



“Mayur Uniquoters Limited  
Q3 FY2021 Earnings Conference Call”

**February 15, 2021**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 FY2021 Earnings Conference Call of Mayur Uniquoters Limited hosted by Monarch Network Capital Limited. This conference call may contain forward looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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. Anubhav Rawat from Monarch Network Capital. Thank you and over to you Sir!

**Anubhav Rawat:** Thank you Rutuja. Good morning everyone. I hope everyone is safe and sound today. 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 request the management to provide their initial comments about the results and the, we will take your question. Over to you Suresh Sir!

**Suresh Kumar Poddar:** Thank you everybody. 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 us your precious time to join Mayur Uniquoters Limited Q3 FY2021 Conference Call.

Mayur Uniquoters Limited being a market leader in the synthetic leather industry industries and organized player has been able to leverage the emerging opportunities and deliver exemplary performance in past years, both in national and international business markets. After a big slowdown and sluggish demand in automotive market and COVID pandemic impact from September 2020 month, the OEMs industry started doing well and auto sector is now back in demand post enthusiasm in auto sector continues in current quarter also. Consequently, in Q3 has improved our overall business performance in current financial year FY2021.

Our sales revenues increased by 47.67% as compared to last quarter and 31.06% of previous year’s quarter. We are expecting to achieve the same phase of sales volume in Q4 of FY2021 also. The COVID pandemic impact is also getting vanished and with the country’s economy boosting budget from the government for FY2021 and vaccination program, we are very hopeful that our country’s economy will further recover fast and expected to achieve 10%+ GDP growth in next year.

*Mayur Uniquoters Limited*  
*February 15, 2021*

As your company has been with a very good track record of being an investor friendly company as it is committed to drive value creation for all the shareholders with profit distribution and the form of dividend buybacks. We will also reply your queries after the brief review on financial results of the quarter under review. Since the outbreak of COVID-19 pandemic and consequent lockdown has impacted the business operation especially Q1 therefore, result for the nine months are not comparable with those of the last year. However, in next three years, we are expecting the increase in sales of automotive sector with from 75% to 100% hopefully. Other segments will also increase also it seems same present condition and shifting of production capacity from China. The industry will flourish further, so I am pleased to say that future is good for our industry giving the brief review of financial results for the Q3 as follows.

The company has achieved revenue from operations on standalone basis amounting to Rs.163.32 Crores and PBT and PAT amounting to Rs. 45.54 Crores and Rs. 34.66 Crores respectively during the quarter. The revenue from operations on consolidated basis is Rs.169.70 Crores and PBT and PAT amount to Rs.46.25 Crores and 35.03 Crores respectively during the same quarter.

Our endeavor is to make company a preferred supplier for the leading OEMs especially in US and European regions. I am pleased to say that your company has already approved by Mercedes Benz for supply to their South African plant. The product supply from US, India also started for their new models in next quarter. The product approval from BMW is also received by US. Well regarding Gwalior project most of the PU plant project activities are completed except some civil and side development works. The small supply orders and dispatches also started from PU plant and expected to increase gradually in coming months.

While pursuing our business interest, Mayur Uniquoters has also been endeavoring to fulfill our responsibility to ask your society under our corporate social responsibility program the company has adopted many happy schools for education of children. 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 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 on various platforms. I am thankful to all investors for their valuable time to those who become the part of this conference call.

*Mayur Uniquoters Limited*  
*February 15, 2021*

With this positive note, I would like to conclude and request you all to open the forum for questions. Due to time constraint, we need to end this call within 60 minutes, so therefore request you to avoid the repeated questions during the call. Volume data will not be discussed, please avoid volume-related queries. All your queries which have not been replied now because of the constraint of time can be asked by letter and we can send you.

Now I am glad to present what is happening and what is going to happen. I am very happy to tell you the market is showing very good performance and especially automotive industry is showing fantastic and I hope the way Indian per capita income is increasing and the government has plans to invest lot of money in infrastructure and other things, the things will improve definitely in coming years.

Secondly, all of you know the China problems, so lot of business are coming back from China to India by big manufacturers. So many companies are coming in and we hope that more and more will come. Now, ball is in our court, how we respond, government is trying its best.

Now as I have told you that we have started supplying to Mercedes and I hope the things will go alright definitely and within one year once they are fully convinced with our business, they are willing to transfer some of their USA business also to us. We are working very closely with BMW also for their new model which will start in 2022 we have approved. The supply may start from the end of 2021 or beginning of 2022.

You will be happy to know that we have been selected by Volkswagen India and they have approved our material which one was imported from Germany till now. Now we have a very good business close to 30,000 to 40,000 meters every month from may be Q1 end of the next year may be from May or June.

Now we are talking to KIA Motors, they are also good company, Korean company everybody knows. They are buying from South Korean company. These Koreans are very always buy from their old manufacturers but now we are talking with one of the big company name Vauxhall who made few artificial leathers and supplies to all over world the Korean companies. They are interested to supply new material from India through us, we are working on that also and recently we have discussed because this company is not making PVC but since they have booked all over the world in Korean companies they are willing to work for PVC through us all over the world to start with Indian program, which is supplied by Color. I hope in next four months – five months – six months, the things will start maturing, so themselves has opened the dialogue on this. This Vauxhall company who is making PU material for all premium cost, they have also asked us to

supply PU material for Indian Hyundai Motor which is been bought by them from Vauxhall now.

They are working on that hopefully they should also materialize. Now MG Motor, this is also new company which has started buying from us, they are buying 100% from Mayur and we expect good future from them. Now, we are working very seriously with many companies in USA also and in FCA where we supply that there also, we are working on different new models and the progress is going on. We hope that we can achieve good business from their new models also.

So, what I can say that there is a very good chance form USA also to increase the business and hopefully when this business go successful in South Africa which will I think we have made from tip that we may have an opening in USA also to make a plant in USA.

Further, now PU is becoming gradually popular in automotive industry also, we are working very seriously on automotive sitting material and other materials in PU to replace PVC because PU is more environment-friendly compared to PVC and the prices are also very, very high like it starts from \$15 to \$20 a meter. One of the German companies is supplied at the moment and may be Mayur will be second till the world to start its PU business.

We have got a support from FCA USA to make this material. They are very eager once our materials are approved. They may start working with us and I am hopeful that it will be definitely there, because we have achieved 90% one or two properties which we have to meet I think in next one or one and a half month, we should be able to do that.

Now PU is also a very big focus point to have more revenue. I mean PU why people are interested in PU because this is very close to Chandannagar and the prices are less than the estimated leather but of course two times more than PVC level cloth, that is why I am working very seriously on this PU material.

So, in that sense I can tell you there is a very good scope for your company because today your company is in a situation which we talk about PVC we can make anything under the sun any quality and I think gradually we will improve and I am sure in next three years to four years, we will be between world's top 3 companies. That is what my target and I am very hopeful of this especially automotive industries have a big, big, big scope.

This is what we are doing today is just a drop in the ocean. Now since we have started, now people have started recognizing us. Now I think there is now ay looking back and hopefully we do very good in the next three years to four years and we will keep on increasing. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

**Pritesh Chheda:** Thank you for the opportunity and congratulations on good set of numbers. I meant from your comments that have we started supplying to Volkswagen from Q3 or you will start supplying to Volkswagen for that 30,000 meters from Q1 of next year?

**Suresh Kumar Poddar:** No, by the end of the Q1 of next year I mean we can say by May 2021 or June 2021.

**Pritesh Chheda:** Okay, you will start supplying when?

**Suresh Kumar Poddar:** Yes, from May 2021.

**Pritesh Chheda:** My second question is if you could just help us with what is just a total volume sold in the quarter, we do not want the breakup but just a total volume that you did in the quarter?

**Suresh Kumar Poddar:** It is 77,61,400 meters.

**Pritesh Chheda:** Last question is ideally Volkswagen was supposed to be a high margin order, I am surprised despite that the EBITDA's expansion on margin expansion is fairly strong and there was a PVC price rise which has also happened in the quarter, so if you could shed some more light on how we were able to derive or get these margins, will be very helpful and sustainability of it?

**Suresh Kumar Poddar:** In general market, we have already increased the prices whether they are whichever quarter is rising, today you are passing on to in other than automotive segment. I will come to automotive segment. Automotive segment their system is that suppose for July-August-September our raw material prices whatever is in place, they will take the average and that will be given in October-November-December and whatever price increased is there in October-November-December is given in January-February-March because they take time to work on, so it will start. In Q3 there was not very good difference in the prices, so they have already given us the increase for October-November-December which will start from this quarter, although January has passed but

we will hit after supplementary begins. So, when you go for January-February-March quarter, we will get the benefit of price increase of October-November-December of automotive industry which has not been same in this quarter at the moment. It will be seen in next quarter, but we will get the price that has been agreed and they are working because the system is very clear, every time the prices of raw material is been given to them and whatever is increased in the next quarter Chinese competition is only on PU leather cloth not in PVC, too many PVC is coming I, they will take. If decreased they decrease.

**Moderator:** Thank you. The next question is from the line of Chintan Sheth from Sameeksha Capital. Please go ahead.

**Chintan Sheth:** Thank you and very good set of numbers. Congratulations to the team. This is the best ever quarter we have reported revenue and tight margins, kudos to the team. Couple of questions, one is on the volumes you have provided, if you can highlight you mentioned that the revenue generated in Q4 will sustain what we have delivered in Q3 so it will be driven by autos as you mentioned in your opening remarks that in next three years automotive segment will be increasing from 75% to 100% if you can elaborate on that in next three years, So, it will be 100% revenue will come from automotive that is what you are indicating?

**Suresh Kumar Poddar:** I am talking about export OEM. 75% to 100% export OEM and domestic OEMs and you can say the total automotive we have been three segments, one is export OEM, second is industry and local OEM Indian OEM and hence is the replacement market. If you calculate all these three segments, it will be 75% to 100% increase it should be, we are working very seriously on it and we are seeing green light that it should happen.

**Chintan Sheth:** Okay, so this will double, that is what you are meant, 75% to 100% growth you are seeing in next three years?

**Suresh Kumar Poddar:** Next three years total.

**Chintan Sheth:** If you can provide some indicative volumes for Mercedes like you mentioned about Volkswagen, if you can provide Mercedes and BMW, what kind of volume you are looking at and you are seeing lot of opportunities in the auto segment, you are talking to a lot many OEMs now then what we had in the past what are our plans in terms of capex because if I look at our this quarter's volume we are kind of intend towards 85% utilization all the six together, so if you want to highlight anything in terms of the how are you going to ramp up your capacity in the next few years so that you can meet the demand increase demand from the OEM side?

**Suresh Kumar Poddar:** Can you repeat your question in brief because it is not clear, what are you want to understand?

**Chintan Sheth:** How are you looking at capacity increase from here on means, you are going to install the seventh line separately?

**Suresh Kumar Poddar:** By Seventh 14 line we have started shifting and definitely by end of March we will start seventh line.

**Vinod Kumar Sharma:** And will get by capacity of 5 lakhs meter per month.

**Suresh Kumar Poddar:** More than 6 lakhs to 6.5 lakh because this is bigger machine with bigger oven and bigger width so we will get minimum 6 lakhs.

**Chintan Sheth:** Right and also Mercedes and BMW you will keep supply expect for the monthly in terms of volumes, if you can provide?

**Suresh Kumar Poddar:** Volume Mercedes will be also between 30,000 and 40,000 per month.

**Chintan Sheth:** 30,000 to 40,000 and BMW will be similar?

**Suresh Kumar Poddar:** 20% more than USA.

**Chintan Sheth:** Lastly in terms of you extend the margins, so this margin broadly will sustain you are saying the revenue of quarterly less but overall margins you will be able to sustain going forward?

**Suresh Kumar Poddar:** No, we are trying to sustain. Now Mercedes has also good margin, Volkswagen is also having incredible margin, so we are trying our best to sustain it.

**Moderator:** Thank you. The next question is from the line of Dipesh from Equirus. Please go ahead.

**Dipesh:** Good morning and congrats for great performance this quarter. I just wanted to understand like last quarter we understand that auto sector did very well but how did the footwear segment perform and what is your outlook on that Sir?

**Suresh Kumar Poddar:** Footwear also is improving but not till that stream because one of the reason of automotive business is increasing that because of this COVID people have stopped moving in the public transports, so many people who come they have started four-wheeler, two-wheelers that is why it was also increasing and footwear means this is all return business, you are manufacturing, you are supplying to wholesaler, the wholesaler



is supplying to retail shop then retail shop is definitely getting consumers like us, now people have started moving in the market previously because of COVID was a problem but market is showing good signs. November, we are seeing a good sign and hopefully it is been increased also because now people are back everybody want to rush and buy because we were all locked up for six months so we hope good sales in fact in footwear this quarter compared to last year quarter, footwear sales have been increased Q3 by volume 14% compared to last year first quarter, so the sign is improving and then our PU plant has started working now fully. We have developed lot of material since people whenever you go to the market anybody will not just transfer all your orders to you, they have started giving us order and whoever used their second time also coming to us, now one after one we are introducing new items and like sports shoe we were not able to reach but now last week we have developed sport shoe which has a good market and good value, so of course today we are not able to sell what we should sell because it takes time and I am very hopeful by 2021-2022, this plant will also start making profit by end of the year and we are getting as I am telling very good response everybody whoever got the material is as in for second time and now we are working very seriously as I told you with Vauxhall company in PU, so in PU also we are trying to develop furnishing material and we are trying to develop footwear in all the material so now I am now I am not I am telling to footwear only and PU which used to be done previously, now we are working very strongly in solution industry as well as automotive industry and leather goods industry.

- Dipesh:** Great Sir. Were there any PU sales in this quarter?
- Suresh Kumar Poddar:** This quarter, I cannot tell you but in last month, we had a good sale 1 Crores Q3 is 2.5 Crores.
- Dipesh:** Still very less. Second question is your fixed cost have again come back to 10 Crores – 11 Crores per month as was in the pre-COVID level, so is this largely because the higher freight cost or do you think this will continue going forward?
- Suresh Kumar Poddar:** Yes, it will continue.
- Dipesh:** But the freight cost was very high this quarter if you can just give a sense was there any extremely high freight cost that you saw in last quarter?
- Vinod Kumar:** Freight cost is depending on the number of dispatches in value and kinds of orders we get.

**Suresh Kumar Poddar:** As far as freight cost so far is concerned definitely material which we are importing from out of India, you know the ships are less available so the freight cost has increased dramatically in buying the raw material, but so far local freight cost is there, there is no very significant increase may be 5% or something which is not even 0.2% to 0.3% of sales wise.

**Moderator:** Thank you. The next question is from the line of Jaimin Desai from ICICI Direct. Please go ahead.

**Jaimin Desai:** Good morning Sir, thanks for the opportunity and congratulations on a great set of numbers. My question was in relation to the automotive side. So, you already about the increase that you see over the next three years. So, related to that what would be automotive as a percentage of your overall top line three years down the line and would it be fair to assume that a large portion would be from the export orient side. Secondly, you also spoke about the import substitution opportunity that is coming up as business is moving away from China. So, are you already seeing some traction on that side for the Indian OEM's or even from the global OEM's for auto and lastly, do you have any plans for inorganic acquisitions considering the large cash balance on your books, those will be my questions? Thanks.

**Suresh Kumar Poddar:** So, far as a last point which you have said acquisition, now in India there is no use of making any acquisition because the companies are not at that standard which we mean. So, if you have to change the whole plant what is the use, when you think net acquisition for acquisition there are two things, one is company is well made, they have good R&D or they have very good business then only acquisition is good. Now, I do not see in India any company which I would like to acquire it at the moment because the kind of product we like to make for that we need a very good machinery. Now, today whatever machineries these are we are using our machine cost at least 6 time to 8 times more than that, so that the 6 time to 8 times are not going to spend just like that there must be something, there is productivity, there is good quality consistency, there are so many things. So, at the moment of course so many of us complain. But are not able to satisfy myself to go for that, because the problem is whoever is exporting \$ 1 .50 Cents, \$ 1. 40 Cents, my export will start even in Dubai with \$ 3.5 so, what do I do with these kinds of business. So, at the moment in India may be with some of us comes Europe or America (USA), LATAM but not in India at the moment.

**Moderator:** Thank you. The next question is from the line of Ashish Poddar from Anand Rathi Research. Please go ahead.

**Ashish Poddar:** Many congratulations Poddar Sir and team. Sir, my question is that you highlighted that you want to become No. 3 player globally. So, if you can give some sense about who are they the top three or four players currently and what are their capacities today?

**Suresh Kumar Poddar:** I cannot tell you the capacity I can give you the names. CJT, Canadian General power and Calico Vanite, Bhorban, Strandline these four companies – five companies and then one company Europe also Uniral is also there but they are not very strong so far you can call somebody is main competitor is Calico Zanetry who has taken over more company also and then this Vidhi they have a plant in China, they have a plant in USA. Calico Zanetry have two plants in Europe, they have a plant in China, they have a plant in Mexico in America, close to America. So, for automotive concern these three companies are mainly and then one may be Smoxwell or something in Europe. They are also supplying to automotive. So, if you talk, we can talk about four company – five companies, one is also Unira in America that is going down so you can say practically these four companies are main companies who started giving competition to these companies, of course it takes time, it cannot happen in a day gradually we are moving ahead. Regarding that BMW has offered us to if all goes all right, we can start supplying to China also from India.

**Ashish Poddar:** That is heartening to hear all this. In the PU plant, earlier we were focusing more on the footwear segment and that was Astha focus area now we are also saying that automotive demand will also come for this. So, if you can give some sense about the revenues to currently it is less than about Rs.10 Crores of revenues on an annual basis at the current run rate. But in the next two year – three years do you think that it can be a Rs. 100 Crores of potential from the PU plant. In next two year – three years what will be our revenue from the PU plant?

**Suresh Kumar Poddar:** Yes, from PU plant I told you that last month we have sold Rs.1 Crore, I think in next two year – three years at least we should be able to do Rs. 80 Crores to Rs.100 Crores and then it is very difficult to say, once the footwear business takes place maybe you have to immediately as a second line, third line, fourth line like this it all depends now the things have started picking up, now the biggest problem in PU in lower product today in India everywhere 70% market is for lower grade, 20% is medium grade and 7% to 8% for hardware and not entries in lower grade, because in lower grade you will make markets. so, I am concentrating on medium and medium high grade and higher grades and we are very seriously working on that and we are getting result also gradually because I have to fight with China that is why he has touched to supply to US where a competitive material will be started making sulphur test fabric. Now we are going for wash-based fabric, which is mostly used in these PU materials so, we are going to start that plant also in next one and a half year positively. We must fight with the home material with China so, that is what we are doing. Now, in one plant you can easily make Rs.100 Crores so today we have one line,

and we have a capacity to put that to four line these are the space we have got. So, gradually we will keep on increasing and my target is to increase PU material production as much as possible to add big volume. As it is the items which are produced in PUC if you produce in PU and portable general items the value addition is more than 30% - 35% which something I am selling in PUC say for Rs.100 if I make it in PU and sell it is not less than Rs.130 or Rs.140. So, value addition is very high in PU even in general items. So, there is a good future in PU but why I put up so much our thrust might because of COVID we will be late by four months because we have had in PU from Taiwan one of the topmost R&D per se. We have accounted in that because of these visa problems and all that it is not able to come back the way things are moving hopefully by March-April we should be able to join here. We have big exposure of allover world for especially footwear business. So, there is a big scope I am not worried and now it is gradually the genuine leather is being shifted to artificial level in PVC and PE because the quality is becoming very close to nowhere general people cannot fight whether it is PU or PVC or genuine leather and whatever happens there is talk about this electric car. When electric car comes so many people who are making Indian parts will wipe out, but in any car the seats are required. So, our business will not be affected. Thank you.

**Moderator:** Thank you. The next question is from the line of Ankit Gor from Systematix. Please go ahead.

**Ankit Gor:** Hi! Thank you, Sir. Sir, you talked about setting up a plant in USA any nearby idea or any firm decisions from when we can think of it?

**Suresh Kumar Poddar:** I must expand the business first, that I am doing. Today we are at the moment we are doing export OEM about Rs.175,000 so I will first bring it to at least Rs.400,000 which we are doing and hopefully will be done and as soon as I feel that okay, this will happening which will happen then we will start, I have already started working from seeing the land and size and all that. We have already started working with USA government at what kind of the benefit they can give. These all terribly work has started.

**Ankit Gor:** Alright Sir, and you also mentioned that once Mayur's supply will start you will supply to USA requirement?

**Suresh Kumar Poddar:** No, first one year we will have to satisfy them with our services, with our quality, they have told that they are interested in buying in USA as well as in China also. So, those decisions will be taken after six or eight supplies are full-fledged.

**Ankit Gor:** Right and you mentioned about one of the companies where you will also tie up for a PBC fabric who is very big in PU which is that company name Sir, if you can repeat that company?

**Suresh Kumar Poddar:** You are talking in PU?

**Ankit Gor:** No, sir you have taken the name of one of the companies which is very big in PU but for PVC it is offered to tie up with us?

**Suresh Kumar Poddar:** Yes, Datsun and Company that is in South Korea, we are in talks with them so that they are ready to tie up with us for PU material for India where they are supplying from there. Datsun is supplying from Korea to Indian Hyundai Company in few models which are expensive material about \$ 18 to \$ 20. We are discussing for that also, PVC they are not manufacturing but they are hold all over the world of Korean companies. So, they are interested in buying PVC from us to supply the different country of Korean automotive and they want to start it with India because in India also one big company in Korea Columb and Company they are supplying the high value items which they want to start with us.

**Moderator:** Thank you. The next question is from the line of Jatin K from Alpha Capital. Please go ahead.

**Jatin K:** Sir, congratulations for a good set of numbers. Sir, my first question, you talked about lot of auto segment growth in terms of 75% to 100% in next three years. Would you like to have any comment on the no auto growth as in the footwear and after market what do you expect in those two segments over next two year - three years, Please?

**Suresh Kumar Poddar:** Automotive what I have told is, automotive OEM export, automotive domestic OEM and automotive replacement point, there are three segments. So, I am talking about growth of including all three different segments.

**Jatin K:** No, and non-auto also I would like to ask Sir, basically?

**Suresh Kumar Poddar:** There is a very big competition that is why I have started this PU there is no big competition on PU of course there are two companies that they are very limited, and they do not have too much technology and since as I told you just now that we have had a Taiwan's R&D we will come may be in March or April because of this COVID problem we could not come. So, what I am doing now that the quality product manufacturers of footwear are maximum in PVC today, you can say 95%. So, I want to convert them gradually with the PU when we really start PU which we have started and when it will start growing the footwear segment will automatically grow up. Because in PVC everybody is trying to cut

corners you go through all the leather cloth companies' balance sheet you will see the difference they are nowhere near value, why? Because they are not investing in quality and they are just cutting the cost. So, that is why I have started this PU also that I want to convert them in PU from PVC. Further in furnishing we do not have a very big presence in furnishing now I have recently hired a guy, a good guy for marketing in furnishing who was working with De Décor. Now, we are working very seriously on establishing good business for furnishing, because furnishing is also having a very big market whether we have started getting order in our PU coagulated plant for furnishing people have started buying little bit. So, we must concentrate on furnishing, we must concentrate more on leather goods, we must concentrate on footwear in PU product to increase our volume and increase our sales, right.

**Jatin K:** Yes, Sir. And Sir, on the margin any comment this quarter is very good compared to our history. So, do we expect to maintain it or what we can expect on margin front, Sir?

**Suresh Kumar Poddar:** We should expect for higher; we will have to. This quarter we did not get increase in automotive wherein which in this quarter we have got it this also makes difference. So, I think we will be able to maintain

**Jatin K:** Yes, sure Sir. Thank you and all the best for the future.

**Moderator:** Thank you. The next question is from the line of Ritesh Chheda from Lucky Investments. Please go ahead.

**Ritesh Chheda:** Sir, just a follow up on margin I was asking. This is a best margin even as a percentage or on per meter term, so anything I the mix that you want highlight was picking for this quarter and any case Fox Lack & Tie borders were not executed. So, I just wanted to understand anything peculiar that you want highlight and sustainability of this per meter margin. Because in the past your per meter has not gone above let us say about Rs.40 a meter?

**Suresh Kumar Poddar:** What you are trying to ask?

**Ritesh Chheda:** Sir, I am trying to ask is that anything specific about this quarter and the margin per meter or percentage margin being so high and never in the/

**Suresh Kumar Poddar:** This is I tell you high was the reason that we have increased the prices in the market, and we had an old stock also little bit. Also made some difference and then as I told you automotive, we have not got increment in this quarter which reflected in this quarter. So, that will be compensated, so I think it should be closer to this may be 1% or 1.5% less or more.

- Ritesh Chheda:** Okay. Thank you very much Sir.
- Moderator:** Thank you. The next question is from the line of Rahul Picha from Multi-Act. Please go ahead.
- Rahul Picha:** Thanks for the opportunity Sir, and congratulations on great numbers. Sir, firstly just to clarify on Volkswagen India, you said you will be supplying 30,000 meters to 40,000 meters per month to them by May. So, I just wanted to understand have we already started supplies and it will be ramped up to 30,000 meters to 40,000 meters by May or we are not supplying anything to them right now and if we are starting?
- Suresh Kumar Poddar:** At the moment we are not supplying there are so many item's we have invested lot of money in making embossing roll, perforation machine and their dyes, in automotive things does not start like you go to the market and ask for something and they said okay, send this, send this, no. They start with a very systematic manner and it takes time. So, the question is that they have already approved their materials every time we are making some embossing rolls, we have made more than 4-5 embossing rolls invested more than Rs.2 Crores of increase that no company will just tell us to do this without any confirmation of orders. The prices have been decided everything has been done which will start from May itself. Now, it has not started, only the trails are going on. What happens is that you have ordered four - - five designs and these all colors you are to supply, those colors are to be prepared then they will start. So, they are planning to start by second quarter, but the supplies will start from may be May or June actually. That is what they are producing according to that I am telling you, as per today's situation if it goes one month or two months here and there, I cannot say. But one thing I can say that we are assured of getting disburse. They will also not like to make their supplier invest so much money.
- Rahul Picha:** Right. So, it is a broadly the incremental volume visibility that we have over the next 12 months is roughly 40,000 from Volkswagen India, 40,000 from Mercedes and 15,000 to 20,000 from BMW when that starts. So, is that correct one line?
- Suresh Kumar Poddar:** We will start in 2022 not in 2021.
- Rahul Picha:** Yes, so over the next 12 months to 18 months this kind of a monthly volume run rate will get added?
- Suresh Kumar Poddar:** Yes.
- Rahul Picha:** Okay, and sir, couple of quarter's back you were also saying that we trying to onboard Hero as well in two wheelers. So, where are we on that?

**Suresh Kumar Poddar:** Hero, we are trying we are going, and salespeople are moving. They are very competitive price very, very competitive price. So, we want to go there with the premium products which they are working on. Current products if I want to take, I can take it tomorrow that is not a big issue just reduces Rs.1 and they will start buying but I am going for a premium product. But we are working seriously they have given us two – three different samples which we have given them we are making two-wheeler seats. Hopefully, something should be done in next six months' time I do not know. But it will happen. See automotive industry takes long time even to talk to you it takes two year, for Mercedes my marketing person in Germany who is working for us it took two years, more than one and half year just to take an appointment that yes, there is a company in India who is making this leather foam it is not easy. First, reaching to then is very difficult and then getting an order is still a great thing to achieve.

**Moderator:** Thank you. The next question is from the line of Gaurav Bhandari from Monarch Capital. Please go ahead.

**Gaurav Bhandari:** Sir, could you please tell us about your plans to professionalize the company we have been seeing that you are hiring more senior people. So, if you can talk about that?

**Suresh Kumar Poddar:** We have hired CFO Younus, we have hired HR Head and now we are hiring for Automotive Industry, a very strong person we are working on we have already taken an interview we are working very seriously already started taking the bio-data from India and abroad to hire one COO, managing all these already we have got three units then maybe we are working very seriously one unit in South that we are working across and cross and one thing I can tell you the way I am thinking, the way on the direction which we are working I am going to have a fully professional companies because the business is improving when the business are increasing you alone cannot handle everything. There has to be a system, there has to be a forward thinking may be from next five years and we should have good people like how we got BMW and Mercedes because we had a smart person from Europe for R&D like that, we are working very seriously at first, I am going to have COO then may be in next two year - three years I may have CEO also because individual cannot run the company. You have to have professionals and when you have professionals, they have the ideas from every part of the world, they know how things move. Individual owner has got passion and with his passion he works hard and get to a particular position but after that professionals are required on which I am working very seriously my main job today is to hire a professional and hand over the things, I cannot involve in day to day business, my job is to add a value addition, have a new product, go for backward integration, go for forward integration, to reduce the cost and add the value to the product. So, in next one and half to two years' time I am going to completely turn it around as a professional company.



- Gaurav Bhandari:** Okay Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Jignesh Kamani from GMO. Please go ahead.
- Jignesh Kamani:** Just a follow up on the margins. If you take about group wise has gone up a lot in last two month – three months and all the input cost has gone up. So, despite that do you think 25% to 27% of margin is possible because of the product mix or you think that the margin may be under pressure because of the rising crude price?
- Suresh Kumar Poddar:** It is all mix, margin as well as we got an increment from the market and the market how you got an increment when the market, I am moving fast you get an increment also, if the market is moving slow, you do not get an increment and further we have good relationship with the raw material supplier. So, we got that benefit also and now may be that benefit may be little less but as I told you automotive have not given us increment in the last quarter and this quarter. So, that will also add in the margin.
- Jignesh Kamani:** Sure. Second thing on the PU, any plan for the backward integration on the PU fabric and the chemicals once you scale up this year?
- Suresh Kumar Poddar:** Yes, in backward integration I told you that I am going to make wash based fabric and then gradually I am going to make a large consumption quantity of PU chemical also that is in secondary stage and I have a plan to make non-woven fabric also that is the backward integration that you call NPU mainly wash plates and non-woven fabric is used. So, wash plate we are going to start investing next one and a half year and then is the non-woven, and then is the PU chemical. Because we have to fight with China, how our country will fight with China you are talking about Atmanirbhar how Atmanirbhar is going to happen, when your raw material is not competitive till then how you are going to be Atmanirbhar that is what I am doing.
- Jignesh Kamani:** Understood, and last question many other you can say compete and many other companies are complaining about unavailability of container for the export and import and hence some of the consignment has been delayed or default are we also facing any issue on the container will it be any issue on the export on account of that?
- Suresh Kumar Poddar:** No, I do not think so; we are not facing those kinds of problems.
- Jignesh Kamani:** Okay. Thanks a lot.



*Mayur Uniquoters Limited*  
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**Moderator:** Thank you. Ladies and gentlemen, due to time constraint that was the last question today. I would now like to hand the conference over to the management for the closing comments.

**Suresh Kumar Poddar:** Thanks all of you for coming to this conference call and I as a Chairman of company assure you that the company will do their best to improve the productivity, to improve the margin and give a good return to my shareholders. That is what I can say, and we are going to be a professional company 100% within next three years' time. Thank you.

**Moderator:** Thank you. On behalf of Mayur Uniquoters and Monarch Network Capital Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.