

**Date: 30<sup>th</sup> May, 2025**

To,  
The Manager- Listing Department,  
BSE Limited P J Tower, Dalal  
Street Mumbai – 400001

Reference: Manoj Ceramic Ltd  
BSE Code: MCPL  
ISIN: INE0A6N01026  
Scrip Code: 544073

**Sub: Transcript of the Earning Conference Call with Investors/ Analysts for Financial Results and operation for the half year and year ended on 31<sup>st</sup> March, 2025:**

Respected Sir/Madam,

Pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, Please find enclosed the Transcript of the Earning Conference Call held on Monday, 26<sup>th</sup> May, 2025 with Investors/ Analysts for financial results and operations for the half year and year ended on 31<sup>st</sup> March, 2025

Kindly take the same on your record.

Thanking you,

Yours faithfully,

**For and on Behalf of**  
**Manoj Ceramic Limited**

**Dhruv Rakhasiya**  
**Managing Director**  
**DIN: 03256246**

**MANOJ CERAMIC LTD.**

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**Manoj Ceramic Limited**  
**H2 FY '25 Results conference call**

Event Date / Time: 26/05/2025, 13:30 Hrs.  
Event Duration: 01 Hr. 11 mins 07 secs

**CORPORATE PARTICIPANTS:**

**Mr. Dhruv Rakhasiya**  
Managing Director

**Mr. Rajnish Mishra**  
Confideleap Partners

**Moderator**

Ladies and gentlemen, good day and welcome to Manoj Ceramic H2 FY '25 Results Conference Call, hosted by Ventura Securities Limited. As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing \* and then 0 on your touchtone phone. Please note that this conference is being recorded. Please note that this conference is being recorded.

Before we begin, I would like to point out that this conference call may contain forward looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict.

I would now like to hand over the floor to Mr. Rajnish from ConfideLeap Partners. Thank you, and over to you, sir.

**Rajnish Mishra**

Yes. Thank you, and good day, ladies and gentlemen. Rajnish this side from ConfideLeap Partners

We represent the Investor Relations for Manoj Ceramic Limited. On behalf of Ventura Securities and ConfideLeap Partners, I warmly welcome you all to Manoj Ceramic Limited H2 FY '25 earnings conference call.

The company is today represented by Mr. Dhruv Rakhasiya the Managing Director of the company. I would now like to hand over the call to Mr. Dhruv for his opening remarks. Thank you, and over to you, sir.

**Dhruv Rakhasiya**

Good afternoon, everyone. On behalf of Manoj Ceramic Limited, I warmly welcome you all to our first ever H2 FY '25 earnings conference call. It's a privilege to connect with you all and share our journey progress and upcoming growth story.

Giving a short brief about MCPL's history, we began over three decades ago in 1991 as Manoj & Company, which was focused on trading building materials like marble, tiles and cement.

Since then, we have transformed into an internationally recognized design forward ceramic solution company specializing in ceramic tiles and adhesive. We steadily evolved and securing dealership tie ups with major brands till 2007, later on, secular imports from major countries, expanding into large format imports and establishing a strong presence in Gujarat by 2010.

The launch of our Andheri showroom in 2013 marked the start of our retail expansion followed by flagship centers in Mumbai, Pune and Bangalore. A significant milestone came in 2021 with the incorporation of Manoj MCPL Ceramic Limited in London, marking our global ambitions. In 2024, our listing on BSC SME platform was another history for us into the capital markets. Our growth has been built on a foundation of innovation, customer focus and a

commitment to quality, retail homes, commercial spaces and projects across India and global markets.

Looking at our finance performance for H2, FY '25, I'm pleased to report significant milestones. Revenue surged to INR 98.01 crores, a remarkable 84% growth over the previous period. EBITDA stood at INR 13.51 crores with stable margins at 13.79%. Profit after tax grew nearly by 3x to 6.64 crores, a testament to our efficient operations, market traction and strategic focus. These numbers reflect our ability to scale while maintaining profitability and we believe this is just the beginning.

We are expanding globally with a strong push into key African markets such as Sudan, Angola, Ivory Coast, Senegal, Burundi and so on and so forth, counting down, while strengthening our presence in Europe and North America through The UK and the upcoming U.S. Operations. Simultaneously, our digital transformation division and AI powered studio, which is available on our website, are driving higher engagement and conversations both online and in store, enhancing the customer experience and creating a seamless buying journey.

Infrastructure upgrades remain a priority. We have launched MCPL's largest business center in Thane, Bhiwandi, spanning over 70,000 square feet expanded warehouse facility in Pune and Bhiwandi and are poised for the next phase with a new Nagpur warehouse and Dubai business center by FY '26.

Our vision is clear, to emerge as a leading force in the global ceramic industry, delivering innovative designs that reach every wall, every floor and every decor need for homes to commercial spaces, both in India and beyond. Our goal is to be the partner of choice of customers worldwide, offering them not just enterprise, but end-to-end solutions that inspire and transform spaces.

Before we open the floor for questions, I would like to take a moment to thank our employees, partners, customers and shareholders for their unwavering support and trust in MCPL. Today, we are building a company that stands for innovation, design, excellence and a customer first approach.

Once again, thank you very much. Over to the team for taking up the questions.

## **Questions & Answers**

### **Moderator**

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question please press \* and 1 on your telephone keypad. And wait for your name to be announced. If you would like to withdraw your request, you may do so by pressing \* and 1 again.

First question comes from Agastya Dave from CAO Capital. Please go ahead.

**Agastya Dave**

Thank you very much for the opportunity and looking at solutions on very good set of numbers. So first question is actually on the business model. I have seen that you have elevated levels of working capital but very asset light model on the gross block side. So am I right in concluding that you are purely a marketing company and a trading company rather than a manufacturing company? And will this setup continue going forward as well? You will not enter into manufacturing?

**Dhruv Rakhasiya**

Thank you very much, Agastya. Yes, we are an asset light company and we focus on outsourcing our production, in the tile division and tile and asset at the moment. Tomorrow, as the past has given us the instances of the aggressive investment's requirement for the massive, innovative tiles that have recently come up, we do not see ourselves in getting into backward integration in the tiles manufacturing, because of the innovation that is very quickly seen in the very short term in the past 5, 7 years.

Whereas when we talk about edge asset and, the natural zones division that we have recently incorporated, yes, we are looking at the backward integration in that space. Very soon, its announcements will be coming up.

**Agastya Dave**

Understood. And in the tile space, in that, what is the nature of your fixed assets? Is it I mean, do you have any front end investments? Any like experience centers or any like retail presence? Or is it are the sales done completely through distributor partners?

**Dhruv Rakhasiya**

No. We have two modules in our business. We have the wholesale division, which takes care of the dealers and the projects. And we have the retail presence as well in the West zone and West and South zone. We have two experienced centers in Mumbai, One in Ghatkopar, the oldest one which was set up in 1981. And another one is in Andheri West; it's in Lakshmi Industrial Estate. And the newly experienced center recently, the biggest one that has come up in Upper Thane in Bhiwandi, which is also one of the soft points. In South, we have it in Bangalore and in North, we have it in Morbi.

Morbi is purely a warehousing center, where the production output is stored there and the multiple factory products are accumulated and again dispatched to various locations. In abroad, we have our retail presence, retail and wholesale presence in London, which was about 1, 1.5-year-old maybe. And we are setting up our display center in Dubai and it will be ready for people's experience by next month.

**Agastya Dave**

Right. And sir, in terms of the product, is there a particular segment that you're targeting in terms of pricing and any particular type of niche products? Or are you catering to a very broad segment?

**Dhruv Rakhasiya**

So we have a product portfolio right from the smallest size of 1x1 up to 10x5, the biggest change in the industry that we have. We maintain stocks for all these sizes. Every size will have multiple finish. Every finish will have multiple colors to offer. So we have a huge portfolio of product to offer to the end user as well as to our dealers for selection and the builders and price of solution for talents.

**Agastya Dave**

And sir, in terms of your margins, what helps you keep the margins at the current level? And given that people have so much like some of them are sitting with excess capacity, why can't they replicate what you are doing and capture your margins?

**Dhruv Rakhasiya**

So this is an open market. Everybody is welcome. There is no restriction in the new entrants that is coming up. So it is the experience that has brought into this company in the Manoj Ceramic. My father started it in the year '91, I'm the second-generation entrepreneur. So looking at the various market segments, the market requirements, we have kept on improving our product portfolio. And people are scared to take the risk on taking the first step, first leap because that is always capital requirement, heavy capital requirement.

It is a risk whether or not the product would move and it is the experience that whether this product will move. So when we have in combination of experience and the technology and the new innovation and the new youth who is ready to run-in the required market, there can be magic in numbers.

**Agastya Dave**

Understood. And so one more clarification on again the business model. So in terms of pricing, so what exactly happens? So you get like a discount from the OEMs and then you sell at the MRP which matches them? Or because you are present in areas where the other people are not present, so you buy OEMs from the OEMs at market price and then you sell at a premium? What exactly happens? What's the equation there?

**Dhruv Rakhasiya**

We get a better pricing than an end user or a project person who visits the factory because of our volumes and continuous relations with the manufacturer. And we sell it adding our margins to the end users or the project people because of the service that we offer. We maintain the stocks at our warehouses and whatever quantum is required for the end users, maybe if you come down to the store and we'll require only one bathroom of product, then of course, they will be supplying from our current stock points. So the prices will be higher compared to the person that I'll be offering the product for the entire project, which will come directly from the factory.

The dispatch will be from the factory till their site. But there will be we'll be giving them better prices. But yes, definitely, our margins are added up after the manufacturer's pricing to us. But it will be definitely lower than the project person visiting the factory directly.

**Agastya Dave**

Understood. And this is true in the case of your B2C sales as well?

**Dhruv Rakhasiya**

Yes. So B2C, usually happens from our retail stores. And in that case, the margins are much higher and the pricing is much at its peak when it gets directly to the end user from our retail stores because, the pricing is in competition with the other dealers that we supply. We do not undercut our margins and sell directly to end users from our retail stores, else my dealers will be affected, which we do not want. So our pricing competition from the retail store is exactly in competition to our dealer's retail store.

**Agastya Dave**

Understood, sir. So my final question, I have many questions, but I'll go back in the queue for this one. Sir, if I look at the growth this year, you delivered quite a lot of growth in the top line, but your verticals didn't go over that much. Now going forward, would how will this parameter change with I'm pretty sure you have some healthy growth expectations. So first of all, how is the growth looking like for the next, let's say, two to three years? And second, what happens to your employee cost, and your I mean, I went through the line items in the annual report, and I saw rent is the biggest component of your other expenses. So I'm guessing this is like warehouse rent as well as your front-end current. So how will this also grow as you increase your turnover?

**Dhruv Rakhasiya**

See, as and when we are at the current stores, we generally usually take about 8 months to 12 months for the new stores breakeven to come down, 8 months to 12 months for the breakeven to come down. Until that time, the burden per store or per unit is always higher. After that, the profitability starts to move in from that particular unit. So as we and we are still in the growing phase, we still want to capture bigger markets and from our wholesale units, wherever we put up our new depot.

So for the next year, around a year, we are inculcated to service that from the accruals that we currently have. So we talk about expansion. Yes, we are looking at further expansions into many new states in India as well as in abroad. We are focusing on exports exponentially. We have set up a new division and new team around December, focusing only on the export market, which can get us volumes as well as margins. Retail presence is required only for the purpose of better margins and an experienced sector for entire range of our products. And wholesale, the dealer distribution model requires a unit setup for catering to the periphery of about 250 radius kilometers to service our dealers from that particular store. So we need to have all the divisions have to work individually to contribute for the betterment of the company.

**Agastya Dave**

Understood, sir. Understood. And on the employee expenses side, how will the increase, sir?

**Dhruv Rakhasiya**

So, it won't increase exponentially compared to the top lines because the existing stores have started to get better, compared to previous years. And the customer base has started to trust more on the brand after even after the, SME listing because they understand that this is a systematic organized company and it is compliant free. So it is better to trust the people who are, who have a good backup of, servicing later on. So the trust element gets better and brand presence gets better. So the expenses tomorrow can curtail down and the top lines can get higher.

**Moderator**

The next question comes from Gunit Singh from Counter Cyclical Investment PMS. Please go ahead.

**Gunit Singh**

So firstly, what percentage of sales come from our own brand?

**Dhruv Rakhasiya**

So majorly it is MCPL that is a service backed product. So over 90% of the product sales happen from the MCPL product portfolio. Less 10% comes from the brands like, which helped me contribute, which is Kajaria or MShare or the outsourcing product that we distribute the product into.

**Gunit Singh**

Alright. So majorly we are selling under our own brand. So what gives us the confidence to grow 25% to 30% whereas the large players in this segment, they have been stagnant and they have been guiding stagnancy or maybe low single digit growth for the coming 2 , 3 years, even the market leaders. So what gives us the confidence?

**Dhruv Rakhasiya**

It is easier for smaller company to double up its top lines considering the market share, whereas bigger players who already are the market leaders cannot double up their sales irrespective of horizontal or vertical expansions. So and when we talk about MCPL, we are just present in the West and South zone yet. And our expansion levels only considering India is we have the rest of entire India which is empty, which is not yet catered with MCPL and its logistic network.

Our focus is completely on retail-based sales, retail-based sales as in, people who require smaller quantum of product, maybe, dealer who require 50 square meters or 100 square meters. We service only 50 or 100 square meters orders, which is better, which gives me volumes as well as better margin compared to a strong brand player, tying up with government with bigger volumes and less margins.



**Gunit Singh**

Alright. So what percentage of sales are B2B and B2C? So we talk about tile division and overall, domestic contributes about 95% of the entire sales portfolio, 95% to 98%. And when we talk about dealer network, dealer network contributes about 90% of total sales and followed by the retail source followed by projects. And I mean what portion of this is B2B sales and...

**Dhruv Rakhasiya**

So B2B is dealer networking. So B2B is dealer networking, which is 90%.

**Gunit Singh**

Alright, sir. Got it. So I mean, do we have any plans to get into production in the future? And also, I mean, the numbers look very good to be true because even backward integrated companies are giving margins of about 8% to 9% right now, whereas we are at about 14%. So I mean, even though the previous participant asked the same question, I mean, can you throw some light on why we are generating such margins whereas even Somany or Kajaria, they are not able to generate, I mean, such margins in the tiles business? So I mean, what differentiates us from them and how can we sustain these margins if we grow scale? I mean, when we grow scale, we would definitely be getting into lower margin projects with higher volumes. So I mean, will we be able to maintain these margins?

**Dhruv Rakhasiya**

So it's a good question. And officially, and previously also I was raised with the same question. See, for that we need to understand the industry. In the past five, seven years, the industry overall, the tile's manufacturing industry has grown exponentially considering after the COVID regions, the export throughout the world has got better compared to we have started to capture Chinese suppliers' market and geographical also we have a better position in the world in catering to the Middle East, Africa and the U.S., compared to the Chinese manufacturers. And we talk about China in particular because they are the market leaders in volume and production consumption in tiles compared to anyone in the world. For example, if we have about 1,000 manufacturers, they will have about 5,000 manufacturers only for tiles.

Talking about backward integration for tiles and comparison between MCPL as a contract manufacturer and a whole-time manufacturer Kajaria or Somany. Recently due to the Make in India concept, the tile industry overall has got better in production after Brexit. After Brexit, Italians were forced to sell their technologies other than selling they're only the finished goods. So Indians were one of the first ones, to grab that technology. And before COVID, the technological products got better, Indian manufacturing products got better in tile industry. And after COVID, we had the number of advanced players for better quality products got improved. Previously, it was just four or five of them who got a better technology, today out of 1,500 have got a better technological advance product today in supply.

When you talk about advancing your technological products means requires a lot of heavy investments for the manufacturer to turn around their product quality, to turn around their product colors or quality in offering to the market, to the end user. Whereas, so they have to heavily keep on investing, for improving their production capacities, production qualities when it comes to MCPL as a contract manufacturer.

Today, if, for example, factory A is manufacturing, the latest product and we are already buying from the factory A. Tomorrow, if factory C comes into the picture with a better advanced technology, which gives a similar size of product, MCPL just has to tie up for the required market, give them the required volumes and start distribution without any heavy investments, without any heavy deposits or heavy anything of that sort.

Whereas A's market will have to go towards go to Tier 2 and Tier 3 markets only because the fastest growing cities will start adopting newer technological products that will enhance the margins as well tomorrow. So MCPL has a better future than a direct manufacturer because as and when the new technological product that comes into the market, MCPL just has to grab that opportunity, tie up with the new manufacturer and start distributing. So the turnover time and the turnaround time with the asset light can be faster. The figures can improve on a better scale on the top lines as well as in the bottom lines. So that is what we have always been doing.

Talking about my backward integration, so our company's backward integration into tiles, we currently it is not the stage wherein I am looking forward for backward integration for the tiles manufacturing. But yes, the subsequent smaller segments, which has already there is no product improvement scope, for example, tiles adhesive division, like the technological advancement in the tile's adhesive is stagnant. There is no new technological advancement. So whatever production comes into, that particular industry, it is just about multiplying your dealer networks, multiplying your customers and increasing your volume. And so we are planning to put up our tiles adhesive plant maybe soon. We'll get that announcement soon.

And our Natural Stone division, it has the same service added benefit to the customer that we want to offer. We have recently started up with the Italian marble segment, imported marble segment, in distributing to our end users for the high-end category of people. So in that product, the additional product benefit that we would like to give is the maybe the cutting of marble, the repolishing of marble and giving the exact size coordinates, which can give better margins, adding the lab labor costs. So yes, that division also we are going to have a backward integration soon. Its announcements will also come in soon after we buy the required machinery. It is under process.

### **Gunit Singh**

So, thank you very much for the elaborate answer. So I mean, how many contract manufacturers do we source from currently and how easy is it to I mean, like, if you see, like, some new technology or how easy is it to switch to a new one?

### **Dhruv Rakhasiya**

So we usually do not switch over to new manufacturers, who are already giving us steady supply and innovative products and colors and requirements are solved. But if there is a drastic change in the technological in that particular size of product, then we look at the further expansion, but we do not replicate the product that we already have in our portfolio. We add on to the new technological product, which the existing supplier is unable to provide. Only then we tie up with the new one and it is a win-win situation for everyone.

**Gunit Singh**

Alright. So got it. My last question would be how much CapEx will be looking at in FY '26 and would we be raising any debt for the same?

**Dhruv Rakhasiya**

As in the figures are getting stable and constant, we would like to answer it in a quantitative manner on a later stage. Currently, we are our accruals are good enough to accommodate the new future growth.

**Moderator**

The next question comes from Ashvath Rajan from Arihant Capital. Please go ahead.

**Ashvath Rajan**

So my first question is in line with Slide number 28 in our presentation, which reads exclusive supply agreement with the government of Burundi. So could you elaborate on this agreement a little bit?

**Dhruv Rakhasiya**

On Slide number 28, you said, sir?

**Ashvath Rajan**

Yes, it's 28, yes, our investor presentation.

**Dhruv Rakhasiya**

Okay. So we have set up our -- so we are an affiliated member of Indo African Chamber of Commerce and they are kind enough to introduce us to newer governmental and newer African markets and buyers in Africa. One of the opportunities that has come up from is there as their economy is growing, they have a huge requirement for the infrastructure requirements. So we happen to meet the official team over their recent meetings in India. And also, in, when my team visited them in Burundi. So they have a huge requirement.

So they, we have tied up with them, on a contract basis for requirement of supplying from project-to-project basis, like how we have been doing it in, Uganda, not adding on to our fixed cost but on the yearly cost, counting, their requirement. And that is how we have tied up with Burundi, not only with Burundi but other countries state as well like Senegal, Sudan in the similar manner.

We officially appointed the required agents in that particular country to represent our company in their particular country, so that the introduction can be easier and the local person can trust the company since with our presentations.

**Ashvath Rajan**

Okay. So when it says exclusive tile supplier, does it mean that we're the only peers who can supply to the government or is it open for others?

**Dhruv Rakhasiya**

So far, we have tied up with them on their approach from other tile suppliers has been less compared to our right approach from the chambers. And they would they have started to share their technical requirements as and when the new project is upcoming under the government supervision. And we have also started to supply, in smaller quantities to their countries in Burundi at the moment. And, there might be other suppliers for tiles, but so far, the projects that have been coming through the government or the government channels, we have been supplying it to them.

**Ashvath Rajan**

Right. So how big is this market in, --? So is this very new, at its nascent stage, is this contract is very new or do we expect? How is it how is the nature of this?

**Dhruv Rakhasiya**

So building up the relation with any country takes a few months in hand before they start trusting us. And our present after their invitation here in our country, we show them our showrooms, our stock points, our presentation that is required for building their trust upon us because we work in advance payment mode with any applicant buyers. So their trust on us is utmost required.

Once that trust is built after their visit, our team visits their country upon their invitation and they help us meet potential buyers, different contractors in understanding their technical specification. Once that is sorted and the requirement comes in, we start sending it to them.

**Ashvath Rajan**

Got it. Do we also say that it's a different question. Can you say because of this oversupply in the market, are we a direct benefactor of this oversupply because like smoke have been an issue, so does this benefit us?

**Dhruv Rakhasiya**

Sorry, I did not get the question. Can you rephrase it please?

**Ashvath Rajan**

So we have this oversupply in Morbi right now, right? So do we benefit out of this oversupply? Do we get our products at a lesser cost because of it or....

**Dhruv Rakhasiya**

It depends on the -- okay, so it depends upon the product size requirements. Like if it is an exclusive product range on premium size and bigger formats, then we, there is less of

oversupply. And when we talk about running products wherein the volumes are maximum, yes, we do definitely get the benefit upon the payments like we get major discounts upon paying them in advance or maybe they're overstocking of any particular design or model.

Yes, we do get extra benefit of about 5% to 7% in when we have to buy it upon these shops from them. But that is on a very less case because we focus majorly on the upcoming latest products. When we talk about the running product and production cycle, everything is already planned in advance before they go into maintenance and close down their production.

**Ashvath Rajan**

Great. I asked because, I mean, most manufacturers are facing quite an issue. So I'm assuming since you are not manufacturing and resource it, do we get any discounts on our buying price given the current scenario? Or has the price increased for you over the years? How has that trajectory been for you?

**Dhruv Rakhasiya**

So yes, we do face technical issues when it goes into masses for everyone, not just the company as MCPL. When everybody faces the problem, it comes to all the buyers, may it be contract manufacturer like me or even the manufacturer like Kajaria. So when it comes to MCPL, yes, we have seen significant changes in the industry in the past five years. And now we see that the stable constant is about to settle down very soon because the added benefit of increasing the capacity of production that we are working with have all settled down and started to do a steady supply of product. It's just a time of maintenance of their plant and it is only that 10 years that the production cycle holds for at least a month, but the production requirement is always pre planned. And when we talk about pricing benefit, yes, irrespective of every industry, the pricing is going up. Maybe if you go and buy a car or Honda City, maybe previously about five, seven years, the pricing was about 10 lakhs, I guess. Today, the same Honda City is costing about 15 lakhs or 18 lakhs.

So the but in our industry, because the innovative products and the production capacity altogether has got improved, the manufacturers have either maintained the same price or reduced it down. But when the price has reduced, it hasn't reduced only for MCPL, it reduced for the entire industry and we have passed on the benefit to the customer. Or when it has increased maybe, at the time of transportation strikes or any variable factors that has affected the industry. The burden of extra new pricing, we have if it was significant, if it was very small aspect, then we have absorbed it or we have passed it on to the end user by minimum segments. But that is where MCPL comes into the role picture, right? Like, we can either absorb it or we can pass it on by minimum share so that the end user or the customer is not really burdened up or can also benefit with the price drop factor.

**Ashvath Rajan**

Understood. So now another question would be, so what is our ASP, blended ASP in that case? And also, if you could give us what is our Apple buying price for the same?

**Dhruv Rakhasiya**

Buying price for the product?

**Ashvath Rajan**

Yes. Say, we have an ASP of 100, what is our buying price of our product in this case since we are sourcing it from someone else?

**Dhruv Rakhasiya**

So if we are sourcing it up, if the end user goes and buys it up directly from the manufacturer, we can buy that same product for 105, 107, Whereas MCPL can buy the same product with the volume requirement and the volume that we offer to the factory, we can buy the same product at 95 or 97, 98.

**Ashvath Rajan**

So you can write at 98 is what you're saying, whereas somebody else has to pay 107 for that?

**Dhruv Rakhasiya**

105, 107, yes.

**Moderator**

The next question comes from Bhuvan MG from Tiger Assets. Please go ahead.

**Bhuvan MG**

Congrats on very good set of numbers. So I have couple of questions. So you have mentioned about African expansion and, Europe and U.S. as well. So do you see any geopolitical risks and currency fluctuation risks coming ahead and the term tariffs, all of these things and any hedging strategies regarding this?

**Dhruv Rakhasiya**

Bhuvan, thank you so much, it is a good point out for my international expansion team. When we talk about expansion into Africa, see Africa is a growing economy. They require better quality products and the high-end customers of Africa, they look forward to buying the same product from Spain and Italy, because they are unaware of India's production capacity has got better and can offer better quality unless and until we go and represent our products. So they get shocked as in, does India is this really an Indian manufactured product? So, and when we give them the, transit time, which is less than the, Spanish people and better pricing, we win on that case.

When we talk about, London, Europe, it is the same segment scenario wherein we are in competition with Spanish manufacturers. Because when even today after these many years of experience, we have to turn over the time to check whether it is made in India or it is made in Spain, that was in the finishing of the product. And when we talk about US, U.S. is the biggest buyer for India. And if Indian manufacturers sell 100% of their capacities to U.S. or Latin America precisely, then we'll reach and we will satisfy their maybe 20% or 30% of the total requirement. So our expansion into these markets have always been very beneficial, first thing.

Second thing, your geopolitical, governmental interventions that is required. See, Tiles manufacturing is in pollution generating industry. It is not something that is 100% economical or eco driven like, any other, maybe, people who produce, maybe a clock or something. I'm not sure. But so, countries like US or Europe or countries, cities like London, they like to just directly buy these finished goods rather than setting up their manufacturing plant in their own city.

So, we always have a better scope for selling it up, to these small companies. When we talk about US in specific, the ongoing trade war, yes, our company has been established in the US currently. But because of the ongoing tariff wars, we have delayed our setting up of the store because people there have either reduced on their imports or they are importing only to their exact current requirement. They are not stopping their material for selling it up in the future.

So such kind of involvement or maybe, if the war breaks down on a massive scale with or maybe there's a whole war, then yes, the entire export market gets affected. Like recently, the transit time from the Red Sea that was affected. So that the export pricing for the shipments had gone up, gone up by three times of sea freights. So at that time also, we had reduced the India had, reduced down on the exports, for the entire tile industry. But see, whatever happens, happens for everyone in common, not just with MCPL. [Non-English]

So, and, whatever is affected, it is always the mass that will drive that will drive the force. But always make a note like what MCPL had done in 2006, I'll just give a short brief. MCPL is always a risk taker. They always want to be ahead and always led their position in the market. So around 2005, 2006, India had imposed anti-dumping laws from importing tiles from China specifically. So major importers of India, they had withdrawn their new imports. But MCPL took this and it started their first import was done from China with two containers, about 30,000 square feet of total product in Mumbai, thinking that because it saw a gap between demand and supply.

Today, when a person is, they want and want to import or they want to use better quality product, they will delay their fund utilization capacity, but they cannot cancel that and carry it. So looking at that when every all the importers almost had reduced down on their reports, MCPL stepped into the picture and they still imported, looking into an idea of like we'll sell this quantity in the entire year, MCPL could sell that product within 1.5 month.

So new round of import was required and the cycle chain, got established. So no matter where the product is being imported, where it is being exported, what government pressures, things get delayed, but they don't get canceled. So even if tomorrow, the American government imposes required tariffs for importing tires in U.S. territory, Things are delayed only till the extent of implementation of law. They'll not be canceled. The pricing that is going to go up, it will go up for everyone. And so will their per capita income, so will their expenses, so will everything else in the same manner.

So things will be delayed and will get better, but it will not be canceled is what I want to explain if I can conclude to some answer to nearing to your question, sir.

#### **Moderator**

The next question comes from Adarsh Singh from Equivalence Capital. Please go ahead.

**Adarsh Singh**

So, I have a couple of questions. So, first is regarding the R&D spend. So, the question is like how much of your R&D budget is allocated towards new product development? So, this is with respect to high margin categories like large format tiles, ports or sustainable materials. And like are there any plans for setting up our dedicated manufacturing line for these premium products. So, any color on this?

**Dhruv Rakhasiya**

Okay. Thank you very much for the moving on the question on the R&D. Yes, we do have the R&D department, which is an experience team, which is setup in Morbi itself, who is constant, who send locus into searching out new manufacturers, new technological advancement that is going to come in the industry. So once the word is out, the new technology is still under, the machine is still under import or still under the manufacturing side.

Our team approaches them and the once the product is ready with the finished notes, we tie it up with them and we go ahead with the new purchasing. But when we talk about R&D with respect to manufacturing side, we do not have anything which does the raw material R&D. The raw material portfolio, we MCPL has the capacity to buy finished goods, stock finished goods and sell finished goods and not on the manufacturer side R&D.

So that is the factories division and their work, it comes in there, the ball gets to their core. First, they need to develop it up and present it before we start buying it up. When we talk about international, travels and, the requirement, so our team who is already present in, for example, every area, So they in turn talk to the end users, they in turn talk to the dealers for their current requirement, then they get back to the senior management for the new upcoming trend that is going to come up.

Like for example, the buyer's capacity, the age group of buying. Previously, it was 50 to 55 years. Today, it is 45 to 40 years new age group. That R&D is not very heavy investment requirement. It is a daily, upcoming discussion that is always gets through the right things at the right time. And any follow-up question upon this, I mean done, please?

**Adarsh Singh**

No. So my question is not a follow-up question on this, but it's altogether different. So, second question goes as like, I would like you to elaborate on how you guys select and manage manufacturing partners and what are the systems in place to ensure consistent quality, timely delivery and cost competitiveness across your diverse product portfolio?  
This is my second question.

**Dhruv Rakhasiya**

Okay. So see, this is a generational business and second-generation entrepreneur. I am more of a technical person more of the person who looks at the demand side, supply side, technological side, what is requirement and what is the technical aspect to be required by the tie up for the new manufacturer to tie up. But there is a very important element that we follow and we have been following it up with, over generations and that is the values part.



So that part is handled by the most valued person or the person who values, the values of the MCPL is my father, Mr. Manoj Rajkrishnan himself. So at the end of the meeting, he meets the manufacturers in understanding as to what their intentions are for the longer term or just one meeting or with the experience, that he has or one meeting across the table with the manufacturer, with the owner or the director of the manufacturing plant helps us give the right picture as to whether we should tie it up with them or not.

Talking about technical parts, we understand their technical aspect of production capacity. We understand their color pigments from where they are sourcing their raw materials from and the finished goods currently where the product is being sold or does, they have any, complaints regarding the after sales services that comes across. So based on these parameters, I finalized the new manufacturing tire.

Apart from that, as I previously told on the calls that we do not tie up with the new manufacturer if the existing manufacturer is able to supply our exact requirement. If we tied up with only if the existing manufacturer is not able to, give any advanced or new technological advanced products to us, only then we tie up with the new one. And these are the parameters that we are looking at tying up with the new manufacturers.

#### **Adarsh Singh**

Okay. So and thank you. And my one more question is just a second. Yeah. So, with like, given the large capital outlay and your display system centers, warehouses, and export operations, so what's your framework for prioritizing investments across projects, and how do you measure ROCE and do these new ventures? Like if you can give color on and elaborate on this?

#### **Dhruv Rakhasiya**

Setting up any new division -- setting up any new department or any new store, for example, will require a ratio of about 8 to 12 months as I previously put. Post that, it is about just getting the profits out and decreasing the volumes and margins. But initially, it will back is required from the actuals of current approval or current working cycle that we have to maintain with them.

When we talk about prioritizing our departmental, So currently my West and South Zone Maharashtra, because Maharashtra has been the oldest market for MCPL and we are doing really well, touchwood, and we'd like to consistently improve upon that. Every store, every stop point contribute can deliver the material up to 250 kilometers radius. And more of the stores that we are looking at are coming in India, which is in Nagpur, Pune Depot, which is just now called operational and will get functional by next month automatically. And, Dubai network that is a display center that is coming up will be operational again in June.

So our current focus is, on the export segment and setting up the retail chain of networks. The retail chain of networks will give me better margins and exports will give me better volumes as well as better margins, both of them. So this is where my priority is at the moment.

#### **Moderator**

We have a follow-up question from Ashvath Rajan from Arihant Capital. Please go ahead.

**Ashvath Rajan**

Yes, thank you for the opportunity again. My only question is with do you expect this 2% to 3% margin guidance from FY '26 onwards or is it for the years. I thought in your presentation, you've guided for 2% to 3% improvement in margins, Slide number 30. So do we expect this from FY 2026 onwards or this is for the years?

**Dhruv Rakhasiya**

So that these improvements in the margins that will happen over a period of time as and when the stores get older, the existing stores and the volumes get better. So we are expecting in financial year 2027 onwards to better up on the margins. 2026, is still a setup year. We still want to set up the U.S. depot, we still want to set up the Dubai depot and we also want to establish, the other two depots that are coming up in Maharashtra and the backward integration of other two smaller divisions that we are concentrating on. So once that happens, the follow-up year will have contributing better margins from these depots.

**Ashvath Rajan**

So what we guide for FY '26, what would be the margin rate?

**Dhruv Rakhasiya**

Marginal rates for the net profits?

**Ashvath Rajan**

EBITDA?

**Dhruv Rakhasiya**

EBITDA, we would like to improve it even when these stores start getting active. The London depot just got active after the breakeven this year. And as in when I said, so the EBITDAs will get better by around 1.5% to 2% this year around.

**Ashvath Rajan**

Okay. And for '26, how much will we see our top line at..?

**Dhruv Rakhasiya**

These top lines, we will get back to you with that relevant information, because this is too quick to respond as the media has just begun.

**Ashvath Rajan**

No problem. Since it's I mean, further down on the same slide, we see 20% guidance for 20% on our top line in exports. Given the scenario when export is so cumbersome and so many players are trying to many export players are not really doing well, how are we confident about achieving that 20% on our top line? Could you just elaborate on what how the industry right now and how we are going to put it forward?

**Dhruv Rakhasiya**

So when we are talking about the improvements in the top line figures of the exports, I'm talking with respect to the numbers that are currently contributing. For example, I have achieved about INR 1 to INR 1.5 crore of our business in the first year of exports in the year 2024 and we have already doubled up on the figures by '25. And that was the time towards the end of March, we started tying up with African new countries whose realization will start to happen this year.

So that is, 15% to 20% is something, maybe a minimum of projection that we have made for the next this current year to, because the markets like Burundi that is just the first one that we have to tighten up, we have started to dispatch our material, but there are other markets as well, in Africa itself, like in Senegal, in Ivory Coast, in Uganda that we have already tied up with. The new projects are coming up. So the submission has just got better. The relation has just added up. So this year onwards, we are starting to get their employees and we can submit back to them.

**Ashvath Rajan**

Right. And on this 20%, does a majority chunk come from Africa? Or is it the new markets that is mentioned? Is it Middle East, Europe or does it come from Africa?

**Dhruv Rakhasiya**

So African markets, we are planning to expand it through the Dubai depot, because it becomes easier for the African people to travel in Middle East than to come to India for their product selection or to do business with. It is easier for them to deposit the money in the Middle East market than transfer the relevant money in India, because there they can also deposit their local currency in Dubai, whereas in India we only accept the dollars or pounds or euros, the one which appears. We do not easily expect the African currency locally in deposits in India. And so the grouping of African markets -- sorry?

**Ashvath Rajan**

Yes. I asked if you could quantify this in terms of percentage. How much would the African market make? How much would the Dubai, Middle East market makes? And how much would you contribute to our top line? Could you just give us a number?

**Dhruv Rakhasiya**

So all the Middle East, the African operations will be handled from the Middle East depot itself. So all the expansion figures that we are talking about will be routed through Middle East depot itself. It is not a separate market for Middle East and it is not a separate market for Africa. So African orders will be routed from our Dubai operations. That becomes easier for the African people to travel and get their selections done because our industry, irrespective of how much technological advancement we have already improved, but still our industry does not like cloth like when we talk about cotton, when we talk about linen, when you talk about linen, you know how does it feel. When you talk about cotton, you know how does it feel. When you talk about polyester, you know how does it feel. Even to one layman, but when I talk about my industrial products or technical specification, like, you know glossy, you know matte. But

I'm sure you don't know how does a GHR finish feel like. You don't know how does a carbon finish feel like. You don't know how soft satin feel like.

So you need to have a basic key factor. You need to have a physical store by the end of the day to make a perfect decision for buying your product into your home. And when you talk about physical presence, so physical presence can only drive by a physical store. So we need to be present over there. So African people cannot come down. They can come down, but a smaller number of people travel to India than the chunk of people who are traveling to Middle East for any product selection, not only just files.

**Moderator**

We have a follow-up question from Agastya Dave from CAO Capital. Please go ahead.

**Agastya Dave**

So just one question. All of the questions have been answered and seen quite a lot of details, sir. So thank you for that. So the question is that, is there any chance the inventory part, I understand you have to keep a lot of inventory. But is there any chance that we can see an improvement on the receivable side? Because that is setting up a lot of capital. And I was just wondering, when will we become operational and free cash flow positive?

**Dhruv Rakhasiya**

So currently, we are still in the expansion mode and talking about the inventory days that we have tried to meet in. But by the month of February, we have incorporated, we have just introduced high end natural margins into our stock portfolio, which has increased our number of days of inventory currently by not a big number of days, but a marginal number of days. But when we talk about better days, we have improved from the March '24 to March '25 by more than a month I mean, in improving our collection ratios. Whereas when we talk about better margins, we are still in the growing stage. So, as I told, like for upcoming by the next year or this year towards this year end, we will have a better set of numbers, we'll have a better set of ratios to present.

**Agastya Dave**

Alright. So one request, sir. It's also you can take it as a solution as well. If you will start coming up with quarterly numbers, that would be very helpful. You may not have, like, proper numbers, but just, like, some basic write up, a little bit of commentary about what you see during the quarter and really basic number numbers like what were your working capital days, like what was the revenue number and how was the EBITDA impact number. That's it. Four-point numbers will be more than sufficient, sir. Six months is too large a gap, sir. It's very difficult to keep abreast with all the developments in the company. So all the qualitative and a few quantitative aspects, if you can share with us every quarter. Of like a one paragraph long press release holding more than sufficient, sir. Kindly consider it, sir. It would be very helpful, and it would be greatly appreciated by everyone else. Thank you very much for the opportunity, sir. All the rest.

**Dhruv Rakhasiya**

Sure. Agastya, yes, I'll note it down the request. I will definitely look into it what this can be.

**Moderator**

The next question comes from Jayaraj Jain from Ashika Institutional. Please go ahead.

**Jayaraj Jain**

So this year, I've seen that your export has contributed to 1% of your revenue and you have set a goal of 20% in next three years. So what specific product categories, markets or partnerships will drive this growth? And I know this is export, so how will you manage risk of like currency fluctuation or trade regulation going on?

**Dhruv Rakhasiya**

So currently, when we talk about 20% growth, I just recently been answered the same question that we have recently tied up with different governmental organizations in various parts of Africa. We have appointed the agents who are representing our company as we speak. And we are looking at potential buyers for improving our top lines from the exports. And for them, we have recently set up a Dubai Business Center, which will be operational by next month for them to have an experience center of the entire range of products that we came out for the period.

So without with this perspective, we are looking at a promising figure of improving. When we talk about improvements by numbers, the first year that we have exported in March 24 were roughly about INR 1.1 crore in total revenues from exports, which we have already doubled up in the month of March, contributing to a significant number in that particular department. And then you compare it with the overall total sales, the percentage has come to 1.2%. But individually, when we talk about numbers, it has already doubled up.

So looking at the same growth in past, we have a much bigger scope to achieve this year, because the recent tie ups that have happened has happened between Jan month to March month last year. So the received the new tie ups, the new collaborations results are starting to note recently the new inquiries that have been starting to generate technical specification we are trying to attend to them.

**Jayaraj Jain**

And my next question is like with a growing product portfolio present across multiple regions, how will you manage the inventory turnover and working capital efficiency as you are entering into this export large scale with a longer cash cycle?

**Dhruv Rakhasiya**

So we have tried to maintain the working capital clearly with the top lines already and we are looking at better figures and better numbers at this point. And we are already working on it and delivering better numbers by March '26.

**Jayaraj Jain**

Okay. And given the large capacity outlay in display center and export operation, what is the framework for prioritizing investment across projects? And how do we measure return like ROC in this new venture?

**Dhruv Rakhasiya**

So currently our focus So currently our focus is on increasing our investments and focusing on putting our investments and money in the export and the retention of stores for increasing our experience centers to the B2C categories, which can in turn over to our B2B categories in future. So our first priority is the export market and the second priority is, paying our investments in the retail chain.

**Jayaraj Jain**

Okay. And as you have mentioned like you will be opening your new office in upcoming months in Dubai. So how will you what is the approach in attracting and retaining talent especially in Asia like design innovation, digital marketing, international sales?

**Dhruv Rakhasiya**

So digital marketing, the new the department has already started to work with the Google AdWords and promoting the company in various particular areas. The digital market has not yet opened up for the store for Dubai because if that is set up, we need to if the customer wants to have a look at the store, till the time we are not yet ready.

We are not yet focused on digital marketing on a single GB budget from release yet till the time the store is physically functional. So once it's set up, we can take the -- we can move it. We can have a kick start.

**Moderator**

Thank you. That would be the last question for the day. Now I hand over the floor to the management for closing comments.

**Dhruv Rakhasiya**

So I thank everyone and all the participants and lovely set of audience for listening to all our questions, and I'm happy to answer all of the answers. And also, beyond this call, we are happy for help ConfideLeap Partners, our IR representatives and we would like to connect if anybody can connect with them for any further questions and we are happy to answer all of them.

Thank you very much for this. And thank you very much for all of you to attend this and give this opportunity to present our company on this platform. Thank you very much.

**Moderator**

Thank you, sir. Ladies and gentlemen, this concludes the conference call for today. Thank you for your participation. You may disconnect your lines now. Thank you and have a good day.

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**Note:**

1. This document has been edited to improve readability
2. Blanks in this transcript represent inaudible or incomprehensible words