Date: 02-06-2026

To,
The Manager
National Stock Exchange of India Limited,
Exchange Plaza, Bandra-Kurla Complex,
Bandra (E)
Mumbai - 400051.

Symbol: MCON

Dear Sir/ Madam,

Subject: Transcripts of Post Earnings Conference Call dated May 29, 2026.

Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to the abovementioned Regulation, please find enclosed herewith the transcripts of the Post Earnings Conference Call held on May 29, 2026.

The Company shall also disseminate the above transcript on the website of the Company at https://mconrasayan.com/investor-relation/.

Thanking You,

Yours Faithfully,

For MCON RASAYAN INDIA LIMITED

SHAH AESHA KARAN Digitally signed by SHAH AESHA KARAN

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"MCON Rasayan India Limited

H2 and FY26 Earnings Conference Call"

May 29, 2026

MANAGEMENT: **MR. MAHESH BHANUSHALI - MANAGING DIRECTOR & CHAIRMAN**
MR. NANDAN PRADHAN – WHOLE-TIME DIRECTOR

MODERATOR: **MS. GARIMA SINGLA – GO INDIA ADVISORS**

Garima Singla:
Hi. Good evening, everyone. I am Garima Singla and it's my pleasure to welcome you on behalf of MCON Rasayan India Limited. Thank you for joining us today for H2 and FY26 earnings conference call. This call is being hosted by Go India Advisors.

Please note that today's discussion may include certain forward-looking statements, therefore they must be viewed in conjunction with the risks the company faces.

Today on the call we are joined by Mr. Mahesh Bhanushali, Managing Director, and Mr. Nandan Pradhan, the whole-time director. I, now invite Mahesh, sir, to present the company's business outlook and performance, after which we will open the floor for Q&A. Thank you and over to you, sir.

Mahesh Bhanushali:
Good afternoon, everyone, and thank you for joining us today. I am Mahesh Bhanushali, Managing Director of MCON Rasayan, and it gives me immense pride and gratitude to share our performance for H2 and full year FY26 with all of you.

Every year, business teaches you something new. Some years test your resilience, some years reward your patience, and some years quietly lay the foundation for the future. For us, FY26 has been a year that did all three. The construction chemicals industry continues to evolve rapidly with increasing competition, raw material volatility, and changing customer expectations.

Yet, amidst all of this, what gives us confidence is that MCON Rasayan continues to grow stronger, not only in numbers, but also in capability, reach, relationships, and brand trust. When we started this journey, our ambition was simple, to build a company that contractors, developers, distributors, and customers could genuinely rely upon for quality, consistency, and long-term partnership. Over time, that vision has steadily translated into a stronger distribution network, a wider product portfolio, deeper market penetration, and most importantly, growing trust across the ecosystem.

FY26 has been one of our strongest years operationally and financially.
During H2 FY26, net sales increased to INR 369 million compared to INR 292 million in H2 FY25, reflecting healthy growth of 26% year on year. Subsequently as well, we witnessed strong momentum of 30% as construction activity improved post-monsoon and our distribution network continued gaining traction across markets. More importantly, this growth came alongside meaningful profitability improvement. EBITDA during H2 FY26 increased sharply to INR 43 million compared to INR 24 million in the corresponding period last year, representing growth of over 80% year-on-year.

EBITDA margins improved to 11.7%, up 351 basis points, supported by better operational efficiencies, improving product mix, discipline, cost management, and stronger capacity utilization. Profit before tax during H2 FY26 stood at INR 25 million, up 125% compared to INR 11 million in the corresponding period last year, while profit after tax increased to INR 18 million versus INR 10 million in H2 FY25, reflecting growth of 76%.

On a full-year basis, FY26 revenue stood at INR 652 million compared to INR 507 million in FY25, representing growth of 29% year-on-year. EBITDA increased to INR 76 million from INR 59 million last year, reflecting growth of 31%, while PAT grew to INR 30 million, up 34% compared to INR 23 million in FY25.
PAT margins also improved steadily to 4.7%.

Beyond the numbers, what makes us particularly optimistic is the quality of the foundation we are building for the future. Over the last few years, we have focused deeply on strengthening our distribution network and market presence. Today, MCON Rasayan has built a network of over 188 plus distributors, nearly 1,800 dealers and retailers, 7 FOCO Model partnerships, and a presence across more than 32 cities and 26 towns spanning 10 states.

Every new distributor added, every dealer relationship strengthened, and every market enters represents years of trust building and discipline execution on the ground. We have also continued strengthening our institutional business by engaging more deeply with real estate developers, contractors, infrastructure players, and government-linked projects. During the year, we received important approvals under CPWD-linked ecosystems across Maharashtra, Goa, Delhi-NCR, and Gujarat, which significantly strengthened our credibility and open access to larger institutional opportunities going forward. In addition to this, we also secured approval for participation in the Chennai Metro-related project ecosystem which is expected to contribute approximately INR 4 to 5 crore annually over the next five years. These developments further validate the growing acceptance of the MCON brand in technically demanding and large-scale infrastructure projects. At the same time, we remain focused on building a stronger and more recognizable brand. Through dealer engagement programs, branding initiatives, and stronger market outreach, anchored around our industry mascot, Mr. M, we are steadily improving visibility and recall in a highly competitive industry

Another important area of focus for us has been improving operational efficiency and overall business quality. One of the most satisfying improvements during financial year '26 has been our progress on working capital management. Through sharper inventory planning, and rationalization of our product folio, we reduced the number of active SKUs from over 100 products to nearly 60 focused and scalable offerings. This has helped us improve operational efficiency, reduce inventory complexity, and optimize working capital management, with working capital days improving to nearly 164 days.

Simultaneously, we are continuously working towards increasing contribution from value-added products, optimizing logistics through decentralized hubs, and improving manufacturing efficiency closer to key demand centres.

The FOCO expansion model also continues to perform encouragingly and gives us confidence about scaling in a more asset-light and efficient manner. As more franchise partnerships become operational, we are seeing benefits not only in faster market penetration and dealer onboarding, but also in lowering logistics costs and improving service responsiveness across regions. As we move into financial year 27, our priorities remain very clear, deepening our distribution reach, strengthening institutional engagement, continuing expansion to the FOCO model, improving product mix, and maintaining disciplined profitable growth.

Based on the opportunities visible ahead of us, increasing institutional traction and continued distribution expansion, we remain confident of delivering revenue growth of nearly 35-40% over the medium term while targeting EBITDA margins of around 12% supported by higher contribution from value-added products and improving operating efficiencies.

India's construction and infrastructure opportunities remain extremely large and with increasing presence for branded, reliable, and technically superior products. We believe companies with strong execution capabilities and trusted market relationships will continue gaining market share. At MCON Rasaayan, we remain committed to building not just a larger company, but a stronger and more respected institution for the long term.

Before I conclude, I would like to sincerely thank our employees, distributors, franchise partners, customers, investors, and every stakeholder who has supported us throughout this journey. Your trust motivates us to keep improving every single day. The foundation has become stronger. The opportunities ahead are exciting.

And we genuinely believe the best chapters of the MCON Rasayan journey are still ahead of us. Thank you once again for your continued trust and support. Thank you very much, everyone.
We will now open the floor for questions. Thank you.

Garima Singla: Thank you, sir. Anyone who wishes to ask a question, please raise your hand.
We'll take the first question from Disha C. You may go ahead with your question, ma'am.

Disha C.: Yes. Thank you so much for this opportunity. A couple of questions from my side.
Firstly, what is the current utilization level?

Nandan Pradhan: Manufacturing capability you're talking about?
As far as our mother plant is concerned, in the powder plant we are operating at almost 65% utilization, while the liquid plant stands at around 35%.

Apart from that, we have sufficient spare capacity available in our franchise model plants, where utilization has only recently begun. There, we are operating at roughly 15%–20% utilization levels.

Disha C.: So, in terms of the 35–40% growth guidance, capacity is clearly not a bottleneck for us.
Other than that, what gives us the confidence to guide for 35–40% growth? Could you highlight a few key levers going forward?

Nandan Pradhan:
Right. So see, there are four to five factors that are very important for us. Number one, which was the most critical was creating a network and the supply chain management for the same.

So that has been done with help of the distributors that we have created, and also with the help of the franchises that we have created to supply to those distributors. So that first phase is over. Second part is getting the relevant approvals so that whatever government infra projects that come into various regions, we can be part of that. So again, there we have got enough government approvals to suffice the growth demand that we are looking forward to.

Number three is the team, technical team, as well as the sales team, to support this growth engine and take it forward. So again, today we have got a well-trained and, I would say, a sustainable sales team, which is with us since long. And around 60+ people that are spread across India were helping us to grow further. Number four is the products that are relevant and that are needed.

So due to the R&D capability that we have got, We have got the entire range of products that are needed for various kinds of projects, may it be building infrastructure, road projects, bridges, flyovers or any other such structures.
And of course, the most important of all this is the quality that we offer to the market and the acceptance of the market for brand MCON. So that is also there. So this all will ensure that, yes, the growth can happen.

And the market that we are talking of, so currently we are not even captured 1% of the total market share. So the market is enormous, vis-a-vis which we are not targeting that big a growth.

Disha C.:
Okay, okay, fair enough, sir. So, we spoke about improving the share of our value-added products.

What was the share currently in FY26, sir?

Nandan Pradhan:
FY26, it's around 12%.

Disha C.:
In our PPT, sir, we mentioned the guidance for the 2028. So we're seeing EBITDA margin inching up towards 18%. We're currently at 12%.

Nandan Pradhan:
That is over a period of the next three years.

Disha C.:
So in the PPT, we mentioned 2028.
Correct. So over the next few years, how do you see the share of value-added products evolving, sir? And what sort of EBITDA margins do we expect for FY27?

Nandan Pradhan:
So see, the share of value-added products, again, will increase gradually.
The ratio that we plan should be 60-40. 60% are the volume products and 40% should be the value-added products. That will be a fair thing to ensure the top line as well as the bottom line. Right, and maybe another 1-1.5% we are expecting to add to the EBITDA in the coming year.

Disha C.:
So this 40-60% can be seen in 2028, by next three years down the line?

Nandan Pradhan:
Right, that's a conscious step that we are taking.

Disha C.:
Okay, okay. And just on the impact of this Iran war, so you've seen sharp increase in the petrochemical prices, how do you see that?
And will that hinder our ability to achieve this margin improvement?

Nandan Pradhan:
Now, see, it's slightly the impact is there. The major impact is on the availability of the raw material itself, and due to which, because of the scarcity, the prices have increased. The good part is that we were holding a good amount of inventory, so we could sail through these tough times.
Again, no one can predict what is lying ahead of us, so it's very difficult to gauge what will happen next.

Disha C.:
How has Q1 been so far for us, sir?

Nandan Pradhan:
Q1 is good, so far so good. Because the demand is there, the markets are there, and we are growing at a fair pace.

Disha C.:
OK. I'll get back in the queue, sir. Thank you.

Garima Singla:
We'll take the next question from Mr. Parag Jawahar. You may go ahead with your question, sir.

Parag Jhawar:
Hi, Mahesh Sir.
Wanted to understand there's been a big increase in the distributors from the last presentation. Can you explain where this, in which regions this increase in distributors have happened and what are the terms with these distributors in terms of receivables?

Nandan Pradhan:
Yeah, so the increase has happened across India. OK, because in the last one year, we have ensured the penetration to various geographies.

And also, we have put in lots of team members to add on to ensure that more distribution network is created. So if I talk in terms of ratios, then almost 50% of the distribution network is in Maharashtra. And second in line is UP and Rajasthan. And then comes the South region.

So these are the major regions where major distributor network has happened. Addition has happened, I would say. Gujarat has been fairly stable in terms of distribution network. But the major growth in distributors has happened in these three major regions.
And the southern part of India, wherein Karnataka and Kerala has got good amount of distributors.

Parag Jhawar:
And what are the credit terms with these distributors?

Nandan Pradhan:
Credit terms, see, for all the distributors, the policy remains the same. On paper, it is 45 days, which is leveraged up to 60 days.
So that is how we have the credit terms.

Parag Jhawar:
Understood. And one extension of the question that the previous participant asked, what proportion of our revenue is linked to crude oil? And have we already taken the price side to cover RM price hike.

Nandan Pradhan:
Yeah, we have already done the price hike. So basically, the exercise started in the month of March. And we have successfully increased the price from first week of April itself. And as far as the impact on the EBITDA or on the margins of the raw material price hike will not come.

Almost 70% to 80%, I would say, that we have covered it up with the help of the price hike that we have given to our customers.

Parag Jhawar:
And the guidance for the year is 90-95 crores revenue?

Nandan Pradhan:
Roughly, yeah, roughly around that. 35-40%.
And margin of 12%, a bit of margin of 12%.

Parag Jhawar:
Got it.

Garima Singla:
We'll take the next question from Srinagesh Sir.
Sir, you may unmute your line and go ahead with your question.
So we can't hear you.

So maybe I can take you after the next participant.
So we have the next question from the line of Deepika Arora. You may go ahead with your question, ma'am.

Deepika Arora:
Good afternoon, sir. So how should investors think about the trade-off between aggressive geographic expansion and capital efficiency?

Nandan Pradhan:
Okay, so see. There is always a challenge when you go for aggressive geographical expansion, that the pressure will always be on the working capital.

So if you see, in our case, we would not call this aggressive geographical expansion. We are going for a phase-wise geographical expansion. Like number one, till now, we have not explored the eastern zone of India. Again, in the southern zone, we are focusing mainly on two states.

On the north zone, again, we have slowly grown. We started with Rajasthan, then UP, then Delhi NCR, and Punjab, Haryana. So yes, aggressive geographical expansion will always have a challenge on the working capital requirements. So we are growing gradually, phase-wise.

And that also selective about the market segment or the customer segment that we focus on.

Deepika Arora:
OK, so I got it. And also, what percentage of receivables today is linked to government projects, infra contractors, and retail distributors?

Nandan Pradhan:
In the terms of receivables, maybe around 12% to 13%.

Deepika Arora:
OK, OK, sir. Thank you.

Garima Singla:
So there's one question in the chat box.
So Mr. Jaideep is asking, are you considering main board listing?

Nandan Pradhan:
Anyone who comes in on the SME platform will always consider a main board listing. So are we. Exact timelines are yet to be defined.
But yes, we do consider that.

Garima Singla:
Got it, sir.
We have the next question from the line of Mr. Vedant Shah. You may go ahead with your question, sir.

Vedant Shah:
Yeah, congratulations on a good set of numbers.
If FOCO economics are superior, why are consolidated EBITDA margins still largely stagnant around 11 to 12%?

Nandan Pradhan:
Now, can you just repeat the first two words? I did not get.

Vedant Shah:
If FOCO economics are superior, why are consolidated EBITDA margins still largely stagnant around 11% to 12%?

Nandan Pradhan:
See, FOCO is still in the transition phase.
OK, like we have started the FOCO, but the product-wise development and sales from the FOCO is currently still standing only at 12% to 15% of the total sales. Okay, other 80-85% is coming from my mother plant. So due to that, the impact on EBITDA will be seen in the coming financial year, the impact on EBITDA from the FOCO model. But yes, that's a successful thing, sure.

Of course, the first year was test stage. Second year, that is the last financial year, it was more on the development stage. Now this year will be the growth stage of FOCO model. It's matured the way we wanted it to mature.
And I'm sure that we will benefit greatly from that.

Vedant Shah:
Okay. And receivables have grown materially faster than PAT over the last two years. How confident is management that there is no hidden stress in the channel?

Nandan Pradhan:
See, we are very confident because it's a well-distributed receivable. It's not on one single customer. So the risk is not that much, number one. Number two, whenever we go into a new geography, then there is always a trade-off between getting a good distributor and giving him slight credit exposure rather than a small distributor with faster payments.

So that trade-off or that balancing we need to do, which we keep on doing. So there is no stress as such. But yes, we are trying to control it further. We are looking at various avenues like bill discounting and all those things so that the receivables become more better and better.

And of course, we have got a good credit control team with credit rating agencies for the distributors to ensure that we don't end up with any bad distributors.

Vedant Shah:
Okay. And what is the sustainable steady state ROCE of this business model once expansion stabilizes?

Nandan Pradhan:
See, roughly, I would say that once you cross the 90 to 100 crore mark, then it's a very sustainable business.
And currently, we are not planning to, you know, further invest much on any capital equipment or any capacity expansions, because this FOCO model is there to help us on those things. So that way, I think we are already been become a sustainable organization as far as the capital investment is concerned.

Vedant Shah:
Okay, um, and how differentiated is MCON technologies versus larger incumbents like Pidilite Industries or Asian Paints?

Nandan Pradhan:
Technology-wise, number one is we have got a better technical know-how of the products that we are talking about.
Because of that, right from the directors to the R&D team and all, you can say like born and brought up with construction chemicals. So we know the subject matter better. We have been in this, like for example, I myself has been in with the construction chemical industry since last 25 years. So I have seen the industry grow from nothing to such a big thing.
So that gives an added advantage when we think of a product or imagine a product that can be the next big product for the market. So that helps us in giving the right product to the market at the right time. Second part, if we talk of technology, then the decision-making is faster because we are comparatively quite small. So we don't get embroiled in various long-term corporate decision-making.

So getting in a product or phasing out a product, depending on the changes in the market or changes in the construction practices, is easier for us. And that helps us and the customers in the big run.

Vedant Shah:
Okay. And what percentage of distributors added in FY25-26 are already meaningfully contributing to our revenues?

Nandan Pradhan:
Maybe 15 to 20%.

Vedant Shah:
Okay. Just last question. What are the top three operational milestones investors should monitor over the next 12 months to just judge whether execution is on track.

Nandan Pradhan:
Operational milestones, number one, of course, is the government contribution or government infra contribution to the total turnover that has to increase gradually, because that is where looking at the current economy, that is one particular segment, which is unstoppable as of now. So that is one thing that can be monitored. And that is one thing that we are also focusing upon.

Number two is growth in certain product segments, like waterproofing and concrete repairs, which again are value-added product segments.

So that will also ensure that we are doing the right thing and also ensuring that we are doing it with a healthy EBITDA.
And third, of course, is the top-line, the sales turnover.

Vedant Shah:
OK. Thank you so much

Garima Singla:
We have the next question from the line of Mr. Srinagesh.

Srinagesh:
Good afternoon, sir, and congrats for the good numbers.

Nandan Pradhan:
Thank you so much. Sir, we again lost your voice.

Garima Singla:
Sir, I think he just wanted to congratulate you.

Nandan Pradhan:
No, no, I think he has got some network challenges. It's coming and going.

Garima Singla:
I'll take the next participant in the meantime. We have the next question from the line of Mr. Bimal Panchal.
You may go ahead with your question, sir.

Bimal Panchal:
Hello. Yeah, good afternoon, sir.
And everything looks very optimistic, but just one question is, going forward, what is your plan on fundraising?
Last time also, in that meeting, we have not got clarity on this fundraising because we have got plan, good market demand will be required expansion, but it's stuck up on the fundraising.

Nandan Pradhan:
Yes, sir.

So sir, see, fundraising is always a necessity. And we are also looking forward for the same. Currently, we are going for the debt model mode, like we are focusing on the banks. But in near future itself, we will have to come to the capital market and maybe pray for QIP or something or the other we are planning to have.
So that is something which is in the offering in near future.

Bimal Panchal:
OK, right. OK. OK, I think there is not much.
No further question from my side. Thank you very much.

Garima Singla:
Thank you.
Srinagesh Sir, will you want to ask your question now, if your network is OK? I think, sir, we can't hear you still.
I request everyone to kindly raise your hand in case you have a question.
Disha Ma'am, you may go ahead again.

Disha C.:
Thank you so much for this opportunity again.
So sir, this EBITDA margin increase that we said from 12% to 18% in next 3 years, so given this year we will see 1.5%, so will be around 13.5%, how do you see the overall then improvement for FY27 and FY28? So I just want to get a sense of the glide path that you see towards this 18%.

Nandan Pradhan:
Right, so see what happens is that we have invested in terms of capitals and in terms of people to ensure a 250 to 300 crore minimum revenue. So once we cross the 100 crore mark, then the EBITDA will increase faster.

Because the cost on increasing the further turnover is not that huge. So that will take care of our fixed expenses, and the EBITDA will improve faster the moment we cross the 100 crore mark. So in the next two financial year, you will see at least more than 2%, 2.5% increase in the EBITDA. And that's how we'll reach the 18% EBITDA mark.

Disha C.:
OK. And so how should we look at the share of value-added products for FY27?

Nandan Pradhan:
Well, like I told, see, gradually to increase anything from currently at 12%, we are expecting another 10% to 15% increase. So that is how it will increase.

Disha C.:
OK, OK. That is it, sir, from us. Thank you.

Garima Singla:
So I'll just take one question from the chat box.
So your government and infra projects are kind of scaling up, but do these segments dilute your margins and elongate your working capital cycles?

Nandan Pradhan:
Not always so. In few cases, yes, like few product categories, I would say.
Like, for example, if you talk of product like ad mixture, concrete ad mixture, then yes, to enter into that particular product segment in the government-infra projects, there is a slight dilution in terms of margins. But then, of course, there are other value-added products in the government-infra projects itself, which offset this kind of deficits and offer better margins. So, it's always a combination that works there.

And as far as elongated outstandings or receivables are concerned, in few projects, we do have to involve like that.
But slowly, the things are improving. See, again, unless and until something really goes wrong, things are always on track, even in government-infra projects. If at all some instability happens, then it is affected everywhere, either it will be a private project or a government project.

Garima Singla:
Got it.
I hope we've satisfactorily answered your question.
So, we have the next question from the line of Moksh Sanghvi. You may go ahead with your question, sir.

Moksh Sanghvi:
Hi, thank you.
Hi, Nandanji. So, my first question was that regarding the logistic savings. What will be the approximate percentage of those savings that actually stays with us on the FOCO model after we share it after we share with the franchises or distributors?

Nandan Pradhan:
Hmm. Yeah. So, see, currently, if I give you a classic case, they're currently for certain powder products. Because powder products are, because we are talking in terms of percentage.

So, powder products are having a higher percentage of logistic cost when I send it from a mother plant to x location vis-a-vis the franchisee. So there, the savings, in terms of gross savings, it's around 4% to 5% that happens when I change the model from sending from a mother plant to from a FOCO. So that's the kind of savings that we are talking of. When we go for a liquid product, then the savings are not that big.

Maybe it will be, I would say, 0, 0 also. But the serviceability is faster. So, there are two different logics. For powder products, it's saving on the transport cost, which directly come to our pockets.
In liquids, the savings gets offset by the margins that we provide to the franchisee. But at the same time, the service is faster.

Moksh Sanghvi:
Understood. Got it.
On the receivable stress that we are discussing, so what would be the early warning signs that we look for in order to identify if there is any stress and what are the things that we do to mitigate that.

Nandan Pradhan:
OK, so the early warning signs is like normally we check on the aging analysis of the receivables and ensure that anything above 180 days is not crossed, that particular barrier is not crossed. So that is something we really focus on even at the management level and take actions on the same.

And to mitigate this kind of risk, already we have started certain steps in terms of increasing the amount of security deposit, ensuring more stringent credit limits to new distributors, and also resolving any dispute related to ledger balances within 15 days of the closing of any quarter. So, all these small and big actions we are taking, plus having tie-ups with certain NBFCs for bill discounting models. So, this is all we are doing to counter this kind of challenges.

Moksh Sanghvi:
Understood, so basically my question was on that front only that out of the current growth that you have experienced how much of that would be dependent on the fact that we are extending higher credit to newer distributors in the newer markets.

Nandan Pradhan:
No no, it's not dependent on that. I would not say even anything is dependent on that. Like credit is not something that we negotiate for business. Credit is something we offer as a convenience to the distributor.

Moksh Sanghvi:
Understood, understood.
Okay, so on the distribution side also, when we say that distributors are currently choosing MCON, what would be the primary reasons that you would describe like product quality or commercial terms or pricing advantage? What would be the main factors that they think of and look of for choosing us?

Nandan Pradhan:
Number one is we are like the, because we are a publicly limited company, and we have got a good shareholder base and all that. So that is one that creates the trust. Number two is like we ensure one region for one distributor. So they get kind of exclusivity, which normally is not available with bigger brands.

So that's where they get to earn the margins. So these are the two major factors or parameters due to which the distributors get attracted towards MCON. And then, of course, then all other things follow, like the product range that we have got, the pricing that we offer, the sales team that we offer, the technical know-how, the backup, the connect with the management directly. All these other factors are there, which also add value to the distributor.

Moksh Sanghvi:
Understood.
On the bigger brands that you talked about, so you must be having competition with the bigger giants as well, like Pidilite, Asian Paints, etc. So what would be the common ways in which we are able to counter and help it? How do we compete against them? Because while they might be offering lower margins than us, the distributors must have some other factors also to consider, right?

Nandan Pradhan:
Consider for us or consider for them?

Moksh Sanghvi:
So basically from distributors point of view, how do we compete against them?

Nandan Pradhan:
So see, number one is, of course, that in our case, the margins are better compared to our competition. So that is the most attractive point for a distributor.

OK. Secondly, like I told that because he's exclusive in his region, so if some project is there, if he pitches for that project, then MCON product, he's the only one to offer. Other brand products are offered by four or five people. So there is internal competition or internal price war.

Whereas in case of MCON product, there is no price war for the distributor. The price war is MCON versus other products. So that helps a lot for distributor to keep his margins intact on the places where he has got a good relationship.

Moksh Sanghvi:
Understood.
So he basically has a better control over the product as well as the margins that he is earning. Understood.
So, last question from my end. By the end of FY27, what metrics would you consider to know that the FOCO-led expansion model that you have followed right now has been fully validated and it is going on the right track on the longer term as well?

Nandan Pradhan:
Right, so first of all, the ratio of manufactured versus traded, so that we are expecting that 80-20 ratio to happen in the coming financial year. So that will be the first step to ensure that the FOCOLED model is working really well.
Second is, of course, the transportation cost to the sales. That has to come down at least by 3% to 5%. So that is second key point that we are looking forward.

Moksh Sanghvi:
Understood.
Got it. Thank you very much.

Mahesh Bhanushali:
And third is adding to this, Moksh, we are mitigating risk of not servicing customers.
Like if 12% we say as a number of supply to other regions, that 12% is also a high number. So servicing those customers is very important because sending a vehicle from here to southern part of India, either or northern part of India, it almost takes four days, five days. And from FOCO franchise, my franchise partner, it takes only one day. So all orders, increasing orders is possibility then if we supply material on time.

Moksh Sanghvi:
Understood. So, we're improving the frequency as well as the speed of delivery. That improves the experience for the customers. Right.
Got it. Good enough for me. Thank you very much. Thank you, sir.

Garima Singla:
We have the next question from the line of Natasha Singh. You may go ahead with your question, ma'am.

Natasha Singh:
Thank you so much for giving the opportunity. I just have a few couple of questions regarding the product mix and value added product side.
So my first question is the wall finish and paint that is 8% of the revenue is a category dominated by large players like Asian Paints and Berger. So what is MCON differentiate strategy here and do you see this segment becoming a meaningful revenue contributor?

Nandan Pradhan:
Yes, wall finishes and paints are the basic strategies. Number one is our focus is on tier 2 and tier 3.
In the wall finishes and paints, our focus is on tier 2 and tier 3 cities. We are not focusing on metros and tier 1 cities where the large players are already dominating. So that is the first factor and there the acceptance is good enough. Like we launched it in the UP market and today we have got more than 150 dealers selling MCON paints in the UP market alone.
So there is a good slow but gradual growth in this particular segment. Number two is, yes, it will be a meaningful contributor in days to come. But it's going to take time. And we are also not in a hurry for this particular segment, because you rightly pointed out that this segment is having more big brand wars compared to any other product segment that MCON is having. So that's why we are going slowly and gradually into this segment.

Natasha Singh:
Okay, so got it. So my second question is regarding the FOCO model. So what is the typical investment size and payback period for the FOCO franchising and what are the financial commitment if any does MCON make such each FOCO partners over here?

Nandan Pradhan:
Okay, so number one is that the investment commitment from the FOCO model is anything between 1 to 1.5 crores. That is

the initial investment needed for the plant and machinery. Of course, the land has to be own. I am not including the land price into that or land or the construction of the shed and all those things.
That is something which has to be already there.

Okay. Number two is, as far as the commitment from MCON is there. So we commit three years ROI, like within three years, the investment will be back to him.

That is what we have our commitment. And whatever manufacturing capacity that we tell him to create, OK, we ensure that in the first year itself, more than 20% to 25% of his capacity has to be utilized. So that are the three things that we do. And of course, in the first year of operation, whatever inventories are there with him on the last day of the financial year, those all will come to MCON's books.

That is one more financial commitment that we give him. So these are the major things that we offer to him.

Natasha Singh:
OK, so got it noted that. So can you please just quantify the R&D spending as per percentage of revenue in FY26?
And what is the commercialization pipeline? How many new products are in development? And what is expected to launch by FY27?

Nandan Pradhan:
Okay, so honestly speaking, we are not heavily invested in R&D.
We do a gradual investment. And R&D is working in two major ways. One is, of course, new products. Second is improvement in the existing products.

Because value addition has to happen on a daily basis in today's construction world. So like when the certain kind of raw material price hike is there, then we need to find alternate raw material to ensure that we can negotiate and leverage that kind of price hike. So that is there. But yes, if I talk in terms of percentage to revenue, then maybe not even 1.5% to the total revenue that we are spending on R&D.

And yes, there are three to four products which are in pipeline for commercialization, which we are expecting to launch in FY27.

Natasha Singh:
OK, sir. So in the presentation, there's a mention of 3D painting and pref. construction as emerging application area. So are you actively developing product for this segment?

And what is the revenue opportunity and the timeline over here?

Nandan Pradhan:
3D printing? No, no, no.
We are not into 3D printing, or we are not even planning to go into anything like that.

Natasha Singh:
Oh, OK. And so regarding R&D center in Navi Mumbai, and the manufacturing is in Gujarat, how do you manage the geography gap between the formalization over here?

Nandan Pradhan:
No, so we have got two R&D centers.
One is in Navi Mumbai, and one is in our factory also. So there is one R&D person sitting in the factory, and he has got a team under him. And then there is this exclusive R&D center in Navi Mumbai. So the Navi Mumbai R&D Center works on some special formulations.

And when they reach to a mature stage, then automatically the entire thing is moved to the factory. And then the commercialization process starts at the factory level. And of course, the travel time between Navi Mumbai and the factory is hardly four and a half hours. So it's not that big a geographical distance that cannot be coped up.

Natasha Singh:
OK. So are you planning for any CapEx in FY27?

Nandan Pradhan:
No, nothing major. Nothing major.

Natasha Singh:
OK, perfect. Thank you so much for answering all my questions.

Garima Singla:
I think there are no more questions. Over to you, sir, for your closing remarks.

Nandan Pradhan:
Yeah. So Mahesh bhai, you would like to take it?

Mahesh Bhanushali:
No, sir. You go ahead.

Nandan Pradhan:
Yeah, so first of all, I would like to thank all the people who joined today's call. And it was a fantastic and really interesting interaction.
It gave us an opportunity to give you an idea of the insights of the management and what are the strategies that lie ahead.
And also, I hope and I literally wanted that you should instill good confidence in MCON Rasayan and in the management to ensure that we are going to take this company and everything to the next level in terms of top line and bottom line both.
We are doing all the necessary steps to ensure that the capital invested is not going to go in any other direction and this will become a well-known profitable company having a great brand name in India and abroad.
So that's all and thank you so much and we are more than happy to be in touch with you all and to answer your questions and queries even during the entire financial year, if at all there are.
And looking forward to your support in days to come.
Thank you.

Garima Singla:
Thank you.
Lastly, we would like to say that MCON is participating in our conference on 24th of June at St. Regis. We'll open the registration shortly so you guys can register and meet the promoter and Nandan sir as well.
Thank you so much everyone for joining.
Thank you. Thank you