April 07, 2025

Carysil Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based Cash Credit/Working Capital Limit	117.00	122.50	[ICRA]A (Stable); reaffirmed
Fund-based Interchangeable Limit	(117.00)	(122.50)	[ICRA]A (Stable); reaffirmed
Fund-based Term Loan	66.40	59.50	[ICRA]A (Stable); reaffirmed
Non-fund Based Letter of Credit	10.00	10.00	[ICRA]A2+; reaffirmed
Non-fund Based Stand by Line of Credit	(10.00)	(10.00)	[ICRA]A2+; reaffirmed
Non-fund Based Bank Guarantee	(25.00)	(25.00)	[ICRA]A2+; reaffirmed
Unallocated Limits	-	1.40	[ICRA]A2+; reaffirmed
Total	**193.40**	**193.40**	

**Instrument details are provided in Annexure I*

Rationale

The ratings action on the bank limits of Carysil Limited (CL; erstwhile Acrysil Limited) factors in ICRA's expectation that the company will maintain its credit profile with a healthy growth in revenues and earnings on the back of its established market position in the kitchen sink industry and the expected ramp-up of entities acquired in the past few fiscals. The company's diversified product portfolio, a reputed clientele, absence of near-term large debt-funded capex, and adequate liquidity profile provide additional comfort. The company's revenue rose at a healthy CAGR of 25% during FY2020-FY2024, driven by its expanding global presence on the back of inorganic expansion. CL's revenue growth remained healthy at 19% in 9M FY2025 on the back of improving export demand. CL raised ~Rs. 125 crore through a qualified institutional placement (QIP) in July 2024, with primary utilisation towards capacity expansion and reducing short-term working capital borrowings. The ratings also consider the extensive experience of the promoters in the industry. ICRA further factors in CL's comfortable debt metrics, with Interest cover of 4.9 times and DSCR of 2.1 times in FY2024. Its debt metrics are expected to remain comfortable, going forward, as well.

The ratings, however, remain constrained by demand volatility in key export markets and competition from other established players, although CL benefits from cost efficiencies as the manufacturing operations are based in India. Further, its operations are working capital intensive due to the high inventory holding period and the relatively longer collection cycle. The company undertook capex for capacity enhancements in its sink as well as in kitchen appliances business over the past few fiscals. The company's ability to successfully scale up operations to generate commensurate returns from the same remains critical from the credit perspective.

The Stable outlook on the [ICRA]A rating reflects ICRA's opinion that CL will continue to maintain its business position in the composite quartz kitchen sink industry and will benefit from the rising penetration of composite quartz sinks in the domestic sector, which is expected to support growth in revenues and earnings and the credit profile in the near-to-medium term.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters and established presence of the Group in kitchen sink industry – CL was incorporated in 1987 and is the leading manufacturer of granite-based kitchen sinks in India, also known as composite quartz sink. Its promoters have over three decades of experience in the kitchen sink industry (both granite and steel sinks). The promoters' long experience in the industry, apart from their established relationships with suppliers and customers, is expected to support the business profile.

Diversified product portfolio – The company has diversified into various products such as granite and stainless-steel kitchen sinks, kitchen countertop fabrication and bath segment. It also trades in kitchen appliances and has plans to start manufacturing/assembling the same in the near term. Product/segmental diversification is expected to result in operational synergies to support CL's future revenue growth.

Financial profile continues to be comfortable, reflected by healthy debt coverage indicators and comfortable capital structure – At the consolidated level, the company's revenue rose at a healthy CAGR of 25% during FY2020 to FY2024, largely driven by inorganic acquisitions. In 9M FY2025, the company recorded a healthy revenue growth of 39% on a YoY basis. ICRA expects CL to continue with its growth trajectory on the back of scale-up of operations from the inorganic acquisitions made in the past few fiscals. However, the operating margin moderated to 16.7% in 9M FY2025 from 19.1% in FY2024 owing to elevated freight costs and increased price of the raw material costs. The company's capital structure is expected to be comfortable in the current fiscal as the proceeds of the QIP will be utilised towards reducing the short-term borrowing, with Total debt / OPBITDA and DSCR likely to be in the range of 1.8-1.9 times on a consolidated basis. Despite moderations in margins, its debt metrics are expected to remain comfortable, going forward.

Credit challenges

Working capital intensive business and negative free cash flows due to high capex – The company's financial risk profile is marked by high working capital intensity (NWC/OI of 34% as on March 31, 2024) owing to high inventory holding and a relatively longer receivable cycle. Most of CL's subsidiaries import final products from the Indian entity, so long transit time necessitates higher inventory holding. Consequently, the utilisation of the working capital limit stood high at around 78% of the sanctioned limits during the 12-month period from March 2024 to February 2025. Free cash flows remained negative during the past fiscals because of high capex towards capacity addition and inorganic acquisitions.

Vulnerability of profitability to fluctuation in raw material prices and foreign exchange rates – CL's profitability remains vulnerable to adverse movements in the price of key raw materials, i.e. resins. Hence, its ability to pass on the rise in input costs remains critical. In 9M FY2025, the raw material prices increased sharply, which led to a decline in the operating margin to 16.7% from 19.1% in FY2024. Further, the company's margins are also exposed to forex fluctuations, given its large exports. CL faces competition from established players in the export markets (exports accounted for about 80% of the total revenue in the past fiscals) in the international kitchen sink industry, though it benefits from better cost efficiency.

Environmental and Social Risks

Environmental considerations – The company primarily uses natural quartz and resins in its manufacturing process, which do not pollute the air and water. However, the major environmental impact of granite sink manufacturing is caused by carbon dioxide emissions. The company has informed that it complies with the Gujarat Pollution Control norms and has not received any show cause/legal notices. The company has also started using piped natural gas that causes less carbon dioxide emissions. Also, it has installed solar panels at the factory to adopt environment friendly fuels.

Social considerations – CL's operations necessitate availability of manpower, including skilled labour, which exposes it to the risk of disruption from its inability to properly manage human capital in terms of their safety and overall well being. It is also exposed to the shortage of a skilled workforce. However, according to the management, the company has taken several measures towards employee well-being and professional development, which are expected to mitigate these risks to an extent.

Liquidity position: Adequate

CL's liquidity position is adequate, backed by heathy earnings and cash flows, which are expected to adequately cover the debt repayments and the capex requirements in the near-to-medium term. The company had an unencumbered cash balance of Rs. 80 crore as on December 31, 2024, and unutilised limits of ~Rs. 30 crore as on February 28, 2025. Further, the company is expected to generate retained cash flow of Rs. 90-100 crore in the next twelve months. Against these sources of funds, the company has repayment obligations of around Rs. 40 crore and capex plans of Rs. 40-50 crore over the next 12 months.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company is able to significantly scale up its operations while sustaining its profitability or improving its working capital intensity and the overall liquidity profile.

Negative factors – Pressure on the ratings could arise if there is a decline in the scale of operations along with a moderation in profitability, or if a further stretch in the working capital cycle or higher-than-expected debt-funded capex materially impacts its debt coverage indicators or liquidity profile. Further, TD/OPBDITA of more than 2.0 times on a sustained basis may result in ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. As on March 31, 2024, Carysil Limited had multiple subsidiaries, which are enlisted in Annexure II.

About the company

Carysil Limited (CL) (formerly known as Acrysil Limited) was incorporated on January 19, 1987 by the first-generation promoter Mr. Ashwin Parekh. CIL manufactures granite-based kitchen sinks, which are referred to as composite quartz sinks. The company's registered office is in Mumbai. The manufacturing plant of the company is in Bhavnagar, Gujarat, and is ISO: 9000:2001 certified. It was also listed among the 200 best under-a-billion companies by Forbes Asia in August 2020.

CL has also ventured into manufacturing stainless-steel kitchen sinks to primarily cater to the domestic market through its subsidiary, Carysil Steel Limited (CSL), wherein Carysil Limited holds a 84.99% stake. CL has expanded its presence to several markets such as Germany, the UK, the US, and GCC nations through various acquisitions and subsidiaries. GCC markets include countries such as Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain and Oman.

CL also trades in kitchen appliances such as chimneys, cook-tops, wine-chillers and others. The product portfolio also includes bath segment products such as wash basins, quartz tiles and bath fittings, sold under the brand name, Sternhagen. All the products are sold in the domestic market under the brand name, Carysil.

Key financial indicators (audited)

Consolidated	FY2023	FY2024
Operating income	593.9	683.8
PAT	52.8	58.4
OPBDIT/OI	18.8%	19.1%
PAT/OI	8.9%	8.5%
Total outside liabilities/Tangible net worth (times)	1.3	1.4
Total debt/OPBDIT (times)	2.1	2.4
Interest coverage (times)	6.7	5.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	April 7, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based Cash Credit/Working Capital Limits	Long term	122.50	**[ICRA]A (Stable)**	-	-	Mar-26-24	[ICRA]A (Stable)	Apr-11-22	[ICRA]A (Stable)
								Dec-29-22	[ICRA]A (Stable)
Fund based Interchangeable Limit	Long term	(122.50)	**[ICRA]A (Stable)**	-	-	Mar-26-24	[ICRA]A (Stable)	Apr-11-22	[ICRA]A (Stable)
								Dec-29-22	[ICRA]A (Stable)
Fund-based Term Loan	Long term	59.50	**[ICRA]A (Stable)**	-	-	Mar-26-24	[ICRA]A (Stable)	Apr-11-22	[ICRA]A (Stable)
								Dec-29-22	[ICRA]A (Stable)
Non-Fund based Letter of Credit	Short Term	10.00	**[ICRA]A2+**	-	-	Mar-26-24	[ICRA]A2+	Apr-11-22	[ICRA]A2+
								Dec-29-22	[ICRA]A2+
Non-Fund based Stand by Line of Credit	Short Term	(10.00)	**[ICRA]A2+**	-	-	Mar-26-24	[ICRA]A2+	Apr-11-22	[ICRA]A2+
								Dec-29-22	[ICRA]A2+
Non-Fund based bank Guarantee	Short Term	(25.00)	**[ICRA]A2+**	-	-	Mar-26-24	[ICRA]A2+	Apr-11-22	[ICRA]A2+
								Dec-29-22	[ICRA]A2+
Unallocated Limits	Short Term	1.40	**[ICRA]A2+**	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based Cash Credit/Working Capital Limits	Simple
Fund based Interchangeable Limit	Simple
Fund-based Term Loan	Simple
Non-Fund based Letter of Credit	Very Simple
Non-Fund based Stand by Line of Credit	Very Simple
Non-Fund based bank Guarantee	Very Simple
Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based- Cash Credit/Working Capital Limits	NA	NA	NA	122.50	[ICRA]A (Stable)
NA	Fund based Interchangeable Limit	NA	NA	NA	(122.50)	[ICRA]A (Stable)
NA	Fund-based Term Loan	FY2014	NA	FY2031	50.50	[ICRA]A (Stable)
NA	Non-Fund based Letter of Credit	NA	NA	NA	10.00	[ICRA]A2+
NA	Non-Fund based Stand by Line of Credit	NA	NA	NA	(10.00)	[ICRA]A2+
NA	Non-Fund based bank Guarantee	NA	NA	NA	(25.00)	[ICRA]A2+
NA	Unallocated Limits	NA	NA	NA	1.40	[ICRA]A2+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Carysil Steel Limited (Erstwhile Acrysil Steel Limited)	84.99%	Full Consolidation
Carysil Online Limited (Erstwhile Acrysil Appliances Limited)	99.99%	Full Consolidation
Sternhagen Bath Private Limited	84.90%	Full Consolidation
Carysil Gmbh, Germany (Erstwhile Acrysil Gmbh, Germany)	100.00%	Full Consolidation
Carysil UK Limited (Erstwhile Acrysil UK Limited)	100.00%	Full Consolidation
Carysil Ceramictech Limited (Erstwhile Acrysil Ceramictech Limited)	99.99%	Full Consolidation
Acrysil USA Inc	100.00%	Full Consolidation
Carysil FZ- LLC	100.00%	Full Consolidation
Carysil Ankastre Sistemleri Ticaret Limited Şirketi	100.00%	Full Consolidation

Source: Company

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