

**MAYUR UNIQUOTERS LIMITED**

Manufacturers of Artificial Leather/PVC Vinyl

Ref: MUL/SEC/2024-25/44**Date: August 12, 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 August 09, 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 August 09, 2024 of the Un-Audited Financial Results of the Company for the quarter ended on June 30, 2024.

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

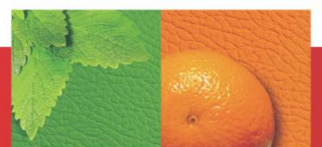
You are kindly requested to take the same on record.

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
Q1 FY '25 Earnings Conference Call”

August 09, 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 the Mayur Uniquoters Q1 FY '25 Earnings Conference Call, hosted by Monarch Network Capital. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star and 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, Dorwin. 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.

I will now hand the call to Mr. Vinod Sharma for his opening remarks. And then we'll move to Q&A. Thank you, and over to you, sir.

Vinod Sharma:

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 honoured to share with you the performance of Mayur. Thanks for giving your precious time to join Mayur Uniquoters Limited Q1 FY '25 conference call.

Mayur Uniquoters 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 market.

Now I would like to start with the financial highlights for Q1 FY '25 under review, and we'll 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 consolidated basis is INR213.19 crores, PBT INR51.37 crores, and PAT INR37.38 crores. In the quarter, the consolidated revenue increased by 6%. PBT and PAT have increased by 29% and 22%, respectively, on Y-on-Y basis.

The revenue from operations on a stand-alone basis is INR194.74 crores, PBT INR45.75 crores, and PAT INR34.73 crores. In the quarter, the revenue increased by 1%. PBT and PAT increased 18% and 16%, respectively.

Our endeavour is to make the company a preferred supplier for the leading OEM, especially in US and European regions. As earlier informed, that we have been selected and received some good orders for OEM supplies to new orders and export markets. And based on that, our OEM export sales are expected to increase further in this year and coming 2 years.

The supply to some new models has already started and some models is expected to start in coming quarters. So we are hoping for a very good performance in these 3 years. Also considering the continued request from our export OEM customers especially in US we have selected and finalized the industrial land to start with warehouse facilities and manufacturing

facilities Mexico soon. Land acquisition process will be completed after the required legal formalities done in Mexico.

Further to start general and furnishing segment business in European regions, we are also going to start trading activities soon through newly established subsidiary company, Lithuania, to cater and supply our products to nearby countries in Europe.

While pursuing our business interest, Mayur Uniquoters has also been endeavouring to fulfill our responsibilities to our society. Under corporate social responsibility program, we have contributed to our regular plantations and 30,000 plants already we have planted in nearby areas and have a plan to do it at a very large 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 the school area, distribution of school bags, clothes and most importantly, family planning and family welfare schemes in nearby villages.

The state government has also recognized these initiatives on various platforms. And I'm thankful to all the investors for their valuable time, to those who became a part of this earning call.

With this positive note, I would like to conclude and request you all to open the forum question. And before that, I'll also request our available investors that, due to time constraints, the duration of the call will be 40 minutes. Therefore, request you to kindly avoid repeated questions. We'll discuss -- we'll not discuss volume data, so please avoid volume-related queries.

And I'll brief some -- give you some brief for numbers so that you can avoid the questions on numbers. In Q1 FY '25, we have export sale of around 32%, and domestic, 68%. And our total volume is 71.31 lakh meters, as compared to Y-on-Y basis of Q1 where we had the 70.41 lakh meters. Thank you. Over to Rahul. Please open the forum for the questions.

Moderator: The first question is from the line of Rachna from SIMPL.

Rachna: Sir, can you please share the volume data for export volume OEM this quarter versus last quarter? For export OEM and OEM domestic?

Vinod Sharma: We have already informed that volume data will not be discussed in the call. So please avoid. You can talk to us through mail and etcetera, and we'll tell you the value...

Rachna: Okay, sir. But can you tell me as a percentage of total volumes, what would be export volume OEM and OEM domestic for this quarter compared to the previous year's quarter?

Vinod Sharma: We have readily available with us the value percentage. Do you want to note the value percentage?

Rachna: Yes, yes.

- Vinod Sharma:** Yes, please. Export OEM is 21%, and domestic is around 39%, 40%, you can consider as compared to the last quarter Y-on-Y basis, Q1.
- Rachna:** And the total contribution?
- Vinod Sharma:** Total contribution of what?
- Rachna:** Total out of 71, export volume would be 21% or the growth?
- Vinod Sharma:** Yes. Value. Export value is 21%. And 39% is the domestic OEM.
- Moderator:** The next question is from the line of Ritika Gupta, an Individual Investor.
- Ritika Gupta:** So my question is regarding the PU plant. Could you give us a capacity utilization for that? And what is the outlook for that?
- Suresh Poddar:** PU plant is -- we are almost one-fifth we are using and we are working with a lot of big foreign brands to introduce our materials in the footwear and leather goods. And we are getting good response, hopefully. Here future is very bright. We have made a lot of -- hundreds of samples which has been given to these companies which are making the end products, they are showing to the customers, and the inquiry has started coming a little bit. And I'm hopeful that within a year's time, it will cover up the income.
- Ritika Gupta:** Okay. Sir, my next question is regarding the footwear industry. So any progress we can see in that? Any green shoots we can see in that for ourselves?
- Suresh Poddar:** Yes. Footwear industry also, as I told you, we are working with foreign brands. And these foreign brands use PU and PVC both. But so far as the market is concerned because of EIS problem, which government has implemented, people are not keeping the stock as they are required to keep. So that is still you can say it is affecting the market. But not much, of course.
- Ritika Gupta:** Okay. My next question is, have we received any new approvals in this quarter? And what is the progress on our BMW order that were supposed to start in this quarter?
- Suresh Poddar:** Already started. And by I think -- by October or November, we will get full-fledged order of 35,000 meters. That's what they're saying at the moment.
- Ritika Gupta:** And what is the outlook for the domestic auto OEM industry? Like I was reading that Stellantis is planning to increase its exports a lot from India. Mercedes is eyeing double-digit growth in India. Do we see any -- like what do we see for our sales in the domestic OEM industry for the next two years?
- Suresh Poddar:** As you have read and we are seeing everywhere that Indian domestic OEM industry is progressing very fast compared to other countries. So there is no way that we will lag behind. And so far Mayur is concerned, we are supplying to each and every manufacturer in India. Not a single manufacturer is left. So market is good I mean from an industry point of view. You see a little bit up and down comes in the quarters. That is different thing.

- Ritika Gupta:** And what are the main reason for margin expansion in this quarter?
- Vinod Sharma:** Main reason for the margin expansion.
- Suresh Poddar:** Yes, margin expansion. You see margin expansion is one thing is export business, specifically OEM and then some domestic also, like Volkswagen we are supplying here, like MGR we are supplying here, like bikes -- this thing. So, we have good margin there. Now you can say the reason is one is the product mix, and other is we are working very hard to reduce the costing and as well as increase the efficiency on growth. That is also one of the reasons.
- Ritika Gupta:** But do we see this kind of margin...
- Moderator:** Ma'am, may we request you to please re-join the queue for further questions?
- Ritika Gupta:** Sure.
- Moderator:** The next question comes from the line of Nikhil; from SIMPL.
- Nikhil:** Hello...
- Moderator:** Sorry to interrupt Nikhil your line is not clear. It keeps breaking up in between.
- Nikhil:** Am I audible now?
- Moderator:** No sir it's not. May I request you to please establish a better connection and re-join the queue sir.
- Nikhil:** Okay. Fine.
- Moderator:** We will proceed to the next question, which will be from the line of Dhruvesh Sanghvi from Prospero Tree. The current participant seems to have dropped from the queue. We'll proceed with the next question from the line of Himanshu Upadhyay from BugleRock PMS.
- Himanshu Upadhyay:** My question was on the PU side, we are only looking at domestic market as a market or that you are also looking for exports? And when you are saying about fashion brands, is it only for domestic markets or those are also export opportunities there?
- Vinod Sharma:** For fashion brand.
- Himanshu Upadhyay:** For PU, when you were saying, so what is the export opportunity there?
- Suresh Poddar:** Yes, there are always good export opportunity. This quarter export opportunity are there. All the brands are manufacturing in India. And in their brand name, they are supplying all over the world. So many factories are coming here in India to manufacture for these brands. And we are getting in touch with these brands, and they're making our samples and showing it in the market. And where we are supplying, they will export those footwear and leather goods.

- Himanshu Upadhyay:** Okay. And sir, we were thinking about backward integration into the -- for PU. So where have we reached? And what is our output there and how much cost further reduce can happen if we are backward integrated?
- Vinod Sharma:** Backward integration for PU.
- Suresh Poddar:** No, no, we don't have any backward integration at the moment.
- Himanshu Upadhyay:** Yes. But we were planning for a backward integration for the fabric and...
- Suresh Poddar:** No, we were planning but for that we have to make a PU resin and for that we need a collaboration and all the collaborators need a big market. Indian market is very small at the moment. Of course, we are working. But I don't know how long it will take to get there.
- Moderator:** The next question is from the line of Awanish Chandra from SMIFS Limited.
- Awanish Chandra:** Congratulations, management team, for continuing good performance and buyback announcement. Sir, my first question, Vinod, sir, anyway highlighted a few things about overseas investment and all. Sir, I just want to know, when we say Mexico land acquisition, then warehousing in future, you had highlighted that we will set up the plant. In terms of number, what would be the capex? What are the things we are planning? If you can show us some detail on those plans.
- Vinod Sharma:** Capex will be around INR200 crores for that.
- Awanish Chandra:** For the land plus plant, both?
- Vinod Sharma:** Yes, yes, both.
- Awanish Chandra:** INR200 crores?
- Vinod Sharma:** Yes.
- Awanish Chandra:** And what would be the capacity using that INR200 crores?
- Vinod Sharma:** Around 6 million meters.
- Awanish Chandra:** Okay. 6 million-meter capacity we will have and INR200 crores. And sir, you talked about another geography also there, you want to establish something. What exactly was that?
- Vinod Sharma:** It will be near border, U.S. and Mexico border, it will be.
- Awanish Chandra:** Okay. And sir, bookkeeping question. INR6 crores, INR7 crores was the run rate for PU business in a quarter. So any change in that run rate or we are similar again in quarter 1?
- Vinod Sharma:** Sorry, your question, we cannot get.
- Awanish Chandra:** In PU business, quarterly run rate was INR5 crores to INR7 crores all the time. So in quarter 1, any different or we are having the same run rate, in PU business?

- Suresh Poddar:** As I have told you previously that we are working with big brands. The PU problem, main problem is this import duty manipulation in spite of increasing the duty, getting the increasing them in the duty from 10% to 12%, terrible under-invoicing. That's why we are not giving more concentration on this and we are moving to the high brand PU material, and their prices are also good. And they're confirmed by us. Although we are supplying to Indian market buying from China, buying from here and there. And once we are approved for these big brands, we will not go here and there, whatever pricing quote. So as I told that it will take some time, but we are working hard on it.
- Awanish Chandra:** Okay. And sir, one last quick question on PVC prices. Again, in quarter 1, it has firmed up. So do we have any plan to price increase? And how we are placing our inventory on PVC chemical side?
- Suresh Poddar:** Price increase and decrease depends on the market, like how market is moving. What is the availability of the material in the market? If the availability is more, then the price goes down. If the availability is less, then price increases. So at the moment, in PU, the pricing are stabilized. Of course, in PVC, we have increased on prices because of the PVC raising and plasticizer prices, we have increased 5%.
- Moderator:** The next question is from the line of Rachna from SIMPL.
- Rachna:** I wanted to know the sale we are doing in PU business and have we won any new orders?
- Vinod Sharma:** New orders in what segment? For both the segments?
- Rachna:** PU business.
- Suresh Poddar:** For PU, you see, it's not a question of new order or old orders. Orders are coming from different customers every time. Now the main thing is to discuss here are the big brands which we are talking, we have started working, asking the sample, we are providing the samples. And these things will come, then we will get a new customer. Otherwise, today in the market we are selling, those who are exporting or buying in Indian market, so the customer always change, you know?
- Rachana:** Okay. Sir, we have we incurred any losses or we are positive in PU business?
- Vinod Sharma:** Yes. Currently, we are incurring losses.
- Rachana:** Sorry, sir, you were not audible.
- Vinod Sharma:** Yes. Currently, we are incurring losses in PU business.
- Rachana:** Okay. Can you quantify, if possible?
- Vinod Sharma:** No, that's not right now possible.
- Moderator:** The next question is from the line of Nirali Gopani from Unique PMS.

- Nirali Gopani:** Yeah, hi. Thanks for the opportunity. Just to clarify, sir, did you mention that the increase in the margin was largely because of the OEM export growth?
- Vinod Sharma:** Yes. Increase in margin because of OEM export growth and export -- and domestic...
- Suresh Poddar:** As I told you there is a cost benefit not because of the market situation or anything, we have -- and we are trying to reduce the cost at our end at the same time, in export margin is better than local.
- Nirali Gopani:** Sir, the reason I'm asking the question is...
- Suresh Poddar:** The increase in margin, there are so many factors, not one factor, right? The business, what kind of business we are having. And then the contribution in the different type of products. So X product has got X profit, Y product has got X plus Y profit. So it depends on composition of the business also, of the article once. We are in leather clothes. We are making 1,000 different articles. So in general, it is very difficult to explain. Do you understand my point?
- Nirali Gopani:** Yes, sir, I understand.
- Suresh Poddar:** Depends on the composition of the business also.
- Nirali Gopani:** Because this kind of margin we have seen after many, many quarters, hence, the question on margins. Sir, do you feel that this number is sustainable and we can see further growth from this number?
- Suresh Poddar:** No, you see as I earlier said it is very difficult to see what margin will be there or not. Any manufacturer will always try, and we always try to increase our margins. There are so many ways of increasing margin or reduce margin. It depends on market.
- You see our job is to work as best as possible, to go for the best customer who can give a good price. We are always trying to move on them as to give more time to them, then increase the efficiency. Now this time -- and there is one -- another thing very important. You see when price increases, you should know when you should buy. This time, that is also there because the prices of raw material increase, so many times we have made the stock of excess material. So that when the prices increase after 1 month or 1.5 months we get benefit in our purchase also. Our profitability is a mix of everything.
- Moderator:** The next question is from the line of Alisha Mahawla from Envision Capital.
- Alisha Mahawla:** Hi, sir. Good afternoon. Thank you for the opportunity. Sir, like you have given revenue breakup export domestic and OEM this quarter, Can you give Q1 2024 also please?
- Vinod Sharma:** Q1 '24? Sure. Sure. It was -- export was 35% and domestic was 65%.
- Alisha Mahawla:** Can you give the OEM split in export?
- Vinod Sharma:** OEM export and domestic?

- Alisha Mahawla:** Yes.
- Vinod Sharma:** 24% OEM export and 36% domestic?
- Alisha Mahawla:** So, in export OEM there is not much growth on YoY basis which you were explaining which led to the improvement in margin and the BMW order also scaling up. We have growth in YONY growth, in export and OEM growth is in domestic. Is it in domestic OEM?.
- Vinod Sharma:** We have growth in YoY growth, in export and OEM growth is in domestic.
- Alisha Mahawla:** Our aspiration for '25 was 15% 20% grow is that looking possible for '25?
- Vinod Sharma:** Better than '24.
- Suresh Poddar:** Up to 15% minimum growth will be there.
- Vinod Sharma:** Double digit.
- Alisha Mahawla:** And the land that we acquire in Mexico and set up a warehouse and eventually plant, how long will it take to commercialize and get ready?
- Vinod Sharma:** It is in process, because elections have been held in both the countries. There are elections in US and there are elections there. So we are reviewing everything and then moving forward.
- Alisha Mahawla:** Will it take this year or 1-2 years if there is a tentative timeframe?
- Vinod Sharma:** It depends on what is the rate of US.
- Suresh Poddar:** Actually, the Mexico business is totally dependent on US, and there is NATO arrangement between Mexico, Canada and USA, right? So they have recently election in Mexico and the new government has come. So we have to see how this government moves for 3 to 6 months. And then in December, America is coming with an election. So by January, February, the whole picture will be clear.
- Alisha Mahawla:** So we will do investment only after that?
- Suresh Poddar:** Yes, yes, absolutely. Brother, you are arranging all the things. What machinery do we have to install? How much space do we need? What will be the cost? That is all our inner work. We are doing all the work. Do it. Now we just have to press the button. After seeing the condition of these two, then only we will do it.
- Moderator:** The next question is from the line of Ritika Gupta, an individual investor.
- Ritika Gupta:** My question is, again, on the export outlook, because I think you just mentioned to the previous participant that you expect a double-digit growth this year. So then are we on track to achieve the 3x export target that we had set a little while ago in FY '26, which is about INR450 crores?
- Vinod Sharma:** Export OEM growth.

- Suresh Poddar:** Yes. Export OEM growth this year compared to last year will be at least 15% more. And the next year, it will be another 15% to 20%. It will keep on growing at least 15% in the next 3 years.
- And this I'm talking with the current situation, the orders in our hand, but sometime it fails because sometimes the market is bad, right? Last month, the market was not good in America, but now it is again improving.
- So whatever I'm saying you according to the requirement given by the OEMs. And accordingly -- and then it is not the imagination. It is just we have got the order in hand, right, according to their models.
- Ritika Gupta:** Okay. And you are very bullish on marine in the last quarter call, on the marine business.
- Suresh Poddar:** Yes, marine business is improving. It's improving.
- Ritika Gupta:** Okay. So it falls under export general, right? And what is the contribution of marine business in our total export mix?
- Suresh Poddar:** We have -- this is -- we have got export OEM separate and export general is separate. This marine business is in export general. Until now, it was just negligible, but now it is increasing gradually.
- Ritika Gupta:** Okay. And where do you see this going in the next 2 years? Like do you see it becoming like 20% of exports or that is farfetched?
- Suresh Poddar:** You see, it is very difficult to say that how much percentage of this. We are going in all the segments very seriously. So it is difficult to say 20%, 30% or 40%. We are trying our best, and we are doing -- and I can say, in world of yards, it is increasing.
- Every month, it is on increase. You see, any new customer, they just like that, they don't buy the material, but they want to have the confidence on the supply. My material is very good, my price is very good. But still, they will try for 6 months, 1 year. And then gradually, they will increase.
- One thing I can say, wherever our material is going, they are accepting our material, and they are increasing it.
- Ritika Gupta:** Okay. I got it. And my last question is, have you got any new approvals this quarter?
- Vinod Sharma:** Approval for what?
- Ritika Gupta:** Any new OEM approvals this quarter?
- Suresh Poddar:** New approvals. We already have approval. You see, at the moment, in India, as I told you, we are working all the domestic automotive companies, not left 1 company.
- Moderator:** The next question is from the line of Dhruvesh Sanghvi from Prospero Tree.

Dhruvesh Sanghvi: Namaste Sureshji. Sir, my question is that in BIS norms, you are seeing in India that a big domestic manufacturing base for footwear will be converted and due to this, there can be a good time in the footwear industry in India in the next 1-1.5 years. I am asking this from the mindset of the timeline?

Suresh Poddar: Look, it is like this that there will be good in footwear. Now there is a big question with footwear manufacture. Yesterday, Piyush Goel was committing with our footwear. Now the problem is in footwear. The growth is there and it will be. But the main thing is that we are exporting products is 95% non-leather. And in non-leather, India is backward at the moment. Of course, they are increasing every year, it will increase.

But they have to go on non- non leather products on which they are very slow but now they are doing it. Like our EU if they start making non leather products then I will have to put a line in every two years every year a new line is put so it depends on them. India has low export. India is exporting only 4% of their manufacturing where China is exporting 46% and then their internal consumption is so high.

Of course they are working hard, government is clearly taking that whatever support you want because if you investing INR1 core in any industry then most of the leather consumption is in footwear. so government is ready to support. Now these people have to change their ideas. Now the biggest problem in India is that everyone wants easy work. Now what is wrong with this? We will have to use our brains a little. Now they are getting into their senses. Our customers are also big. They don't use PU. Not even 1% or 2%.

Now with my pressure, at least they have started using it. And they started supplying to the big brands. We have 1-2 customers who have started using it. I believe that there is such a great scope in our footwear industry, if the government and footwear industry think about it, what can I say? But then, it is a question of will.

Dhruvesh Sanghvi: It is not about costing, it is also about the mindset of the manufacturers and the ecosystem.

Suresh Poddar: This is about mindset, why? The reason is that mindset because how much I am investing in R&D, leather and cloth industry don't do if jointly. In India everybody wants everything readymade. In this you need to have patience in R&D. In R&D fruits are bear after 2 to 3 years. In the footwear meeting, I say always you change your mindset and now they are implementing...

Moderator: We will now move to the next question, which is from the line of Nikhil from SIMPL.

Nikhil: One clarification. You said in one quarter our volume was 71 million square meters. What was the last year's similar quarter?

Vinod Sharma: 70. 70.

Nikhil: Last year similar to 1Q '24 what was it?

Vinod Sharma: 70.41 lakh meters. And this year Q1, 71.31 lakh meters.

- Nikhil:** Okay. So if the volumes are flat, then is the volume in the domestic also flat? If we compare year on year?
- Vinod Sharma:** No, it has increased in domestic. Around 7-8% domestic OEM has increased. OEM export is down but it is compensated by general export.
- Nikhil:** If we consider our realization, so PVC prices are falling, then our export and domestic contracts does with OEM their pricing also change? Like PVC prices are passed through or how does your pricing work?
- Suresh Poddar:** You see OEM prices always subject to dominant 2 or 3 raw materials. On the basis of that, prices are described. And every quarter, there is a choice. If the prices increase, we will increase the prices. If it will decrease, we will decrease the prices. We have got a very strict system.
- Nikhil:** Okay. Last question, sir, auto replacement or footwear if I see mix wise with the number which you have shared, replacement in domestic and footwear has further seen a degrowth. Will that be right?
- Vinod Sharma:** No. Footwear has also increased in this quarter.
- Nikhil:** Volume-wise?
- Vinod Sharma:** Volume wise and value wise.
- Moderator:** The next question is from the line of Nisarg Vakharia from NV Alpha Fund Management.
- Nisarg Vakharia:** Sir, thank you for all the insights that you gave on what the industry is lacking and what we are doing, and we are ahead of the curve. You mentioned that you have been a sort of visionary in setting up this -- hello? Yes. Can you hear me?
- Vinod Sharma:** Yes, We can hear you.
- Nisarg Vakharia:** So you mentioned that the PU plant is still operating at a loss. Before 2019, we used to do 25%, 26% margin, and today, we are at 21%, 22%. Is that margin differential because the PU plant is at a loss?
- Suresh Poddar:** The loss that is happening there is a fixed type loss. There is no loss of fixed type. There is a loss of fixed cost. There is not much up and down.
- Nisarg Vakharia:** As you said, all the orders that you have are already in hand. When does that fixed cost operating leverage start playing out for you?
- Vinod Sharma:** Orders are in hand, he told about the OEMs, domestic and exports.
- Unknown Analyst:** Yes. So there will be a point where the fixed cost operating leverage will play out, right, and we will stop making losses?
- Vinod Sharma:** Not for PU. It's for PVC.

Moderator: Ladies and gentlemen, we will take that as a last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Suresh Poddar: Thank you very much all of you who joined this conference. And we have tried our best to explain you at where we are and what we are doing forward. In a nutshell, I can say that we are trying our best and we are trying to grab the opportunity all over the world wherever we find it is important to have it and get the more profit. So that endeavour will continue and we will definitely grow from double digit. No doubt.

And we are -- in a nutshell, I can tell you, we are not leaving any stone unturned. And we'll keep on doing that. Thank you, all of you for joining us and for your questions.

Vinod Sharma: Thank you.

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