



“Mayur Uniquoters Limited
Q1 FY2022 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Mayur Uniquoters Limited Q1 FY2022 Earnings Conference Call 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 the 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. Anubhav Rawat from Monarch Network Capital. Thank you and over to you Sir!

Anubhav Rawat: Thank you. Good afternoon everyone. I hope you and all your loved ones are safe and healthy. 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 Anubhav. Good afternoon dear investors and analysts. 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 Q1 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 delivered exemplary performance in past years both in national and international business market. As you are aware of the current market scenario the markets and car showrooms are opened but now the automakers are facing the production problems at their plant due to semiconductor chips shortage globally and that is why our OEM sale is also impacted in this financial year and is the same Q1. However we are hopeful to regain the OEM sales and the demand from the market back within next two, three months and now I would like to start with financial highlights for Q1 FY2022 and review. We will reply your queries after our review on the financial results.

The company has achieved revenue from operations on a standalone basis amounting to Rs.127 Crores and PBT is 23.75 Crores and PAT 18.09 Crores during the quarter, which is obviously higher over the previous quarter, but comparison is meaningless because the last year quarter was abnormally pandemic issue and our self was not at that level and consolidated basis our turnover is 118 Crores, PBT is 17.6 Crores and PAT 14 Crores. Our endeavor is to make the company as preferred supplier for the leading OEMs especially in US and European regions and we are pleased to share that your company has already approved by Mercedes Benz for supply to their South Africa plant and product supplies is also started with some quantity for the new models from this quarter. The product approval from BMW is also obtained and metal supply as we already told expected from April 2022. Regarding project PU plant project activities are almost completed except some civil and development work going on at the site. Small supply orders and dispatches also going on and we are expecting it to increase gradually.

While pursuing our business interest, Mayur Uniquoters has also been endeavoring to fulfill our responsibilities towards the society and that the Corporate Social Responsibility program the company has done three to four phases of vaccinations at the plant and nearby area for the villagers and its staff members besides contribution towards foods, oxygen plants and donated oxygen concentrators to the hospitals, police stations, industries, and associations like CII and ASSOCHAM. The company has also adopted many happy schools for education of children. The company has worked on education especially for the girls and underprivileged child education, various health care initiatives especially child skill development, water for all, sanitation in the school area, distribution of books, bags, clothes, etc. and most importantly family planning and family welfare schemes. The State Government has recognized these initiatives taken by company on various platforms and I am thankful to all investors for their valuable time to those who become the part of this conference call and with this positive note I would like to conclude and request all to open the forum for questions and kindly also note that the call time is for 45 minutes therefore I request you to avoid the repeated questions during the call and volume data will not be discussed in the conference please. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Pritesh Chhedha from Lucky Investments. Please go ahead.

Pritesh Chhedha: I had specific question on the gross margin so if you look at the gross margin for the quarter there is a significant difference versus what we would have reported in the preceding quarters anything to read there and my second question is we did about 27%, 28% margin on the past two quarters now with the export order getting incrementally executed and the Volkswagen order also getting incrementally executed as we go in the forthcoming quarter do you see those type of margins sustainable?

Suresh Kumar Poddar: Now your first question is regarding Volkswagen. Volkswagen has just started we have started selling that when they are coming with a new model it has gradually increased so Volkswagen business has already started supply has already started but from this quarter every quarter it will keep on increasing, and I think by the end of the fourth quarter we will be able to do the whole whatever we have predicted because anything which we start it go slowly, but by end of this year we will be doing 100% what has been projected in the last quarter, this quarter also July we have increased so it is already on the path of increase. Now so far as your profitability is concerned as you know everywhere the prices of raw material are increasing, PVC prices has been increased by more than 70% to 80%, plasticizer prices has been increased to 100% and all these increase started from the end of the fourth quarter. So fourth quarter is not affected because we had a lot of material in the stock generally we have 45 days stock of the specific materials so that was the advantage we have started increasing the prices, but the way the prices were increasing all these PVC resin and plasticizer manufacturers are the multinational company and without informing they just increased the price, on forward basis the prices are up to three days which is priced so that is why you will see the profit has gone down because our raw material prices has increased substantially so that was the one of the reasons that the profit has gone down and because if you compare with the fourth quarter the sale was fantastic 188 Crores but actually when your sale is

more than your expenses in percentage wise goes down so that benefit also we had in the fourth quarter. So now we hope that from this quarter it should do very good because what we have seen July is comparatively much better and August also we are full of orders and we do not see any problem I do not know what nature is that, but so far as business is concerned whatever fillers we are getting from all our suppliers that now onwards the thing should be much better.

Pritesh Chhedha: So with these price increases you see the gross margin 500 basis points which has come in should be recovered?

Suresh Kumar Poddar: Yes, it has already started recovering because in certain areas we have increased the price, certain areas in export the prices are increasing very slowly, but even though practically we have increased the price whatever we need to increase that has been increased and now that is why we feel that it should be better and now the prices have started going down also so in the first in July we have reduced the prices also because before that we have increased more than 30% prices with these increase so now since the prices has started going down we have decreased 6% in July but I think it is better situation.

Pritesh Chhedha: My last question is what kind of volume growth or volumes do you see in FY2022 whatever you are comfortable with?

Suresh Kumar Poddar: FY2022 volume the way things are moving what we have seen in July and what we are seeing in August already orders have started coming in a good way I think it should be better than 2021, 2021-2022 must be better.

Pritesh Chhedha: How much better this is?

Suresh Kumar Poddar: How much better is difficult to say but it will be better. It will be definitely better because currently this chips problem is affecting a lot like in India there is not that much shortage but in America there is a shortage, Europe there is a shortage but now that is why the business in May and June was bad if that could have not been bad then you would have seen much increase in the sales in topline and now the things has started becoming normal since last one week and they are saying predicting that by third week of August everything should be normal that is what feedback we have been given. Although there is not much difference in automotive industry in India but if you have seen today also we have seen in the newspaper that Maruti is facing problem but so far auto OEM domestic is concerned we are okay our sales has not gone down and from August 15, 2021, the export sale will also increase.

Pritesh Chhedha: Thank you Sir.

Moderator: Thank you. The next question is from the line of Viraj Kacharia from Securities Investments. Please go ahead.

Viraj Kacharia: I just had three questions. First is on exports so if you look at our auto OE exports in the last seven, eight years we had some good success in catering to foreign clients, but after a certain scale the business kind of plateaued and kind of moderate a little bit so since we have talked about Mercedes and BMW kind of adding those OEMs and bagging new models for existing OEMs what has been the challenge in terms of scale up because one more thing that since you are already supplying through them for so long they would have already appreciated our quality, cost competitiveness and all other parameters but that scale up has not really materialized in a big way for us, correct me, we would not be even be 5% of that sourcing for this PVC leather so where is the challenge and where do we see the business evolving from these two OEMs?

Suresh Kumar Poddar: You must understand one thing that automotive business is a very long-term business it takes time to get into it and it takes time to get out of it also because once they approved the supply till that particular model is not finished they will not change the supplier until unless there is a problem in supply or quality. Now so far as this quarter is concerned from April onwards or you can say from March this chips problem has started very badly otherwise if we go through January February this year 2021 it was fantastic sales were increasing like anything, seriously our FCA business was hardly say 130000 or 125000 like that which increased in January and February to 175000 to 180000. Suddenly because of this crisis the sales has gone down they have to close the business, now in America the situation is like this that they do not have a car to display in showroom the demand is fantastic, now it has started increasing from last week. Last week the sales was improved and now they say that by third week of August we will have original sales that is what they are saying and maximum you can take one week more so, so far business is concerned I do not see any problem in automotive sector and India is doing quite well there is no issue in India, we have increased the prices also when the prices were increased and they are giving us price increase also. So, so far as business is concerned in this year I am very much optimistic compared to last year. See in last two quarter it was fantastic sales in last year and this April was the record highest sale in Mayur's history but again that because of this pandemic May and June were bad, now July had picked up, August is also picking up, so if there is no pandemic and I hope so it will not be that much what has happened future is very good.

Viraj Kacharia: Sir actually my question was on specific to two OEMs which used to be a bulk of our exports in the past, so in automotive export we should raise the majority of the auto OEM exports, now can you share what are the peak volumes we did with those two and in last two quarters what kind of volumes we are doing any color?

Suresh Kumar Poddar: Volume I will let you know as I told you in January, February, March, in January and February volume touched to 2 lakh meters in the month and then suddenly in the March it started going down because of this problem, but April was good in domestic market and all that. Now it has gone down by 50%, now it has started increasing from last two weeks, last week it has come down to approximate 12000 to 15000 per week. Now last year we sold more than 22000, 25000 now after August 15, 2021 it will start increasing they have given us the tentative orders also, so there is no issue this was all because of pandemic and we are working on so many attempts, now we are started PU also which nobody is supplying at the moment in automotive industry in export

and we are quite close maybe it takes three months, six months time to get approval but once it approves it is a rich business \$25, \$26 like that and we are very close and once it is approved then there is only one supplier in the whole world. So we are working on that also very seriously and hopeful that maybe in 2022 we may start having this business also. So, so far as business is concerned I am not worried at all and I hope that 2021-2022 must be much better than 2020-2021 so far what we are seeing today.

Viraj Kacharia: Second question is on the PU part so in last couple of quarters you have mentioned that currently the sales are quite low so what kind of expenses or losses in P&L, what is the monthly expense we are incurring towards the plant because the sale would not be much right now any color you can give?

Suresh Kumar Poddar: See one thing you keep it in mind. The sales do not go down, expenses go down with the sales, if we increase the sales your expenses automatically in percentage goes down and if your sales are decreased then automatically the expenses goes up, what has happened between last fourth quarter and this quarter because fourth quarter the sale was 188 Crores and this quarter is 127 Crores so naturally the percentage will increase and then unfortunately the first half raw material has increased suddenly and then you must have seen what is happening to the freight cost, the container cost has become four times before it was \$2000 now it become \$10000 and there is no containers, this is a worldwide problem so many companies are closing down not because of chips only because the raw material is not coming in time and you know how this automotive companies work they just work on just in time they do not keep much stock that is the issue.

Viraj Kacharia: I will put my question differently what I meant is in last couple of quarters so this is not specific to Q1 and generally if I look at Q3, Q4 you said that the breakeven the vision is not making any breakeven because your volumes currently are low so what is the kind of losses in P&L we will be incurring right now?

Suresh Kumar Poddar: You are asking for Gwalior. You see unfortunately we started in the year 2021 loss is including depreciated interest it is around 90 lakhs per month.

Viraj Kacharia: Post we kind of implement our backward integration in terms of fabric and PU, chemical plant, will the margin eventually be similar to PVC or any indication we have in terms of what the stable state margin of this businesses?

Suresh Kumar Poddar: See we are working very hard on this fabric we are making knitted fabric now we are going to start very soon maybe in one year time this knitted fabric then nonwoven then PU also because of this pandemic problem from last one-and-a-half years the things were blocked, nobody were certain but is going to happen tomorrow so that is why everything has been delayed by 15 months you can say. Now what we are seeing now if everything goes well which we think which should do well in next two months we have already everything is ready with us, all plants we have the space also, what kind of a machines we need everything is decided and finished as soon as the situation become positive then we will immediately start ordering the machine and once

we start it will within one year time we will have it and now we are very serious that we have to fight with China I think with China is only two things that all the fabrics should be in in-house and PU chemical also we have to start manufacturing for that also we have started looking for a engineer who are expert in PU so that in course of time we will start making PU also this is necessary for the long-term.

Viraj Kacharia: So once we kind of implement the backward integration fully what kind of a margin so would it be similar to what we do make in PVC in terms of say 25% operating margin or the focus is initial years will be on the scale?

Suresh Kumar Poddar: You see at the moment it is difficult to say but the market is very big of PU also more than 1 Crore meter is being imported in India from China every month so, so far as market is concerned there is not a big issue the only issue is pertaining to the malpractices which is done in India under invoicing and all those for that also we are working already, we have filed the antidumping duty on PU resin, we had first hearing four days back we are working very seriously on that because what is happening from China the China is a biggest problem and then the problem is our country so the only way to fight with them is to go for backward integration which we will definitely do it we have started working and as you know this one year was full of tension no businessmen know what to do, now God willing this next three, four months are good definitely people will come forward to increase the capacity and we are ready with everything, there is no money problem, all process are ready we have just to push the switch that is all.

Viraj Kacharia: I will come back in queue. Thank you.

Moderator: Thank you. We will move onto the next question that is from the line of Ritesh Kashyap from Equirus Securities. Please go ahead.

Ritesh Kashyap: Sir if you can give the total volumes sold in this quarter please just a bookkeeping question?

Suresh Kumar Poddar: Yes 49500 meter.

Ritesh Kashyap: What is the outlook on the overall PU sales for FY2022 do you think we can do 60, 70 Crores of PU sales this year?

Suresh Kumar Poddar: This year?

Ritesh Kashyap: FY2021-2022.

Suresh Kumar Poddar: No last month we have reached 1.5 Crores last month.

Ritesh Kashyap: Sir just like your PU plant came there has been a COVID lockdown and everything and you have been talking that the inventory of the customer is high but if you look at the import data from China that is still pretty high right so people are still importing from China so how do we are

going to, how are we planning to basically tackle this thing so unless the backward integration happen do you think the PU sales will remain low?

Suresh Kumar Poddar: See you try to understand something that most of the material which has been sold by China is the cheap material number one then the manipulation is there so how you beat, the beating is that you make a good quality product or create a new product and sell in the market but unfortunately there was no response in last one-and-a-half years from the market because today the shop is open tomorrow it is not open so nobody was looking for any future so let the things come down to the normal the thing will automatically happen I am not a fool to invest so much money because I see the market. While I am moving on automotive with PU because there is huge difference now people are understanding the difference between the leather and artificial leather because in leather also genuine leather there is a lot of pollution so they are coming themselves forward that okay Mr. Poddar give us the material but now it is not easy to just compare artificial leather with the leather with the same property and all that although we are come to 70% to 80% we have raised and we are 100% sure that rest of the 20% also will be done in few months and that is the big, big difference.

Ritesh Kashyap: Sir next question basically in the exports earlier you have told before that the price negotiation is not that easy for raw material inflation but now the freight cost is also going to the roof so are you able to pass many cost inflation to the Ford and Chrysler in US?

Suresh Kumar Poddar: See all our general export we have passed on this spread cost to them and they are accepting 90%, 80% are accepting but so far automotive is concerned they are very strict so what we have given them ultimatum from third quarter if the things are not normal we will increase the price and we have to increase because so many supply even leather cloth supplier they are declaring force majeure because if you are not giving the prices but the supplier will do if force majeure happened then it will come down. There is a problem for the raw material everywhere you go any industry any raw material everywhere the prices are increasing and you imagine freight has increased by four times.

Ritesh Kashyap: The PVC seventh line was supposed to be commissioned in July has it happened?

Vinod Kumar Sharma: We have commissioned the line we have taken the first trial production yesterday maybe it will take another seven to ten days for the line to start production.

Ritesh Kashyap: Lastly Vinod Sir over the last three years your gross fixed assets have increased by 95 to 98 Crores but your depreciation amount is like same around 4.5 to 5 Crores per quarter so just wanted to understand why is that and will the depreciation increase going forward?

Vinod Kumar Sharma: No actually it is booked on written down value basis so that is why as soon as we capitalize more the depreciation on remaining assets come down so normally it is remaining same in last quarters.

- Ritesh Kashyap:** Okay the PU plant has been capitalized right all the expenses have been capitalized so this is the run rate that you are working with.
- Vinod Kumar Sharma:** Yes.
- Ritesh Kashyap:** Okay got it. Thank you very much Sir.
- Moderator:** Thank you. The next question is from the line of Bismuth Nayak from RW Investment Advisors. Please go ahead.
- Bismuth Nayak:** Sir just wanted to ask what is the working capital days looking like has it normalized from Q4 levels?
- Vinod Kumar Sharma:** Not because of this lockdown few days increased in working capital in Q1.
- Bismuth Nayak:** So by Q2, Q3 let us say if there is no lockdown you can come down to our historical levels right?
- Vinod Kumar Sharma:** Yes.
- Bismuth Nayak:** Fine, thank you.
- Moderator:** Thank you. The next question is from the line of Priyadarshi Srivastava from Monarch Network Capital. Please go ahead.
- Priyadarshi Srivastava:** I just wanted to know what are the average raw material prices currently and what could be the breakup for that?
- Vinod Kumar Sharma:** It is very difficult to say on the conference call, it cannot be informed easily. We cannot give you the prices also but our prices have gone up went down little bit so it is stable around that price but we cannot give you the exact prices right now in the conference call.
- Priyadarshi Srivastava:** What will be our capex plan for FY2022?
- Vinod Kumar Sharma:** It will be around 25 to 30 Crores.
- Priyadarshi Srivastava:** Also I wanted to know in PU business what will be your current client base?
- Vinod Kumar Sharma:** It is 75% **(inaudible) 36:12**. You have got the answer.
- Priyadarshi Srivastava:** Yes, thank you Sir. Thank you so much.
- Moderator:** Thank you. We will move onto the next question that is from the line of Awanish Chandra from SMIFS. Please go ahead.

Awanish Chandra: First of all congratulations management team for a good performance despite pain in the user industry, but you have shown a good confidence on the auto side both globally and domestically if you can give same kind of color on the footwear business so we all know that footwear business was doing pretty bad due to the second wave but how it is panning out and what is your view in this particular side of business?

Suresh Kumar Poddar: Footwear is now improving because there was a lockdown so showrooms were not opening that is why there was a problem now from July we are seeing a good development and last quarter also it was okay. You see demand is there only because of this pandemic those who are directly involved those industries which are directly involved there was a big problem in that now today if you want to buy a few you have to go to the showroom if the showrooms are not open what you will do. So, so far demand is concerned, demand is there but because of this pandemic opened on now you see in Kerala there is a big problem in Kerala and last time the Kerala has minimum fatalities and minimum infections so, so far as demand is concerned there is no concern of the demand you see only problem is this off and on this lockdown and all that, that is creating a problem. Now if you talk about a car you do not need to it is not very necessary that you have to go to showroom and all that people know if I have four car I know so I can order the car that way also but if you go for by say footwear or handbag or furniture you have to go to showroom there is no way out and only because of this problem the sales were down. On July we are having good sale, in last year April also we had a good sale but May, June because of the lockdown there was a problem, but from future point of view because you have to see the economy of the country now so far India is concerned Indian economy is going to go forward there is no doubt at all because these pandemic and all those things are God given nobody can predict anything but if you see the worldwide situation India stands very well in economy also and the things are moving ahead and I see a very bright future and you know China what is happening in China people are fed up in China and lot of people are trying to come to India but because of these problems whatever should happen it is not happening maybe it is happening only 20% or 25% because of this problem because of this uncertainty and once this things are clear which will be clear maybe in two months time or three months time or four months time the things will start looking up and it will look up I do not see any reason. Now a lot of automotive companies are coming and people are shifting from China to India so there is no dearth of demand and I am pre-optimistic.

Awanish Chandra: Sir when we say that in FY2022 our volume will be better than FY2021 and assuming that we will not be having a big third wave and also we will be at least crossing our footwear volume what we have done in FY2021 that expectation can we have if there is no third wave?

Suresh Kumar Poddar: Yes definitely. This year this month our prediction is quite good it gets close to the fourth quarter.

Awanish Chandra: Great to hear that and what is the status of our seventh line have we commissioned that or it is still in work in progress?

Vinod Kumar Sharma: As already informed by Arunji we have just commissioned in last week and taken the first trial it will further take one week to start production.

Awanish Chandra: That will be used to supply export or domestic or auto or footwear any color on that?

Vinod Kumar Sharma: It will be used for all purpose and domestic and export.

Awanish Chandra: What exactly was the capex on the seventh line particularly just on seventh line?

Vinod Kumar Sharma: Around 10 to 11 Crores.

Awanish Chandra: One last question which earlier participant also asked and he was asking in Ford and Chrysler we have reached a level but considering the potential of Ford and Chrysler and since we are serving for seven, eight years we have not reached to a big level that was a question where we are not getting I am not talking of chip strategy to our regular growth that we are getting but since we are fresh to them we should have 10%, 20% of your wallets here?

Vinod Kumar Sharma: Awanish keep your mouth away from your speaker actually it is getting loud, your voice is getting loud so we are not be able to understand so can you repeat now?

Awanish Chandra: What earlier participant was highlighting that we are working with Ford and Chrysler for so many years and now we should have been getting more wallet share of that company rather just a small part because regular growth is happening chip shortage issues are there and that is the short-term but we should not be getting 5%, 10% of the business rather we should be getting larger chunk of the portfolio and that is not happening just so what is hindering that kind of growth not the short-term issues and all?

Suresh Kumar Poddar: You see so far Chrysler is concerned we are getting good percentage in Chrysler, previously in the starting also it was very nominal, now we are working hard to get it more and more, it is very, very difficult to get a just entry you see wherever we go everybody appreciate that okay where interior manufacturers there are three big interior manufacturers in the world who are spread everywhere in Europe, in America, in India, so they all of them knows who supply to the OEMs so they are the people who make the interior and supply to OEM all of them we know and everybody is satisfied with them but the problem is until and unless new model comes from the old model it is difficult and each and every model goes for six years, seven years, sometimes five years if some model is not running well then it goes away so, so far as considered now today I have kept one more marketing person the lady was from LG Chemicals Korea so we have kept that lady also she is also moving, so it will take some time but please do not worry from 2022-2023 you will see how the results goes up because everywhere we are come to close to 70%, 80% or 90% it is just matter of clicking.

Awanish Chandra: Thank you very much for answering my questions. Thank you.

- Moderator:** Thank you. We will move onto the next question that is from the line of Deepak Lalwani from Unifi Capital. Please go ahead.
- Deepak Lalwani:** Sir given that our sales will be higher this year and raw material prices have already started coming down in July can we expect margins to come back to 23%, 24% levels in the next three quarters?
- Suresh Kumar Poddar:** Yes, this is a very critical question. I remember when we used to have 10% to 12% margin we were always ask whether we will be able to maintain this, we are businessmen our job is to try to maintain it, how you maintain it by reducing cost because modernization, because of new development which we are continuously doing and we are keeping a very strong R&D team. So we will do our best to achieve this but I cannot predict you now if you say that whether we will go to that because from 12% we have come to 24% this is our endeavor which we will keep on doing and of course I will try my best and I am doing it because I am the first person I am less interested in topline or more interested in bottomline that is why you will see the bottomline is always increasing. Today so far topline is concerned every two years I can double myself but what is the use of selling if I get 3%, 4%, 5% margin I am not interested in those business. Maruti is buying 4 lakh meter and I was the first person who has started when Maruti came in 1984-1985 now today we are hardly supplying 30000, 40000 meters but their average price is Rs.110, Rs.120 and those items which I am supplying is plus 300. So you are also businessman you understand but just for increasing the topline doing business has got no meaning, of course we are working very hard with the technology as we told you that PU we are working very hard which is maybe between \$20 to \$26, \$27 I am working hard on that.
- Deepak Lalwani:** That is very helpful and on the PU part you mentioned that June we did 1.5 Crores so is it fair to assume that for the whole year we will be doing around 25 Crores and we can ramp it up to say around 50, 60 Crores in the next year?
- Vinod Kumar Sharma:** So yes I think this year we can look at somewhere around 25 to 26 Crores and in the corresponding year see it depends a lot on the pandemic because if you start this things are taking movement but because of lockdown again you have to slowdown and again you have to introduce new items in the market so unfortunately like we have been getting lot of jerks in between but next year I think.
- Deepak Lalwani:** It is increasing every month and as told it will be nearly close to 25 to 26 Crores.
- Suresh Kumar Poddar:** Already we have done this month July 1.5 Crores.
- Deepak Lalwani:** Got it Sir. That is very helpful. Thank you. All the best.
- Moderator:** Thank you. Ladies and gentlemen we will be taking the last two questions. The next question is from the line of Arun Baid from BOB Capital. Please go ahead.

- Arun Baid:** Sir just carrying on from the previous participant question regards the PU business so by when can we think of that 100 Crores mark from our PU business aspirationally by when?
- Suresh Kumar Poddar:** It is very difficult to say right now when the thing is start moving you will say within two years it happened and one-and-a-half years we have wasted totally because of these problems. As I told you there is a demand of minimum 1 Crore meter every month that means we are talking about approximate 250 to 300 Crores import and where the Indian industry is start doing better and with the quality products and with whatever customer wants the way you are able to make it then the demand automatically increase, why PVC demand is increasing, why so many companies are coming in PVC, PVC is not imported from China because India is self-sufficient so like that also gradually this will happen in PU also so saying that 100 Crores when we have reached I do not know, but of course within three years I can so.
- Arun Baid:** By FY2024 100 Crores looks likely by FY2024?
- Suresh Kumar Poddar:** I think so.
- Arun Baid:** That is great Sir. Thank you Sir. Best of luck.
- Moderator:** Thank you. The next question is from the line of Viraj Kacharia from Securities Investments. Please go ahead.
- Moderator:** Sorry to interrupt Mr. Kacharia may we request that you return to the queue your audio is not clear. Thank you. The next question is from the line of Priyank Chheda from Standard & Chartered Securities. Please go ahead.
- Priyank Chheda:** Sir wanted to ask so we would have done roughly 50% utilization in the quarter gone by is that understanding correct?
- Suresh Kumar Poddar:** 60% I think so.
- Priyank Chheda:** After the commencement of the seventh line we would be at 3.15 million meters per month right is that the final capacity that we would be reaching at?
- Suresh Kumar Poddar:** 3.5 to 3.7 depending on the product mix actually.
- Priyank Chheda:** Given the kind of orders that we are working on in the month of July, August we would be exceeding this 70% kind of utilization would that be safe to assume?
- Suresh Kumar Poddar:** Definitely much better.
- Priyank Chheda:** That is on the expanded capacity right like you mentioned 3.5% ?
- Suresh Kumar Poddar:** Yes.

- Priyank Chheda:** Alright thanks that was my question. Thank you.
- Moderator:** Thank you. The next question is from the line of Anish Jobalia from Banyan Capital. Please go ahead.
- Anish Jobalia:** In the past there was a period where our exports are growing at a very good growth and since the last two years we have seen some ignition and you are making a lot of efforts to improve the export growth and also now that the PU line is placed so we have been doing 500 odd Crores revenues for the last two years so how long do you think will it need for us to kind of double our revenues from the 500 Crores base can it be achieved in the next three to four years what is your take on this?
- Suresh Kumar Poddar:** You are talking about double I am thinking about triple, so we are working on doing as much as possible. How did I tell if we have double in three years or not I am in a thought of getting it to triple and working towards that, you know in last four weeks we have wasted more than 15, 20 interior manufacturers in US and everywhere we are getting good response but these things takes time to settle, so their demand is there and what you are saying two times or three times there is a scope to do it and it will happen definitely.
- Anish Jobalia:** I just wanted to understand the long-term outlook now going forward given that lot of efforts have been made by the management in increasing our customer base going forward from that perspective.
- Suresh Kumar Poddar:** It will happen in the next three, four years.
- Anish Jobalia:** Sir second question is you are expecting around 3 Crores revenues a month but there have been some issues in South Africa regarding the riot so how is this impacting our business?
- Vinod Kumar Sharma:** We just started our supplies to Mercedes I think so just in the last month of last quarter in March we started but what happens riot issue is there and there was semiconductor issue also in the plant so obviously the pickup was low in the last quarter but it is just a transition phase it is not a permanent thing so in one quarter we get impact in the sales, but it will come back to normal maybe in corresponding months.
- Anish Jobalia:** Okay fine. Thank you Sir for the opportunity.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for their closing comments.
- Suresh Kumar Poddar:** Thank you for giving us an opportunity to answer the investors and in conclusion I can say one thing the future is very bright and we will not leave any strong content to come up to your expectation and we are really working very hard and I am hopeful that what the last guy has asked that how you will double yourself which I will try my best to do it in between three to four years from now. Thank you very much for listening.



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Moderator: Thank you. Ladies and gentlemen on behalf of Mayur Uniquoters and Monarch Network Capital that concludes this conference call. Thank you for joining us and you may now disconnect your lines.