

**MAYUR UNIQUOTERS LIMITED**

Manufacturers of Artificial Leather/PVC Vinyl

Ref: MUL/SEC/2023-24/88**Date: November 14, 2023**

To,

BSE Limited
Phirozee Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001
(Maharashtra)
(Scrip Code: BSE- 522249)

National Stock Exchange of India Ltd
Exchange Plaza, 5thFloor, Plot No. C/1,
G-Block, Bandra-Kurla Complex,
Bandra (East), Mumbai-400 051
(Maharashtra)
(Trading Symbol: MAYURUNIQ)

Subject: Transcript of Earnings Conference call held on November 09, 2023.

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 ("Listing Regulations") we submit herewith the transcript of Earnings Conference Call held on November 09, 2023 of the Un-Audited Financial Results of the Company for the quarter and half year ended on September 30, 2023.

The above information is also available on the website of the Company at www.mayuruniquoters.com

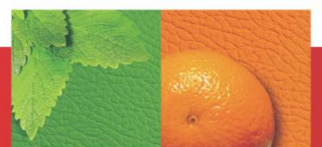
You are kindly requested to take the same on record.

Thanking you,

For Mayur Uniquoters Limited

Pawan Kumawat
Company Secretary and Compliance Officer
M. No. – ACS 25377

A Texture For Every Idea

**Correspondance Address:**

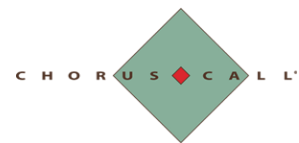
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“Mayur Uniquoters Limited
Q2 FY '24 Earnings Conference Call”

November 09, 2023



MANAGEMENT: **MR. SURESH PODDAR – CHAIRMAN AND MANAGING DIRECTOR – MAYUR UNIQUOTERS LIMITED**
MR. VINOD SHARMA – CHIEF FINANCIAL OFFICER – MAYUR UNIQUOTERS LIMITED

MODERATOR: **MR. RAHUL DANI – MONARCH NETWORK CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY '24 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 a Moderator: by pressing star then zero 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: Yes. Thank you, Jacob, and good afternoon, everyone. On behalf of Monarch Network Capital, it's our pleasure to host the senior management of Mayur Uniquoters. We have with us Mr. Suresh Poddar, Chairman and Managing Director of the company; and Mr. Vinod Sharma, CFO of the company.

I would now request Mr. Vinod Sharma to start the call with opening remarks. Then we'll move to Q&A. Thank you, and over to you, sir.

Vinod Sharma: Thank you. Thank you, Rahul. Yes. Very 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. Thank you for giving your precious time to join Mayur Uniquoters Limited Q2 FY '24 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 as well as international business markets.

Now I would like to start with financial highlights of Q2 FY '24 under review, and then we'll also reply your queries after our review on financial results for the quarter. The company has achieved revenue from operation on consolidated basis, is INR202.89 crores, PBT INR42.71 crores, and PAT INR32.42 crores.

In the quarter, the revenue has increased by 1%, and the PBT and PAT have increased 8% and 6%, respectively. Our endeavor is to make the company a preferred supplier for the leading OEMs in overseas market -- domestic as well as overseas market, especially in U.S. and European regions. We have been selected or received -- and received good and confirmed orders for some new models in export as well as domestic markets.

And looking to current situation, our OEM export sell is going to -- expected to have a good increase in next 2 to 3 years for which the supply to some of the new models have already started. And some models is expected to start in coming quarters of current as well as next 2 financial years. So we are hoping a very good performance in these 3 financial years.

While pursuing our business interest, Mayur Uniquoters has also been endeavoring to fulfill our responsibilities towards the society and that the corporate social responsibilities programs

contributed to our [inaudible] and regular plantation plan, do -- to do it larger scale in coming years.

The company has also adopted many happy schools for education of children. The company has worked on education for all and underprivileged children, various health care initiatives, especially child skill development, water for all, sanitation at school area, distribution of books, bags, clothes and other items, and most importantly, family planning and family welfare schemes in the villages. The state government has recognized these initiatives of company on various platforms.

And I'm thankful to all the investors for their valuable time to those who became the part of this earnings call. With this positive note, I would like to conclude and request you all to open the phone for questions and also request you that due to time constraint, duration of this call will be 45 minutes, so we request you to avoid repeated questions. And we will not discuss volume data, so please avoid volume-related queries. Thank you. Over to Rahul.

- Moderator:** The first question is from the line of Awanish Chandra from SMIFS.
- Awanish Chandra:** Congratulations Poddar sir, Vinodsir, for good set of performance in challenging environment. Sir, two, three points. First, we heard about the labor strike situation in the U.S. market. So what is the current situation and how it is going to affect us?
- Suresh Poddar:** It has started in the month of September. It was down in September and October. Two months, it was affected, although it was not 100% partly because automotive industry has got so many plants. You understand? Maybe one company has 5 plants. One company has 4 plants in USA. So out of that, few plants were closed. Now everything has been opened up from last 3 days, and because of that, the sales was down by 22%, 25% in automotive OEM export. Now it is all open, and now we are getting orders in full swing.
- Awanish Chandra:** Okay. So it was just a one-off thing. We will continue our run rate. We'll continue to grow.
- Suresh Poddar:** Oh, yes, yes.
- Awanish Chandra:** Okay. And how was, sir, PU? Any change there? Any volume increase there? I mean how was the approximate business during this quarter from PU business?
- Suresh Poddar:** PU business?
- Awanish Chandra:** Yes, Gwalior.
- Vinod Sharma:** In last quarter, it was 2 -- we have sold 2 lakhs meters in PU.
- Awanish Chandra:** Okay. So any chance of ramp-up, sir? We have been hitting the same number quarter after quarter. So any commentary on that?
- Suresh Poddar:** So you see that things are moving better. Last month, we have sold 100,000 meters, 1 lakh meter. 2 lakh around, I guess, last year. 2 lakh?

- Vinod Sharma:** 2 lakh.
- Suresh Poddar:** It was 2 lakh. But in October, we have sold 1 lakh meter and November, also we think could reach 75 at least because of this Diwali holiday and all that. But for PU, we're talking to multinational companies with big brands. They are coming and visiting us, asking us for samples. We are giving them samples also. Of course, it will take some time, but we are very optimistic that things will start coming in, in next 3, 4 months' time.
- Awanish Chandra:** Okay. And sir, one last thing before I come back to the queue. You talked about last time also on the BIS thing that footwear business is getting hard due to that. So any improvement on that side or situation is still there?
- Suresh Poddar:** The government has extended the time limit up to December for BIS. But people are after governments that don't introduce it, but government is going to introduce. So people are a little bit scared, and they are reducing their stocks because from January, they will not be allowed to sell without BIS.
- So that's why the lifting is very slow. And practically, if you say the business was down by 20%, this footwear, because of this BIS. Fortunately, our sales has grown 40% in auto replacement market and 12% to 13% in domestic auto OEM. That's how we could -- and is a 10 figure in the sense.
- Awanish Chandra:** Okay. And sir, we are flat on a half yearly basis on the sales. So any guidance over there how we can end up this year? Any change in earlier guidance?
- Suresh Poddar:** On next 6 months, it must be better because I'm very much optimistic for auto OEM. And now we'll get -- we already have a good number of models, which is approved, and that is starting. That has already started. Some will start in January. Some will start in March, like that. So next 6 months must be better than what it was.
- Moderator:** The next question is from the line of Viraj from SiMPL.
- Viraj:** Just 2, 3 questions. First is if you can give me the sales mix for the quarter on different segments and similar mix for the same quarter last year?
- Vinod Sharma:** Can you repeat your question?
- Viraj:** Can you give me the sales mix from different segments for Q2 2024 and similar number for Q2 2023?
- Vinod Sharma:** We have told you now the total volume was 70 in this quarter and 70 was in last quarter. 70 lakhs meter.
- Viraj:** Can you -- no, can you give me the mix -- sales mix from different segments, so auto export and auto domestic replacement for...
- Suresh Poddar:** That's how I told you that export is -- was 20% down this quarter and auto OEM was 12% up. Auto replacement was 40% plus. Footwear was 20% down, and other items was 5% plus.

- Viraj:** So in auto export, we saw -- you talked about sales now being at the normal level now -- coming back to normal because of production.
- Suresh Poddar:** Yes, yes, yes, no problem. Now footwear was a little bit down, but overall, it will be much better.
- Viraj:** So that kind of growth we were expecting on a full year basis, do we still expect that to kind of -- so are we expecting that to assume the sales, which we couldn't supply in last 2 months?
- Vinod Sharma:** We could not get your question.
- Viraj:** So next -- say, next 5, 6 months, to recover the kind of loss in production we had for last 2, 3 months?
- Suresh Poddar:** So the last two months that have gone down will be covered. If it goes down more than that, then it will be covered in total.
- Management:** In the next six months it will be covered. If 20% goes down, then it will be equal to 20%.
- Viraj:** So on a full year basis, we were expecting around at least double-digit growth in auto export. So are we still expecting that to come this -- in 2024?
- Vinod Sharma:** Double-digit growth will come at the end of the year. Yes, yes.
- Viraj:** For FY '24, yes.
- Vinod Sharma:** Yes, yes.
- Viraj:** Okay. And sir, in terms of the footwear market, can you just give some idea on what is driving the degrowth?
- Suresh Poddar:** Yes. Footwear, as I told you that because of BIS, market is down, and the government has given time up to December. So I think from February, March -- from, you can say, February, March, yes, the thing will start improving. Because there is a lot of problem with footwear industries, because of this BIS, small-scale industry are not able to make these things. So they are fighting for it.
- So I think there will be improvement, no doubt, because footwear industry is a basic industry for the population. So that cannot be down so much. But last year, February, say finance will be bouncing back.
- Viraj:** Okay. And just one last question. Sir, you talked about exports being down by 35%, auto export. But if you look at the subsidiary sales, the consol minus stand-alone, we have seen a growth in sales in the subsidiary account. So how do you kind of add the 2?
- Vinod Sharma:** Next 2 years, we are expecting very good increase over there.
- Suresh Poddar:** Because we have -- already have orders with us.

- Viraj:** Something around INR203 crores. And if we take a look at stand-alone sales, it's around INR184 crores, so almost INR20 crores subsidiary sales, which has seen a very healthy growth compared to last year. So if exports are down, then what explains the subsidiary sales of...
- Suresh Poddar:** As per the situation today, last year -- this year there will be a normal growth, there will be tremendous growth from '24, '25. This year compared to '22, '23 in sales, there may be not very big growth. But as you have seen, bottom line is improving. And because this export business is going to increase here, we have good margin. So the margin will increase. So 8% sale has increased, you see the inflation in margin, right?
- Vinod Sharma:** Right. 8%
- Suresh Poddar:** PBT how much?
- Moderator:** Ladies and gentlemen, we have lost the line for the management. Please hold while we reconnect them. Ladies and gentlemen, we have the line for the management reconnected. So sir, we have the next question from the line of Shashank Kanodia from ICICI Securities.
- Shashank Kanodia:** Sir, congratulation on the good performance on the margin front. I just wanted to check, are these margins sustainable, sir, going forward given the fact that the product mix will improve with auto OEM exports gaining traction?
- Vinod Sharma:** Yes. Yes, we are expecting to be sustained.
- Shashank Kanodia:** Okay. And secondly, sir, we have been maintaining a guidance of INR900 crores of top line for this year and INR1,100 crores for next fiscal. So now will you be revising them? Or how do we stand today?
- Vinod Sharma:** What you said? We could not get your question.
- Shashank Kanodia:** In these last few con calls, you have been maintaining a revenue guidance of INR900 crores for this year and INR1,100-odd crores for next fiscal year. So now how do we stand today, sir, given the fact that first half was slightly flattish and -- or footwear is still not out of the woods?
- Vinod Sharma:** In the first half, we have achieved the same figures, numbers of top line but better than -- in bottom line better than last year. And we are expecting that these numbers will increase in the coming second half.
- Shashank Kanodia:** That's what I am asking, in the first half you have done INR400 crores, you were suppose to do INR900 crores. Can we do INR500 crores in second half?
- Vinod Sharma:** No, no, no. We have not given the figure of INR900 crores and this year it is not possible. We have two problem, footwear is down because of this BIS and exports there is labor strike which has created some issues, so this year INR900 is not possible.
- Suresh Poddar:** We are trying our best to reach INR900 crores. But we are sure to do INR850 crores, there was drawback of 2 month in automotive because of BIS, everybody has suffered because of that. Maybe it will increase last year said to increase, profit or margin will -- better, increase.

- Vinod Sharma:** Yes, definitely. From last year, it will be increased in top line and bottom line, both.
- Shashank Kanodia:** Sir next year can we target INR1100 crores, given the large part of auto OEM exports?
- Vinod Sharma:** Growth, we can assure you. But numbers, we can't give confirmed numbers now. But growth definitely will be there.
- Shashank Kanodia:** You were saying that Auto OEM exports which was INR67 crores it will be INR600 crores in 3 years. So incremental INR350 crores delta you get from here. So you were in the top line of INR770 crores, INR800 crores. So in 3 years, you should have a revenue of INR1200 crores, INR1300 crores.
- Suresh Poddar:** We can't tell right now. But this is sure that after this year, in auto export, the growth will be minimum 22%, 25%.
- Moderator:** We have the next question from the line of Vivek Kumar from Bestpals Research & Advisory LLP.
- Vivek Kumar:** What are you going to guide this year? And you said your exports would be around INR400 crores, INR500 crores in this year. Is it -- are we still on the same business? For this year, what will be the guidance -- revised guidance because of this footwear slowdown?
- Vinod Sharma:** So it could be nearly, nearly -- double-digit growth will be there in this year also.
- Vivek Kumar:** On export OEM, what is the figure that you're saying you'll go to in the next 3 years? INR500 crores, just in that?
- Vinod Sharma:** No, we cannot give you the number, but we can give you the growth, expected growth. And I've already told you, the export OEM growth will be there and it's nearly 20% every year.
- Vivek Kumar:** Okay. So overall company-level growth will be almost, sir, for next year?
- Vinod Sharma:** Definitely double digits.
- Vivek Kumar:** So high -- because in the last call, sir, you said, for next year, you can take 20% growth. So that's why I'm asking, sir this?
- Vinod Sharma:** That's why I'm telling you, it's double digits. It could be 15%, 20%, so could be. So that's why I'm telling you that double-digit growth will be there. Definitely, it will be there.
- Moderator:** We have the next question from the line of Viraj from SiMPL.
- Viraj:** Sir, question was in export, in auto export. Are we seeing any delay in new launches -- commercialization of new launches?
- Vinod Sharma:** There will be tremendous growth, we are expecting in OEM, both in export as well as domestic. So that -- some of the models, they are taking the supplies from us. And in coming 2 years, some

of the models will start. So our growth will definitely going to increase in next 3 years, including this 1.

Viraj: So my question was, sir, that in the second half of this year, we were expecting some new models to commercialize. So we were expecting supplies to start for some of the new models in the second half. So is that largely on track? Or are we seeing any delay in that?

Vinod Sharma: No, there's no delay in some of the models because we told you, this year, some of the model will start and supply has also started to U.S. market. And in South Africa, BMW is also going to start in -- next year. And the orders which we have received, confirmed orders will also -- going to start as per the schedule.

There could be some 2 to 3 months here and there because of their plan. But yes, we have received the confirmed orders, and we are telling you based on their plan and orders. So far, there's no change as informed by them.

Viraj: Okay. And in this particular quarter, we saw some sales of subsidiary in U.S. and Africa. We saw sales of around INR20 crores. So if I just have to understand the inventory in the warehouses or in U.S., South Africa, what would that be at right now?

Vinod Sharma: Sorry? Regarding inventory or that -- what want you know?

Viraj: So I was trying to ask, sir, that if you look at in second quarter, in the stand-alone, we did a sales of INR184 crores. And when I look at consolidated financials, we did sales of around INR203 crores. The subsidiary sales of INR20 crores is what we have done. And this is despite the degrowth, which we are talking about in export, auto export. I was just trying to understand -- yes.

Vinod Sharma: Sell from India because of that labor is tight problem, we have reduced the sell from here, but we had the inventory over there in subsidiary's warehouse. So the supply were given from the warehouse and the sale was from -- sell was done from there. So this increase is from the warehouse material -- warehouse inventory.

Viraj: Okay. So right now, the inventory at the warehouses would be at a much lower level compared to the normal, which we would like to keep, right?

Vinod Sharma: Because we have started increasing our inventory in warehouse as per their requirement, so the transit material also reached -- more or less, inventory was -- level was same or a little bit higher. And gradually, it will come down.

Viraj: And just one more question on the raw material, what we see the major raw materials for the clothes we produce. There has been a considerable moderation. So in terms of the end markets, which we cater to, either the auto OE in India or exports, I mean, how are we seeing -- are we -- is there a pressure to price -- or pass on the lower raw material prices? Or any perspective in there, either in auto or footwear or any of those segments? How is the overall price environment in each of these markets?

- Vinod Sharma:** Actually, it depends on their request and situation and their requirement.
- Viraj:** So in footwear, have you taken any price cuts, sir?
- Vinod Sharma:** Footwear price cuts? We have reduced our prices in footwear because -- not big.
- Viraj:** And just last question. We were in discussion with some of the footwear majors for this whole PLI scheme in South. There are a lot of foreign footwear players like Nike and others who were looking to set up the facility. So we were in discussion with them for supply for the PU material. So any update you can give?
- Vinod Sharma:** The discussions and meetings are going on, and we are expecting. But not yet received any...
- Suresh Poddar:** No, we are doing sampling.
- Vinod Sharma:** And they have also taken samples from us and waiting for their final...
- Suresh Poddar:** No, no, listen to me. These big brands are not easy to decide immediately. What they are doing, at least they have started coming to our Gwalior plant. 3, 4 big brands have listed with their people, and they are asking us for the sample. When somebody is asking for the sampling, that means it is -- definitely they are interested.
- And now because of China problem, the big brands are interested to concentrate in India also. So these things -- the big brands are just like automotive industry. In automotive industry, it takes 1 year, 1.5 year time to get you the visiting time, for 1 year up to you wont get it anywhere, it takes time.
- But -- it takes time, but once it is there, like a – what is happening in big automotive? It takes time at start for automotive, but they don't throw out their customer/suppliers just like that. Suppose they give us a brand, up until that brand is in demand they will buy from us. If there is any problem from my side, then only they will change the supplier. Otherwise, they don't change the supplier.
- Now because as it is footwear market is becoming very competitive in India, every time some new companies are coming and everybody is reducing their prices. Therefore, I have decided to go in for branded products, which have good price. And they -- once they are -- we are approved, they will nominate us all over the world. So this thing takes time, but I'm very sure that something will happen.
- And one more thing. We are appointing a marketing person who is well connected with all these big brands. He's a German guy. He's coming to India for interview in the next month -- I mean, sometime in December. And he's very expensive, but he knows all the big brands. I'm trying my best from all the sites because I have decided that I will go for these big brands.
- How will I got entry? How I'm making profit? Because of automotive OEM. There is a huge difference between automotive OEM, Indian OEM and export OEM because, there, quality and here, quality are totally different. So that's how the same thing.

Now if you go to the market, you will find 1 good best sports shoe. Of India brand, you will get in 3,000 or 3,500. But all these foreign brands are, I mean, from INR6,000 to INR30,000, INR40,000. And people are buying. So my endeavor is to move to them, and I'm trying my best. And definitely, we will be successful. I'm 200% confident because, so far, as manufacturing point of view, I have no issue.

And then further, our -- this business -- retail business of furnishing, that is also growing. We have already made 400 dealers, and we are going to make another 600 dealers within next 4, 5 months. So that will also increase. You see, now we are going in a very systematic way.

Now what is happening? Most of our products are B2B. Now why we are going in furnishing, B2C? So that we have very good margin. Here also, retail business, it takes time. But you have to start some time. And we are very sure that we will 100% be successful because the sales are increasing every day.

Moderator: The next question is from the line of Alisha Mahawla from Envision Capital.

Alisha Mahawla: Hello sir. Sir, the INR200 crores revenue that we have done in this quarter, how much is the export revenue? Can you give a break up of automotive, export and general export?

Vinod Sharma: Total export is of INR52 crores in this quarter. And in general export, it is INR15 crores. And INR37 crores is your auto OEM.

Alisha Mahawla: And this year we were thinking of doing INR200 crores in auto export. So I know INR200 crores, INR25 crores has got delayed because of the strike. So how much do you think we can do this year? Is it possible that in Q3 we can recoup loss?

Suresh Poddar: Auto export this year compared to last year will be little more because two months are spoiled, sale was down by 30%, 35% due to strike. So this we will cover. I mean this year we will have more sale compared last year, but it will not be very significant because of this problem. But from '24, '25, you will start seeing the growth will be fantastic.

We are selling approximately 1.25 lakh metres to 1.50 lakh metre of goods in these days. Because of all these problems, it was almost 1 lakh metres. Now our sale will start from the next month at least 3 lakh metres. And then it will keep on increasing. You understand, right? And the value is also very high. So it will be good. This year may not be that big volume you will see. But from '24, '25 it will be very high because all the orders are with me. You understand my point?

Alisha Mahawla: Yes, yes, yes, understood. Sir, next question is that you said at the beginning of the call that we have won some more orders on the auto side, both domestic and export. Can you talk about it? What OEMs have you got? Have you got more than the same OEM? What new orders have you got? Can you explain this?

Suresh Poddar: We used to do 80% business from FCA. Now we have inquiry from Ford. Mercedes was running for a year. Our supply of BMW will start from January, which will be the same quantity as it is in Mercedes. And then I can say in nutshell there is a very good future in automotive.

- Vinod Sharma:** You go to your question.
- Alisha Mahawla:** No sir, I was asking that in the beginning of the call you said that you have got some new order. So have you got any new orders? Because this what we are saying is that we have got this already.
- Vinod Sharma:** New orders are of Ford and BMW and Chrysler. We are talking about the orders of new models.
- Alisha Mahawla:** But we have not got the confirmed order, we are talking about the orders of new models.
- Suresh Poddar:** All these are confirmed orders. Whatever we are received in our hand.
- Alisha Mahawla:** And these will start from next year?
- Vinod Sharma:** Some have already started. Every quarter some models are getting started.
- Alisha Mahawla:** Can you tell how much order you have? Can you tell the value of order, total value of 4 to 5 OEM together?
- Suresh Poddar:** I have told you that the export is going 1.25 lakh meters, which will start from next month. We have all the orders.
- Moderator:** Due to time constraints, that was the last question. I now hand the over -- I now hand the conference over to the management for closing comments.
- Suresh Poddar:** Okay, thank you very much to all of you giving us your precious time. And in that sense, I can say that there is a very big future, good future in our company because of automotive business and furnishing business and footwear also, as I told you, that we are moving towards big brands. So the profit of margin should also increase and sales volume should also increase. But everything takes a little bit of time. These things take time.
- You will see the real result from 2024-25. Because automotive, most of the orders are with us. So there is no, issue. And we assure you the best of -- to present to my all investors, the good result, the company. Thank you.
- Vinod Sharma:** Thank you.
- Moderator:** Thank you. On behalf of Monarch Network Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.