CARYSIL LIMITED

Head Office
Survey No. 312, Navagam,
Vartej 364 060
Bhavnagar, (Gujarat) India
Ph :+91-278-2540218
E-mail: investors@carysil.com
www.carysil.com

May 25, 2024

To,	To,
BSE LIMITED	National Stock Exchange of India Limited
Department of Corporate Services	Exchange Plaza, Plot No. C/1
Phiroze Jeejeebhoy Towers,	'G' Block, Bandra – Kurla Complex
Dalal Street,	Bandra East,
Mumbai- 400 001	Mumbai 400 051
Scrip Code: 524091	**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 May 21, 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 Q4 FY2024 Earnings Conference Call for the Audited Financial Results for the quarter & year ended March 31, 2024 held on **Tuesday, May 21, 2024**

Thanking you,
Yours faithfully,

For **CARYSIL LTD.**

Reena Tejas Shah
Digitally signed by Reena Tejas Shah

REENA SHAH
COMPANY SECRETARY & COMPLIANCE OFFICER

Encl.: a/a

"Carysil Limited
Q4 FY '24 Earnings Conference Call"
May 21, 2024

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

Moderator: Ladies and gentlemen, good day, and welcome to Carysil Limited Q4 and FY '24 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants' line will be in 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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Chirag Parekh, Chairman and Managing Director of Carysil Limited. Thank you, and over to you, sir.

Chirag Parekh: Good afternoon, ladies and gentlemen. Thank you for joining us for Carysil Limited Quarter 4 and FY '24 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. Joining me on this call are Mr. Anand Sharma, our Executive Director,Group CFO and COO; and SGA, our Investor Relations Advisors.

Despite geopolitical uncertainty, global economies have experienced a recovery in economic activities in FY '24, with inflation remaining elevated yet stable. While Europe has contended with its own unique challenges, resilience of the US economy has provided support to global markets. India continues to be the world's fastest-growing major economy, thanks to a stable government, pro-business policies, substantial infrastructure development and an emphasis on boosting domestic manufacturing.

The settings of everyday life increase the joy of living, improve the quality of life and contribute deal to the daily routine. When combined with purpose and excellence, the power of everyday aesthetics elevates the product into an unbeatable value proposition. With growth this concept, Carysil is rapidly heading towards a higher growth trajectory. We are becoming a preferred brand for a high-end consumers for providing the market with a contemporary and sophisticated premium collection of well-designed kitchen products and accessories.

India has an enormous youth population that is evolving buying habits, aspirations and aesthetics. The demand for quality, visually appealing kitchen products and the combined luxury utility have high offtake. This trend offers a significant opportunity for Carysil because we have the mindset, skill and capability to capitalize on increasing awareness among potential buyers.

Built-in kitchen appliances are now the growing product area in India. Growing consumer spending on luxurious and premium products, the growing working women population, increased development of premium apartments, together with an increasing number of distributors and expanded retail format will propel growth in this segment.

Due to the rising popularity of undermount sink worldwide, inclination towards natural stone-based products, significant overseas markets are transitioning to quartz, granite sinks. Carysil is better positioned to capitalize on the trend and started in Europe, UK, United States, it is spreading over to Asia and other countries with this kitchen appliances things or kitchen services.

Our US, Europe, UK regions continue to perform well, except Germany, which remains subpar in terms of demand. When it comes to regional growth, the United States is more organic. Whereas within United Kingdom, we have more focused on new customer acquisitions. I said so, where we see issues have caused a delay in transit and container availability and increased high freight costs during the last quarter.

We continue to remain optimistic about our opportunities in existing domestic markets. To enhance the share of business in domestic markets, have a more focused approach. We're increasing our bandwidth, building leadership team around the key business segments. We have appointed Ms. Nikila Shridhar, our B2B Business Head, Pan-India; and Mr. Rakesh Nair as President of Sales of Sternhagen Division, Pan-India.

Our GCC business has started on a positive note and shows lots of potential in the coming years. This is already a profitable business in terms of EBITDA. Our efforts are to further accelerate the growth in the Gulf regions. We focus on increasing our business in UAE, Oman, Qatar and Saudi Arabia. We are developing more markets like in Turkey, Australia, Vietnam, Indonesia, Croatia, etcetera.

I have some good news. We have signed the contract with Reece Australia PTY Limited, one of the big retail chains with more than $100 million sales, the country's largest supplier of plumbing and bathroom suppliers. This contract comes into effective as we have received official orders from Reece Australia.

We are pleased to announce we have begun commercial production of the appliances and the faucets. We have started about three models of chimneys, and around 10 SKUs of faucets slowly expanding to move on reduced import dependence. We will gradually increase the capacity utilization model based on segment response and growth.

Coming to our acquired entities. Carysil Surfaces Limited UK continues to perform better in spite of challenging economic conditions. We have increased our product portfolio and distribution capabilities to service home and commercial customers in the UK market, strengthening our position in the UK solid surface sector. We also signed recently a major deal of the largest retail chain of stores, Homebase in UK

Carysil Products Limited continue to perform, which is mostly distribution of sinks and faucets continue to perform despite challenging economic conditions in the UK market. We have also started exporting most of the stainless steel kitchen sink requirement from India, which will further improve their profitability.

Our first acquisition in the United States, United Granite LLC, a fabrication company, showing improved business performance, in the previous months, April 2024, and we continue to grow in the coming quarters. Improvement in residential sales which is a high-margin sales is improving. There are a few initiatives which company is trying to undertake.

- Phase 1, we're planning to launch sinks and faucets distribution under the Sternhagen brand in the D.C., Virginia and Maryland area. We're also planning to launch high-end margin exotic stone tops, which will fetch better gross margins. Third, planning to open up fourth showroom in the DMV area to maximize sales.
- In Phase 2, we plan to launch the built-in appliances under the Sternhagen brand, which will be a one-stop model solution just like India. This kind of model is getting very popular, not only in the US, but also UK. We are confident that these changes will contribute to long-term stability and profitability for the company.

I would like to ask Mr. Anand Sharma, to update you on the company's 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 four FY 24 performance. Consolidated total income stood at INR192.1 crores for Q4 FY '24, which grew by 31.9% year-on-year basis. EBITDA for quarter 4 FY'24 stood at INR36.2 crores, grew by 36.4% Y-o-Y.

EBITDA margin for quarter 4 FY'24 stood at 18.8%, which is impacted due to integration effects of United Granite LLC. Profit after tax and minority interest stood at INR15.5 crores in Q4 FY'24, grew by 25% year-on-year basis.

Coming to FY'24 performance, sales volume for Quartz Sink stood at 5,64,294 units, stainless-steel sinks stood at 1,27,489 units. Kitchen appliances, bath products and others stood at 54,728 units in FY '24. Consolidated total income stood at INR688.1 crores for FY'24 as compared to INR593.9 crores in FY'23, grew by 15.9% year-on-year.

EBITDA of the company for FY'24 stood at INR133.6 crores compared to INR108.9 crores in FY'23, growth of 22.7%. EBITDA margin for FY'24 stood at 19.4%. This was little impacted because of increase in the freight cost due to Red Sea issues, but we are maintaining the guidance of 18%, 20% for the future. Profit after tax after and minority interest stood at INR57.9 crores in FY'24 as compared to INR52.4 crores in FY'23, growth of 10.4%. Return on capital employed stood at 15.3% and return on equity was 17.3%.

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.. The question is from the line of Resha Mehta from GreenEdge Wealth. Please go ahead.

Resha Mehta: Sir, the first question is on the domestic business. If you see, the India business revenue growth has been very soft at 6%. And despite all the efforts, we hired a B2B team, consulted with Deloitte. So can you just talk about why the growth in India business in FY'24 is soft? And what is the growth ahead that you are expecting for India business?

Chirag Parekh: Sure. I think it's open fact that the India retail sales are soft overall across the sector despite the company making so much effort. But I would also like to state that we have grown Y-o-Y and have had marginal growth over the past quarter. I believe that with the new initiatives by the government and I think the heatwave getting over soon, and we're going to plan -- having a good monsoon, I believe that in the future quarters, the the demand in India should improve. And also at the same time, company is focusing on high premium models to propel growth in India, which will bring further improvement in sales.

Resha Mehta: Okay. So any number that you would like to put for the India revenue for FY'25 or FY'26?

Chirag Parekh: No. I will continue my statement of going in India on 15% to 20%. And I think we still maintain that for the coming quarters.

Resha Mehta: Sir, because of the soft demand, do we see that our gallery ramp-up or distributor expansion will also be kind of dialled down in this financial year?

Chirag Parekh: I believe there is a huge opportunity. Yes, there is a softness in India. But I think there's also a scope for improvement. And I think the scope for improvement is quite huge in terms of value proposition. So, the company plans to add a lot of new value-added products, especially targeting the new premium and luxury segment. And I think that's where we think the most of the drive will come.

Also point two is we have taken two very large initiatives. One is we have now Mr. Rakesh Nair, who will head Sternhagen, which has been struggling for a while, especially since we're not focusing on this. So now Sternhagen, the bathroom, which will come into focus and we expect good revenue growth from there.

And second the B2B vertical, which was absent till now focusing on more on the builders, architects, interior designers. I think that has come into place. So that vertical along -- so we have appointed B2B Head Nikkila, which I mentioned in my statement, we already recruited five people for Pan-India. We still plan to expand quite dramatically in the coming quarters, so I think with all the initiatives and in spite of the challenges of softness, we are very confident that in the coming quarters, we will grow the market in India.

Resha Mehta: And my question on the planned ramp-up for galleries and distributors, would that continue or would we be dialling down on that for this financial year?

Chirag Parekh: No, we will be continuing with that. We'll be continuing. Also we're opening our -- what we call the platinum stores. It's called the high-end stores, we call the experience centres. So we have already signed up three more, which would be coming in the next two quarters.

Resha Mehta: Okay. And what kind of revenue growth rates are we anticipating for FY'25 for Carysil Products and Carysil Surfaces specifically considering the UK market recovers?

Chirag Parekh: No. - I think it would probably not be right to give me this statement on this. But I think we would continue our guidance of growth which we have been giving till now about 15% to 20% growth year-on-year.

Resha Mehta: Okay. And also, if you look at the FY '24 numbers while our revenue has grown at 15%, our employee cost has grown by 34% and other operating costs by around 30%. So how much of this increase is attributed to, let's say, the Red Sea issue or the United Granite integration. Can you quantify that?

Moderator: Sorry to interrupt you ma'am. May I request you to rejoin the queue for your follow-up question. Thank you. The next question is from the line of Kunal Ochiramani from Kitara Capital. Please go ahead.

Kunal Ochiramani: Sir, want to know more about the fundraise you are doing where it will be deployed and the capacity on...Want to know more about the fundraise you are doing, the capacity going ahead and the revenue guidance for the same for next 5 years.

Anand Sharma: Yes. Kunal, on the fundraise side, we have already taken a resolution for up to INR150 crores. We'll see at the appropriate time when we have to go for the fundraise. So this is the status as of now.

Kunal Ochiramani: The capacity and the revenue...

Anand Sharma: So like organically whatever required to be done we are doing, but the fundraise part and the related capacity will come up once we finalize everything.

Kunal Ochiramani: Okay got it. Thank you.

Moderator: Thank you. The next question is from the line of Tushar Raghatate from Kamayakya Wealth Management Private Limited. Please go ahead.

Tushar Raghatate: Good sir. Thank you for the opportunity. Sir, I have few questions like in your own brand sales volumes like what is your sales volume in that and what kind of growth are you foreseeing?

Chirag Parekh: So as far as India is 100% with our brand. Globally we are doing about 15% to 20% with our brand and like I said that we have taken all the initiatives to launch our own brand in -- we already started in Australia. We're doing it in the UAE, Turkey, the UK, and the US. So our plan is that within the next 3 years' time we would like to have our B2C our own brand at least about more than 30% globally and India we will continue with our 100% brand presence.

Tushar Raghatate: Fair enough, sir. Sir, you hit the all-time high volumes of 6.5 lakhs, I think, in earlier years. So what are your views on your volume growth going forward?

Chirag Parekh: Yes. So I think with all the initiatives which we have taken and some of the new tie-ups which we have and some of the new tie-ups which are bound to happen, I think we are still sticking that we will be able to increase by 15% to 25% growth on the things.

Tushar Raghatate: What volume growth are you saying?

Chirag Parekh: Yes, volume growth.

Tushar Raghatate: Fair enough. Sir, last question. In terms of gross margin, we did well in this quarter, but the margins are not down towards the EBITDA. Just wanted to understand the reason for that?

Chirag Parekh: I think it is a mix of all. First, I would like to say there is a great product mix; our export to the US has improved considerably, and we have higher gross margins. Also on the operations side, we have our factories working on a high efficiency level. So I think the mix of that in spite of the freight cost I think we're able to maintain our margin guidance. And your second question was...

Tushar Raghatate: Yes, sir. So the gross margin will be maintained going forward as well?

Chirag Parekh: Yes. So we're maintaining our 18% to 20% margin guidance.

Tushar Raghatate: Fair enough. That was helpful. Thank you.

Moderator: Thank you. The next question is from the line of Yug Patel from Eternal Capital. Please go ahead.

Yug Patel: Good afternoon. Sir. Firstly, congratulations for good set of numbers. So my first question is that I want to ask the -- our sales breakup between UK. and USA, if you could help me on that?

Chirag Parekh: Yes. So I can -- I would probably maybe later on we can use the exact numbers. But I think right now, as you know that out of the total INR690 crores approximately the UK sales is about INR250 crores, which would come to about 30% of the revenue. And the North America market is about 30% of our sales in the total international out of the total export of 30%, yes.

Yug Patel: Okay. And my second question is that we know that the recent contract with Howden has been started and the orders have been coming. So I want to know that how the contract has been performing over the years and what will be the future for that?

Chirag Parekh: So the deals with Howdens is the orders are flowing in more than what we have expected. We have to invest in new models to satisfy their demand since also the UK market is improving. Second thing how things are being accepted very, very well the UK. market. I think, perhaps the models quality all the colors, but we have to -- been anticipated that we would be doing much more than what we have -- what we are expecting.

And for this we'll have to expand our capacity in terms of moulds to satisfy the demand for Howdens. So, yes -- so the -- I think the deal is going very well.

Yug Patel: That's it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Rohit Singh from Nvest Analysis Advisory LLP. Please go ahead. Due to no response from the current participant, we will move on to next participant. The next question is from the line of Shrinjana Mittal from Ratnatraya Capital. Please go ahead.

Shrinjana Mittal: Thank you for the opportunity. So I have two broad questions. So one is on the other expenses front. So you mentioned that other expenses are higher because of the higher freight costs and some impact of United Granite integration. So can you quantify that, sir, please?

Anand Sharma: Yes. So, other expenses are higher because of the freight cost, and there is the integration of United Granite, there are some advertising promotional expenses, which we have incurred. So, these are three reasons for the higher other expenses.

Shrinjana Mittal: Yes. Understood. So, can you quantify the integration costs for me? Like what would be the onetime potion, if any?

Anand Sharma: So, onetime cost is already taken in the quarter three. So it's, there is a big onetime, now it's all operating costs.

Shrinjana Mittal: Understood. So, this would be a run rate number. And on the freight side, what would be the impact of the Red Sea? How much the freight, how much would it be higher by if you can give some percentage?

Anand Sharma: Yes. So, it's additional 1%, 1.5% is the cost.

Shrinjana Mittal: Understood. Also, the second question is for United Granite, this quarter, how much was the revenue and what kind of margins could we get?

Chirag Parekh: This quarter's revenue, this quarter, are you talking quarter one?

Shrinjana Mittal: Quarter four.

Chirag Parekh: Quarter four.

Anand Sharma: Revenue is INR21 crores.

Shrinjana Mittal: Okay. INR21 crores, okay. Thank you.

Moderator: Thank you. The next question is from the line of Harsh Shah from Dalal & Broacha. Please go ahead.

Harsh Shah: Yes. Thanks for the opportunity. A couple of questions from my side. So, firstly, could you kind of quantify what was the impact on the revenue due to the delays in delivery which was, because of the Red Sea issue? What was the number you could give?

Chirag Parekh: Yes. So, my answer is that we had a delay of about four to five weeks because of this. I think that delay will have a slow effect. It has not had any significant impact on us. But now on quarter, on the quarter one, we will see what is the impact, but as of now, we have not seen any significant impact.

Harsh Shah: So, there has been no, basically no delay in kind of revenue booking because of the delay. Am I correct?

Chirag Parekh: No, there has not been any effect based on that.

Harsh Shah: Okay. Secondly, on the gross margin, this time around, we did extremely well and so if I track back the numbers. So, post FY18, this is the first quarter we had such a good gross margin. So, in terms of sustainability, what should we consider the sustainable gross margin by modelling?

Chirag Parekh: So, I would say one thing. Our margin guidance will continue at 18% to 20%. There is one fundamental point, which is the fundamentals of the business overall is very strong for us. And especially the granite sink model. I mean, the point I try to say is that we will always be addressing the premium segment of the market, and I think we're going to continue with that.

And we would be adding a lot of new models, it would be targeting more premium segments of the market. So, we believe that the premium category will always grow. And I think we will stick to the margin guidance of 18% to 20%. Now which is the same, whether it's sinks or is the built-in appliances. So, the company's focus is more on, driving growth for more on the premium and luxury segment of the market.

Harsh Shah: So, I mean I get your point, but still it doesn't answer my question. I mean, in terms of ballpark range also, if you could give on gross margin. So, I'm asking because I think the earlier participant asked about the gross margin. You said it's a mix of, be it product mix or raw mat costs. I just wanted to understand what has led to such improvement in gross margins?

Chirag Parekh: Yes. So, I will tell you, one is the US sales that I said earlier. The US sales have been significant in the last quarter, which gives us a higher gross margins. Second, our IKEA sales are also up in the last quarter, which is giving us higher gross margins. So, and third is our operational efficiency within the plant has improved tremendously. So, I think with all these factors, there is not one single factor, but these are the three main factors which have improved gross margins. Does that answer your question?

Harsh Shah: Yes, mostly. So, basically, the raw material price has kind of remained stable?

Chirag Parekh: Yes. The raw material have been, remained stable, and the rejection at the plant level, we have achieved an all-time low in the last quarter.

Harsh Shah: Got it. Okay. And lastly, on the working capital cycle, so when I look, so this year around we have done the working capital cycle is somewhere around 120 days. So, I'm seeing that the inventory as well as the receivable days have gone up. So, should we assume we will be back to 90 days from next year onwards? Or how are you looking at the working capital cycle because it has impacted the cash flow from operation to some extent.

Chirag Parekh: Yes. So, I think it's two, I think one thing is because of the Red Sea crisis, we have a lot of inventory, which as is probably for a short time. And second, is because of the delays on the delivery side, the receivables have increased, so they are now back in order. Also, that's on the export side. On the India side, we have tremendously reduced our credit limits to our customers. So, I think we are very confident that it will come back to 90 days in the coming quarters.

Harsh Shah: Got it. And one last question. Anything on the repayment schedule? And in debt, the short-term borrowings have gone up. So, any kind of figure that you have in mind what sort of repayment we would be doing in FY25 and FY26?

Anand Sharma: Yes. So, repayment is coming at INR28 crores to INR30 crores for the FY25 on consolidated basis.

Harsh Shah: On consolidated.

Anand Sharma: Yes.

Harsh Shah: Okay. Got it. That's from my side.

Moderator: The next question is from the line of Rohit Singh from Nvest Analysis Advisory LLP. Please go ahead.

Rohit Singh: Sir, my question is on guidance side. So, earlier you were targeting on minus INR1,000 crores kind of revenues in FY25. And now you are saying that we are also getting good order traction in export and you are expecting the domestic market to recover. So, why we are reducing the guidance to 20% CAGR when we were going from there? That's my first question.

Chirag Parekh: So I think we are continuing our growth guidance by 20%. The INR1,000 crores guidance which we had given in the past, I think we are also sticking to that. We have some inorganic opportunities we are exploring. So I think that when it realizes what we are expecting in the near future, I think that will happen. I think we are still sticking to our INR1,000 crores guidance.

Rohit Singh: The INR1,000 crores guidance for FY '25 is still there, right?

Chirag Parekh: Yes.

Rohit Singh: Okay. And on the domestic side, like we have increased our distribution network significantly at the beginning of the year. But the result is still not there. Like we were -- we are targeting INR170 crores to INR180 crores kind of revenue from domestic in FY '24, but we closed down to INR140 crores. So are we facing any specific market challenges despite the existing demand? And what kind of strategies are you going to implement to capture the opportunities ahead and face the challenges?

Chirag Parekh: You see, we have to honestly hold ourselves based on what -- how market reacts. So I think we are on track. But suddenly if the market in domestic is sluggish, gets softer, nothing much we can do. So I think there's a rechange we think in strategies that what new products we need to offer to address the premium segment of the market.

what initiatives we need to do to launch new products, which would satisfy the new target customer base. Also third is what products we need to launch to cater to the B2B market. So I think with all this, we need to kind of -- we have reset our strategy because we don't know how long the market is going to remain soft. So I think the company has taken -- we have taken initiatives to see that we have -- we can grow at least 20% growth year-on-year for the coming year.

Rohit Singh: I'm asking on the Red Sea issue due to this because you mentioned in your commentary also like from Q1, there might be some impact on the revenues due to an increase in the order -- delivery timeline. So, how long do you expect this situation to continue in the future?

Chirag Parekh: Unfortunately, the Red Sea crisis is not in our hands. It depends upon the geopolitical situation on this, Gaza war and all how long it's going to take. As far as our orders are concerned, I think, as I said, there's not any significant impact we've seen in the quarter 1.

Moderator: Thank you. The next question is from the line of Khush Shah from Niveshaay Investment. Please go ahead.

Khush Shah: So what would be your current capacity utilization?

Chirag Parekh: So the current capacity, we are approximately 70% to 75%.

Khush Shah: Yes, sure. So your current capacity is around ballpark 70% and your revenue is projected -- and your revenue is currently at INR684 crores. So if we do a current capacity projected to 95%, then your revenue in FY'25 would be INR970 crores. So, can you comment on current utilization if we do up future growth?

Chirag Parekh: No. So what you are talking is consolidated sales. You're talking about a capacity utilization for just the granite sinks. Now granite sinks currently and looking at an average price of about INR5,500, so growing at a 95% in, let's say, ballpark 900,000 sinks, if you're looking at about INR520 crores, INR530 crores.

Moderator: Thank you. The next question is from the line of Sonali Bavishi from Val-Q Investment Advisors. Please go ahead.

Sonali Bavishi: Yes, so I have few data points if you can -- can you just let me know the revenues from quartz sinks only?

Chirag Parekh: Only quartz sinks.

Sonali Bavishi: For FY'24, for FY '24 year.

Anand Sharma: Yes. So quartz sinks we have revenue of INR324 crores.

Sonali Bavishi: Sir, in the presentation, I can see the revenue from steel sinks is about 11% of the total revenue. So that comes down to about INR75 crores. Am I right?

Anand Sharma: No. Sorry -- which slide you're referring to?

Sonali Bavishi: Sir, I'll just let you know, one second.

Anand Sharma: Can you give me the slide number?

Sonali Bavishi: Sir, the Slide number is 32.

Anand Sharma: Hold on -- so talking about 11% of the consolidated revenue, we had given by the contribution. I don't know how you're getting INR75 crores degrowth. It's not there.

Sonali Bavishi: Sir, the contribution of stainless steel sinks to the consolidated revenue is 11.1%, right?

Anand Sharma: Yes. So earlier, you are comparing to FY'23, it was 13%, now it's 11.1% because the pie of the other product, which surfaces has considerably gone up. So it has not -- there is an impact on the steel sinks, it has actually grown.

Sonali Bavishi: Okay. So how much is the growth, sir?

Anand Sharma: So, steel sink growth is around 15%.

Sonali Bavishi: Okay. Sir, can you help me with the realization number for quartz sinks and steel sink?

Anand Sharma: Quartz sinks numbers are...

Chirag Parekh: Is about 5,500 approximately -- and stainless steel is around. ex factory..

Anand Sharma: Stainless steel is around 4,200.

Moderator: Thank you. The next question is from the line of Resha Mehta from Green Edge Wealth. Please go ahead.

Resha Mehta: Yes. So in your opening remarks, you said that the Sternhagen brand would also be marketed in the US. So is the brand going forward largely going to be a US-centric brand or India play is also going to be a focus area for this particular brand?

Chirag Parekh: So it's both. So we are going to build Sternhagen as a global brand.

Resha Mehta: Okay. And the other question is on the FY '24 numbers, while this has been addressed in some form for Q4, but even if I largely look at the full year FY '24 numbers, for a 15% revenue growth, our employee costs have grown by 34% and other operating costs are around 29%. So how much of this increase in employee cost and other operating expenses can be attributed to the Red Sea issue and the United Granite integration?

Anand Sharma: Okay. So there's 2 things. One is this is the first year where we have integrated United Granite. So the cost is there, which is not comparable with the last year numbers. Okay, number one...

Resha Mehta: What was the number be the full year? What is the integration cost that we have incurred? Can you quantify that?

Anand Sharma: We can give you separately, if you want, okay? But the impact is because of, one is the integration. Second, we have built a team for the further capacity utilization, which was low in the last year. So based on that, we have built our team for the further growth in the current financial year. So there is a cost escalation because of these 2 reasons. And there is some hiring we did on the leadership team also.

Resha Mehta: Right. So going forward, fair to say that the employee or the other operating costs, the increase there will be more or less in line with the revenue growth?

Anand Sharma: I mean, if we are looking at a volume-led growth in the coming quarters, it is going to be approached, the proportion get absorbed.

Resha Mehta: 18% to 20% margin guidance in any case continues, right?

Anand Sharma: Yes, yes. It will continue. Yes, yes.

Resha Mehta: And on the inventory front, post COVID, we have seen a structural increase in the inventory days...

Moderator: Sorry to interrupt ma'am. May I request you to rejoin the queue for a follow-up question. The next question is from the line of Manan Madlani from Kamayakya Wealth Management.

Manan Madlani: I just want to know volume numbers for the Quartz and SS sinks for India business of last 3 years?

Anand Sharma: So I have numbers for last 2 years, which I can provide you right now. So Granite Sink last year, FY '22-'23, 513,820; this year, 564,294. So volume grown by 10%. Steel sink last year number of 108,507; this year, 121,585, so the volume number has grown by 12%.

Manan Madlani: Okay. And could you also provide an EBITDA split between all the products? Like what would be the contribution of all the products?

Anand Sharma: No, we are not making segment-wise reporting. So it's not -- I mean, we'll not able to give you the breakup segment-wise right now.

Manan Madlani: Okay. So can you provide you the gross margin of the Surface business, particularly?

Anand Sharma: So gross margin for the granite sink is on the ex factory level 48% to 50%. On the steel sink, it is around 30% to 35%, Appliances at around 40%.

Manan Madlani: The Surface business?

Anand Sharma: Sorry I'm not able to hear you. Faucet is around 45% to 50%.

Manan Madlani: Surface,

Anand Sharma: Surface gross margin is around 26%, 27%.

Manan Madlani: Okay. And so I just want clarification on the growth for FY '25. So the 15% to 20% growth is volume based or value-based?

Anand Sharma: Volume and value, both.

Manan Madlani: Okay. And the last question. So if we -- so for this quarter, our other expenses on a consolidated basis have increased so much. And you also mentioned the reason behind it. So if we remove the impact of the higher freight costs, what would be the number of other expenses if you could quantify?

Chirag Parekh: So higher freight costs -- 1% for Red Sea crisis, so...

Anand Sharma: Yes. So other impact will be around 1.5%. So total 2%, 2.5% is the impact.

Manan Madlani: Okay. So even if we remove the impact of the Red Sea crisis, our other expenses have increased exponentially. So is there any reason? Or is it sustainable or any one-off in that?

Anand Sharma: I think we are very clear given the guidance that 18% to 20% EBITDA margin guidance we are maintaining considering all the factors remaining as of date.

Moderator: The next question is from the line of Krisha Jariwala who is an individual investor.

Krisha Jariwala: My question is related to kitchen appliance volumes sold numbers. Like why there is no growth compared to last year?

Chirag Parekh: Yes. So again, I think the market has geared very softly, surprisingly. So we -- that's the main reason from the built-in appliances.

Moderator: Krishna, does that answer your question?

Krisha Jariwala: Yes.

Moderator: The next question is from the line of Tushar Raghatate from Kamayakya Wealth Management Pvt. Ltd.

Tushar Raghatate: Thanks for the follow up question. I just wanted to know like, domestic, double due distribution, but in tandem, the revenue has not grown. I understand there are some challenges, but what would be your focus going forward? So what are your plans for the domestic business?

Chirag Parekh: So like I said, we are going to address the premium market segment. So we plan to launch high-end built-in appliances, the TFT control models, which will be the first time in India and which are a user-friendly models, and we would be targeting at good price. So I think there are a lot of initiatives like this.

We're also launching a range of built-in refrigerators of different model sizes which is going to add to the revenue growth. So, we plan to launch these kinds of lifestyle products within the next 4 months. And so that's one. On the kitchen sink side, we are planning to launch bigger bowl sinks. Right now, our fastest selling models are 24 X18, 21X 80.

We plan to launch models like 28X18, 30X18, which will be used as a workstation and which will add a much higher value for per piece. So these are the 3 new initiatives. And the third one is the Faucets Factory is on. We are already assembling about 2,500 to 3,000 Faucets now currently a month. And I think which is also going to -- which is gaining traction very fast in India. So I think we also see faucets as one of the major growth drivers for the Indian market.

Tushar Raghatate: You mean the JBT Faucets, the metallic coloured faucets?

Chirag Parekh: Yes. So we are going to do stainless steel faucets, which are lead-free, that you can drink water directly through in your kitchen. So there is no lead. And second is the gun metal PVD, all the -- we are adding a range of these kind of coloured Faucets to the range. So which is going to add -- yes...

Tushar Raghatate: Sir, my last question, like what would be our contribution from the Southern India?

Chirag Parekh: Southern India right now is about, anywhere about 27% of the total India domestic sales.

Tushar Raghatate: Okay. So like in a company where are you focusing more in terms of when you consider India as a whole?

Chirag Parekh: Where we are focusing? Is that your question?

Tushar Raghatate: Yes, so which part of our country is your focus area going forward?

Chirag Parekh: So I think, one, we have identified a gap analysis study that one of the states which we are not very focused, that is Hyderabad, Telangana area. So I think we are stepping up rapidly our activities around that state. Also, we are targeting now more Tier 2 and Tier 3 cities where we think the growth opportunities are very large. So -- that's our focus is going to be within the coming quarters.

Tushar Raghatate: Fair enough. So that was helpful. Thank you.

Moderator: The next question is from the line of Meet Rachchh from Anubhuti Advisors. Please go ahead.

Meet Rachchh: Yes, thanks for the opportunity. Sir, I want to better understand your FY'25 growth target. So basically, we are at INR684 crores in FY'24, and the contribution from United Granite in last 2 quarters was INR36 crores. So without that, we ended at INR650 crores. So for FY'25, if we grow at 20% for our main business, then it will touch at INR780 crores.

And if United Granite contribute INR80 crores for next year, so we will end up being at INR860 crores. So I'm just trying to understand, do you have any plans for big acquisition if we want to have a INR1,000 crores revenue in FY'25?

Chirag Parekh: So, I again repeat that we are looking at inorganic opportunity at the right time, if we see any fit, which is a strategic fit for the company, we will go for it.

Meet Rachchh: Okay. So without, let's say, if we don't do any acquisition in FY'25, then we might end up at INR860 crores INR870 crores in FY'25.

Chirag Parekh: Yes.

Meet Rachchh: okay. Thanks a lot.

Moderator: The next question is from the line of Aditya from MSA Capital Partners. Please go ahead.

Aditya Sir, just wanted to know what is the split between Sylmar Tech revenues, the Carysil Surfaces revenues and the revenues from United Granite?

Anand Sharma: So Sylmar and the Carysil Surfaces is the same. Revenue coming from the Carysil Surfaces is around INR150 crores. And around INR31 crores we got from the United Granite.

Aditya And sir, have you witnessed any gross margin improvement this quarter from United Granite?

Anand Sharma: We have already discussed on the gross margin side.

Chirag Parekh: He is talking about United Granite. I think with any initiatives what we are doing, residential sales going up is a high-margin sales, yes, there will be an improvement in the United Granite margins.

Aditya And plus now that we have started sourcing raw materials from India, so that would even act as a better margin improvement plan, right?

Anand Sharma: Yes. For the coming quarters, yes.

Aditya So, can you quantify the current gross margin run rate for United Granite and where do you expect it to go in the next two years?

Chirag Parekh: I think the current -- the last quarter rate was about 42%.

Aditya All right. And next two years?

Chirag Parekh: I think there will be a margin improvement. I would not going to tell you at this point of time. But yes, there will be -- there will be margin improvement based on a higher residential sales and better gross margin product mix.

Moderator: The next question is from the line of M N Kumar, who is an individual investor. Please go ahead.

M N Kumar: This issue has been addressed already. But the sales, if you look at the stand-alone sales, the increase is around INR36 crores, but the receivables are almost 80% of it. I hope this is going to get resolved rather quickly, is one point which I will add to that. The same thing is at a consolidated level also. So I hope it is going to get resolved very quickly. That's just the point I wanted?

Anand Sharma: Sorry. Can you repeat your question? We are not able to hear you clearly.

M N Kumar: Sir, stand-alone sales increase is around INR36 crores per year-on-year, right?

Anand Sharma: Okay. Yes.

M N Kumar: But trade receivables, if you look at it, they're almost 80% of it.

Anand Sharma: No. It's not 80% of it. I think your numbers are not correct. The numbers given here are separate for the standalone and the consol. It's not 80%.

M N Kumar: Yes. So can you go to the slide standalone balance sheet?

Anand Sharma: Standalone balance sheet, yes.

M N Kumar: The trade receivables have increased from INR55 crores to INR83 crores.

Anand Sharma: Yes. Okay.

M N Kumar: That's around INR27 crores, right?

Anand Sharma: Yes, INR27 crores.

M N Kumar: And if you look at the top line change, that goes from nearly INR335 crores to INR371 crores?

Anand Sharma: Got your point. But see, you're doing the numbers at the balance sheet. This is an annual number, and you are comparing with the quarter-on-quarter. This is not the right...

M N Kumar: I'm not comparing. I'm talking about yearly itself. I look at the yearly P&L and yearly balance sheet, right?

Anand Sharma: Correct. So number of days have gone up. It's already explained that it was caused by the delay in transit in the export market. There will be improvement going forward. And this is only because of the delay in transit what is happening with the Red Sea issues. Fundamentally, there is no change in the receivable days, and it will be back to the normal.

M N Kumar: Yes. In one of the other questions, you did indicate saying that Red Sea issue is behind us, it is not made much of so different that was also point. So I'm struggling to understand the reason exactly because top line change and not getting locked up in the trade receivables is not very comfortable. I hope this issue gets resolved quickly, that's only the point I'm making?

Anand Sharma: Definitely, this will be resolved. It's a temporary issue, which everybody is facing, and we are also not -- I mean isolated from that. But that's a temporary issue, there is not anything to worry about.

M N Kumar: Yes. The second one is also the inventory. Is there any specific reason why the inventories have gone up at consolidated level substantially? Is there any other explanation?

Anand Sharma: So see, this is the first year of integration of the United Granite, so the receivable and inventory, both are added. That's why it's not comparable with the previous year numbers.

Moderator: Ladies and gentlemen, due to time constraint, we will take that as a last question. 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 we need further clarification or want to know more about the company, please feel free to get in touch with the SGA team, our Investor Relations Advisors. Thank you. Have a great day. Jai Hind.

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