

**MAYUR UNIQUOTERS LIMITED**

Manufacturers of Artificial Leather/PVC Vinyl

Ref: MUL/SEC/2024-25/101**Date: November 13, 2024**

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 11, 2024.

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 11, 2024 of the Un-audited Financial Results of the Company for the quarter and half year ended on September 30, 2024.

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

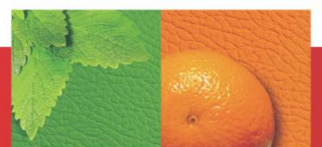
You are kindly requested to take the same on record.

Thanking you,

For Mayur Uniquoters Limited

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

A Texture For Every Idea

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“Mayur Uniquoters Limited
Q2 FY '25 Earnings Conference Call”

November 11, 2024



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 Mayur Uniquoters Limited Q2 FY '25 Earnings Conference Call 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 your conference call, please signal an operator by pressing the 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, Steve. Good afternoon, everyone. On behalf of Monarch Network Capital, it's my pleasure to host the senior management of Mayur Uniquoters. We have with us Mr. Suresh Kumar Poddar, Chairman and Managing Director of the company; and Mr. Vinod Sharma, CFO of the company. We will begin the call with opening remarks from Mr. Sharma and then move to Q&A. Thank you, and over to you, sir.

Vinod Sharma: Thank you, Rahul. Good afternoon, dear investors and analysts. It's a great pleasure to address you as we reflect on the past years and look forward to the future of the company. Your support and trust in Mayur Uniquoters have been instrumental in our success, and we are honored to share with you the performance of Mayur.

Thanks for giving your precious time to join Mayur Uniquoters Limited Q2 FY '25 Conference Call. Mayur Uniquoters Limited, being a market leader in the synthetic leather industry and an organized player, has been able to leverage the emerging opportunities and delivered exemplary performance in past years, both in national and international business markets.

Now I would like to start with financial highlights for Q2 FY '25 under review, and we will also give replies to your queries after our review of the financial results for the quarter. The company has achieved the revenue from operations on a stand-alone basis is INR216.36 crores, PBT INR54.71 crores and PAT INR41.43 crores. In the quarter, the stand-alone revenue increased by 11%. PBT and PAT have increased by 20% and 19%, respectively, on Q-on-Q basis.

The revenue from operations on consolidated basis INR208 crores, PBT is 50.56 crores and PAT INR39.84 crores. In the quarter, the revenue and PBT have decreased 2%, but PAT has increased 7%. Our endeavor is to make the company a preferred supplier for the leading OEM, especially in U.S. and European regions. As informed earlier, we have been selected and received some good orders for OEM supplies to new models in export markets and based on that our OEM exports are expected to increase.

Yes. As informed earlier, we have been selected and received some good orders from our OEM supplies to new models in export market and based on that, our OEM export sales are expected to increase further in this year and in coming 2 years. The supply to some new models has already started and some models is expected to start in coming quarters so that we are hoping for a good performance in these 3 years.

Further to start, General and Furnishing segment business in the European market, we have acquired and set up a subsidiary company to start the trading activities in Lithuania to cater European market and the nearby markets in Furnishing segment.

While pursuing our business interest, Mayur Uniquoters has also been endeavoring to fulfill our responsibilities to our society. Under the Corporate Social Responsibility programs, we have contributed towards the regular plantations and almost 15,000 plants we have already planted and I have a plan to do it at large scale in coming years.

The company has also adopted many happy schools for educations of children. The company has worked on education for all and underprivileged children. Various healthcare initiatives, especially child skill development, water for all, sanitation at school area, distribution of books, bags, clothes, etcetera. And most importantly, family planning and family welfare schemes in nearby villages. The state government has also recognized these initiatives taken by Mayur on various platforms. And I'm thankful to all the investors for their valuable time to those who have become the part of this earning call.

With this positive note, I'd like to conclude and request you all to open the forum for questions. And I also request that the time for this call is 45 minutes. Therefore, please avoid repeated questions. And because of certain reasons, and we will avoid to discuss volume data. So please avoid volume data discussion. And secondly, I'm also giving you, because in latter stage, you asked the questions for segment-wise breakup, I'm giving you at this initial stage only, the breakup of the segment results for the quarter, you can note down.

Our total INR216 crores total revenue, where the breakup is export general INR25 crores, export OEM INR60 crores, auto OEM INR40 crores, auto replacement INR37 crores, footwear INR43 crores, furnishing INR7 crores and others INR4 crores.

The export is INR85 crores out of INR216 crores and domestic is INR132 crores, which is 40% and 60% in ratio. And if we take the OEM supplies total out of INR216 crores, then INR137 crores is OEM supply, which comes to 63% of total sales revenue for the quarter. And other than OEM, it's 79% which is 37%.

And if we see the increase in sell value, then it is an 11% increase over the last quarter and 19% increase on a Y-o-Y basis. And if we see the increase in quantum or volume, then 7.5% increase on a quarter-to-quarter basis, a 9% increase on Y-o-Y basis. So it's a overall picture of volume and sales segment. Now we can start question-and-answer, please.

Moderator:

Thank you very much. The first question is from the line of Awanish Chandra from SMIFS. Please go ahead.

Awanish Chandra:

Congratulations Poddar sir and Vinod sir on a strong set of numbers. Sir, in previous calls, you have talked about several plants. So I just wanted to understand in terms of actual numbers, what is the capex plan we have for the next 2 years? And what are the capacity, what kind of things we are doing in that capex? That's my first.

- Suresh Poddar:** See, the next 2 years, capex still we have 20% extra capacity at the moment. And of course, we are thinking to go to Mexico, we have put up a plant there. But because of this America and Mexico this election, we've postponed it for the time being. So within next 3 months, we'll take a decision. Otherwise, also, we can put up there one separately, one line we will put up here in the next 6 months or 9 months. The way things are moving, I don't know what will happen to next quarter, but it looks all right.
- Awanish Chandra:** So if everything goes as per your plan, what will be the ballpark figure of capex we can think of over next 2 years?
- Vinod Sharma:** Capex, over next 2 years, what will be the capex amount, amount-wise?
- Suresh Poddar:** Capex for...
- Vinod Sharma:** Awanish, it is not the right time to tell you the exact amount of capex. Yes, we have plans to put a plant in Mexico U.S., then it would be around INR250 crores capex. And it's the regular capex here in India, we are doing for the upgradation and -- time to time. Yes, we are doing for the upgradation of the machineries and capacity enhancement.
- Awanish Chandra:** Sure, sir. Understood. And sir, your commentary on the PU side and footwear recovery, anything happening on that side?
- Suresh Poddar:** Footwear is down, because BIS problem and all that, but we are working very seriously on branded footwears. Basically, their prices are good, and the results are stable. So we are working. We got -- we have submitted good quantity of samples to three, four foreign brands. They are showing our materials by making the final product to their customers. I think in the next 6 months' time, we'll come to know. And if that has happened, then it will be good for footwear.
- So that we will come to know after 6 months only how we are moving, although we have made not less than 500 different kind of samples. We are taking it up to the market. So definitely, something will come out and once it starts coming out, we will continue because, thing is that once these kind of products are approved then they buy from the same supplier. They don't go here and there.
- Awanish Chandra:** And the PU side?
- Suresh Poddar:** So PU, you see, we are at the moment one-third capacity. And the product which I'm talking to you for foreign brands, they are mostly on PU.
- Awanish Chandra:** Okay. And the last thing, sir on the BMW business start that we are doing a very small quantity. When the regular large quantity will start BMW?
- Suresh Poddar:** BMW, we have started already.
- Awanish Chandra:** But that was a small quantity. You said in the last quarter that a good volume will start sometime?.

- Suresh Poddar:** Large volume has started already. By fourth quarter or by February-March, we'll have between 20,000 to 25,000 yards per month.
- Awanish Chandra:** Okay. Thank you very much sir. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.
- Dhaval Shah:** Sir, I joined a bit late, so I could have missed your answer. I wanted to understand the top -- there is no growth on the top line for H1. So when do we expect the volume growth to come or absolute growth in the top line? And second between standalone and consolidated, the last year base is different in both. So I could be missing something. If you could you just explain me what is the difference between the growth rates year-over-year between standalone and console look different? These are my two questions?
- Suresh Poddar:** See you know that footwear growth was less and automotive OEM export is fantastic growth.
- Vinod Sharma:** If you see the growth, then export growth is 35%, 36% overall export growth. And volume-wise is at 22%. And in domestic 4% volume-wise growth is there already.
- Suresh Poddar:** See, because the footwear has gone down, because of BIS I've told you. Then further automotive growth was -- Vinod, how much is the automotive OEM growth?
- Vinod Sharma:** Automotive OEM growth, 20% auto replacement.
- Suresh Poddar:** Including both it is less. It is no growth, same quantity. Auto OEM domestic I'm talking.
- Dhaval Shah:** Okay. Got it. So that's also and these numbers what you gave 22% volume growth in export is for H1, right, half year?
- Vinod Sharma:** Yes.
- Dhaval Shah:** And domestic is also for half year?
- Vinod Sharma:** Yes.
- Dhaval Shah:** Okay. So now realistically, what sort of -- when do you expect the domestic to bounce back and show a growth on an absolute top line basis? This year H2 or next year, how do you see the scenario?
- Suresh Poddar:** See, domestic is very up and down. I can't say too much, but we are concentrating very much on export. Because export is a big potential and than the margin is also very good. So we are concentrating more on this. Automotive OEM domestic may increase a little bit, but I don't think much in the footwear this year also. I'm talking about domestic. As I told you footwear we are working very seriously on exports and branded products. So if that comes on, of course, it will start, but it will go gradually. In this year, you will not see much difference. This year also the difference will be on export. Domestic, is not too much.

Dhaval Shah: Footwear is not growing. So that's INR43 crores revenue out of INR216 crores, correct?

Vinod Sharma: INR37 crores.

Dhaval Shah: How much is footwear?

Vinod Sharma: Footwear is INR43 crores.

Dhaval Shah: So this is the segment which is not growing for you?

Vinod Sharma: Yes.

Dhaval Shah: So out of INR216 crores, INR43 crores segment is not growing for you, So the rest of the INR173 crores what we have done, out of that INR85 crores is exports?

Vinod Sharma: Just a minute INR37 crores was the sale in last year, footwear. And this year, it is INR43 crores. If you see the increase is also there. Last year, July to September, '23, INR37 crores. And now it is INR43 crores.

Dhaval Shah: So sir, what is the -- which segments are pulling your growth down? Then if footwear has grown marginally and this INR85 crores exports out of INR216 crores must have also grown. So then what is it that is pulling it down there?

Vinod Sharma: Can you read out your question again?

Dhaval Shah: Out of INR216 crores, INR85 crores is of exports and this INR85 crores must have done a very good growth compared to last year because it is exports and second thing which is there it is domestic, out of domestic which segment is pulling us down? So footwear is INR43 crores and then the other segments are also not growing, maybe?

Vinod Sharma: Replacement is also growing.

Suresh Poddar: Replacement market has grown 20%, OEM domestic has reduced.

Vinod Sharma: OEM domestic has reduced, replacement has increased.

Suresh Poddar: Domestic how much it has reduced?

Vinod Sharma: Domestic has reduced around 10%.

Dhaval Shah: Sir it will be great if you can give out this number in a press release so that the investors can absorb the numbers before the call it will have a better discussion on the call. And my second question is on the gross profit. Our gross profit has grown?

Suresh Poddar: You see why domestic OEM is down you try to understand there is a lot of new companies are coming and they are just throwing the material. Now we are in every segment. We are very considerable, we do only that business which I have got reasonable margin. That's why we are moving automotive OEM and domestic where -- and in the low price material we are not supplying. We are getting away. You understand?

- Dhaval Shah:** Yes, sir. Very well.
- Suresh Poddar:** So, this is because of the prices.
- Dhaval Shah:** Because of the prices. Okay. So this gross profit which has increased?
- Suresh Poddar:** See we concentrate more on the bottom line. Just for the top line, we don't do business. We have to see that the minimum profit of margin, if it is so what I think then only I go to that type of a model. Otherwise, I don't go.
- Dhaval Shah:** Got it. And sir for the factory in Mexico which we are talking so there will be start from the manufacturing or we will do it from here and then sent over to there and there we will do the finishing?
- Vinod Sharma:** All will be done there.
- Suresh Poddar:** No, it has not been decided yet as for next 3 months we have to see the Mexico position. Because how is the relation between U.S.A. and Mexico. Because USA is not happy with China and in Mexico, a lot of Chinese companies are there with which Americans are not satisfied. So how America and Mexico relationship moves. So those all things will come in the picture in next 3 months to 4 months' time. Then only we will take the decision. We have finalized the machinery, we have finalized the place, everything, but we have not done it. But as soon as we take a decision within 4 months, 5 months the production will start.
- Vinod Sharma:** If we do it suppose then it will start from scratch or we will prepare and sent over there?
- Suresh Poddar:** By preparing only we are sending. Today also everything is going prepared from here to Mexico. Supply will not stop.
- Vinod Sharma:** Supply will continue.
- Dhaval Shah:** If the manufacturing will happen then it will happen from scratch?
- Suresh Poddar:** Yes it will happen over there from scratch.
- Dhaval Shah:** It will be proper made in Mexico. Okay. Got it. I will come back in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Ritika Garg an Individual Investor. Please go ahead.
- Ritika Garg:** Hi sir. Good afternoon. Congratulations on a good set of numbers. My question is relating to PVC. Firstly, on the export front, we've done about INR85 crores in total this quarter. Is it possible to give a breakup of how much of this was from U.S. in percentage terms?
- Vinod Sharma:** The OEM which has been exported in that how much percentage is U.S. and South Africa because OEM, we are supplying to U.S. and South Africa.
- Ritika Garg:** Okay. And you were also supplying to Far East, right?

- Vinod Sharma:** So immediately -- I'll give you the percentage, but immediately I don't have that number. So you can send me the query on my mail and -- or WhatsApp, I'll reply.
- Ritika Garg:** Okay, sure. And secondly, my question again on PVC only is for domestic. So we did see a slowdown in the OEM segment and even -- I mean, the auto numbers are coming out. How do we see this panning out for the next 6 months?
- Suresh Poddar:** Domestic OEMs will be the same, not changed. Whatever we have done this 6 months, coming 6 months also will remain same. Because you know the sales goes down in the month of December because everybody wants to buy the next New Year model. So I don't think that this 6 months auto OEM will be changed.
- Ritika Garg:** Okay. So auto OEM will remain the same and you also -- and Mr. Sharma also mentioned in his opening remarks that good growth is expected in this year in export OEM. So what kind of percentage growth can we expect in export OEM? And like last quarter we had reduced our guidance for revenue?
- Vinod Sharma:** The export OEM growth which is running it will run with same speed, but it can be a little better in coming years.
- Ritika Garg:** Okay. But our BMW order is going to keep increasing, right?
- Suresh Poddar:** We have told our BMW order, we have got full-fledged supply will start from October. May be January, February already started increasing. Every month, it is increasing. The full volume which they have said will be from maybe you can say from February or March, but it is increasing every month.
- Ritika Garg:** Okay. And sir, what according to you is the biggest risk for your business in the U.S. market right now? Are you fearful of anything?
- Suresh Poddar:** I have no risk.
- Ritika Garg:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Rishabh Shah.. Please go ahead.
- Rishabh Shah:** Yes. Sir, in one of the calls you mentioned that you entered into PU segment because PVC was stagnant and there was increasing competition. So why is that the competition cannot enter into the PU segment like it has entered into the PVC segment?
- Suresh Poddar:** You see in any business there is always competition. PVC is competition, PU is competition with the whole world. Otherwise, I could have moved to three shift immediately. Lot of materials coming from China is under invoicing in spite of increasing the import duty and antidumping duty, still material is coming in very like USD3 material is coming in USD1. Now when I put up a antidumping duty, where the price doesn't matter it is USD0.46 per meter. Now they have started manipulating in quantity. So that is the problem.

So we are -- the government is fighting with China. And hopefully, the things should be better. That's why I told you already that we are working with big brands. And there, I have no problem for the prices. So it will take some time. We are moving on that seriously.

As I told you that more than 1,000 samples we have made and given it to them. They are making the end product, showing it to their customers. And they have started asking us small, small quantity. So that thing will move forward because I am concentrating for these, and they all buy maximum 80% in PU.

Rishabh Shah: And sir, what would be the market size of the PUC and PVC currently Mayur is catering to? And how could the size change in the next 5 years?

Suresh Poddar: See, there are a lot of unorganized companies. It is very difficult to say the share. Because there are more than 100 factories in India. So how will I tell you the share? The share has got nothing to do with us. We have to see the premium product, which is bought by different segments, where we are moving. See, with the quantity, what is our share, you will not understand anything, because they are very, very cheap materials, which we will never be able to make it.

Moderator: Thank you. The next question is from the line of Riham Goel from Spark PMS. Please go ahead.

Riham Goel: Hello Sir. In the beginning you have given a segment-wise revenue breakup. What was INR7 crores from the INR216 crores?

Vinod Sharma: Furnishing.

Riham Goel: Okay, thank you.

Moderator: Thank you. The next question is from the line of Rahul Picha from Multi-Act PMS.

Rahul Picha: Thank you. Sir, I wanted to understand one thing. In the last few quarters, our other expenses have been around INR34 crores, INR35 crores. This quarter, it has gone up to almost close to INR43 crores. So what is the reason for that?

Vinod Sharma: Actually, it has two impacts. One is, increase in ocean freight because of this Suez Canal issue. And second one is, we have dispatched the material from here India and that material has reached, but could not go ultimately to the customer, okay? It has increased only the inventory at the warehouse.

So, the expenses incurred on clearance the port, and dispatch material from the port, that's why this sea freight as well as custom clearance expenses has clubbed into the other expenses. Comparatively, revenue has not been reported because ultimately, the sale was not there in last quarter. It has come in this quarter.

Rahul Picha: Okay. So the revenue will come in this quarter and expenses have already been booked in the previous quarter?

Vinod Sharma: Yes.

- Suresh Poddar:** The shipment expenses will stay there, how will that be reduced.
- Vinod Sharma:** The already increased inventory, on top of that the expense will come INR5 crores.
- Rahul Picha:** The extra expenses that have come in this quarter, can you quantify that amount? How much is that?
- Suresh Poddar:** No, it is not possible to tell you right now. You can ask us, we will find out and tell you.
- Rahul Picha:** All right, fine. And the difference between standalone and consolidated revenue is also because of the same reason, right?
- Vinod Sharma:** Yes.
- Rahul Picha:** And that is booked in the third quarter?
- Vinod Sharma:** Yes.
- Operator:** Thank you. The next question is from the line of Viraj from SIMPL. Please go ahead.
- Viraj Kacharia:** Sir, I have a question, in the domestic OEM, you said that there was a lot of competition from players who are very aggressive in terms of price. So, have we kind of exited the segment in domestic OEM? Because the degrowth, what we see is, in volume terms seems much sharper than what the end auto PV sector has grown in Q2.
- Vinod Sharma:** Your voice is not clear. Can you repeat your question, please?
- Viraj Kacharia:** Yes. I am saying that if you see the industry volume of domestic PV, we have grown marginally in volume terms in second quarter versus the performance we have seen in domestic OE, we have seen a double-digit degrowth. So even if you adjust for the realization drop, in volume terms, we have seen a degrowth for us, it seems like that. So have we exited any segment or have we lost any business in domestic OE?
- Suresh Poddar:** No.
- Viraj Kacharia:** So what explains the degrowth in domestic OE for us?
- Suresh Poddar:** See, as I told you that we are only working on higher segments. Lower segments, we are not working. And because of the sales force like that only, automotive sales is not very good. It's okay, not bad, but it is not growing the way it was supposed to grow.
- Viraj Kacharia:** Sir, the higher segments have grown even in this quarter for the industry. But we have seen the figures of automotive OE, 40% against 47% and it is a 15% drop.
- Vinod Sharma:** Actually, it depends on the models. Sometimes...
- Suresh Poddar:** See, every price and profit depends on model to model. You don't know which model is supplied in the last quarter, which models are supplied in this quarter. Maybe in this quarter, certain models, which are of less price that might have been done. From a quantity point of view, it is

same. From sales amount point of view, it is a little bit down. Maybe the model where our margin is less, maybe that model has been produced more. But quantity-wise, it is same.

Viraj Kacharia: Okay. Just two questions. Export, can you give a similar figure for last year, export OE and export general, how much we did in same quarter last year?

Vinod Sharma: Export OE is INR38 crores and general INR15 crores, last year last quarter. FY24, Q2 right?

Viraj Kacharia: Yes, sir. FY24, Q2.

Vinod Sharma: Yes.

Viraj Kacharia: Okay. Just last question. In the starting of the call commentary, you said that you've seen an increased order wins in export. Can you just give some color, are these from similar customers or...

Suresh Poddar: Customers are changing time to time. No customers are fixed. But one thing I can tell you, we are not losing any business, because of our quality problem or price problem or delivery problem. That is not happening. Whatever up and down, it is because the production is automotive OEMs are up and down. We've not lost a single customer.

Viraj Kacharia: Yes. In the past, for Chrysler and now Mercedes used to be a good part of our overall exports. So, these new wins, are those from the same OEs. If you can just give some color, which customers, which OEs, regions are we seeing this increase in demand?

Suresh Poddar: We are doing the models and the Ford Motor company got added to exports, some models got added.

Moderator: Thank you. The next question is from the line of Kiran from Tree Capital.

Kiran: Sir, a couple of basic questions. From a growth perspective, as we look ahead into FY26, right, specifically on OEM exports and OEM in general, not the PU, sir, just the PVC. How do you look through the growth? Because I know the orders keep changing from the OEM customers, but from a meters perspective, we had certain commitments where we would have tripled our meters, number of meters in 2 years that was the comment on some channels video. So if you could just tell us how FY26 is looking or is it going to be as similar to FY25? Just OEM? Export and general and PVC, sir.

Suresh Poddar: It will be better in export

Kiran: Got it. If you could just quantify in terms of meters, sir? I can understand the value may go up and down because of different models. But just in terms of meters, what is the expected meters in FY25 OEMs, sir, just purely exports?

Vinod Sharma: That we can't tell you right now.

Suresh Poddar: Likely it will grow. Yes.

- Kiran:** I mean, grow by 20%, 10%, what is the current estimate, sir?
- Suresh Poddar:** How can we tell that? It all depends on the market. But I can simply say that it will grow. Because it all depends on how the automotive industry grows. But I am telling from the point of view that we are getting most of the time new models or old models, which we were not supplying. I'm telling you on that basis.
- Kiran:** Fantastic. Understood, sir. Sir, the second question that I had was in terms of, two sub-questions. Again, this is bookkeeping questions. Our gross margin increased this quarter from 44% to 47%. Is it because of product mix or our PVC prices have fallen right because other companies where you attract PVC prices, they keep saying that prices have fallen. So, is the gross margin expansion because of PVC prices or because our OEM export mix has increased?
- Vinod Sharma:** It is because of both reasons. Because of increase in exports. Majorly, it is on account of increase in exports.
- Moderator:** The next question is from the line of from Jasmeen Kaur from Fortuna Investment Advisors.
- Gurvinder Juneja:** My name is Gurvinder Juneja. I'm with Fortuna Investment Advisors. I have two questions, sir. One is, as we understand the growth in Q2 has been largely from the export OEM bucket of your revenue? And so, we were thinking the gross margins at the company level should have gone up. They have gone up, but not as per what we understand. So, is it the case that the gross margins in the domestic business have gone down this quarter? That's my first question.
- My second question, sir, is that, there is a fair value gain on investments in your first half FY25. We wanted to understand that what is this fair value gain on your investment book?
- Vinod Sharma:** Can you give us the basis, that it increased but not that much of an increase. According to you, how much should this have increased.
- Gurvinder Juneja:** Sir, the growth is primarily from the export...
- Suresh Poddar:** Please tell one thing. You just go to all the leather cloth industries in the world and find out their data, how much gross margin, how much PAT they are doing. Like ours, you will not find one company in the whole world who is making the kind of profit we are making. I'm not talking about top line. I'm talking about bottom line. So please check up.
- You see, you have to compare with industry to industry. I mean, we are in artificial leather industry. So, you have to compare with artificial leather industry, How the artificial leather industry is doing in the whole world? This is my challenge. Not even one company, you can find better than our company is the bottom line. I'm talking about artificial leather.
- So it is very difficult to say. We are trying our best to get more and more modern even we are trying to stretch the old models, which is done by somebody else. But you see, why our stock has increased, they have given certain requirements that, okay, this quarter, we will buy this much.

But suddenly, if their business is down, they suddenly stop, so their stock increases. Suddenly, their requirement comes in. So many times, we have to supply by air. So, it is very difficult to 100% tell you. Even the OEMs are not able to predict properly. So many times, it depends. We can tell you that, okay, whether it will increase or not increase or decrease. It's very difficult to say quantum. You understand my point?

Moderator: Sorry to interrupt, sir, the current participant has been disconnected. We'll move onto the next question. It's from the line of Ritika Garg, an individual investor. Please go ahead.

Ritika Garg: I have just one question. You did INR85 crores of export this quarter. When do we plan to reach INR100 crores by?

Suresh Poddar: Difficult to say, but of course, next year we should.

Vinod Sharma: Soon you will see.

Suresh Poddar: FY25-FY26.

Ritika Garg: In FY26, do we plan to reach INR1,000 crores of revenue?

Vinod Sharma: We are expecting. It should happen, okay? We are trying our best to make sure that it should happen.

Moderator: That was the last question for today's conference call. I now hand the conference over to the management for their closing comments.

Suresh Poddar: Thanks all of you for participating and asking so many questions. What is in your mind is good. But every question to reply, point to point is very difficult. In short, we can say whether we are going to improve or not and little bit percentage here and there. You see we are working on organized sectors. And we work on their requirements, whatever they predict, every month, they predict something. And it is always different. Sometimes it is less, sometimes more.

But I'm very happy, and we will like you to ask as many questions as you can ask. We are here to reply your questions as far as possible. And the certain question, which we said, it is not possible to tell because those figures are not here, you are free to ask us, send us a letter, we will reply you. And once again, thank you all. And simply, I can say that your company is going to grow regularly. Thank you.

Vinod Sharma: Thank you.

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