



CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

On behalf of the Board of Directors, I welcome you all.

It gives me immense pleasure to present the 25th Annual Report of your company before all of you.

To begin with, the year gone by has witnessed a significant number of changes with the implementation of Ind AS in our company. What has not changed, however, is the unique ability of our organization to continue to lead the Synthetic Leather Industry.

At Mayur Uniquoters Limited, 2017-18 was a year of new momentum, focused cost discipline with an enhanced emphasis on performance and needless to say, our efforts have borne fruits and the results are commendable. However, that said and done, the year came with major challenges - the post demonetization slowdown, teething troubles of GST migration, and rising input costs of fuel and power for industries. Yet, the economic growth picked up during the year with consumption-related indicators and industrial output improving in the latter half of the year.

If the reports are to be believed, the research of Organization for economic co-operation and development (OECD) as well as the statistics of the Economic survey of India, 2018 point towards the fact that the growth in the economy is on a rising spree, making India the fastest-growing G20 economy. Investment and exports, supported by smoother implementation of the new goods and services tax (GST), are proving to be major growth engines. Inflation, however, is within the target band, with upside risks reflecting rising oil prices and an increase in housing allowance for public employees. All that put together and the current account

deficit will increase, job creation in the formal sector will remain sluggish, leaving majority of workers in low-productivity and low-paid activities. Fiscal and monetary policies are projected to remain broadly neutral.

The need of the hour is to reduce the relatively high public debt-to-GDP ratio by containing contingent fiscal liabilities which is possible only through promotion of good governance in public enterprises. Better risk assessment in banks would allow allocating financial resources to the best projects and avoiding further increase in non-performing loans. Investing more in education and training, combined with a modernization of labour laws, would help create better jobs and make growth more inclusive. The economy is definitely rebounding after the transitory negative impacts of demonetization and initial hiccups of GST.

Coming to our core area of activity; Artificial Leather is one of the most widely traded goods globally. The growth in demand for artificial leather is driven by fashion industry, especially footwear. Apart from this, furniture and interior design industries, as well as the automotive industry also demand leather. It goes without saying that the leather industry has a place of prominence in the Indian economy due to substantial export earnings and growth. The Indian leather industry accounts for 13% of the world's leather production of hides/skins. The country ranks second in terms of footwear and leather garments production in the world and accounts for 10% of the world's footwear production.

With the textile technology evolving, consumers prefer vegan fashion, which refers to adopting non-leather products and with that Artificial leather market is gaining considerable demand since it is the most suitable alternative against other forms of leather.

In the Financial year 2017-18, I am pleased to share that Mayur has gained additional business of 15% increase as against previous year from our OEM customers Chrysler and Ford USA. Current approval process at Ford Motor Company has expanded into three new developments that will lead to worldwide approval for potential business in the near future. European OEM's, particularly Daimler, has completed Initial audit to define capability and the development of products and their approvals are moving fast for a full approval by 4th quarter of Fiscal 2018-2019 which again garner potential business.

Mayur supplies synthetic leather to footwear segment. And though the Footwear industry was affected a lot due to GST, the things have started returning to normal and we are expecting this sector to grow by 10% to 15%. The good thing is that Mayur has headship position in Auto Replacement Market and we are expecting this area to grow 12% to 15% hopeful a good future growth for your company.

I would also like to share that production of the PU Leather will start by 1st Quarter of financial year 2019-20. Demand of PU leather in India is 20 Million meters per month which is taken care of by imports until now. However, the challenge is matching the prices charged by China by way of backward integration and making in-house fabric immediately with PU production and to make PU resin in one to two years. The 7th Coating line is finalized and advance payment has been made and we hopefully get by fourth week of July, 2019.

Your company worked diligently to mitigate the headwinds of the year and has come out well ahead with normalization in cash conditions, setting a strong foundation to shape a great future in the years to come and has through concerted efforts, improved its volumes share, margins and market share as well. Your Company has achieved total revenue amounting to Rs. 576.87 Crore on Standalone basis and the net Profit After Tax (PAT) has increased from Rs. 82.08 crore to Rs. 94.10 Crore recording an increase of 14.64%. While the total revenue on Consolidated basis amounts to Rs. 594.92 Crore; the net Profit After Tax (PAT) has increased from Rs. 81.51 Crore to Rs. 96.92 Crore recording an increase of 18.91 % in 2017-18.

I am even more proud of the fact that our success in business went hand in hand with our pursuit to conserve the environment and uplift the Society. Committed to ensuring sustainable development aligned to our Sustainable Development Goals 2030, the company has significantly reduced energy consumption, cut CO2 emissions and improved water positivity. Furthermore, the current year holds out exciting possibilities.

Understanding the fact that having a solid governance framework is the key to rebuilding trust and transparency, there has been a renewed focus on corporate governance during the past year and the Board has spent a significant proportion of its time examining and strengthening our processes throughout the Company.

Your Company has received the following Rewards and recognitions:

- GCI – Health & Safety Award for the year 2017.
- Excellence Award 2016 by The Employer's Association of Rajasthan
- Rajasthan State Award for Export Excellence by Government of Rajasthan, Commissioner Industries Department for financial year 2014-15.
- Rajasthan State Productivity Excellence Award for financial year 2014-15.

Apart from the above, your company has cleared the successfully transition of ISO 9001- QMS, ISO 14001- EMS in latest revision of QMS ISO 901:2015 and EMS ISO 14001:2015 in December, 2017.

The Company recognizes its obligations to act responsibly, ethically and with integrity in its dealings with employees, community, customers and the environment as a whole. At Mayur, we know that corporate responsibility is essential to our current and future success as a business. The Company believes it has the greatest opportunity to drive values through CSR initiatives in areas pertaining to Skill Development, Health, Education, Environmental sustainability, Rural development and has committed to improving the quality of life in communities in many years. You would be heartened to know that we adopted 120 Schools this year to develop as a "Model School" under our CSR initiatives.

In the years to follow, the Company shall in compliance with its CSR Policy and objectives thereof, focus its activities on promoting not just education and skill training, but also towards ensuring environmental sustainability and rural development. Needless to say, these activities directed towards promoting well-being in community and fostering sustainability are executed within the ambit of applicable laws and Mayur Group's vision and values.

We have ambitious goals and bold plans for 2018, and we shall strive to achieve them with a sense of purpose and belief. I would like to thank all the employees led by its management team, for their outstanding performance. As always I would like to thank our valued Customers, Suppliers, Bankers, Community, Society and all our Stakeholders including the Shareholders, for their continuous support in all our endeavours, the Board of Directors for their guidance and encouragement and their never-say-die attitude and commitment, all of which have contributed to the growth of this company of ours.

Standing tall for the past 25 years, we definitely have many more achievement-filled years to look forward to!!!

Thanks and Jai Hind

Best Regards,

Suresh Kumar Poddar
Chairman & Managing Director & CEO

Place: Jaitpura (Jaipur)

Date: May 30, 2018

