



“Mayur Uniquoters Limited
Q4 FY2022 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Q4 FY2022 Earnings Conference Call of Mayur Uniquoters Limited hosted by Monarch Network Capital. 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 phone. 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, Margaret. Good afternoon everyone. On behalf of Monarch Network Capital, it is my 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. Thank you and over to you Sir!

Suresh Kumar Poddar: Good afternoon everybody. I welcome all of you to the fourth quarter and the year results, the CFO will start the speech after we will start the question and answer, do not hesitate to ask anything, I am here and Mr. CFO is here to reply. Thank you.

Vinod Kumar Sharma: Thank you, Sir. Good afternoon, dear investor and analyst. Ladies and gentlemen, it is a great pleasure to be here to share with you the performance of Mayur. Thanks for giving your precious time to join Mayur Uniquoters Limited Q4 FY2022 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 deliver exemplary performance in past years both in national and international business markets. The markets are fully open in the second half in the year, but the automakers are still facing the production problems due to shortage of semiconductor chips in international market and because of this our OEM exports sale is impacted in the quarter; however, we are hopeful to regain the OEM sell and demand from the international market after four to five months.

Now, I would like to start the financial highlights for Q4 FY2022 under review. We will also reply your queries if any after our review on the financial results for the quarter. The company has achieved revenue from operations on a standalone basis amounting to Rs. 147 Crores, PBT 25.5 Crores and PAT 19.5 Crores during the quarter, which is in fact decreased by 13%, 12% and 11% respectively from the last quarter.

The revenue from operation on consolidated basis is 162 Crores, PBT is 33 Crores and PAT 25 Crores and also had decreased by 10%, 5% and 4% respectively from the last

quarter. Our endeavour is to make the company a preferred supplier for the leading OEMs especially in US and European region, we are also pleased to share that the company is already approved by Mercedes Benz in South Africa, BMW and Volkswagen in India, carmaker and supply also started Mercedes and Volkswagen for the new models.

The product supplied to BMW is also expected from January 2023 and our company also entered into the cell agreement with Bakson India for our products supply to clear Kia and Hyundai Motors in India as well as global market. Regarding our PU plants almost all the project activities are completed now except some small civil and site development work. They have also decided to put up a work knit plant at PU plant site, which is expected to be completed in current financial year. While pursuing our business interest, Mayur Uniquoters has also been endeavoring to fulfill our responses to the society. Under the Corporate Social Response Programs during COVID pandemic period and COVID days, the company has done vaccination programs nearby villages, staff members in both the plants besides contribution to foods, oxygen and donated safety kits and oxygen concentrators, etc., to the hospital, police stations and industries association through CIIM association.

The company is also adopted many happy schools for education of children and the company has worked on education especially for the girls and underprivileged child education. Various healthcare initiatives especially child skill development, water for all, sanitization in school area, distribution of books, clothes and most importantly family planning and family welfare schemes.

The State Government has also recognized these initiatives taken by Mayur from various platforms and we are thankful to all the investors for their valuable time to those who became the part of this conference call and with this positive note, I would like to conclude and request you all to open the forum for questions and I also request because of time constraint, we need to end this call within 45 to 50 minutes and therefore request kindly avoid repeated questions and looking to bucket and competition volume data will not be discussed, so please avoid volume-related queries also. Thank you

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda:

Sir, since the beginning of the year we were hopeful that we will ramp up supply with Volkswagen and Mercedes in South Africa, which is a high realization product for us in

the last quarter, just wanted to understand what exactly happened there, any case Volkswagen was a new client and Mercedes is a new client, so your comments on that?

Suresh Kumar Poddar: The chips problems, semiconductor problems is going on from last one year, whatever projections they have given so far as Mercedes Benz is concerned, it was quite low not even 50%, but from last two months it is doing very well, so that is one thing I have spoken about Mercedes Benz and now Volkswagen we are doing okay business, there is no issue, no problem whatever they have said, they are buying only thing which has happened because of this quarter four result, aftermarket was a very big market, we were doing about 7 lakhs meter per month, but this quarter, which is not more than 3.5 to 3 lakhs meter because now automotive industry has decided, the government has told automotive industry, they have to have working for 53 year as well, they have made it compulsory to start airbags in all the cars, so the problem is when you have airbag in all the seats, frontseat, backseat, so for the replacement workers it is little difficult to make of that capable of able to put it with the airbag. They are working on it seriously and finding some solutions and hopefully that solution will come and it has started coming for this quarter is improving, not as the old one, but it is improving, so the main reason of this quarter is this problem because of this problem was aftermarket. Insofar as profit is concerned you have seen it has come down by 6%. Are you clear or anything else?

Pritesh Chheda: I will just have a followup, so just wanted to understand this Mercedes, there is zero volumes in the quarter, there is no pickup, how should we read it?

Suresh Kumar Poddar: This quarter it has increase to 30000.

Pritesh Chheda: This quarter means the quarter gone by March or the quarter which is going to come in June?

Suresh Kumar Poddar: Quarter gone by March was now, April, May, June, there is good improvement.

Pritesh Chheda: So between December and March, it has gone down and now there is improvement?

Suresh Kumar Poddar: Yes.

Pritesh Chheda: What you mentioned about the replacement market just because cars are being fitted with airbags, so it becomes difficult to put up a seat cover on it, that is how it is in the aftermarket?

Suresh Kumar Poddar: That they are working out and government has said that from October, you have to start so that is why nobody was keeping the stock also and people were scared, but the way

things are moving it is impossible to start from October because they have to also prepare a lot of things, what we have seen in this quarter, this is improving by 50%.

Pritesh Chheda: In the June quarter?

Suresh Kumar Poddar: Yes.

Pritesh Chheda: The volumes which are down from 7 lakhs meter to 3 lakhs is back to 4.5 lakhs to 5 lakhs meter?

Suresh Kumar Poddar: Yes.

Pritesh Chheda: Sir, just last question, so based on whatever FY2022, I know you do not share volume, but if you could just share the volume growth or decline number and what is the expectation for volume growth in 2023, in 2022 what it was and in 2023 what are you expecting?

Suresh Kumar Poddar: What they are expecting in 2022-2023 and what was in 2021-2022 that is right?

Pritesh Chheda: Yes, Sir.

Vinod Kumar Sharma: In the 2021-2022, our volume was 2 Crores 48 lakhs this year I think COVID things are moving it should increase by 15% to 20%.

Pritesh Chheda: Then how much did it grow in 2021-2022, that 248 lakhs meter, the growth was?

Suresh Kumar Poddar: 28%.

Pritesh Chheda: 28%,

Vinod Kumar Sharma: Between 2021 and 2022? 7.5% growth that is in volume wise and value wise 26%.

Pritesh Chheda: Thank you.

Moderator: Thank you. The next question is from the line of Depesh Kashyap from Equirus Securities. Please go ahead.

Depesh Kashyap: Sir, thanks for taking my question. Just wanted to understand how is the demand that you are seeing across various segments, you have already talked about auto and the replacement market, so if you can talk about footwear?

Suresh Kumar Poddar: For the supplier?

Depesh Kashyap: Yes.

Suresh Kumar Poddar: Footwear is down because there was a 5% GST, which government has increased to 12%, so in the last quarter the sale was very down, although our sale of automotive was not that much down compare only that replacement work it was down, but footwear is really down, now it is improving because the season starts from April, May, June July, I mean Deepavali their market is going to be good only one month will be bad, then the full rainy season starts, otherwise, this year the footwear sale was down practically.

Depesh Kashyap: Got it, Sir and about the PU plant, how much sales did we do in FY2022 and what is the expectation now going forward like you are doing a backward integration also, so how is the sales happening in this?

Vinod Kumar Sharma: Total sell with PU plant approximate 27 Crores in FY2022 and quantum volume wise it was around 8 lakhs.

Depesh Kashyap: Still very low as compared to 120 Crores production that the plant, right, so how we are looking at this?

Suresh Kumar Poddar: As we had told previously also there is a lot of manipulation going on in the import because all the suppliers are importing from China, we are manipulating in quantity, they are manipulating in prices like hell and they sell the products which are at \$2 they sell at about \$40, now we have had talks with the government, we have made antidumping duties on all the products, now the gap will reduce considerably, but still we are managing with the good customers, now the gap is reduced to between Rs.25 and Rs.35, so I hope the sale will at least 30% to 40% sale will increase in this year and maybe if the things happen like this maybe in 2023-2024 we may able to reach the full quantum maybe, I am not sure, but this year it will definitely increase 30% to 40% and after that year also I hope to increase by 30% to 40%.

Depesh Kashyap: So, we are not increasing the line of PU line, initially you are planning to put one more line of PU, so that we are postponing?

Suresh Kumar Poddar: Today, I am running one shift as soon as we start running second shift I will order for the line, just to order the line and install it, so it has everything is ready I do not have to do anything and in six months we will be able to start a second line whenever we get the order.

- Depesh Kashyap:** Understood, last question, Sir, what is the capex plan for FY2023 and the 47 Crores capex that you have done in FY2022, what was that regarding, Sir?
- Vinod Kumar Sharma:** In FY2023, we are planning to do capex of around 51 Crores in which 50% will be spent on putting the work knit plant in Gwalior more in the PU plant, and remaining will be incurred at the Dhodhsar plant for embossing and some other activities, which will add some value addition or capacity expansion.
- Depesh Kashyap:** Got it, Sir and 47 Crores in FY2022, was spent on what?
- Vinod Kumar Sharma:** It is also incurred in Dhodhsar plant on lamination plant and other expansion.
- Suresh Kumar Poddar:** Today we have put up one printing line, one embossing line because you have put up one coating line, which has already started, so to fulfill that you have to have embossing, printing and then perforation these three machines we have put up new machines in last year.
- Depesh Kashyap:** Got it, Sir. Thank you, Sir. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Rishab Bothra from Anand Rathi. Please go ahead.
- Rishab Bothra:** Good afternoon, Sir. I just wanted to understand you mentioned that because of ADT around 25% to 30% incremental revenue will be available in 2023 and 2024, correct?
- Suresh Kumar Poddar:** Yes.
- Rishab Bothra:** This is only the rate in DP has imposed or there is quantum, there is some import as well, I mean you mentioned some sense in terms of rate, rate of antidumping duty, so I just wanted to understand is there quantum restriction also which can be imported or there is no quantum restriction?
- Suresh Kumar Poddar:** You see, I have already spoken to you that 46% antidumping duty has been placed that has already started from May 25, 2022 and as I told you the difference of the prices will reduce. A lot will come to China price because of these manipulations and then China is making huge quantity that is why their cost is also much lower than us, now we are working very seriously on manufacturing PU chemical also to fight with them and we are talking to the government that how we can reduce the import duty on PU chemicals, so that we remain competitive with China. There are also so many manipulations. You know in China, people are showing double the rate in their customs, so that they can get their

13% export benefit so that benefit they can get and they can reduce the cost, so these things are going on, but until and unless we have to fight with all the raw materials, now why we are putting this work knit plant in Gwalior because in PU, here we have got 47 circular knitting machines and in PU most of the material is work knit, we have order for the machine of work knit also, within the next nine to ten months we will start that and there is huge difference between imported this work knit material and local material, now local material, which we are getting I am not happy with their quality, why we have started circular knit because we are buying previously circular knit also from Indian market, but there used to be always problem in development and all that, so we have decided to start this work knit work in Gwalior, so that our cost is reduced and we can make so many changes in the quality of the fabric to reduce the cost, to immense the quality. My third stage is growth of PU. Now problem is that PU production is not that big because I am working on having a joint venture with some of the PU chemical manufacturers, the main problem coming off the quantity, so after this antidumping duty we are very hopeful that in next two to three years' time, the quantity will increase, so I see a good future in the future for PU, because once we start making PU chemical here then we can beat China, now we are beating China in PVC and no PVC is important in the India, the reason is that we are self sufficient in everything in PVC and PU also so far fabric is concerned there is no issue. The only issue is that PU chemical, that we are working on it and I am very hopeful that something will come out. Gradually this antidumping every single competitors, I mean those who are importing from China they are against us, but with the lobby and all that we are able to make it happen like that also in one shot you cannot do so many things for that we are working with three, four companies who are manufacturing here, we are working on reducing the duty also, but only reducing duty because duty is not much 10%, it will reduce maybe 5%, but that will not make very big difference, now the difference will be there by manufacturing it, I am working with the technical and also with some of the good Chinese manufacturing from whom we are buying the chemicals, we have already got, the only thing is quantity, so that will happen within a year's time or one-and-a-half year time.

Rishab Bothra:

Just wanted to understand the industry dynamics, in PU and PVC we are self sufficient, but what would be the quantum of import still happening in this and what would be quantum of imports happening in PU, if you can mention, we are 20% domestic manufacturing, 80% still relying on imports, how is it on both the PVC and PU side?

Suresh Kumar Poddar:

Now in India at the moment PU is hardly 10%, 90% is PVC.

Rishab Bothra:

Both our market, Sir?

- Vinod Kumar Sharma:** In India we are manufacturing 90% PVC and 10% PU, it means 90% is getting imported from China.
- Suresh Kumar Poddar:** No, you are asking PVC and PU, right?
- Rishab Bothra:** Yes that I got it, 90% imports in PU and 10% imports in PVC, near about?
- Suresh Kumar Poddar:** Not import, I am saying the consumption. Consumption in India is not even 90%, 95% consumption is PVC and 5% consumption of PU. PVC is not imported in India because the cost benefit is not there why anybody will import.
- Rishab Bothra:** Got it, but what is the mix for PU, import and domestic manufacturing?
- Vinod Kumar Sharma:** Can you repeat your question?
- Rishab Bothra:** What is the mix for PU in terms of imports and domestic manufacturing?
- Suresh Kumar Poddar:** PU import is at the moment whatever is requirement this manufacturing is not even 5%, 95% is import.
- Rishab Bothra:** And other than us, anyone else is manufacturing PU, I mean are we the manufacturer or there are few small players as well?
- Suresh Kumar Poddar:** There are four manufacturers in India. In PU there are four manufacturers in India including Mayur at the moment and all the four they are not making even 5% of the requirement of India of PU that means 95% of the requirement is 100, 5% is produced in India, 95% is imported vis-à-vis 96% to 97% and the main reason is the prices, now we are in a position to make any kind of material, which are imported in India from China, Mayur is capable of manufacturing that and that been proved and some people are buying who are exporting because in China there is a problem for the quality also, but because of so much difference in the prices, we were not able to compete, now we will be able to compete maybe this from 5% increase to 15%, 20% and once we start making PU I mean within four to five years PU will also wiped up, so for that we are working.
- Moderator:** Thank you. I would request Mr. Bothra to rejoin the queue for followup question. The next question is from the line of Aman Agarwal from Carnelian Capital. Please go ahead.
- Aman Agarwal:** Sir thanks for the opportunity and congrats on a good set of number. So, my first question was mainly on the raw material price increases, so how much of the price increase we

have been able to pass onto the customers and how is the outlook there in terms of prices?

Suresh Kumar Poddar: In this year our raw material costs has increased by 6% compared to 2020-2021, I mean whatever we have passed on, we have passed on 6% to 7% less because the prices has increased tremendously, we have increased in the whole year about 27% to 30%, but the price of PVC chemicals, like PVC, resin and plasticizer increased 80% to 90% and the problem is that all the PVC manufacturers or plasticizer manufacturers are the big companies, they immediately increase the price, but when we go to the customers they do not give it from tomorrow because there are line of customers as I told you in PVC Indians are not able to import because of the competition, so there are so many manufacturers in India of this PVC leather, so it is like that those who buy the materials daily and sell them, those who do not have any accounts, if they sell it at Rs.10, Rs.5, they will start selling. That way you know it is not easy to pass on to the customers the same price that is why our profit has been reduced, our competitor, they have large percentages if they have raw material, but they have to run the factory, so what will they do, I am not doing like that and that because we work in so many areas, we have exports, we have general export, automotive export and we are working with very strong companies wherever we are exporting and in India also, we are not working with cheaper product.

Aman Agarwal: Thank you for that answer. My second question was on this in Bakson India new orders which we were talking about in the earlier commentary, so how much would be volumes of this tie-up with Bakson India and Kia plus?

Suresh Kumar Poddar: I mean the volume what they had predicted this year between 20000 to 30000 per month, then we have got a very good relations with Bakson because this Korean companies they always keep a Korean person in between they do not deal directly, so this guy with whom we have tie-up is manufacturing PU and without manufacturing PVC and he has got a very good hold in Korea today so that is why he is able to get us into this business and now the same thing they are producing uses quantity in Korea also, we are just saying let us work for six months if everything is alright, which will be then we will work with the Korea also, there is a price realization is also better and the quantity is also about 30000 to 40000 what he said and then he is prepared to give us other part of the world like Europe, America because he supply PU everywhere, wherever Hyundai is there, so he will try everywhere wherever he is selling PU he will try to introduce us in PVC, it will take time, it cannot happen tomorrow, the whole thing will take at least three, four years, but it will keep on going every year, so this is one very good thing and is asking us for PU also if we can compete, so we are working on that also, they have given PU sample also, in two, three, four days we will make the sample and then see what is the price plus

from Korea there is one advantage there is no import duty, let us work it out, I mean this is a good opening from Mayur point of view because this is the addition.

Aman Agarwal: Sir, a bookkeeping question mainly, so on the other income side in this quarter we have basically retired around 7.5 Crores to 8 Crores versus around 2 Crores, 3 Crores on a regular basis, what caused this increase in leather income in this quarter for us?

Vinod Kumar Sharma: Can you clear your questions and speak slowly?

Aman Agarwal: Sir, on the other income side in this quarter we have slightly higher other income compared to the previous quarters, I was just trying to understand the reason for the same?

Vinod Kumar Sharma: Basically in other income it has increased because of fluctuations in the foreign exchange and our investment incomes, dollar prices have increased, know?

Moderator: I am so sorry to interrupt you, Mr. Agarwal, may I request you to come back in queue for followup questions as there are several others waiting for their turn as well.

Aman Agarwal: Yes, sure.

Moderator: Thank you. The next question is from the line of Anil Sharma from InCred. Please go ahead.

Anil Sharma: Thank you. Sir, just a question on after the ATD and the opportunity for PU is so huge 95% is imported, so would you prioritize new PU lines or you would focus on PU chemicals to make it integrated first?

Suresh Kumar Poddar: We have to focus on both, we have to focus on PU chemical important and as well as to produce more and more PU with imported PU also, as I told you that we are able put 46 cents antidumping duties that will also help us and one thing more you know there are two kind of PU, one is wet PU, which we are making in Gwalior, other is the dry PU in the same machine, which we are using here in Jaitpura and Dhodhsar for that also we are making high solid PU and we have got an approval in America Chrysler Company for their Malaysian Plant and that is more than \$20 and some trial order what we have got, we have sent them 600 meters, 700 meters maybe in next three, four months we will start selling them at least 15000 to 20000 meters, then when after that we will start with Chrysler also so we are working in all the front, PVC, isolate PU, wet PU, so today any kind of material in the world is being manufactured any part of the world we can make that material, of course it takes time, but we are capable.

Anil Sharma: Sure, that is interesting, second point is in the ADDU one of the manufacturers in China has been exempted from this, so two questions, one is what is the risk from this manufacturer and also can imports be rerouted from other countries wherein so this...?

Suresh Kumar Poddar: We are working hard on all the areas, they are trying to come through Vietnam and all that, now we are working with the government, I have you spoken to VRI people also that something has to be done, one side Modi Ji is saying Aatmanirbhar and on the other hand, all these are becoming commercial, from where do you think Aatmanirbhar will come, and that is the policy of Modi Ji, and he says that the antidumping duty has come in otherwise everybody was telling it is impossible, it cannot happen because all the footwear manufacturer and all the other states, but even though it has been done, so I am very hopeful in the matter of time.

Anil Sharma: Sir, last question is since this duty exemption or duties for a five year period between the three and four manufacturers, how much do you think can India take market share from 5% today in the next five years?

Suresh Kumar Poddar: So, the way things are moving if some other things does not come in between then it will increase. Nowadays what happens is that the production is not more, while the sale increases, naturally other people will also come and I am not worried for other people to come because the market will automatically increase. Now what is happening? We are only pressurizing the PVC. Who is pressurizing the PU? We have four companies, and those are doing the pressurizing the PU. If in the next year or so, if we have 10-15 companies so I think it is better, I am not worried with that, today you know there are more than 150 companies who are making PVC leather cloth, but we are still fighting, and we are number one, so what is the main thing, one should never worry about the other people are coming in if your R&D is strong, if you have got a good machinery, you have got a good people, you will fight, I am not worried, rather I am happy that so many companies come, so that the raw material will become cheaper then it depends on your technology, who is doing like this, who brings the materials from Taiwan from day one, nowadays we are capable of doing everything, which can be done from PU. So the people are buying. From that itself we are not selling any cheaper materials. There are high quality materials, upper material is there, those are being sold, but we are selling less. There is not going to be any issue.

Anil Sharma: Alright, thank you so much and wish you all the best.

Moderator: Thank you. The next question is from the line of Manjeet Buaria from Solidarity Investment Managers. Please go ahead.

Manjeet Buaria: Sir, thank you for taking my questions. I had three questions, the first ones was on this PU for auto OEM exports you briefly touched upon the opportunity with Chrysler for their Malaysia plant, can you bit just expand a bit more on that opportunity because we have been working for PU in the auto export market?

Suresh Kumar Poddar: See, what is happening, I am talking this automotive market, this high solid PU what is I am talking is for the automotive market not for the general market because it is very expensive more than double than from wet PU right. Now there is only two manufactures in the whole world, one is in Europe and one is in Japan, third is Mayur, which could enter these two guys now because the prices are so high, is not that it can be used like PVC gradually they are putting up and what they are doing, they were placing leather because leather is still with this \$20 is more than \$50 for a square feet if you convert in PVC with cutting difference and all that, so what they are doing slowly they are trying to replace leather even in PVC high quality PVC, today the PVC which I am supplying to Mercedes-Benz in South Africa, they are replacing leather in their high quality car also. There are three parts, one is front driver part, then second is back part, and third is last one, so in last one from leather they started shifting to this PVC and PU so this is happening gradually and it will keep on happening. Nowadays you know in automotive industry, there are three kinds of products are used, one is artificial leather, one is genuine leather and then fabric. Now in some cases fabrics are also replaced with PVC leather because the automotive fabric prices are very low compared to our best quality of PVC leather, which is introduced by this high about 40 Lakhs, 50 lakhs vehicles they have placed leather cloth only so what I mean to say is gradually it will grow, you will also grow, but you will grow very, very slowly because of this price. There is Diakson and now in some cars they were using wet PU and Diakson and was supplying now to reduce the cause they have gone to high quality PVC, whose price is much cheaper than the wet PU, so you see everybody is looking for a change and how the price can be reduced. If you sit in a vehicle, you will not find any difference between the quality of genuine leather and PUC. The quality of artificial leather has increased so much, it is getting better and better every day, what will you do better in leather, whatever is there, they are processing it.

Moderator: Thank you. There is no response, we will move to the next question. The next question is from the line of Chintan Shah from North Star Fund. Please go ahead.

Chintan Shah: Sir, I wanted to know how much percentage of raw materials, we have imported in FY2022 and FY2021?

Suresh Kumar Poddar: Off the cup, it is not possible to tell you, write me a letter I will tell you.

- Chintan Shah:** Sir, can you give me the revenue breakup for entire year 2022, the export OEM and export and other subsidiaries?
- Suresh Kumar Poddar:** For PU, domestic and export?
- Vinod Kumar Sharma:** Domestic is 77% and export is 23%.
- Chintan Shah:** And the capacity utilization in PVC and PU?
- Suresh Kumar Poddar:** PVC is around 65% and PU 25%.
- Chintan Shah:** Thank you so much, Sir.
- Moderator:** Thank you. The next question is from the line of Hardik Samdani from Hexagon Assets. Please go ahead.
- Hardik Samdani:** Sir, good afternoon. My question is regarding when the cost of raw material and trade going forward normalizes does the company has to correct the pricing for its product going forward and if is it, how long does it will take for the company like till what time does the company have to correct the prices for all products?
- Suresh Kumar Poddar:** Correct these reductions?
- Hardik Samdani:** Yes, reduction.
- Suresh Kumar Poddar:** Actually reduction will happen, it is started, already happening because the prices have started falling down in PVC resin and plasticizer, but the way it has been increase it cannot be decreased like that because the main problem is the power and fuel prices have increased, coal prices have increase two-and-a-half time, so that effect is also there, post we are reducing some prices from first of this month coming month from June because PVC resin and plasticize is falling.
- Hardik Samdani:** Sir, followup question on this, should we expect any part of margin expansion going forward vis-à-vis with the elevated prices?
- Suresh Kumar Poddar:** Yes, of course margin will increase this way it is moving this year.
- Hardik Samdani:** Thank you so much, Sir.
- Moderator:** Thank you. The next question is from the line of Awanish Chandra from SMIFS Capital. Please go ahead.

Awanish Chandra: Thank you very much for taking my question and congratulations on a decent set of number in challenging time. Just one thing, I was asking regarding this new substitute what is the management of strategy from that subsidiary future outlook?

Suresh Kumar Poddar: For PU?

Awanish Chandra: For the new purpose in Mayur textile.

Suresh Kumar Poddar: You see, one advantage in artificial leather is there, there are so many areas where it is used I mean wherever fabric is used wherever genuine leather is used, artificial leather is a replacement, but we are selling B2B not B2C, so B2B you are dependent only on buyer who are making the final product, suppose today you are manufacturing a footwear you are getting money from your buyer that money you are not going to pass on to me because you are selling B2C and I am selling B2B, now in furnishing industry it is such a industry that suppose you want to change of the furniture of your house, so what you do, you go with the interior decorator, he takes you to the shops and there he shows the samples and then you buy, so we have started this company to go to the retail customer directly that means even if somebody wants 10 meter, 20 meter we will sell, but that price will be very high price naturally there is a difference of about 11, so to be in touch with B2C customer, we have taken this decision, we have already made six, eleven line within the samples and maybe from July and we will start distributing and one thing more find out that in PVC leather cloth whatever artificial leather is used 50% of that is consumed in furnishings, I mean chair, sofas, restaurants and all that, there is a huge market for this if you go and we can make good money also, but it takes time, but you have to start, we have already started, now let us see, I am very hopeful, already we have decided more than 180 district dealers all over India, all over India means, we are starting with north and then we will start other parts and we have a idea of having at least 1000 dealers all over India gradually and work happened immediately, so let us hope because this is another line, it is totally different line, once the brand name our idea is to popularize the brand name, today if I am supplying you, you are a manufacturer of sofas, chairs and all that, so you will buy the best entry, but once people know and if you know Mayur is there naturally as a customer and you will go to the shop and you will definitely ask him, can you show me the Mayur material, so once the brand name is famous then you can make money, now today all these brands, foreign brands what they are doing, they are buying all the material product like footwear and all that from third world country and just putting four times, suppose if the guy buy shoes in Rs.1000, their retail price is Rs.2000 so the brand name is very important, in my business the only brand name can work with the furniture that is why I am starting and today, we have very little business with furniture.

Moderator: Thank you. We lost his line. We will move to the next question. The next question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: There are two questions; if we put ourselves in your shoes, or rather if we put ourselves in the shoes of the investors, what is the planning for succession, so how should we think about it. We do not have any problems that Poddar Ji is in the company, so we do not have any issues, in thinking about that, and whatever time it takes, like you are saying that there will be some time, so that timing will be around two years, four years or five years, but from the mindset of the investor, what after Poddar Ji if we can get some clarity on this, because this is a question also that we need to ask you.

Suresh Kumar Poddar: In India professionalized company there is none. Whatever is professionalized then we have Polynova Industry or us. Now if you talked about the world four, five big companies of artificial leather they are all professionalized. There are hardly maybe one company who is an owner company, all are your friends company, investor companies and they have naturally professional people, now in Mayur also I have started that, we had a very good CFO. Now we had appointed a very good COO, who was handling eighteen company in previous company and gradually we will go for CEO also. So now I am working on how it can be professionalized. Now in professional you have to work with the professional companies, today in artificial leather the professionals who are there, they are either automotive companies or they have a very big footwear brand names, they a professional, other are not professionals, and those who are not professional one advantage we have is that whatever we are starting B2C and from my point of view, but you are thinking will definitely make it professionalized and we are making it, we are not wasting so much time and just looking at how we can expand, what new plant can come, what new ideas can be brought in and actually these guys whom I am bringing they are getting used to buy language, buy ideas, so definitely what we are planning is that in the next two years, I will try to make it totally professionalized. My job will be that okay, this is the line we need to go ahead with this kind of a product that is what we are doing. We have appointed a guy, very senior guy, you see like that we have to organize the good people that is what I am doing. We need to organize that and that is what we are doing.

Dhruvesh Sanghvi: This I can understand and this is one of the correct directions that you are telling us, but only one thing that haunts me is the leadership and whatever culture you established that whatever competition comes, we should not lose the margins, growth should come from all the segments, all areas the margins should go, this is what you are able to drive, to drive that some driver, generally Indian companies will have someone from the promoter group?



Mayur Uniquoters Limited
May 31, 2022

Suresh Kumar Poddar: That will also we will do. Do not worry.

Moderator: Thank you. I would request Mr. Sanghvi to rejoin the queue. Ladies and gentlemen, due to time constraints that was the last question for today. I now hand the conference over to the management for closing comments.

Suresh Kumar Poddar: Thank you for listening to me carefully and I assure you that Mayur will try to do their best and we are doing it for the benefit of the stakeholders and there is a huge opportunity. Now, I can see that golden plate is there. We have to catch it which we are doing it. Now you see we have had a European for R&D, now I am telling today you give me any product in the world, Mayur can manufacture. Now it is the time to expand the customer, which we are doing and we are getting it successful and I hope, not hope, I am sure that we will see the big change in next three years in the business. Thank you.

Moderator: Thank you. On behalf of Monarch Network Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.