



# Core Investor Series

**Mayur Uniquoters Ltd.**

Institutional  
Research

## Company Overview

Mayur Uniquoters Ltd. is one of the largest manufacturers of artificial leather, using the 'Release Paper Transfer Coating Technology' in India. The company has an experience of over two decades and started its journey from a meagre production of 0.25 million linear meters per month to an astonishing 4.05 million linear meters per month, through seven state of the art Italian coating lines. It has now started its PU coating plant with a current capacity of 6 lacs linear meters per month. Mayur has a world-class infrastructure consisting of a full range of machinery to fulfil its knitting, processing, heat setting, coating, embossing, printing, lacquering, sueding, tumbling and laminating needs. They offer products which are applicable to various industries such as automotive, footwear and furnishing along with leather goods and garments. Mayur has a diversified clientele across multiple sectors and caters to the synthetic leather requirements of reputed automotive players like BMW, Mercedes Benz, Chrysler, Ford, Hyundai, MG, KIA, Maruti Suzuki, Tata, Toyota, Mahindra & Mahindra, ISUZU, Suzuki, Honda, Renault, Skoda/Volkswagon, Stellantis, Hero, Bajaj, Royal Enfield, TVS, Piaggio, Sonalika Tractor, Lear, TS Tech Sun, Bharat Seat, Krishna Maruti, Sharda Motors, S.I. Interpact Group, Swaraj Auto, Polor Auto etc. Among footwear, it serves clients including Bata, Paragon, Lancer, Action, Relaxo and VKC Group.

## Products for Various Applications

### Automotive

Mayur offers a range of PVC Vinyl and PU synthetic leather for the automotive industry. The artificial leather is used in various other parts including door trims, steering wheel covers, gear boot and knob covers, roof lining, sun visors and hoods. The applicability of artificial leather in cars, buses, trucks, agricultural vehicles and motorcycles makes it a great product for the automotive industry. Its high elasticity makes it extremely comfortable, and its resistance to hot and cold temperatures, water, alcohol and stains makes it very durable and easy to maintain.

### Footwear

Artificial leather is widely used in the footwear industry because of its fantastic variety and high durability. The company specialises in PVC Vinyl and PU synthetic leather for the footwear industry. It offers products for various parts of footwear like shoe uppers, shoe lining and insoles. These products find application in formal shoes and boots, sports shoes, sandals, slippers, and high-end women footwear.

### Furnishing

The company offers a wide range of products for the furnishing industry in various colours, textures and feels in leather and fabric. For homes, offices, commercial establishments and hotels, these products are used in upholstery for sofas, chairs, cushion covers, bean bags, etc. They also produce marine upholstery with saltwater resistance.

### Leather Goods & Garments

The versatility of artificial leather allows it to be used in a wide range of products like purses, bags and briefcases, diary covers and stationery items, garments, belts, wallets and sports items like gloves, pads, footballs, etc. The company manufactures artificial leather in vibrant colours and extraordinary textures, allowing manufacturers to create innovative, artistic and fashionable products.

## Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

## Sector Outlook

Positive

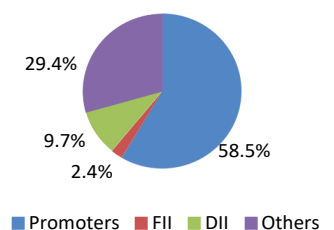
## Stock

CMP (INR)	519
Target Price (INR)	700
NSE Symbol	MAYURUNIQ
BSE Code	522249
Bloomberg	MUNI IN
Reuters	MAYU.BO

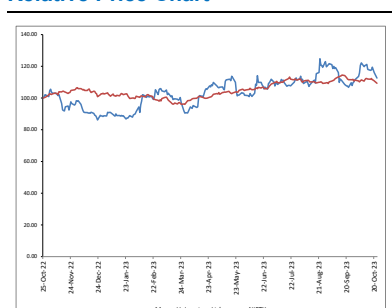
## Key Data

Nifty	19,122
52WeekH/L(INR)	584 / 393
O/s Shares (Mn)	440
Market Cap (INR bn)	2,281
Face Value (INR)	5
<b>Average volume</b>	
3 months	1,34,300
6 months	1,24,950
1 year	90,160

## Share Holding Pattern (%)



## Relative Price Chart



# Mayur Uniquoters Ltd.

## Key Investment Thesis

- Mayur Uniquoters is a leading player in the technical textile domain, manufacturing synthetic leather (PVC, PU) for automotive, footwear and apparel industries.
- The company's 50-60% of sales come from the automotive segment, whereas 20-30% comes from the footwear segment.
- For six years, i.e. from FY16 to FY21, the company showed no growth (revenue between Rs. 550-600 crores). During this period, the company was going through many quality checks and approvals as they were entering into the value-added luxury market which requires all these approvals.
- After most of the approvals, demand picked up and the company had a promising order pipeline which reflected in good sales growth in FY22 and FY23.
- They have also entered into the retail furnishing business under the brand name "TEXTURE AND HUES" to serve retail customers through their wholly owned subsidiary company 'Mayur TecFab Private Limited' which is expected to yield good profit in future.
- Approximately 40% of the synthetic leather market is in the furnishing business, and the company is making 1,000 dealers across India to capture this market. The company has already appointed 350 dealers by FY23. We foresee a bright future for the company in the furnishing sector.
- The management is guiding for 18% CAGR growth between FY23-FY25E led by exports OEM. Export OEM, which is currently just Rs. 160 crores in FY23, is expected to reach Rs. 600 crores by FY26 based on the company's current order book.
- EBITDA margins is likely to improve due to increasing exports, which will also aid the overall profitability.
- Mayur Uniquoters is a net cash company with a consistent ROIC of 25%, thereby providing comfort on the balance sheet front.

## Valuation and Outlook

The Asia Pacific region is a dominant synthetic leather market, with China, India and South Korea expected to be the significant growth-driving economies. The rising disposable income, coupled with increasing population is likely to provide numerous opportunities for various manufacturers. This region has a share of approximately 61% of the world's population, and the manufacturing and processing verticals are growing at a fast pace. Mayur has the largest capacity for manufacturing synthetic leather in the domestic organised segment, with a total annual production of 48.6 million linear meters of PVC-coated fabric and 5.0 million linear meters of PU-coated fabric. The company manufactures over 400 variants of artificial leather from PVC polymer which finds application across various industries. Mayur Uniquoters has entered an inflexion point wherein its exports is expected to increase substantially and positively contribute to its margins and PAT. It currently trades at 15.5x FY25E earnings, has net cash of Rs. 180 crores, delivered consistent ROIC of 25%, and is expected to post a PAT CAGR above 20% for the next three years. **Thus, we believe that the business should at least trade at 20x (considering 1x PEG) and have arrived at a target price of Rs. 700 per share (35% upside).**

# Mayur Uniquoters Ltd.

## Key Financials

YE March (Rs. crores)	FY19	FY20	FY21	FY22	FY23
<b>Revenue from Operations</b>	<b>591</b>	<b>528</b>	<b>513</b>	<b>657</b>	<b>776</b>
<i>Growth (Y-oY)</i>		-10.7%	-2.9%	28.0%	18.1%
<b>EBITDA</b>	<b>129</b>	<b>104</b>	<b>125</b>	<b>126</b>	<b>139</b>
<i>Growth (Y-oY)</i>		-19.6%	20.6%	0.3%	10.3%
<b>PAT</b>	<b>89.6</b>	<b>79.8</b>	<b>89.8</b>	<b>94.4</b>	<b>104.2</b>
<i>Growth (Y-oY)</i>		10.9%	12.5%	5.1%	10.4%
<b>EPS</b>	<b>19.8</b>	<b>17.6</b>	<b>20.1</b>	<b>21.2</b>	<b>23.7</b>
<i>Growth (Y-oY)</i>		11.1%	14.2%	5.5%	11.8%
Key Ratios					
<b>EBITDA Margin (%)</b>	<b>21.8</b>	<b>19.7</b>	<b>24.4</b>	<b>19.2</b>	<b>17.9</b>
<b>PAT Margin (%)</b>	<b>15.2</b>	<b>15.1</b>	<b>17.5</b>	<b>14.4</b>	<b>13.4</b>
<b>P/E</b>	<b>26.0</b>	<b>29.3</b>	<b>25.6</b>	<b>24.3</b>	<b>21.7</b>

Source: Company, BP Equities Research

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**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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