



“Mayur Uniquoters Limited
Q1 FY 23 Earnings Conference Call”

August 10, 2022



MANAGEMENT:

**MR. SURESH KUMAR PODDAR - CHAIRMAN AND
MANAGING DIRECTOR, MAYUR UNIQUOTERS
LIMITED**

**MR. VINOD KUMAR SHARMA - CFO, MAYUR
UNIQUOTERS LIMITED**

MODERATOR:

**MR. RAHUL DANI - MONARCH NETWORK
CAPITAL LIMITED**



Mayur Uniquoters Limited
August 10, 2022

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY '23 Earnings Conference Call of Mayur Uniquoters hosted by Monarch Network Capital 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 "*" then "0" on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Dani from Monarch Network Capital. Thank you and over to you Sir!

Rahul Dani: Thank you, Yashshi. Good afternoon, everyone. On behalf of Monarch Network Capital, it is our pleasure to host the senior management team of Mayur Uniquoters. Today, we have with us Mr. Suresh Kumar Poddar - Chairman and Managing Director of the company and Mr. Vinod Kumar Sharma - CFO of the company. I would now request the management to provide their initial comments about the results. Over to you Sir!

Vinod Kumar Sharma: Thank you, Rahul and welcome to all participants to the earning call of Mayur for the quarter 1, FY '23. Good afternoon dear investors and analyst, ladies and gentlemen, it is great pleasure to be here, to share with you the performance of Mayur. Thank you for giving your precious time to join Mayur Uniquoters Limited Q1 FY '23 conference call. Mayur Uniquoters Limited being a market leader in the synthetic leather industry and an organized player has been able to leverage the emerging opportunities and delivered exemplary performance in past years, both in national and international business markets.

I would like to start with financial highlights for Q1 FY '23 under review, we will also apply your queries after our review on financial results for the quarter. The company has achieved a revenue from operations on a standalone basis, amounting to INR 200.93 crore and PBT INR 35.95 crore and PAT 28.64 crore during the quarter, which is increased by 37%, 41% and 47% respectively from the last quarter.

The revenue from operations on consolidated basis is INR 200.44, PBT INR 33.89 crore and PAT INR 27.10 crore. And this number has increased by 24%, 4% and 9% respectively from the last quarter. Our endeavour is to make the company a preferred supplier for the leading OEM especially in US and European regions. We are also pleased to share that the company is already approved by Mercedes Benz in South Africa, BMW in Europe market and Volkswagen in India. And supply also started from us to the Mercedes and Volkswagen for the newer models. And supply to the BMW is expected from March quarter this year. The company has also entered into the cell agreement with Datsun India for product supply to Kia and Hyundai Motors within and outside India and supply also started in India in last quarter.

We have also decided to put up work knitting plant in Mayur for which necessary project activities are expected to start soon. In automotive sector we have been selected for many incoming new models in export as well as domestic auto OEMs for which supply will start in the year '23 - '24 and '24 - '25. So we are expecting a very good performance in coming years of '23 - '24 and '24 - '25, both years. And this year also, we are expecting better performance than last year.

The company has also put up a firm lamination plant forwarding, forward the integration in the form of forward integration. And it is also doing. While pursuing our business interest, Mayur Uniquoters has also been engineering to fulfil our responsibilities toward the society. Under the corporate social responsibility programs, we have also a plan for booster dose to the nearby villages and staff members at both the plants besides contribution to our plants and safety kits.

The company has also adopted many schools, happy schools for education of children's. The company has worked on education, especially for the girls and underprivileged child



Mayur Uniquoters Limited
August 10, 2022

education, various health care initiatives, especially child skill development water for all, sanitation at school area, distribution of books, bags, cloths, et cetera and most importantly, family planning and family welfare schemes.

The state government has recognized at various places, this initiatives on various platforms. I'm thankful to all investors for their valuable time to those who become the part of this earning call. With this positive note, I'd like to conclude and request you all to open the forum for questions and also request. due to time constraint we need to end this call within the next 45 to 50 minutes. So therefore, request to kind avoid repeat questions and volume data will not discuss, so please avoid volume related queries. Thank you.

Moderator: Thank you. We will now begin the question and answer session. We have a first question from the line of Amarnath Bhakat from Ministry of Finance of Oman. Please go ahead.

Amarnath Bhakat: Yes. Hi sir. I have two set of questions. First of all whatever is the raw prices increased due to increase in the crude prices and everything. How much of that you are able to transfer to your clients and how much approximately you have to absorb?

Vinod Kumar Sharma: We have tried our best to transfer as much as possible. And.

Amarnath Bhakat: Yes. Can you please quantify maybe 50%, 60%, 70%?

Vinod Kumar Sharma: Oh, this is very difficult to say, that you can recognize by our balance sheet, but of course, if we would've not passed on to get a profit in the company, definitely increase has been transferred to them, but maybe minimum 80% to 90% we have transferred. It depends on....

Amarnath Bhakat: Okay, so 80% to 90% overtime, you transferred maybe 10%, 20%. You need to absorb overtime.

Vinod Kumar Sharma: Maximum.

Amarnath Bhakat: Yes, that's the first one. Second thing, sir. Now if you look at the entire macro picture now your main business segment, which is automobile, whether national or international plus your footwear business, plus your furniture business, after it is opening up, everything is looking very solid, especially within India, because individual company are working on those fields are reporting very strong numbers, as well as their growth outlook is very strong. Now, considering that factor, you are one of the input provided to them. How do you look at this particular opportunity going ahead for next two, three years? And if you provide some items with respect your revenue visibility and margin visibility.

Suresh Kumar Poddar: Yes. I tell you the most important sector is automotive sector. Now, whatever we are doing in automatic sector, it is very minimal. So there is a very big scope in automotive sector and especially in export as well as in domestic market because Indian domestic market is also increasing. There was some drawback for a few months when the chip shortage was there and now it's coming up in the line, but still there is some chip shortest. Nevertheless, since I've told you that I have, we have plenty of his scope to get into automotive business outside India and India also. So we have already got approval of few models of different companies, as I'm talking about export to Koreans, like for America, South Africa and Europe. And those particle will start from '23 - '24 and '24 - '25. You can expect fantastic sales in automotive in these two years. However, this year is also going to be better than last year. So there is a very good chance and further you have started retailing with furnishing business. I was going through the article that more than 48% of artificial leather is used in furnishing, like sofa, like chairs, like office chairs, so the problem is with us that we are B2B supplier in all the areas. Like if you talk about footwear, footwear manufacturers buy from us, if you go to buy a footwear, you don't know which artificial leather is being used in that. But furnishing is the



Mayur Uniquoters Limited
August 10, 2022

big area where when you go for a furnishing for your house, you go with your interior decorated to the shop, see material sample and all that. And then you decide, so this we have already started. We have a plan to, in next one and a half years to two years time to have at least 1,000 dealers all over India. So this work has started 75 dealers we have already made. Now, I think in coming years, it must be better, it will increase the margin also and will increase the sales. Every brand needs time to establish and we are very much confident that we will be able to establish because Mayur is capable of making any type of artificial level under the sun. You give Mayur any product, we will copy that, or not only copy, we are capable of doing product, according to your requirement. Suppose you have particular item and there are some criteria is not there. If people are telling us that, okay, we want this criteria also, so we are able to do that because we have very strong R&D as in previous which also I have said that we have got a European lady, very expensive and very knowledgeable, especially in automotive industry. Because of her, we are able to get the business of Mercedes Benz, BMW so this is the situation.

Amarnath Bhakat:

Sir, considering the things you said served so far, it is exactly matching with your end user end user outlook, whether it is automobiles, furniture and everything. Are you in a position to give us some kind of a guidance of your revenue visibility or profitability visibility. And last one, what is your capacity utilization as of now?

Suresh Kumar Poddar:

As of now, my capacity utilization is about 70%, 70% to 72%. And increasing capacity is no problem. Because we have got a lot of space. You can increase, recently, we have put up one line just one year, six months back. So because of that capacity is there and further more, there is no issue because I don't need any land to increase my capacity. We have sufficient area and anything is required, and one thing I tell you, we are going, I'm going very fast. There is saying the, you can wait -- manufacturers can wait for the customer, but customer will not wait for you. So you have to have always spare capacity. When customer comes for demand, you have to supply immediately at once. He will not wait for you that, okay, I will have a capacity after six months, then I will supply. They will not wait. They will go to somewhere else. So I always keep the spare capacity.

Amarnath Bhakat:

So with this last, if you can answer to my previous question that are you, what visibility you are seeing in terms of your revenue growth and the profitability going ahead? Some color will be helpful?

Suresh Kumar Poddar:

It is very difficult at this moment to say, but kind of, but as I told you, that '23 - '24 and '24 - '25 will be very good growth and profit will be also very good. It is very difficult to spell in the contract. When I'm saying good, that means it'll be definitely more than what you are seeing.

Amarnath Bhakat:

One last question to which is there always in the investor's mind it is little sensitive, but I need to ask this, what is this succession planning in Mayur Uniquoters, we have seen how you have done this company from where and where this company is there. A little lot of family related issues boggled about this company in the last few years. And as an investor, the governance structure, the corporate governance structure of company is always at most important apart with the company's performance. And up to now, as an investor, we don't have a real clarity how the succession of this particular company and how the plan -- how the company's really thinking about that particular thing to take this matter. Take this particular company little, little more, little more stretch than where it is now. This is always in investor mind. So if you can give some kind of a color on this question, it'll be very helpful from a governance side.

Suresh Kumar Poddar:

Yes. You see that the moment my son-in-law is already working here and my son has also come back and he also started spending the office and furthermore, you know, I have got this target, I always go high. So most important thing in any industry is you have to area wise, good professionals. They run the company, we are the promoter. We just think what can be



Mayur Uniquoters Limited
August 10, 2022

the market, what kind of investment we have to do, what kind of expansion we have to do. Now, BMW and Mercedes is telling us that Mr. Poddar you start your plant in USA also because at the moment we are supplying to South Africa for Mercedes and BMW also will take for South Africa plant, like Volkswagen has also told us that Mr. Poddar set up a plant in USA and we will start. Because the tire-one manufacturers, those who are making interior and all that, they are the person who supplies to these OEMs. Now there are limited five or six, very big interior manufacturer all over the world. Now they know us when we are supplying to USA, South Africa, Europe. So in India also, wherever new model is coming, they immediately come to us. Like in Hyundai they have started new models.

Amarnath Bhakat:

You are the market leader, right, sir?

Suresh Kumar Poddar:

Yes, of course. In India, we are the market leader in footwear and in automotive. Although we are in all type of products like leather goods, furnishing, like automotive, footwear, you see garment, garment also it is there. In leather goods, there are so many things bags, purses, belts there are so many things.

Moderator:

Mr. Bhakat, I request you to come back in the queue, sir. Thank you, ladies and gentlemen, you're requested to restrict your questions to two at a time. We have our next question from the line of Mohit Khanna from Banyan Capital. Please, go ahead.

Mohit Khanna:

Hello, sir. And I just wanted to understand what is your current capacity under different businesses. And when do you think you can use the full capacity as we are talking about good growth in '24 – '25.

Suresh Kumar Poddar:

As I told now that we are utilizing 70% capacity 30% we have vacant, that can be used, within maximum one and a half year or two year time, then we have got plenty of space to fulfill further requirements. There is no issue. The only thing is the investment in machine. I'll definitely within one year time, as per situation, I will definitely order for another line. You see this I always do one year in advance, so there will be no problem, that on front of capacity, there will be any problem.

Mohit Khanna:

Correct. And what is the cost for ordering a line? What should be the cost of setting up or installing a new line?

Suresh Kumar Poddar:

Cost of the new line, if you start a PVC line, you know, only the line with putting line, printing line, embossing line, there is a set of different kind of machines, which is required to complete the whole thing. So from machinery point of view, if you look at it, it is about one line about INR 30 crore minimum and furthermore, now gradually we are increasing the automatization of our machines and automatization in man power also. You know, it depends on what kind of machine you are buying suppose in my coating line, if I have 12 people, now I can reduce that to eight or seven with certain modification in the machines, of course, which costs more. And then it gives quality, good quality also consistency also. So now, whatever machinery I am buying that is with the best machines. Now at the moment, so far as printing machine and embossing machine, we have got sufficient capacity. Only the -- when we start now increasing, we have to put up a putting line, which I have told you that this much is expensive. Then of course you have to make the shade and everything that will also cost more. So one line, practically if you go greenfield, it is INR 100 crore, right. Land is not a problem. The only thing that when we think this, we have to make the construction and get the machine that's all.

Mohit Khanna:

Right, sir. So in terms of putting up a line that should take around six months or so, is that a good estimate?



Mayur Uniquoters Limited
August 10, 2022

- Suresh Kumar Poddar:** So about 9 to 10 months. If today I decide then placing the order then getting the machine two months time is required to machine for come. Practically, you can take it 10 to 12 months.
- Mohit Khanna:** So that means that you will come back with the CapEx in six months or so.
- Moderator:** Thank you. We have a next question from the line of Aman Agawral from Carnelian Capital. Please go ahead.
- Aman Agawral:** Good afternoon, sir. Thanks for the opportunity. So my first question was like we have started supplying to Mercedes, Volkswagen and BMW, we will starting supplying BMW also. So once we have started supplying initial quantities to these players by when can we start looking at other geographies for the players, like in addition to the geographies, which we are already supplying?
- Suresh Kumar Poddar:** See automotive, you have listened and you have understood what we are going to do. Now in furnishing, also we are starting retail and that has got a used market better off time. Then second thing, there is lot of leather goods, like purses, bags, belts, these are exported like anything to European and American countries. Just yesterday, I had a customer from Kolkata and he is one of the largest exporter of these products. So we were talking from last two months, three months about introducing, he is making at the moment only genuine leather, products made out of genuine leather. Now we had given him over PU material also with world class quality. He has taken those samples to his customers and they have approved and they like it. And this is a very, very big market. Of course, it takes some time. This I'm talking about one customer only who is supplying to the top three, four big brands in the European market. Yesterday, also we were talking about some footwear big brands, they are also interested in buying from India. Nowadays, one advantage is there that people are fed up with China. They want to shift to India. Even if you go to you know, this, what you call this Vietnam and Indonesia and all these places, there are also a lot of Chinese brands. There are not preferring Chinese. Now it, the question that how fast India can beat up their requirement, they're ready to even give more prices. Now, the main thing is in PU how to get PU chemical. Now, so far, there are two things. One is PU chemical. One is fabric. Fabric we are able to make it India with the competitive price of China. Only PU we are not manufacturing in India. That also we are talking with few suppliers to have a joint venture here in India. But since PU requirement is very less, they want big volume. So that will also happen very soon. And then we in PU product, which is import from China. We have worked out with the government of India and put up INR 40 per meter, approximate anti-dumping duty, which is already started three months back. So with that also the gap between China and India will decrease. And furthermore, as soon as the quantity goes up, all the suppliers of raw material and everybody will come to India and start manufacturing. So it is just, like the saying what came first, chicken or egg, So we are trying our best and I'm very hopeful that India has got very, very big chance in every quarter.
- Aman Agawral:** Yes. So my second question was regarding this other expenses. So like for the last three quarters, other expenses used to be on INR 24 crore to INR 25 crore, but in this quarter it is around INR 35 crore. So any reason why it has increased by this much in this quarter?
- Vinod Kumar Sharma:** Basically it has increased the in proportion of the sales volume. And secondly, the transportation cost also increased to 30% to 40%.
- Suresh Kumar Poddar:** See, it is fortunate that we are able to maintain the price. You know, the freight cost has increased by four times. America, we used to sell in INR 18 increase a meter, and our cost used to be, which has become more than INR 72. Now it is coming back to INR 35, INR 36 is now gradually decreasing, but even then we have faced the storm.



Mayur Uniquoters Limited
August 10, 2022

- Moderator:** Thank You. We have our next question from the line of Rajat Sathia from Ithought PMS. Please go ahead.
- Rajat Sathia:** Hi, thanks for the opportunity. So my question is if we look at our history we have early on -- we had got very big and old clients like Ford and Chrysler they have been with us for a long time and they are actually very big on their own, but we have not been able to scale them up. Similarly, I think we also had General Motors with us. So, I mean, last few years, if you look at last many years, our top line is broadly stagnant. So if you can help us understand why is it so difficult to scale up with somebody which with whom we are already working for such a long period of time?
- Vinod Kumar Sharma:** Can you give your line of questions more clearly? We could not get you.
- Rajat Sathia:** Okay. I'll just repeat, I'm saying we have some clients who we are working with like Ford, Chrysler, who are contributing a good chunk to our revenues. We also have a client called General Motors, again for a very long time, they are our clients I think, but they have not been able to grow. We have not been able to grow them. But overall, if you look at despite having these clients for a long period of time with us, if you look at our top line over the last many years, I mean, in 2016, we had done INR 500 crore of revenue. In fact, in 2015, we had done INR 500 crore of revenues, but that revenue actually kind of stalled for a long period of time. So what is the reason why we couldn't really grow with a client, with whom we have been working from last many years, and there are three such big clients that, that can really become big for us.
- Suresh Kumar Poddar:** See when entered to the automotive industry. Suppose today I go to General Motor and say, I want a business. They will not give me business from their existing models. They will give the business only with the upcoming model. Now, General Motor was very much, is it that we will give the business to the supplier who has got the unit in America itself, then only we will give the business, like Volkswagen has also told us we are ready because we are supplying here about 30,000 meters every month Volkswagen in India, and they are ready to buy their also, but they say, we want to buy locally. So on that ground also, we are working very seriously to put up a line in USA, but we want to have, as I told you, '23 - '24 and '24 - '25, there are few models, which are coming in, which we have been selected. So what I'm predicting, let me have another 100,000 or 150,000 meters business from USA. Then only I will start working on that. So there are so many reasons, nowadays many companies in America, has started prepping that the production line should be in the USA. And for me, that is not a problem because I'm supplying to most of them. So even they are saying that If you start working on it. We will ready to give you the business, because then in that case, immediately I can supply from India and then gradually convert it to USA. But for that, I have to take a decision, which with this new models, which are coming up, once I start producing, then I will immediately take action, simultaneous. To have line over there, because that ultimately we have to do, it's a matter of time only.
- Rajat Sathia:** Sure, sure. So, sir, you mentioned about GM that they want a line in USA however Ford -- And you also mentioned that unless a company launches a new model, it is difficult to get into any agreement with them, which is fine. So over the, but if you look at our revenues, actually from 2015 to 2020 or so broadly flat. So am I'm assuming these companies Ford or Chrysler would have launched some new models during this time? Isn't it?
- Suresh Kumar Poddar:** You see, one thing we have just started 10 years back applying to USA in automotive industry, and automotive industry suppose like Mercedes. We are supplying since last one year. Now they are confident with our supplies and quality and they are ready to give us a business in USA. They have huge business in USA, South Africa is nothing. The question is if you go to any new supplier, first they will judge and especially automotive industries are very, very systematic professional, they will just like that. They will not give you the business. First of all, you have to approve the quality. And the quality means there are so



Mayur Uniquoters Limited
August 10, 2022

many things which has to meet their specifications. And that is specification, also, they not only believe on our testing, they will guide that, okay, you get it tested in USA, or you have any somewhere wherever they identify their own reliable test. So these things takes very long time. So this what we called about this Mercedes Benz, you know, it took us two years. I had a German salesman, in Germany and I'm paying EUR 8,000 per month. He was able to just get in touch, whereas he was supplying genuine leather and he has contact with everybody, but just to get them agree that, okay, you can give us the sample. You can move on. It took two years. Now you can understand how much time it requires to get the approval. And second thing you have to give very, very fast because they generally keep two suppliers. One of the business, big business, we lost one order and that was a good business. So we are becoming now third supplier, but somehow they have accepted us, but it takes long time. It will, as I told you, you will see from '23 – '24 and '24 – '25. Our service is so good that they are getting frustrated with the existing supplier. So that's why when these guys are in the problem, then only they give a thought and they push the supplier to supply them. Otherwise, if they are happy, they -- it takes very long time to get into it. But I'm trying to get into the items which are not – they are already done by someone else in that also I'm going to get entry in '24 – '25. Already, our product has started improving.

Moderator: Thank you. We have a next question from the line of Devansh Nogotia from SIMPL. Please go ahead.

Devansh Nogotia: Yes. Yes. So thanks for the opportunity. If you can just highlight how much -- if you can just modify the an ATT percentage and have we seen... So for PU, if you can just clarify on the ATT percentage and how realizations for PUhas improved for us. And if you can just give a sense on how import substitution has happened over a period of time, let's say, what was the quantum last year and how that input substitution is playing out in India? So some perspective, if you can give for these three, four things regarding to PU.

Suresh Kumar Poddar: So for PU is concerned, as I told you, and in the previous conferences also have said, there is lot of manipulation in import, in respect of prices, even they are showing 20%, 30% prices. If you are buying something in \$3, they are billing in \$1. Nowadays they are started playing with the quantity also, if one container has say 40,000 meters, they will show 20,000 meters. That's why we have tried our best and put up, anti-dumping duty that whatever price you declare, certain amount of duty you have to pay. And that started coming up now because you know, the market was already bad in COVID. And so the traders has got lot of stocks. Now they have to clear that stock and the new stocks, they have to pay more price. So what we have seen in last one month, the gap of the price between China and our material has reduced. So it's a matter of time. And I tell you now, as in Mayur Uniquoters, what I'm doing, I'm going for the technical client. I'm going for the client who are in medium range or high range, because in this industry with the bottom range, there is huge market. Every month I can put one line for next 10 years, but then you will get nothing. I don't want that. So I am already approaching whether it is export because from India not a single person who is able to export to these automotive industry. And even in China, China is exporting to these European and American countries and they have also got a collaboration with either Europeans or with Canadian or with, you know, America. We are the only -- I am the only company who is supplying directly. So every now and then I get the offer for these guys. But the problem is when you go for collaboration from the beginning, everything is good, but gradually they start eating you. I have decided I will not go for any joint venture because in joint venture, what you need, you need -- you should able to make the quality of the product, which you best supplier is able, and then you should have a capacity. So that's what I'm getting. What if us today, if any big company who is run with too much turnover and all that, that is run by the people, you know? Main thing you have to have a people like R&D like your machinery, those things, you have to have good machine and R&D and you will definitely get successful.



*Mayur Uniquoters Limited
August 10, 2022*

- Moderator:** Thank you. We have a next question from the line of Peter Agnel from Ksema Wealth Management Pvt Ltd. Please go ahead.
- Peter Agnel:** Sir, I was wondering if you could provide the revenue split by geography and customer segment.
- Vinod Kumar Sharma:** In export it is INR 50 crore we are talking about Q1. Okay. in export we have INR 50 crore and out of that export general is INR 18 crore and export OEM is INR 32 crore. And in domestic OEM, we have INR 36 crore replacement, INR 44 crore, footwear INR 63 crore and furnishing is INR 6 crore and balance others you can take out of INR 200 crore.
- Peter Agnel:** And this is in this quarter?
- Vinod Kumar Sharma:** Yes.
- Peter Agnel:** And by chance can you providers us for FY '22 and FY '21.
- Vinod Kumar Sharma:** Yes, You can drop your mail. I'll send you.
- Moderator:** Thank you. Due to time constraints, we request participants to ask only one question. We have a next question from the line of Shalini Gupta from East India Securities. Please go ahead.
- Shalini Gupta:** Okay. So sir I just wanted to understand if an investor has any queries, how to get in touch with you because I've been trying for the last two or three months, and I've not been successful. So what is the best way to get in touch with you people?
- Vinod Kumar Sharma:** You can drop mail, drop the mail to me and peer to CMD. And you can talk to me or phone also.
- Shalini Gupta:** No, sir. The people at the reception do not connect to you.
- Vinod Kumar Sharma:** They might be because of some meeting or some busy schedule with the work. You can talk to me on mail also.
- Moderator:** We've lost our connection. We'll take the next question from Awanish Chandrai from SMIFS Ltd. Please go ahead.
- Awanish Chandrai:** Very quickly, sir. This PVC prices has come down from the last quarter. So did we book any inventory loss during this quarter?
- Vinod Kumar Sharma:** Not in this quarter.
- Awanish Chandrai:** Okay. So more or less our prices was similar to last quarter four?
- Vinod Kumar Sharma:** No, no, it is better even, even better.
- Awanish Chandrai:** Okay. And very quickly, the last question, how much was the PU performance, PU sales during the quarter?
- Vinod Kumar Sharma:** In volume, it is INR 7 crore. Value, INR 7 crore.
- Moderator:** Thank you. We have our next question from the line of Rishabh Bothra from Anand Rathi. Please go ahead.



Mayur Uniquoters Limited
August 10, 2022

- Rishabh Bothra:** Hello. Congratulations for good set of numbers. Last quarterly, you mentioned that there were some issues in terms of airbags in automotive space wherein the OEM – I mean the replacement segment was not that encouraging, how do you see things going forward in this space?
- Suresh Kumar Poddar:** See the government is telling that you have to put the air bag from this and this, but that is not happening because that is not practical. So it'll happen definitely, but it'll take time. And in the meantime, we have started new aftermarket business, the car seat you have put foot mat, we have started foot mat also in the aftermarket and other suppliers also started working. This month we supplied more than 30,000 meters and it is going to increase because we have just started, I don't think overhaul, there will be much difference in aftermarket. And furthermore, mainly aftermarket we were doing with Maruti. Now, the other companies has also started working on the same way. So actually, number of players are increasing, previously, if you have a Tata car, you go in the market and replace it. But in Maruti they are compulsory. They have to buy from Maruti and sell after market from their dealer. The same thing is started with some other company also like Tata has also, so this business will increase and the automotive market is increasing. There is only some drawback for few months, or one year you can say, because of chips problem, how that problem is seemed solved. India is also going to make chip. So I think the matter of maximum 1 year, but however, we are not worried with that. Because we are entering in many new models. Our business will automatic grow.
- Moderator:** Thank you. We have our next question from the line of Deepak Lalwani from Unifi Capital. Please go ahead.
- Deepak Lalwani:** Sir, for the PU plant, you mentioned INR 7 crore for the quarter. So what, what ramp up do you expect for the entire year and similarly if you could give the contribution of the Merc and Volkswagen business for this quarter and what do we expect for the full year?
- Suresh Kumar Poddar:** See that I can't tell you immediately, you please write us email. We will send you the details. This year also we suffered the business because of the chips. In between four, five months last year, it was like that they had to close down their factory in some months for 15 days in some months for 7 days, but now it's improving. In Europe also and South Africa also. The advantage with Mercedes and BMW is the prices are higher, at least 20% than USA, so naturally turnover also increases.
- Deepak Lalwani:** And so for '24, '25 what are the growth drivers apart from PU. So basically what gives you the confidence that....
- Suresh Kumar Poddar:** I told you that saying much better, it's very difficult now to say that this will happen. You know, I'm very opportune and there is no doubt that the business is going to increase. There is no way out because another thing they are now, automotive industries are replacing genuine leather with artificial leather. Now we are moving onto the PU business also. I mean, they are two kinds of PU. One is what we are manufacturing in Gwalior, another is high solid PU. Now the automotive industry are started using PU in automotive industry is the replacement of genuine leather, right? So fortunately, we are approved in Chrysler on that PU also, which is, you know, \$24 and here the PVCs are \$7.50, \$8 or \$8.5. I'm working very seriously on that also, most probably from Thailand or Myanmar, Thailand country, I think we are going to get the orders because Chrysler has got their unit over there, supplier over there who is making seats for this material. And there are hardly any two or three manufacturers in the world of this kind of PU. And therefore everybody was having monopoly. Now they are, everybody's interested with us. Of course we will give little less price also, but still it is very profitable. I'm working very seriously on high solid PU for automotive industries. Secondly, this SUVs in the third row where they started using PVC, even in the big Mercedes and all those models, the placing leather and in general car also in your sitting area and back area, they're using leather rest. They are using all artificial. So the



Mayur Uniquoters Limited
August 10, 2022

artificial market will increase and it is increasing. There is no doubt, especially in automotive industry. And in footwear industry also, we have started contacting all the big models, those big names, big brands, which are sold in all over the world. We are in a very close contact with few of them. That also these things takes time, but the future is good because you know, Mayur is not confined in one place. If you have to sell the better quality and the high prices, you have to go for these guys and to go for these guys and then getting business and then starting supply takes time. But we are on that line.

- Moderator:** We have a next question from the line of Pritesh Chheda from Lucky Investments Managers Pvt. Ltd. You're requested to ask only a single question. Thank you.
- Pritesh Chheda:** Sir what is the volume expectation have for '23 for PU plus PVC leather combined? Current year?
- Suresh Kumar Poddar:** It should increase about 15% from last year.
- Pritesh Chheda:** This is PU plus PVC combined.
- Vinod Kumar Sharma:** Both.
- Pritesh Chheda:** And after this PVC price correction what is the expectation on realization change, if any, on the downside for us?
- Suresh Kumar Poddar:** So realization, you know, it depends, and now you know, the prices have started going down, rasin prices also is going down. Other prices are stable or increasing, so the prices are coming down. We have also started reducing the prices. So you know what we feel from current situation, that within one year time, the prices should come to the whole situation. If the things continue like this, because there is a big sale problem also in the market, because of so much increase in the prices. The sales has gone down in few areas like footwear sales are down compared before, cause the price increased rapidly. I mean, between 30% to 35% price increased with time. So naturally it makes some different.
- Pritesh Chheda:** Okay. But with the mix change where you are gonna supply on the export side, where it is higher price, even Kia is higher priced, even Volkswagen is higher price, some total of all, do you see a price drop still, or you don't see a price drop, realization drop, sorry?
- Suresh Kumar Poddar:** Of course, no, but why the relation will drop, you know, realization will drop means same thing is the profit that how much percentage of profit you are doing suppose it was 30% increase and when the prices decreases your top line decrease. But still I am saying that in spite of this, the top line should increase 15% this year. Already prices has started going down.
- Pritesh Chheda:** So volume growth will be -- so then the volume growth will be higher than the top line growth. I'm just clarifying.
- Suresh Kumar Poddar:** As I told, there are so many models coming up, so volume will definitely increase, will be higher.
- Pritesh Chheda:** Will be higher than your revenue growth.
- Suresh Kumar Poddar:** Yes.
- Moderator:** We have a next question from the line of Rohan Advani from Multi-Act Equity Consultancy Pvt. Ltd. Please go ahead.



*Mayur Uniquoters Limited
August 10, 2022*

- Rohan Adani:** Yes. So thanks for the opportunity. Congrats on a good set of numbers. In an answer to an earlier question on succession planning. You said that your son is back in the business. So just wanted to understand in what capacity has he joined and what are the key responsibility areas that you're undertaking? So my question was Poddar sir, in one of the earlier answer said that his son is again, coming to the office and is back in the business. So I just wanted to understand in what role has he joined and what are the key responsibility areas that he's looking at?
- Suresh Kumar Poddar:** I told you that he has came back after long time. First of all, he is observing at least two, three months, he will observe key area and then I will start giving in the one by one, all the, you know, different areas. And to having that full control, it'll take one to one and a half year.
- Moderator:** Thank you, ladies and gentlemen, due to time constraints, that was the last question of the day. I now hand over the call to the management team for closing comments over to you, sir.
- Suresh Kumar Poddar:** Thank you. All the investors for joining this call. And I can simply say that the future is good and which you can see. And if you have any further inquiry, anyone please, you can write to my CFO, we will answer your questions. And I assure once again, that future is going to be a good, you will not regret buying Mayur share.
- Vinod Kumar Sharma:** Thank you.
- Moderator:** Thank you, sir. On behalf of Monarch Network Capital, that concludes this conference. Thank you for joining us. And you may now disconnect your line.