the quarter ended June 30, 2024 held on **Friday, August 09, 2024**

Thanking you,
Yours faithfully,

For **CARYSIL LTD.**

Reena Tejas Shah
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Date: 2024.08.14 14:37:25 +05'30'

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“Carysil Limited

Q1 FY '25 Earnings Conference Call”

August 09, 2024

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 9th August 2024 will prevail.”

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

Moderator: Ladies and gentlemen, good day, and welcome to Carysil Limited Q1 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinion and expectation of the company as on the date of this call. These 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 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, Chairman and Managing Director, Carysil Limited. Thank you, and over to you, sir.

Chirag Parekh: Yes. Thank you. Good evening, ladies and gentlemen. Thank you for joining us for the Carysil Limited Q1 FY '25 Earnings Conference Call. I trust you had an opportunity to review our financial results and investor presentation, both available on the company's website and on stock exchanges.

Mr. Anand Sharma, our Executive Director and group CFO, and SGA, our investor relations advisors, are joining me on this call. At Carysil, we believe that every great product has the potential to be even greater. This commitment fuels our relentless pursuit of innovation and excellence in the kitchen sink market, which encompasses both quartz and stainless-steel sinks.

We continuously strive to surpass our own benchmark in product design, asthetics, functionality and durability, ensuring that each product offers outstanding value. A dedication to quality and innovation has earned us a distinguished reputation, not only within our home country, but also across more than 55 countries around the world.

Carysil was established in 1987and we began design manufacturing quartz kitchen sink. Over the years, we have grown significantly, expanding our product range under the Carysil brand to include a diverse range of products, including stainless sinks, kitchen appliances, food waste disposers, faucets and kitchen services.

Sternhagen premier bathroom brand stands for the luxury and bath experiences, known for the advanced technology and sophisticated designs. Sternhagen washbasins are made from high strength composite quartz offering, both durability and elegance, to drive the brand growth and elevate its market position. We have appointed Mr. Rakesh Nair to oversee its development.

We have achieved success in the US, UK, European markets, Carysil is now entering into the new markets like Turkey, Australia, Vietnam, Croatia, etcetera. A positive sign is the increasing number of customers acknowledging reputation as a brand value innovation.

We recently completed our successful QIP, raising INR125 crores, this fund will be allocated to expand manufacturing capacity, acquiring new moulds for our existing customers, to increase quartz sink business as well as for the manufacturing lines of appliances, faucets and fabrication.

These funds will also support brand-building initiatives to strengthen our domestic business and to meet working capital requirements for sales growth. This initiative enable us to stay ahead of industry trends and capitalize on the growing opportunities in home renovation market driven by higher quality standards. We are pleased to inform that in spite of ongoing challenges in the Red Sea, container availability issues and longer sailing times, our total income still grew by 42% Y-o-Y to INR202 crores.

Our business in the US and UK remain strong, with an increasing demand from existing customers, signaling positive plans. Europe continues to face persistent challenges due to high inflation, interest cost and geopolitical issues.

We are adding new customers to our portfolio and working on securing larger clients who are currently in the pipeline. By actively engaging with these prospective clients and catering approach to meet their specific needs. We are confident that these opportunities will soon evolve into substantial partnerships. We believe that these new alliances will enhance our market share and drive growth andincrease wallet share.

In our domestic businesses, we are focusing on social media marketing campaigns to reach younger generation deep in our market, penetrate existing products. We are developing new range of models of quartz sinks and appliances.

Our faucet sales have shown high growth potential after setting up the assembly line in factory. We are also in the process setting up an integrated kitchen top fabrication businesses in line with the US, UK subsidiaries on a pilot basis. We also recently signed a contract with is Ms. Mira Kapoor for our new Carysil campaign, which is going to take place this month.

Coming to our subsidiary division, Carysil Products Limited and Carysil Surfaces Limited is experiencing consistent growth in the UK market. We are confident that the positive trend will persist, driven by our strategic initiatives and market positioning. The Integration of our U.S. entity, United Granite LLC advancing smoothly and we're starting to see some improvement. We are nearing the EBITDA level breakeven in this company.

Our UAE subsidiary is also progressing well. We anticipate continued improvement in our financial performance as we improve our operations and optimize our core structure. Additionally, this quarter, we began operations in Turkey.

We are taking calibrated actions and strategy- involves a gradual scaling operations, including market analysis and applying our existing expertise, ensuring smooth market penetration and steady development. Overall, we are happy and optimistic about the future prospects of our overseas subsidiaries and are executing strategies that will drive long-term value creation and sustainable growth.

Before turning it over to Mr. Anand Sharma, I want to emphasize that the key driver of our progress is an efficient workforce and effective operations management. We have a passionate, skilled, and confident team to maintain a smooth functioning and productive work environment. These expertise plays a crucial role in developing products that propel us to become a multinational brand.

With this, I would like to ask Mr. Anand Sharma to update you on the company's financial performance. Thank you.

Anand Sharma: Thank you sir. Good evening, everyone. Let me take you through the company's consolidated financial performance. Quarter 1 FY '25 performance, sales volume for Quartz sinks stood at 1,55,230 units. Stainless steel sinks stood at 37,759 units, and kitchen appliances, faucets, FWD, and others stood at 13,751 units in Q1 FY '25. Consolidated total revenue stood at INR202.3 crores from Q1 FY '25, grew by 41.7% year-on-year.

EBITDA for quarter 1 FY '25 stood at INR37.1 crores, grew by 37% year-on-year. EBITDA margin for quarter 1 FY '25 stood at 18.3%. There is a marginal impact of integration of our U.S. subsidiary, United Granite LLC and the increase in export freight costs due to Red sea and container availability issues on the quarter 1 FY '25 EBITDA margin.

Profit after tax & after the minority interest stood at INR15.9 crores in Q1 FY '25, grew by 36% on year-on-year basis. Our consolidated net working capital days stood at 58 days as of 30th June 2024 as compared to 77 days in FY '24. Our consolidated net debt stood at INR272 crores as on 30th June 2024.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Harsh Shah from Dalal & Broacha Stock Broking.

Harsh Shah: Thanks for the opportunity. Couple of questions from my side. So firstly, on the gross margin front, if you could help us understand the volatility. Is it all due to the change in the product mix or how is it?

Chirag Parekh: No, it is the product mix which is also one of the things, but it's also due to the higher freight cost as our Executive Directors, said earlier, the Red Sea crisis, the freights have gone quite high. It's a mix of product mix and freight cost.

Harsh Shah: So I asked this question because I remember in the last con call, you mentioned that our US sales were higher. So at that time in Q4, our gross margins have increased substantially. So I just wanted to check whether is it a case wherein, sequentially, we have seen some drop in the sales of US?

Chirag Parekh: No, so our US sales have been consistent. Last time, yes, there was a change in the product mix. Now Howdens the new UK customer has come in. We're not too much dependent on old customers. So that's the same mix what we have. And the major impact is because of the freight cost.

Harsh Shah: Okay. Got it. Secondly, on the QIP. So I was going through the QIP document wherein you mentioned that of INR125-odd crores that we are raising, somewhere around INR66-odd crores would be incurred for capex. So could you help us understand the incremental capacity addition kind of revenue we can generate? And when can we see that contributing to our numbers?

Chirag Parekh: So I think you -- Anand Sharma can always share with you, and you can also go through the mandate of what we have done for the QIP, where the funds are going to be allocated, that's one. Number two is, as I had mentioned also earlier, we are using this funds to drive the growth. We have been looking for some opportunities, which can realize -- and for that, we will need funds for growth as you can already see the momentum picking up in revenue.

So yes, things are in pipeline. There could be realizations. And for that, we need funds to expand our activities. We also mentioned that our utilization of the quartz sink capacity has grown from 60% to 70% right now. We also have got some new orders for the stainless steel sinks.

We are also going to use these funds for the new division of built in appliances since there is BIS on most of the appliances, which is, I think, good for us. We have a massive opportunity coming up for OEMs and B2C. They also put up the new faucet factory. We're going to use these funds. So yes, we're mostly going to use these fund to drive our growth forward.

Harsh Shah: This INR66-odd crores would be only for capacity addition, am I correct? And nothing for inorganic?

Chirag Parekh: It is for capacity expansion and to the -- like I said, it is in a mandate for faucets, built in appliances, fabrications, nothing for inorganic, yes.

Harsh Shah: Got it. And any sort of figure that you have in mind, how much revenue this could generate? And then could you kind of see this getting realized in terms of when we could see this capacity getting on stream? That would be helpful.

Chirag Parekh: I would say that you have been seeing on quarter-on-quarter, there has been nervousness that the U.S. is not doing well, U.K. market, how the company is going to do, but in spite of all the challenges you have seen that your company has moved forward, we have had a challenging time, but we are still moving forward. We are rapidly expanding our product portfolio, our market presence, and geographically expansion. So that today, at least, we have been able to reach INR800 crores run rate.

So I think we don't want to leave any ball unturned. As we got to move fast we see opportunities we're going to do. And I think we've got to move forward. As of now, I think we are going at a rate of INR800 crores plus run rate which is about $100 million. And I think we are quite optimistic. While the challenges lies, geopolitical situation and the crisis, which is some external factors, which are beyond our control.

And also one last thing I want to say is that we are strengthening a lot of our efforts now to build the India business model. I said this last time, we had a good growth in this quarter-on-quarter on India business. With all these new models coming in the QIP money getting used, we are very confident there's a lot of opportunities for the B2C and also for some OEM manufacturing for built-in appliances and faucets.

Harsh Shah: Got it. And lastly, any outlook on the debt reduction part for this year and next year, if it's possible to give?

Chirag Parekh: Anand, you want to answer this, please?

Anand Sharma: Yes. Harsh, we got this fund for the growth of the company. Anything and everything what is required for the growth, we are going to utilize it. The objective is not to reduce the debt, but to grow the company with whatever requirements for the capex, working capital support and the brand building required.

Harsh Shah: So is it fair to assume that the finance cost that is reflecting in the P&L for Q1 should continue for the rest of the year? Or is there any plan of increasing the same? Yes. That was my last question.

Anand Sharma: So as I said, the idea is to reduce the debt organically what has come from our cash flow, not with this QIP fund. So whatever comes after the repayment, what is all going on and whatever accrual we have, there will be some reflection of reduction in finance cost, but not from the QIP fund.

Moderator: Next question is from the line of Shrinjana Mittal from RatnaTraya Capital.

Shrinjana Mittal: Sir, my question is on the quartz revenue. So if you look at it for the last 3, 4 quarters, essentially the run rate is around INR90-odd crores. And that is what has come back after the inventory correction. So there has been a comeback, which we have seen in the last four quarters. But what I'm trying to understand is from here on, in terms of the primary demand, how is it looking for us right now? What kind of growth are we seeing in the end market? Now that the inventory issues are behind us.

Chirag Parekh: Yes. So I'm again saying that there's a good momentum the company has picked up for India and for the exports market. We are also in pipeline for some breakthroughs. We have been able to now reach at a run rate of INR800 crores plus. It's part of all the challenges, geopolitical and the economy inflation, etcetera, are challenges. So we are right now quite optimistic, bullish on what the growth forward because the rate what we're expanding our product range, our geographic expansion. So while I say it, we are optimistic -- we also have to see that there are a lot of geopolitical issues and global challenges, which we are to face.

Moderator: Next question is from the line of Vaidik from Monarch Networth Capital.

Vaidik: Congratulations on good set of numbers. I just have two questions. Firstly, on the quartz sink side, this quarter, we grew both in volume as well as value terms. So currently, we are at 1,55,000 run rate. So by the end of the year, where do you see this number going through? Can we achieve the FY'22 volume numbers of 6,50,000 this quarter? And can we surpass it in this year?

Chirag Parekh: So as I have already mentioned, we are already up at 70% plus. That would be going at the same run rate. It would be about 700,000 sinks plus. So, in all likelihood, it looks that we'll be crossing the '22 numbers.

Vaidik: Okay, sir, you recently mentioned in your opening remarks that you have tied up -- that you have tied up with two other -- you've got some two new contracts. So can you just repeat from whom?

Chirag Parekh: I did not mention contracts.

Vaidik: Okay, sir. And sir, lastly on the revenue front, you said that we are on a run rate of around INR800 crores. But sir, earlier, we had a target of INR1,000 crores. So is there any reduction in our guidance or can you just guide us through?

Chirag Parekh: You see What has happened is that, due to the global challenges we are facing, we have been very cautious and watchful in our approach, particularly with regard to making aggressive investments, ? So it is just that the current first quarter, INR800 crores run rate is good. We are just carefully looking at the situations.

We're very optimistic that the kind of the breakthroughs what we are getting should be realized very soon. Because of the uncertainty across the world, some of them, you can understand that some of the realizations in the collaborations or in terms of the partnership, study partnership, it may take time. So it is -- if it is, but we are expecting that on quarter-on-quarter, we expect our run rate to improve…

So If -- I mean, if you got a situation and Red Sea crisis and people start getting more confident about the -- is about the economies across the world. The US elections go well. And if everything goes well -- I mean, I don't see no reason why by end of this year, we will not be able to start hitting close to the INR1,000 crores run rate.

Moderator: Next question is from the line of Udit Gajiwala from Yes Securities.

Udit Gajiwala: Yes. Sir, firstly, on the realization front of quartz sinks. So we have seen is the blended realization when you look at it being around 5,900 odd. So this is at a multi-quarter low. So is it because you are gaining new market share? Or is it because of product mix?

Chirag Parekh: No, again, this is change of the product mix. So whenever you have a bit of product mix, which always varies quarter-to-quarter. But I think it's still a great for piece of realization, what we had a few years back.

Udit Gajiwala: And sir, in presentation, I guess you have mentioned that the contract with Reece Australia and Howdens UK So are these some new contracts or these are the existing ones that have been renewed, which you have specified?

Chirag Parekh: No, these are absolutely new contracts. Fresh contract, they're going to bring in fresh revenue to the company.

Udit Gajiwala: So could you give some more colour as to what will be the tenure and like the previous contract that you had extended for other companies where you had mentioned the INR500 crores contract for next five years. Anything material on these two new names?

Chirag Parekh: Well, I think we had mentioned in absolute numbers because we need to be aware about the secrecy of all the contracts. But these are quite large sized contracts, which you can already see in the Q1 how the revenue was shaped. So which will help us to build our planned capacity moving forward.

Udit Gajiwala: Pertaining to quartz sinks, is my understanding correct?

Chirag Parekh: Yes. quartz sinks. We are going to start with the quartz sinks and then they're going to start with the stainless steel sinks too. Yes.

Udit Gajiwala: And sir, lastly, when you are entering these new geographies like you say, Turkey, Australia and etcetera, so if you can, what is the plan in these nations that you will have to go with new customers to come on board or it will be directly you selling through some new distributors because...

Chirag Parekh: No, this is -- completely B2C strategy. We're going to promote our brand. We want to do our distribution network, we're going to have our team, we're going to have our own infrastructure. So I think that's what the new strategy is that we want to start building our own brand in GCC and Turkish market.

Udit Gajiwala: And sir, on the UK subsidiary and also the US company that we had acquired, do you see that the material improvement could only happen in -- come FY '26, maybe because of the geopolitical tension and also with elections due in US, you might see some subdued performance to continue over there?

Chirag Parekh: So I believe that last time I saidthat we have kind of the home improvement sector, overall, as I think probably you can see we are kind of excelling in our growth, doing some great numbers in spite of the worst ever home improvement situation, any sectors at this point of time because high inflation, high market rates and all these challenges on the Red Sea crisis, we can only see that this can only go up further now.

Udit Gajiwala: And sir, just last question, if I may, in corporate like when you say that you are focusing on the India side, and I mean this has been your focus area for the last 2, 2.5 years or so now. So the contribution right now is around 18% post all the news -- inorganic growth that we have done. So is there a number in mind as India should be x percentage of our pie? Or is it dependent on something else?

Chirag Parekh: Yes. So I think this has always and I also said it earlier that we would like to shape up and our vision is to be a INR300 crores company in five years' time. And I think we completely believe in India story. India is probably one of the most resilient economies at this point of time. Many opportunities are there in 'Make in India'. There are a lot of tailwinds at this point of time because of the China plus strategy.

We can already see some opportunities in a very, very advanced stage, which can take an advantage over China. And so we believe that we need to expand our bandwidth, which we are already doing. We are inducting a lot of new teams. We are planning to substantially expand our sales team. We kind of substantially expand our distribution channels across India.

And we're going to add a lot of new products to the Indian market with use of QIP funds to excel our growth in India.

Moderator: Next question is from the line of CA Garvit Goyal from Nvest Analytics Advisory LLP.

Garvit Goyal: Congrats on a good set of numbers. You mentioned domestic demand is picking up, like our domestic revenues are muted quarter-over-quarter, even though we almost doubled down the number of distributors, but till now, we are not seeing the results there. I asked a similar question last quarter also, but you mentioned there will be growth of 20% in domestic revenues this year. But still, if you look at the Q1 numbers, Q1 is muted. So I agree there are challenges in the global demand. But as you already mentioned, India is having the tailwind. So kindly help us to understand where exactly we are going wrong? Is it the demand issue or what exactly the situation is, sir? So that is my first question.

Chirag Parekh: See, my first reaction to this is that, I don't know, the -- compared to other industries in our home improvement, you've seen the demand is muted. There is softness in the market. As far as our numbers are concerned, we have, I think, Anand, how much growth we have posted in domestic market Q1?

Anand Sharma: 16% year-on-year basis.

Chirag Parekh: 16%?

Anand Sharma: Yes.

Chirag Parekh: Yes. So to answer to this gentleman that in spite of the softness and muted demand in India at this point of time, and we have seen related industries where the demand has softened and has gone down. At the same time, we have shown an increase in performance by 16% growth over last year. So I think I would like to also again say that the quartz sinks, the fundamental, the quartz sinks, I think that's a great product.

The market share across the world is increasing. People are referring that. Number two is Carysil is in position as a premium product. We are not at the mass selling. We also have seen that the reason of this growth is because we have been targeting more premium counters. And I think moving forward, too, I think we would be improving our marketing campaign up our innovation is towards the premium product lines.

And I think moving forward, we see that the demand is going to increase for the premium product lines for kitchen category. As per se, even if the quantity doesn't grow, but the value per piece will go up. So we are quite confident of the strategy moving forward. The first quarter, we've shown good with good results. And I think moving forward, we believes in our strategy.

We're going to use this QIP money. Like I said, for various verticals, new models, and I think we are pretty confident and expanding our bandwidth and distribution channels across India.

Garvit Goyal: I think you are talking Y-o-Y, but I was talking about Q-on-Q basis. So that's fine. Secondly, sir, you mentioned about Reece Australia, Howdens U.K. contact. So how much they contributing Q1 FY'25?

Chirag Parekh: So both these contracts put together, I think there is some substantial number, which you are already seeing in quarter 1.

Garvit Goyal: And any guidance for FY'25, sir? like INR1000 crores is not looking possible for now due to headwinds going on. So any number?

Chirag Parekh: So I would believe that we have, if not INR1,000 crores, we have $100 million, right? Getting a running rate of INR1,000 crores if things go well. And with the external factors, which are beyond our control, things go well, I don't see any reason why it has not hitg the run rate of close to INR1,000 crores by end of the year, but things needs to go well, there are some external factors which are not in our control. But at least we are happy that we are moving towards $100 million run rate at this point of time.

Garvit Goyal: Okay, thank you very much and all the best for the future.

Moderator: Next question is from the line of Vaibhav Saboo from Nippon AIF. Please go ahead.

Vaibhav Saboo: Just started earlier in the call you mentioned that you know our strategy for Middle East and GCC would involve building out our teams and acting as B2C. So are we retain to, for example, have we already hired people and workforce for that? Or are we going to acquire a local distributor or how will the general strategy be? And when can we expect the cost for these same to fluid?

Chirag Parekh: So we have put the distributors in place. We have started building our team. Like in UAE, we have already started revenue coming in. We are targeting close to about $1 million of revenue just in UAE. We see some good revenue. We do some good cash flows. Turkey is something, which is still we are building now. So we'll see how that turns out in the coming quarters.

But I think we are shaping up our business in UAE and almost from zero to B2C brand, we plan to build close to $1 million brand at this year. I think that will give us a lot of confidence to move forward and more penetration into this GCC reason. We have showroom in Dubai on the Sheikh Zayed Road, our showroom right and which is attracting a lot of customers and B2B clients.

We have new showroom approximately 3,000 square foot coming up in Muscat, so that Muscat market also, we are expanding. We have a good team in place. We have put Mr. Shrenik Chopra, who's the Vice President Exports, under his leadership, he's trying to create this whole team in UAE and Turkey. A few of the recruitments have already been done. The others are work in progress.

Moderator: Next question is from the line of Nikhil Gada from Abakkus AMC. Please go ahead.

Nikhil Gada: Congrats on decent set of numbers. Sir, regarding the overall margin outlook, there has been -- as you already mentioned, there are many issues regarding the Red Sea and higher freight cost. And we hear that it might continue for at least a few quarters. Do you think this current margin run rate is because we have seen some impact, right? We have gone down to close to 17.8% on a consolidated basis. So do you think that this could go down further? Or do you think that we can improve from just your views.

Chirag Parekh: So I think you gave a good question. I think people are asking me there's a lot on the margin side. In spite of all these challenges, I think, yes, we are at probably the lower end of the guidance, what we have said because of the factors and some product mix. But I think we are very confident about the new strategy moving forward with new customers, the new products what we are going to create is going to result into only higher gross margins of the company.

Secondly, our CIF is only less than 10% of our total revenue. So we have been able to curtail that down more on an FOB side. So I believe that moving forward, new customers and with the new premium product range, I think this should only help us to probably improve our margins moving forward.

Nikhil Gada: And sir, is it possible that while this -- the CIF ratio is on the lower side. Is it possible to pass on this higher cost to the customers? Or we have to bear this cost even going forward?

Chirag Parekh: We have been maintaining and that's why we are at about 18% margin. So we have been doing, and it needs to be done gradually, slowly, yes, but it is. We are going to pass it on. At the same time, we need to see that. We do not want to loose customers and also get into competition. We got to do it very smartly.

Nikhil Gada: Got it. And sir, lastly, I think you sort of alluded to this point. But on a quarter-on-quarter basis, we are now seeing some improvement on the subsidiary side. If I see from INR86 crores, we have gone to somewhere around INR100 crores, and I think it's also because partly United LLC has sort of picked up.

That's what my assumption is. So are we seeing now the true actually, the value of this business coming to the fore? Or this is just initial signs and you might see much further on a subsidiary level, a higher quarterly revenue run rate?

Chirag Parekh: Are you're talking about U.S. business?

Nikhil Gada: Sir, I'm talking about the overall subsidiaries business. So when I do console minus standalone, we used to do INR86 crores of run rate for fourth quarter, which has now gone to INR100 crores. And we are doing INR85 crores, INR86 crores for the last 2 quarters...

Chirag Parekh: Correct. Yes. So overall subsidiaries. So again, I'm saying this thing, the U.K. team has planned, what do you call a foolproof strategy, a great foolproof strategy by taking on a market share of our biggest competition. There have been figures, which have come out of our competition. I don't want to say it on the call, but you can see it yourself.

Everybody's sales have declined. And I think we have to thank for that. We have taken our market share of the biggest of the biggest. I think they've done a fantastic job. I think we have emerged as a number to kitchen sink players in the U.K. market. That's one. Number 2 is that with the new acquisitions, we've been able to take advantage of the massive cross-selling opportunity. We've added a lot of customers.

So I think the strategy has worked out very well. Coming on the U.S. side, yes, the U.S. is probably a seasonal business on the fabrication worktops, the first ever home improvement like I said, I go to the U.S., I see people talking. This is probably the first quarter we have seen in the U.S., and this has been gradually picking up.

So what I honestly believe that the moving forward with the new contracts in pipeline with the new growth initiatives on distributing kitchen sink under our brand, and a lot of adding new products, new customers, we believe that this can only help us to take us forward from here. I doubt that any depletion and the margin can happen any more than this, unless there is any external factors. If something goes ridiculously. I mean that's not under my control then.

Nikhil Gada: Got it, sir. And just one last point, sorry. Anandji, I missed the working capital cycle for the first quarter. Could you please help me with that?

Anand Sharma: Yes. So working capital on the Consolidated basis we have net-working capital is 58 days as compared to last year, 77 days. So we have improved on inventory, receivables and payable for all. It has improved compared to last year.

Nikhil Gada: That's really great. Thank you so much.

Moderator: Next question is from the line of Yug Patel from Anand Rathi Institutional Equities. Please go ahead.

Yug Patel: So my first question is regarding the kitchen appliances. So a couple of quarters back, you had guided a growth of 20% to 25% of the growth. So, but last year, as we see the volumes on growth, it's almost flattish. So what's your view on -- because if you see the competitors, they are reporting a good side of growth on that.

Chirag Parekh: All right. So I think on the built-in appliances side, you're absolutely right the growth has been flat. We since we are not an electronics company, we are not a dominant player in India. It's more like a one-stop solution, what we are doing, where while we have seen a growth but again on the same time that the markets we are quite muted and soft and that has kind of pulled us back.

The new launch of the appliances pre-Diwali and with the new showrooms, which we are opening up this will help us to further build the appliances sales. You will not see anything to something the sharp increase but there will be an increases because a lot of the imports are going to stop now because BIS certification going on and the expansion of what we are doing in the built-in appliances is mostly not just in India but also some OEM opportunity, which we have to build. So we are quite bullish on the appliances side.

The India side, we are coming with a new strategy to sell our appliances with a different business model. And this business model, which we have been working on till now, has always seen flat revenue, which I agree with. So we have to do some shakeups. We did do shakeups from the marketing side. We did do shake up from the team side. We need to do shakeups from our distribution strategy side. So I think once this has happened pre-Diwali, we'll be able to see moving quarters the appliances sales moving forward.

Yug Patel: Yes. And on the secondly, if we have to talk about the quartz side, historically, it has always been the major contributing segment to the revenue. But as we know that this Freight rate cost has been increasing and the global economy been facing issues. So how do you see the company focus moving ahead with the quartz? Are we looking for the fabrication business to be a major part of the revenue going ahead?

Chirag Parekh: So let me just tell you some good news on the quartz side and to all those people who are engaged in this call today. And I'm saying this again, please believe in this quartz story, this is the next big thing happening in the kitchen sink industry. When we are saying that I think in the last quarter also, nobody believed that we're going to start up about $100 million run rate right and I think that's be honest, nobody thought. We're moving forward. We're signing contracts.

They have been large part of contracts, which are on the way in the pipeline. We are to understand one thing is that when you are one of those 4, 5 companies in the world having a facility in India and where you see this 4 million to 5 million sinks even with the slowdown in global by 20%, 25%. Let's start to say about 4 million sinks. Out of the 4 million sinks, we are manufacturing about 700,000 sinks. So there's still a massive opportunity for us going forward, even in the market in its needed.

But the quartz sinks market has been very stable. The quartz sinks demand has been quite consistent, and that's why we are able to see that. Moving forward, our competition is going to get expensive from their side. And we believe that this -- the traction in our business by expanding our new customer base, I think it's going to be quite significant.

Yug Patel: And lastly, sir, on the inorganic. And are you looking for any inorganic growth opportunities moving ahead?

Chirag Parekh: Right now, like I said, that we plan our focus to grow organically. We want to expand our quartz sinks. We've seen some great tracks coming in. We also see some great opportunities in the faucets, built-in appliances. As of now, we want to build the India story, and we would like to focus on the verticals, which we have just started. So I think we don't want to see any inorganic opportunity at this point of time.

Moderator: Thank you. Next question is from the line of Bala Murali Krishna from Oman Investment Advisors.

Bala Murali Krishna: So regarding the capex, I think we had done some INR20 crores of capex in the appliance and faucet that was completed or it is still under implementation?

Chirag Parekh: That is still under implementation.

Bala Murali Krishna: So Phase 1 whether it's completed, sir, Phase 2 is under..

Chirag Parekh: Phase 1 is done. We already started about capacity of 50,000 faucets a year..

Bala Murali Krishna: Okay. so any other the capex is use other than the Phase 2

Chirag Parekh: Yes. So we are, I think, clearly quite mentioned in our QI -- QR mandate where we will use the funds. I think by end of the quarter, you'll have some more light on where the money investment where it's going to be used.

Moderator: Thank you. Next question is from the line of Adukia from AK Investments. Please go ahead.

Adukia: I want to understand the domestic business, when you say 5 years, you will be making INR300 crores of revenue -- that is from currently INR140 crores you are saying that it will take 5 years? Or what is the target?

Chirag Parekh: So first, I would like to say that we all actually have a vision. We have to achieve the vision to something, aspire to be INR300 crores. And I think the run rate what we are going -- Anand, we did about how much domestic sales quarter 1?

Anand Sharma: INR36 crores.

Chirag Parekh: So INR36 crores is after about INR150 crores run rate. So moving forward with this QIP fund what we're going to start using it, we are going to get slowly on quarter-on-quarter, we started hitting a INR200 crores run rate by next year. So if you're able to hit the INR200 crores run rate there by next year, we are very optimistic then we will to reach this goal of INR300 crores by 5 years' time.

Adukia: Okay. So on the revenue side, you think if you take 5 years from INR150 crores to INR300 crores of revenue. Not run rate but..

Chirag Parekh: Yes. We have the aspiration to grow the India business. If you have to build a 1-day $100 million business in India and you have to see that within the 5 years, we need to start doing around INR300 crores. So we need to start believing in the India story now and we need to start using this QIP funds to see that India story shapes up. I mean, there are some external factors, market we get muted softer something goes wrong there's not something beyond our control, that's a separate story but the company wants to believe in how we shape up the India story.

Adukia: But just to understand this perspective domestic why I think that currently we are hitting INR120 crores, or INR140 crores and to double we will be taking I think 4 years roughly you are saying. And you are targeting to the premium segment in which the real estate market is going well. And why it would take -- I mean, why aren't we aggressive, I would say in achieving INR300 crores of revenue in 2 to 3 years when we are having lot of distributors, right? And we have the right product fit, so why will it take so long for us to achieve that?

Chirag Parekh: So I would say we are being very cautious with the approach while we want to be optimistic to be realistic also happen to see what is happening with the global challenges. I said within 5 years, if you're able to do fast it is good, what is the problem?

I mean, we did honestly, anybody anticipated softness muted in the demand, know in the quarter 1. So those are all the home improvement factors that have gone down. So it's some things that are beyond your control, what's happening.

Moderator: Next question is from the line of Sujal Jhanwar from FinCare PMS. Please go ahead. As there is no response from the current questioner, we'll move to the next question from the line of Rohit Singh from Nvest Analytics Advisory LLP. Please go ahead.

Rohit Singh: Sir, you mentioned INR1,000 crores run rate by the end of FY '25. So that means by Q4 starting, we will be doing at INR250 crores. Is that understanding correct?

Chirag Parekh: The understanding is, again, all vary isn't it? Like I said that we did not say we are going to reach. I said it will be good for us to go at a reach of INR1,000 crores run rate, external factor challenges to improve, isn't it? Geopolitical crisis and all the other rest of what's going on and the newcontracts under the pipeline and which we're seeing some growth momentum moving forward a bit optimistic here is then we would be looking at gradually improving from currently $100 million run rate to closer to the INR1,000 crores run rate.

Moderator: Next follow-up question is from the line of Vaidik from Monarch Networth Capital.

Vaidik: Sir, my question was mainly on the realization side for the quartz, it is down on a Y-o-Y basis, about 5% and we can see that constantly every quarter we are seeing a decline.

Anand Sharma: Sir, can I reply this question?

Chirag Parekh: Yes, yes, please.

Anand Sharma: We are looking at quarter-on-quarter basis. If you look at Y-o-Y, I have the figure, which says the average realisation is Rs 5,667. Current average realisation is Rs 5,660. So it's almost same, it all depends on the product mix and which market it is going. So it's not anything decrease on the realisation side, but which quarter what segment has gone, which geography has gone, and which model is gone, will decide the average selling price.

So rest ensure average price is not going down. It is just a quarter-on-quarter basis. So whenever you say the realisation rate should be our annual basis.

Chirag Parekh: If this had gone on a purely discounted basis, then your margin would have affected. Your margin guide would have gone down, gone to 15%, 16%. One. We're able to maintain your margin guidance means it's only the product mix based on the market where you get a sometimes per piece, but your margins are still the same.

Moderator: Next question is from the line of Ronald Siyoni from Sharekhan Limited.

Ronald Siyoni: And I had one question related to your strategy like earlier, you used to be highlighting organic growth, but now we're more focusing on -- sorry, inorganic growth, but now we're tempted to us growing more organically. So during these tough periods, are we not getting good deals or, say, is that right kind of valuations you -- or you want to first grow organically and thereafter down two, three years down the line, you may look at inorganic opportunities? Because

I think maybe this would be a right time during this time period that you may get something at a good valuation?

Chirag Parekh: No. See, there has to be a consolidation phase somewhere you start acquiring companies, you are growing inorganically, doing so well. So somewhere you also see some opportunities for organic growth, right? So we haven't seen more organically trying to do for a couple of years, stabilizing that and then try to keep our eyes and ears open for any market opportunities. it's not that we have shut down and we have not been doing, but the opportunity needs to come. That's one.

Number two is that we have to be very, very vigilant and very smart about which companies and sectors you are buying in these global challenges. So we got to be very, very careful. So hence, it's on a consolidation phase. In organic, if, we have opportunities come, moving forward, yes, absolutely, we'll see. But right now, we are seeing more opportunities organically and hence, we're doing this.

Ronald Siyoni: And second one would be any key accounts or highlight that you want to -- like have you added any accounts? Or have you added new products to the existing clients, how has the growth from the existing clients or any new acquisition of clients you may have done during Q1?

Chirag Parekh: No, it's a mix of some great deals with Howdens UK, which is a number -- kitchen manufacturer in the UK. We have been sourced as one the key suppliers or probably soon, we are the only supplier. We have expanded our markets like in the UK; my team has added about 8 to 10 major customers in the UK. We have added some new emerging markets and we have been doing a lot of active marketing like South Africa, Australia, Indonesia.

We also started some great business with Croatia, Greece, with some major brands out there. So I think we have done quite a bit across.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we will take this as a last question for the day. I would now like to hand the conference over to Mr. Chirag Parekh for the closing comments.

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 Relations advisors. Thank you, and have a great day.

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