



Date: 19-11-2025

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 November 13, 2025.

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 November 13, 2025.

Following is the audio/video recording link of the said meeting for the reference of all the stakeholders of the company: <https://youtu.be/vVPS5v7qOFs>.

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

Thanking You,

Yours Faithfully,

**For MCON RASAYAN INDIA LIMITED**

**Aesha Karan Shah**  
**Company Secretary & Compliance Officer**  
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MCON Rasayan India Limited  
H1FY'26 Earnings Conference Call  
November 13<sup>th</sup>, 2025



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

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



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November 13, 2025*

**Garima Singla:**

Good morning, everyone. I'm Garima Singla and it's my pleasure to welcome you on behalf of MCON Rasayan India Limited. Thank you for joining us today for first half financial year 26 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 that 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:**

Thank you. Thank you, Garima. Good afternoon, everyone. I, Mahesh Bhanushali, Managing Director, am pleased to share our performance highlights for H1 financial year 26 and the progress made across our strategic priorities. We delivered a 32% year-on-year revenue growth with net sales rising to rupees 284 million. This was driven by strong demand across our core product categories, supported by deeper retail penetration improved capacity utilization, and continued momentum in tile adhesives and construction chemicals.

Despite extended monsoons and project delays, our gross profit remained in line with historical trends, reflecting prudent cost control and steady demand. Total expenditure increased due to raw material and logistics pressure, resulting in EBITDA of Rs. 33 million. and a margin of 11.7%

While margins were lower year-on-year, EBITDA improved 39% sequentially with a 354-basis point margin expansion driven by operational efficiencies. Interest costs reduced by 25.8% year-on-year, further strengthening our financial position. PAT stood at rupees 12 million, broadly stable compared to last year, demonstrating the resilience of our business model. We continue to benefit from our widening distribution footprint, now comprising 122+ distributors, 7 FOCO Modal partnerships, and a presence across 42+ cities in eight states.

The lean period was mainly utilized effectively for network consolidation with three new franchise units going live during the half year. With construction activity improving post-September, we anticipate a strong H2 FY26 supported by a robust distribution network, focused R&D initiatives and disciplined execution. We remain fully committed to achieving our Rs 70 plus crore revenue run rate for FY26 and the momentum in H1 reinforces our confidence in meeting the objective.

We are executing firmly on our strategic priorities. Strengthening institutional sales by deepening engagement with large developers, civil contractors, and government bodies. Advancing visibility and market positioning through multi-channel branding and a sharper identity anchored by our industry mascot, Mr. M. Accelerating geographic expansion through our FOCO model for rapid, scalable market penetration and enhancing margin quality by increasing high value-



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added product, optimizing logistic via decentralized hubs and manufacturing closer to key demand centres. These initiatives collectively reinforce our competitive edge and support sustainable, profitable growth. At MCON Rasayan, we remain focused on responsible efficient and long-term value-driven growth with a strong operating foundation and expanding market presence, we are confident of delivering a solid performance in the coming quarters. Thank you for your continued support and be with us. We will now open floor for queries. Thank you very much.

**Garima Singla:**

Thank you, sir. We'll just wait for a minute before the question queue gathers. Yeah, so I can see someone in the question queue already. So, we'll take the first question from Mr. Rishi Kothari. So, you may please unmute your line and proceed with your question.

**Rishi Kothari:**

Thank you so much for the opportunity and I have a couple of questions to ask. First being, I mean right now Maharashtra contribution is around 50% of the revenue, right? So do we want to reduce that contribution because that becomes a concentrated risk for us and if at all that is the case, what's the timeline for that and how much less will be going from 50%.

**Nandan Pradhan:**

Yeah. Okay, so see, Maharashtra being, because we are based out of Maharashtra, that is Mumbai. And secondly, we started our operations from Mumbai. And also, the biggest potential market as of now, if I see, in the metros is Mumbai as well as Pune. So, due to that, of course, the Maharashtra state contribution will keep on growing parallelly to the business growth. So as such, there are no conscious efforts that we want to reduce the contribution of Maharashtra. But yes, we are also focusing on other states so that the risks are well distributed. But because our factory, the mother plant is in Vapi, so that also helps us for focusing more on the Maharashtra as well as Gujarat belt. So, it will be a parallel activity. But as of now, there is because, again, all our major approvals, if you see, of government approvals or government business model, those are also focused on Maharashtra state. Yes, Mr. Rishi, what your idea is, yes, the risk might be slightly on the higher side. But still, what I believe is that currently we are well balanced as far as Maharashtra is concerned. And Maharashtra is also growing at a good pace. So, we are in good place.

**Rishi Kothari:**

Okay, got it. Thanks for answering the question. My second question being, what's the revenue potential of Pune-Solapur-FOCO cluster in FY26, and how soon can the liquid line reach optimum throughput for us?

**Nandan Pradhan:**

So, yeah, see, Pune, again, the Pune potential is growing day by day. And Pune-Solapur belt, there are a lot of road projects that are coming in. And with our recent tie-up with MSIDC for their HAM road projects, which is almost 4,000 kilometers of roads that are coming in in the next three years. So, the liquid product, that is the admixtures in particular, will be a big potential area from the Solapur Plant. And, the powder products from the Pune plant. So, if I talk of the franchise is from the FOCO model, then I think that within next one and a half years, they will reach our optimum potential.



- Rishi Kothari:** Okay, got it. And do we have any sort of long-term contracts in admixture or tiles? I mean, are the revenues spot based or depend upon the approvals? How exactly we operate in that segment?
- Nandan Pradhan:** There are no long-term contracts, because nowadays it's a quite dynamic situation. But yes, because we have got approved with MSIDC, plus we are also approved with a few turnkey contractors. I would not like to name them here. So yes, we are becoming part of their e-tendering system, wherein in the e-tendering system, there are annual rate contracts. So, the annual rate contracts will ensure that throughout the year, we'll keep on getting a certain amount of business from those contractors. So, ARC is something that we are focusing on. And we are also doing some ARCs going forward.
- Rishi Kothari:** So, it's kind of an annuity contract basis that you are saying?
- Nandan Pradhan:** Yeah, yeah. So, it will be annual base. So, every year, we need to renew that. Or we need to, rather, go into e-tendering process every year.
- Rishi Kothari:** So, what's our client retention rate? Just to give you till now, whatever clients we have, any sort of retention rate that we have that we can identify from the client's retention or something?
- Nandan Pradhan:** Correct. So currently we are hovering around 75% to 80% as far as the client retention rate is concerned. The majority going away of the clients is mainly on the competitive rate part. That is where any Indian customer breaks.
- Rishi Kothari:** Okay, got it and because we don't want to break our margins that's why we don't go.
- Nandan Pradhan:** Yeah, exactly. Exactly.
- Rishi Kothari:** Okay, that eventually you know more or less affect our growth potential what are the targets we have been set for you know?
- Nandan Pradhan:** No, because new customers also keep on coming in. Like how the competitor are breaking our customer, similarly we are also breaking competitor's customer and we being at a very small percentage of the total pie so we have got a bigger potential to break the other customers.
- Rishi Kothari:** Okay, and what sort of target are we looking for next two three years in terms of top line and margins and everything?
- Nandan Pradhan:** So, see here on we are always expecting more than 50% growth year-on-year and the margins we will have a nominal growth in the initial one or two years but then going forward it will be we are focusing on a double-digit PAT.
- Rishi Kothari:** Double digit, okay. So, does this sort of margin expansion will come from where cost control or is it something, you know, operating leverage kind of a thing will, what exactly happens?



- Nandan Pradhan:** So, here, see, three components are going to play a major role. Number one is Top line because currently we are having thin margins because our fixed costs are higher because we are already invested to do a 200 crore plus turnover. So, once we start achieving certain volumes, automatically the margins will improve. Number two is our conscious effort to change our product mix. There is a combination of ready-mix mortar, admixtures, and tile adhesives, plus some value-added epoxy products. That combination will automatically bring a better bottom line to us. And third is the FOCO model, wherein our factories or our dispatch units are moving nearer to the markets. So, the transport cost, which is the major part of our margin, is getting reduced. So that will help us to improve our margins.
- Rishi Kothari:** Okay, got it. Thank you so much for answering the questions. I'll join back. Thank you so much.
- Nandan Pradhan:** Okay, thank you, Rishi.
- Garima Singla:** Thank you, Rishi. So, next question we have from the line of Mr. Deepesh. Can you please unmute and ask your question?
- Deepesh Sancheti:** Hi Mahesh, Hi Pradhan. Just wanted to know, given the product mix strategy, what proportion of your revenue will shift to higher margin liquids and VAP in FY26? And how does that translate into an EBITDA uplift?
- Nandan Pradhan:** So, see, Deepesh, again, every market which has got better margins is more competitive. So again, the competition, if I talk of admixture division itself, the competition is quite high. So currently, we are targeting that the shift from like last year, we did 13% in the admixture division. This year, we are planning to cross at least 20% contribution from the admixture division. So that is the kind of shift we are looking at. And again, the Paint division, again, a high margin thing. But that will take a bit slow, like going to a two-digit contribution of Paint division might take another year or so. Because again, the Tile adhesive and the Ready-mix mortar market is booming. It's huge. And we are very strong in that. So there, again, they are contributing very well into the top line. So, these two combinations will keep on contributing more than 50% to our top-line. So, that's why I was telling that the bottom line will improve gradually over next two to three years.
- Deepesh Sancheti:** Two to three years. And what is your target for the ROE?
- Nandan Pradhan:** ROE, again, the same situation is there. The ROEs also will take some time, because once you cross the 100-crore mark, then automatically it will have a good impact on the ROE.
- Deepesh Sancheti:** And when do you expect to cross 100 crore mark?
- Nandan Pradhan:** Next Year.



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- Deepesh Sancheti:** Next Year. So, you see the ROE coming to double digits?
- Nandan Pradhan:** Yes.
- Deepesh Sancheti:** Okay, and if you can just give an order book bifurcation of your high margin products and the regular margin products, if you can give that?
- Nandan Pradhan:** So as such, honestly speaking, we don't have something called order book because we are doing through a distributor model. So, orders come, keep on coming every month on month.
- Deepesh Sancheti:** Sorry, but just want to add that, you know, when you're working with these bigger builders, especially Mumbai based builders, you're saying that you don't have an order book and they go into the distributors level from this?
- Nandan Pradhan:** Yes. So, all the bigger builders, of course, the tie-up is done with MCON, but the billing happens through distributors. So, we can say that, yes, the potential, for example, some builder might give us a LOI, a letter of intent, that I want to purchase 10,000 bags in the next six months. Based on that, we give a competitive rate. But the orders come to the distributor.
- Deepesh Sancheti:** That's okay. Whether the order is coming to the distributor or through the distributor or directly to the company. But you must be having an expectation from these bigger builders?
- Nandan Pradhan:** Yes, expectations are there from bigger builders, from the projects, from infra companies like Shapoorji Pallonji, etc. So, with all those people, we do the ARC based on that. But then all our LOIs, those are not orders. Those are not confirmed orders.
- Deepesh Sancheti:** Even if it is LOIS, if you can give us at least what kind of, you know, because now the, since the rains have stopped, you must be having a fair idea of how much you'll be requiring, right?
- Nandan Pradhan:** Correct. So, the ratio currently is at a ratio of 70/30, like 70% are the low margin products and 30% are the high margin products.
- Deepesh Sancheti:** If you can quantify the order book also, if I mean the LOI book also?
- Nandan Pradhan:** Currently, we are sitting on around 18, 18 and a half crores.
- Deepesh Sancheti:** 80 crores? 8-0-?
- Nandan Pradhan:** 18, 1-8.
- Deepesh Sancheti:** 18, okay, okay.
- Nandan Pradhan:** Because see, what happened, monsoon, there were extended monsoon. We were expecting the business to start, normalize in the month of October, first week of October. But again, the monsoon continued. So, people have held on to the orders. And now, since the last 15 days, we



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are started getting good purchase orders or the LOS tab has started actively. So that's how it's growing. So, the current status is this.

**Deepesh Sancheti:** So how much time does it take from the order book, you know, you receiving an order and the dispatch?

**Nandan Pradhan:** 3 to 4 days.

**Deepesh Sancheti:** 3 to 4 days, fair enough. Receivables have risen sharply and what is the current collection cycle and what percentage of your outstanding receivable is over 180 days? And do you see any bad debts happening on that sector?

**Nandan Pradhan:** Okay. So, yes, receivables have risen sharply. The major reasons being we're venturing into new markets. When you enter into a new market, then the customer or the distributor over there, you know, doesn't know the brand MCON that much.

So, he also doesn't develop the trust in first place. So, the first few orders he earns on credit. As a company, we have a policy that we don't offer open credit. So yes, we get the PDCs, but then that gets delayed from 60 to 90 days, number one.

Number two is when you go to infra projects and when you are dealing with J. Kumar and Capacite and everyone, then there also the extended period is around 90 days, the credit periods.

**Deepesh Sancheti:** But since it is a distributor model, don't you think that the distributor should be giving the credit and not the company?

**Nandan Pradhan:** Yeah. Yeah, so they are giving the credit, sir. But what happens is the market has changed. Like builders, very normal, like if I talk of area like Pune. So, in Pune, the builders are paying at 120 days, 140 days, 150 days. Now the distributor takes two months credit. He is ready to invest for two months. So, if it is 120 days, he will pay in 60 days. Another 60 days, he's also bearing. If it is 150 days, he will pay us within 70 to 90 days. That's how it happens. There are a few cashless distributors who are also ready to take a cash discount and pay us upfront. So, it's a combination. And that's how the cash flow keeps on happening. Like we don't maximize on the credit. At the same time, we need to give certain credits to ensure that we reach to the right customer and do volumes. Because wherever there is volume, the credit plays a role.

**Deepesh Sancheti:** And how much did you mention, the over 180 days?

**Nandan Pradhan:** Over 180 days, it is around 12% to 15% currently. That is also on a reducing basis. Like compared to 31st March, we are already down by more than a crore. So, already down by around 3-4%.





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- Deepesh Sancheti:** And where the FOCO units claim margin neutrality via logistic savings, can you quantify the net savings per kg after taking care of the franchisee margins?
- Nandan Pradhan:** 5% to 6%.
- Deepesh Sancheti:** That's the net savings that will directly come to the EBITDA, right?
- Nandan Pradhan:** Not directly, you can say, because again, that region will have, when we go into expansion, that region will also have certain additional expenses. Then only we can ensure that the FOCO model becomes more successful. But yes, around 2%, 2.5% can be from that particular region. That will be additional.
- Deepesh Sancheti:** How many high margin products were launched in first half of FY26? And what revenue run rate are they tracking currently?
- Nandan Pradhan:** Last year to this year, this year first half, honestly speaking, we only launched two major products. in the category because already this year our strategy has been slightly different. We are now trying to reduce our basket and focus on few products because inventory is a big challenge, which we can feel the heat. And also, we are getting questions from the investors also. So to reduce the inventory, we need to focus on fewer products. So instead of launching, we are more focusing on how to make the current products better. That is, either they give better margin, or they become more cost effective so that we become more competitive in the market. So that is the focus area as of now, number one. Number two, maybe all the products that we launch are all high-margin products. Because low-margin products, we already have in the basket. So we are currently not launching any low-margin product for sure. If the product is giving a margin, then only we consider it and then give it to our R&D team, and then the R&D team works on it, and then we launch the product. So all the products, a total around 16 products we have launched in the last 18 months. So all are high margin products. The contribution from them to the total turnover of H1FI26 is around 8% to 10%.
- Deepesh Sancheti:** 8% % to 10%, OK. And can you quantify the margin? What governance control exists to ensure the distributor credit discipline, especially when you're expanding to newer states with less familiarity? What are you doing about that?
- Nandan Pradhan:** So, it's happening in three stages. When we onboard the distributor, we do his entire KYC, including these office photographs and his residential address. Plus, we have a third-party agency with whom we get his credit rating assessed.
- Based on that, we fix his credit limit. Secondly, in the first few transactions, every transaction happens with a PDC. So, unless the PDC is not there, we don't dispatch the order. So that is the second level that we do.

Third, we have got a fully active credit control team of four members who keep on visiting these distributors every quarter for taking their balance confirmations and also ensuring that the business is happening in the right manner. No wrong commitments are given to the distributor. Because many times in the past, we have faced this particular challenge that later on distributors says that your sales guy said that I'll get a 4% discount at the end of the year. So where is that? Whereas the company has never offered that.

But, it's a verbal discussion. The salesman has already left. And then the company ends up fighting with the distributor. So that's why every quarter, we are ensured that the balance confirmation, this communication needs to happen so that we are all clear and on the same page.

**Deepesh Sancheti:** Nandan, just one more, if I can add. Why are you having a distributor model when you're dealing with these bigger builders? I mean, what is the value addition these distributors are adding?

**Nandan Pradhan:** Number one, Local connect. So, the access to the builders becomes really fast. Because my distributors are not only my distributors, they're already selling either cement or tiles or paint or something else. So they already got their base of customers available with them. And they know how to deal with those builders. So, it becomes easy. Number two, shared credit. So, my working capital doesn't get majorly affected. And number three, a stock point at that place without investment.

**Deepesh Sancheti:** So, in a building, let's say in a construction project, which has about maybe 200 flats, maybe let's say a million square feet, which is being built. How much of your product actually is added? And I just want to know, you know, how much is, if there is a construction going on, how much of your product is being used?

**Nandan Pradhan:** Okay, so again, it varies from city to city. If I talk of metros including-

**Deepesh Sancheti:** I'm talking about Mumbai. I'm talking about the bigger builders in Mumbai.

**Nandan Pradhan:** Right, so the bigger builders in Mumbai, it is anything between 6% to 9%.

**Deepesh Sancheti:** 6% to 9% of the construction cost?

**Nandan Pradhan:** Yes. See, initially, it used to be 2% to 3%. But now, in every aspect, because all bigger builders in Mumbai are using the aluminum formwork shuttering. So, they're right from the base, that is right from the shuttering level, the shuttering oil is used, then curing compound is used, then coatings are used. Waterproofing is also happening only through coatings. Then compulsory with the big tiles coming in, tile adhesives used. Gypsum bonding agent is a must for all the Mivan (My1) shuttering. Putti is used, cement sand plaster is used in selected areas. Otherwise, everywhere gypsum plaster is being used and wall puttis are being used. So slowly and now with the paint also being part of construction chemical, so that is also considered in this basket.



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- Deepesh Sancheti:** Okay, Thank you very much, Nandan. Really a pleasure talking to thank you.
- Garima Singla:** Thank you, sir. The next question we have from Mr. Bhavesh Chauhan. You may unmute yourself.
- Bhavesh Chauhan:** Sir, we are not now committing to that 15% EBITDA margin guidance for FY26, right? So, sir when should we see, I mean, over the next, let's say, next two, three years, should we see that 15% margin?
- Nandan Pradhan:** Yes. Hopefully next year itself or latest plan next to next year.
- Bhavesh Chauhan:** Okay, and in terms of sales guidance, we maintain, right? 70 crores for the year?
- Nandan Pradhan:** Yes, we do maintain that.
- Bhavesh Chauhan:** And in terms of working capital, sir, as you said, you have a lower number of products. So, should we see a significant improvement? Because in 1HFY26, again, we have seen that working capital remains stretched.
- Nandan Pradhan:** See, working capital stretch will happen for next six to eight months further. OK, because with the rapid expansion that we are planning and plus the government projects, we are very upbeat about it. And, there, we are expecting huge volumes. So automatically, once you have to move from a 5 crore per month to 10 crore per month, then the stretch is going to come on the working capital for sure. So that is going to happen. But after six to eight months, we will see a positive cash flow happening and then the stretch on working capital will be reduced.
- Bhavesh Chauhan:** Okay, and if we go to next year FY27, we would require some funds in order to grow, maintain this kind of growth rate. So how are we planning to do that?
- Nandan Pradhan:** Yes, we will need funds. So, we'll always go by the balanced approach of debt plus equity. So that is something that we are looking forward.
- Bhavesh Chauhan:** And in terms of margins, again, FY26, any particular guidance that we would like to give?
- Nandan Pradhan:** So, EBITDA will improve compared to last year. How much? I would not like to give a comment on that, but it will improve for sure.
- Bhavesh Chauhan:** Sir, one more thing. Why are margins missed, actually, in this first half?
- Nandan Pradhan:** Sir, see, what happens is that we have done all the expenses, including the sales team and everything, based on a 70-crore turnover. Now, fortunately or unfortunately, the situation is such that first half of any construction chemical company is 30% to 35%, and second half is 65% to 70%. So, 30% to 35% sales turnover, which are the expenses made for a 70-crore turnover. So, that combination reduces the balance.

- Bhavesh Chauhan:** In that case, why are we not confident that there will be significant improvement in margin in second half?
- Nandan Pradhan:** No, in second half, it will be. But then the balancing will happen, sir. So end of the day, if you see end of the year, the overall margin improvement will be maybe 1.5%, 2%, not much.
- Bhavesh Chauhan:** Sir, and that's all from me. Thank you.
- Garima Singla:** The next question we have from the line of Mr. Shyam Garg. Sir, can you please go ahead with your question?
- Shyam Garg:** My first question is with respect to with the in-house utilization falling from earlier peaks, why is FOCO expansion being prioritized over sweating existing capacities?
- Nandan Pradhan:** To answer you, Shyam sir, like I said, what happens is that powder-based products, we need to move the manufacturing plants nearer to the markets. Then only those become affordable and then they can give a positive contribution to the company. So for that, we have shifted our powder manufacturing to various FOCO plants, either like, for example, in Pune, or in Kurukshetra, or in Karnataka, or in Rajasthan. So, due to that, they have gone nearer to the market. So the manufacturing of our mother plant, that is in Vapi, has reduced. But the plant there is manufacturing and they're delivering. So the overall, if you see the margin, that has improved due to the plant going nearer. So, transport cost dropping drastically. And now the next focus is how to utilize the balance capacity which is available in the Vapi plant. So for that, we are focusing on the Maharashtra state and on the government projects and everything so that this capacity will get utilized in the next 6 months. So, then we will have a fantastic balance of FOCO contributing better and plus our mother plant also contributing into that.
- Shyam Garg:** If we can quantify the improvement in margin with the utilization of FOCO plants?
- Nandan Pradhan:** So, somewhere around 3-4% improvement is there once I consider the margin of the franchise versus the saving I do on the transport cost, the entire combination.
- Shyam Garg:** That's good, sir. So, my second question is with respect to the bank limits are fully utilized and what is the realistic borrowing headroom for FY26 without equity dilution?
- Nandan Pradhan:** See, as far as the borrowing is concerned, currently we are not planning any further borrowing from the banks on immediate level. Okay, so maybe the bank borrowing will happen end of this financial year.
- Shyam Garg:** What is the blended cost of our borrowing?
- Nandan Pradhan:** Blended cost, Mahesh sir, if you have the numbers.
- Mahesh Bhanushali:** It's 8.5% currently. 8.5% to 8.7%.



- Shyam Garg:** Including the working capital limits that we have?
- Maresh Bhanushali:** Yeah, correct.
- Shyam Garg:** My next question is that you said a top 25 SKUs drive 80% of the revenue. So, what is your SKUs rationalisation roadmap to cut working capital without weakening the basket selling?
- Nandan Pradhan:** Yeah, so the roadmap is very simple, sir. We need to expand the markets. Again, to expand the markets, number one, you need time because you need people who are specialists in those particular markets or those special product segments. Once that happens, then we will not stop the products or we have not stopped the products. We have just shifted the focus. So, the basket selling is still happening, but with limited products. And slowly, we will also add the balanced products into the basket as and when we get improvement in our margins.
- Shyam Garg:** So, my next question is, what is the current production capacity that we have along with the satellite manufacturing that we have?
- Nandan Pradhan:** Excuse me, can you rephrase or repeat that?
- Shyam Garg:** Sure sir. So, what is the current capacity for production of our production with including the you know satellite facilities that we have, you know, introduced?
- Nandan Pradhan:** Correct. So, it's around 65,000 metric ton.
- Shyam Garg:** Okay, and what is the plan going forward? We are going to increase it to increase up to what levels.
- Nandan Pradhan:** So, another two FOCOs we are planning additionally as of now. Once that happens and once again, we stabilize the entire system, then in the next phase we will again plan new areas, new regions and new FOCOs.
- Shyam Garg:** That would be how much in terms of capital, that would be how much?
- Nandan Pradhan:** Again, each FOCO is around 7,000 to 7,500 metric tons.
- Shyam Garg:** Okay, Alright, sir. Thank you so much for answering my questions.
- Garima Singla:** The next question we have from the line of Prashant Kale. Please go ahead.
- Prashant Kale:** Good afternoon, Sir. My question is about working capital. Our inventory is flat and our trade receivables have gone up to 25 CR. But the sales size is not that much. The sales are almost flat. So why are we building so much inventory in this quarter, when the quarter is actually very lean?
- Nandan Pradhan:** So, Prashant sir, the inventory was already built. We did not build in this particular quarter. So it's already there, number one. Number two, as we increase our FOCOs, so there is always a shift

for some higher inventory. Because in each FOCO, we need to have finished goods inventory stored. We need to have packing material stored. Of course, the balance raw material is on the account of the franchisee. But the packing material and the finished goods are on account of MCON.

So, that gets added into the inventory, number one. Number two, again, we are looking, or we are planning, if you just consider that we have done 28 odd cr, and we are planning to reach to 70 cr plus by end of the year. So we are planning a 42 cr, which is around 7 crore per month, roughly. So to have 7 crore per month sales, we need to have that kind of inventory available in each of our mother plant as well as each of our franchises.

So, that entire balance is contributing. And like I told in the previous answer also, that we are consciously working to reduce this inventory. We also get it that it's not a great thing to have. But it's taking its own sweet time. That's why we are focusing on fewer products and slowly trying to move out of the product that we are not focusing on. So those inventories we can reduce. Because the products we are focusing on, there again, we are trying to do better inventory management for which we have also hired a consultant who is helping us in this entire exercise. So that is the plan that we are doing.

**Prashant Kale:**

Probably it would be a good idea to implement the Asian Paints model. If you collect that data, then you can get precise production planning that okay, in this week, this item is running too much. So, I need to produce that one. So, for a company like you, it is very difficult if you have many SKUs, it's very difficult to judge, okay, what should be produced in this week, and what has moved up, what needs to be stocked. That could be because nowadays, just have to collect how much stock has moved up today. Based on that, you can make an informed decision on optimizing the production of those particular SKUs which are moving faster and slow down on which are moving slowly. That could be one of the things you might consider implementing. Receivables are 25 cr. Are we giving too much credit period to the franchise people or it's 25 cr?

**Nandan Pradhan:**

Yeah, so it's not the credit period to the franchise people or the distributors, it's a combination of new markets where we have to take certain additional credit plus a few distributors who have delayed it and the actions are being taken to ensure that we bring the money back into the company. Plus some big infra projects and admixture RMC plants, where the credit is on the higher side, like the credit exposure itself is on the higher side, where the payments only happen 120 days, 150 days, 180 days. So, this entire contribution, each one of them has collectively ensured that this kind of credit and out of which only 12 to 15% is more than 180 or rather I would say more than 120 days. Balance all is from the current business. So that's how it's happening.



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- Prashant Kale:** Because for this business we need a lot of stock. So instead of using ourselves as a bank, maybe slowly, slowly we should use the distributors and franchise people, maybe giving them little bit discount and use them as a bank to park the trade receivables in their account instead of our account.
- Nandan Pradhan:** See, gradually we are doing it. Like if I tell you, last year, the raw material, entire raw material also was on our account in the franchisee units. This year, we have shifted that into their account. So, the raw material stocking right from cement, sand, and other chemicals is stocked by franchisee on his own account. So that burden we have reduced. Now second phase will be the packing material that we are shifting. So that will happen in the next few months. See, everything happens when we are able to give him some good volume business. Then he's ready to listen to us. So, we are consciously moving into that direction. And your advice is well taken. We'll try to implement that also, sir.
- Prashant Kale:** But sometimes what happens is that if you discount the invoice, then probably they are ready to pay out the invoice very quickly.
- Nandan Pradhan:** Yes, so, we are working on that also. We are already in time with channel financing. And we are working on that part also. So, like I told you, it's a combination that's happening. The effect of that will be seen in next 6 to 12 months
- Prashant Kale:** Great. Thank you very much. That was it.
- Garima Singla:** Thank you, sir. Next question we have from the line of Mr. Aditya Dhage. You can please unmute your line.
- Aditya Dhage:** So, the first question I wanted to ask was, what is the current utilization at Ambethi and Sarigam plants?
- Nandan Pradhan:** Yes, so currently, Sarigam plant, there is 0% utilization because we have consolidated everything at the Ambethi plant because to maintain two manufacturing plants and a separate staff for the same, and now the Ambethi plant, when it is at 100% operational, so the Sarigam plant operations were not needed. But yes, that balance capacity is available, so that tomorrow if we get something really big order, or maybe we get some toll manufacturing from some other brand, then we can utilize that Sarigam plant. And Ambethi plant, currently it's around 55%, 50% to 55%. This being because with all the FOCO models becoming operational, the powder product manufacturing has shifted from Ambethi to those franchises. So, due to that, the capital utilization at Ambethi has slightly gone down.
- Aditya Dhage:** And the next question was again about working capital. So, what steps will you take to bring the working capital back to pre FY25 levels?
- Nandan Pradhan:** See, again, working capital, the first and foremost is bringing better sales. Because more sales will ensure better fund flow into the company, and that will ensure that the working capital

crunch is slowly reduced. Number two is reducing on the available debtors in the market and getting the payments faster into the company. And third is the better inventory management. So, these are the three major things that we are working upon, in which we are also taking help of channel financing. We are also giving better discounts to distributors if they pay us upfront. So, all these action steps we are taking so that we can improve on the working capital cycles.

**Aditya Dhage:**

And you mentioned that there is a 50,000-crore total addressable market, right? Is your TAM penetration today? And what is the three-year target?

**Nandan Pradhan:**

Currently, we are not even at 1% of the total market available. And three years down the line, we expect that maybe more than 1.5 to 2% should come to the company because, again, the market is huge, but the competition is rising daily. Every big manufacturer, either of cement or Paint, wants to enter into the construction chemical segment and are entering. So, we are fighting with those people also and ensuring that we hold on to the market that we already got and also get some market from the competition.

**Aditya Dhage:**

So, another question is, what manufacturing flexibility do you have to switch from low-value powders to high-value liquids without major re-tooling or downtime?

**Nandan Pradhan:**

See, first of all, let's talk of low-value powders to high-value powders, rather low-contributing powders to high-contributing powders. So that is a fungible capacity. In the same manufacturing capacity, if I am doing 39,000 metric ton, I can do a 39,000 metric ton of 5-rupee-a-kg product.

And, in the same capacity, I can do a 39,000 metric ton of 20-rupee-a-kg product. So four times the turnover, I can just do by changing the product mix. But for that, I need to get the order of that product, number one. Number two, liquids.

Currently, in liquid also, the same situation is there, that from low-value liquids, we can go to high-value liquids. In a powder plant, I cannot manufacture liquid. In a liquid plant, I cannot manufacture powder. That's for sure.

And plus, I have got enough fabricated factory in my Vapi plant itself, that even tomorrow if I have to increase the capacity of my liquid, high-value liquids, then just by having a capex of few lakhs, I can add a machinery and increase that capacity. So that combination is always there. Additionally, if I have to move somewhere far away, like if I get some big order of a government in an eastern zone or in a northeast zone or something like that, a faraway zone, then that is where the CAPEX might be needed, where I need to have a land and put an entire plant, because that is far away from my current mother plant. But apart from that, currently, if I talk, the shift or the fungible capacity, it's quite easy.

**Aditya Dhage:**

The last question is, what steps are being taken to broaden institutional sales for CPWD approval? And what revenue contribution do you expect in the next two quarters?





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- Nandan Pradhan:** So, Number one, we have expanded our government project division so that the reach increases. Because for each segment, we have got a different team. So government project itself, we have got a team. So that we have expanded so that we can reach to more people across Maharashtra. Because, now we have got CPWD approval at the next phase that is Maharashtra, Goa, and maybe Gujarat also, right.
- Mahesh Bhanushali:** It's Maharashtra, Gujarat and Union Territories Diu Daman, including Gujarat.
- Nandan Pradhan:** As far as the contribution is concerned, we are expecting more than 20% contribution from the government project in the next two quarters.
- Aditya Dhage:** Thank you for the answering the questions. Thank you.
- Garima Singla:** Thank you, sir. One question from my side. Any early revival signs we are seeing in the second half of the year already?
- Nandan Pradhan:** Yes, we are seeing a lot of revival signs. Number one is that the government projects are now kicking off very fast. And we also got some good orders from the government projects. Also, now that the monsoons have settled down and it's a sunny weather outside, so the orders from the distributors are flowing in really well. So that is something like in the first few days of November itself, you have seen a good order and dispatch book available with us. So those are there.
- Garima Singla:** Thank you, sir. I think that sets a positive benchmark for H2. Thank you so much for the call. Any closing comments from your side before we conclude the call?
- Nandan Pradhan:** I would just like to add a few things based on the various questions and answers that we have exchanged with each other. Be assured that, yes, we are on the right track. We know what we are doing. We know what business we are into. Yes, good things take time to build up. So, it's taking a bit of time. But with due respect to all of you and your suggestions, yes, we are focusing on inventory management to make it better, to reduce the cost of inventory. We are focusing on credit control so that the overall outstanding has to come down. We are focusing on high margin products so that the EBITDA increases and the PAT increases. And we are also focusing on better working capital management. So whatever is there, whatever your questions or thought process are there, we are already on work. It's like work in progress. And it's not slow, it's fast. So don't worry. We'll ensure that we'll deliver fantastic results by end of 31st March. Thank you.
- Garima Singla:** Thank you, sir. Thank you so much. On behalf of Go India Advisors, that concludes the call. Thank you, Mahesh sir. Thank you, Nandan sir, for your time. And thank you, everyone, for joining the call.