

# MAYUR UNIQUOTERS LTD

Result Update (PARENT BASIS): Q2 FY19

CMP: 393.00

JAN 8<sup>th</sup>, 2019

Overweight

ISIN:  
INE040D01038

## Index Details

### Stock Data

Sector	Textiles
BSE Code	522249
Face Value	5.00
52wk. High / Low (Rs.)	568.15/350.00
Volume (2wk. Avg.)	424
Market Cap (Rs. in mn.)	17813.75

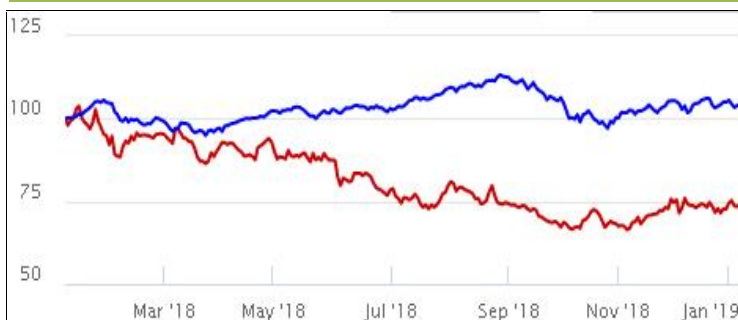
### Annual Estimated Results(A\*: Actual / E\*: Estimated)

Years (Rs. in mn)	FY18A	FY19E	FY20E
Net Sales	5636.74	5918.58	6392.07
EBITDA	1582.66	1654.63	1793.49
Net Profit	940.97	984.66	1069.13
EPS	20.76	21.72	23.59
P/E	18.93	18.09	16.66

### Shareholding Pattern (%)

	As on Sep 2018	As on Jun 2018
Promoter	61.26	61.26
Public	38.74	38.74
Others	--	--

### 1 Year Comparative Graph



MAYUR UNIQUOTERS LTD

S&P BSE SENSEX

## SYNOPSIS

- Mayur Uniquoters Ltd is engaged in the manufacturing of artificial leather/foam leather, and other substitutes of leather. It manufactures coated textile fabric.
- The company has achieved a turnover of Rs. 1477.23 mn for Q2 FY19 as against Rs. 1378.43 mn in the corresponding quarter of the previous year.
- During Q2 FY19, EBITDA was Rs. 344.29 mn as against Rs. 386.54 mn in the corresponding period of last year.
- PBT of the company stood at Rs. 294.44 mn in Q2 FY19 as against Rs. 340.41 mn Q2 FY18.
- In Q2 FY19, net profit stood at Rs. 200.28 mn as against Rs. 225.12 mn in Q2 FY18.
- The company has reported an EPS of Rs. 4.42 for the 2<sup>nd</sup> quarter as against an EPS of Rs. 4.92 in the corresponding quarter of the previous year.
- During H1 FY19, revenue stood at Rs. 2888.57 mn as against Rs. 2901.48 mn in H1 FY18.
- PAT stood at Rs. 456.27 mn in H1 FY19 from Rs. 481.92 mn in H1 FY18.
- Operating Profit & PAT of the company are expected to grow at a CAGR of 6% and 7% over 2017 to 2020E, respectively.

PEER GROUPS	CMP	MARKET CAP	EPS(TTM)	P/E (X)(TTM)	P/BV(X)	DIVIDEND
Company Name	(Rs.)	Rs. in mn.	(Rs.)	Ratio	Ratio	(%)
Mayur Uniquoters Ltd	393.00	17813.75	20.15	19.51	3.93	28.00
Raymond Ltd	811.00	49779.90	23.60	34.36	2.64	30.00
Loyal Textile Mills Ltd	514.85	2479.70	67.02	7.68	1.27	50.00
Arvind Ltd	96.00	24827.20	12.65	7.59	0.61	24.00

## QUARTERLY HIGHLIGHTS (PARENT BASIS)

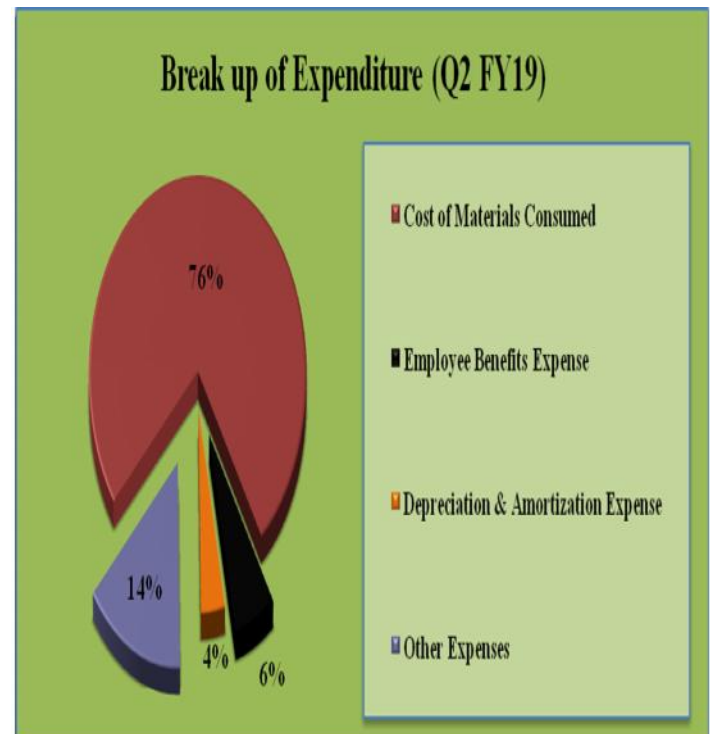
### Results updates- Q2 FY19,

(Rs. in million)	Sep-18	Sep-17	% Change
<b>Revenue</b>	1477.23	1378.43	7.17%
<b>Net Profit</b>	200.28	225.12	-11.04%
<b>EPS</b>	4.42	4.92	-10.15%
<b>EBITDA</b>	344.29	386.54	-10.93%

The company has achieved a turnover of Rs. 1477.23 million for the 2<sup>nd</sup> quarter of the financial year 2018-19 as against Rs. 1378.43 million in the corresponding quarter of the previous year. EBITDA was Rs. 344.29 million in Q2 FY19 as against Rs. 386.54 million in the corresponding period of last year. In Q2 FY19, net profit stood at Rs. 200.28 million as against Rs. 225.12 million in Q2 FY18. The company has reported an EPS of Rs. 4.42 for the 2<sup>nd</sup> quarter as against an EPS of Rs. 4.92 in the corresponding quarter of the previous year.

### Break up of Expenditure

Break up of Expenditure	Value in Rs. Million		
	Q2 FY19	Q2 FY18	% Chng
Cost of Materials Consumed	967.89	824.56	17%
Employee Benefits Expense	75.73	68.25	11%
Depreciation & Amortization Expense	44.35	41.97	6%
Other Expenses	180.59	131.61	37%



## COMPANY PROFILE

Mayur Uniquoters Limited is a holding company. The Company is engaged in the manufacturing of artificial leather/foam leather, and other substitutes of leather. It manufactures coated textile fabric. The Company's products are used in segments, such as footwear, furnishings, automotive original equipment manufacturer (OEM), automotive replacement market, and automotive exports. It sells its products to OEMs and other manufacturers, and wholesalers in India, and also exports to various countries, including the United States and the United Kingdom. It produces specialized polyvinyl chloride (PVC) vinyl for the footwear industry. It offers products for various parts of footwear, such as shoe uppers, shoe lining and insoles. It offers products, which are used in upholstery for sofas, chairs, cushion-covers and bean bags. Its manufacturing units are located at village Jaipura and Dhodsar, Jaipur. Knitted fabric manufactured at Dhodsar plant is consumed primarily as captive consumption.

**FINANCIAL HIGHLIGHT (PARENT BASIS)**
**(A\* - Actual, E\* -Estimations & Rs. In Millions)**
**Balance Sheet as of March 31, 2017 -2020E**

	FY17A	FY18A	FY19E	FY20E
<b>ASSETS</b>				
<b>1) Non-Current Assets</b>				
a) Property, Plant and Equipment	1266.81	1311.45	1298.33	1350.26
b) Intangible Assets	14.26	8.81	7.93	8.17
c) Capital Work in Progress	39.13	19.31	40.14	44.56
d) Investment in Subsidiary	0.70	0.70	0.71	0.75
<b>e) Financial Assets</b>				
i) Investments	11.88	11.93	12.64	13.15
ii) Loans	13.24	13.46	14.00	14.42
f) Other Non -Current Assets	46.72	26.84	99.60	111.55
<b>Sub Total-Non Current Assets</b>	<b>1392.75</b>	<b>1392.50</b>	<b>1473.35</b>	<b>1542.85</b>
<b>2) Current Assets</b>				
a) Inventories	582.90	714.15	749.85	779.85
<b>b) Financial Assets</b>				
i) Investments	1228.66	1550.17	1968.71	2244.33
ii) Trade Receivables	1286.93	1329.27	1528.66	1696.81
iii) Cash and Bank Equivalents	131.37	194.67	132.37	150.91
iv) Bank Balances Other than	71.49	61.53	62.76	65.90
v) Loans	0.48	1.47	1.17	1.27
vi) Other Financial Assets	55.13	53.76	56.45	59.84
c) Other Current Assets	53.21	48.01	104.50	121.22
<b>3) Sub Total-Current Assets</b>	<b>3410.16</b>	<b>3953.02</b>	<b>4604.48</b>	<b>5120.12</b>
<b>Total Assets (1+2+3)</b>	<b>4802.91</b>	<b>5345.52</b>	<b>6077.84</b>	<b>6662.97</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1) EQUITY</b>				
a) Equity Share Capital	228.89	226.64	226.64	226.64
b) Other Equity	3691.03	4308.05	4868.10	5354.91
<b>Total Equity</b>	<b>3919.91</b>	<b>4534.69</b>	<b>5094.74</b>	<b>5581.55</b>
<b>2) Non Current Liabilities</b>				
<b>a) Financial Liabilities</b>				
i) Borrowings	39.31	18.79	23.49	20.67
ii) Employee Benefit obligations	0.00	0.30	0.54	0.62
b) Deferred Tax Liabilities (Net)	83.72	76.90	78.44	82.36
c) Government Grants	2.69	1.99	1.75	1.82
<b>Sub Total-Non Current Liabilities</b>	<b>125.71</b>	<b>97.98</b>	<b>104.21</b>	<b>105.47</b>
<b>3) Current Liabilities</b>				
<b>a) Financial Liabilities</b>				
i) Borrowings	27.70	0.00	18.09	16.28
ii) Trade Payables	576.66	579.82	670.52	752.46
iii) Other Financial Liabilities	105.97	98.33	97.35	101.24
b) Other Current Liabilities	27.63	9.40	10.15	10.76
c) Employee Benefit Obligations	0.41	3.15	4.48	5.24
d) Government Grants	0.70	0.70	0.70	0.73
e) Current Tax Liabilities (Net)	18.22	21.45	77.60	89.24
<b>Sub Total-Current Liabilities</b>	<b>757.28</b>	<b>712.85</b>	<b>878.89</b>	<b>975.95</b>
<b>Total Equity and Liabilities (1+2+3)</b>	<b>4802.91</b>	<b>5345.52</b>	<b>6077.84</b>	<b>6662.97</b>

**Annual Profit & Loss Statement for the period of 2017 to 2020E**

Value(Rs.in.mn)	FY17A	FY18A	FY19E	FY20E
Description	12m	12m	12m	12m
Net Sales	5234.80	5636.74	5918.58	6392.07
Other Income	114.34	131.96	216.41	240.22
Total Income	5349.14	5768.70	6134.99	6632.28
Expenditure	-3960.53	-4186.04	-4480.36	-4838.79
<b>Operating Profit</b>	<b>1388.60</b>	<b>1582.66</b>	<b>1654.63</b>	<b>1793.49</b>
Interest	-13.78	-13.52	-16.62	-19.12
Gross profit	1374.83	1569.14	1638.00	1774.37
Depreciation	-166.95	-171.14	-181.40	-190.47
Profit Before Tax	1207.88	1398.01	1456.60	1583.90
Tax	-387.05	-457.03	-471.94	-514.77
<b>Net Profit</b>	<b>820.82</b>	<b>940.97</b>	<b>984.66</b>	<b>1069.13</b>
Equity capital	228.89	226.64	226.64	226.64
Reserves	3691.03	4308.05	4868.10	5354.91
Face value	5.00	5.00	5.00	5.00
<b>EPS</b>	<b>17.93</b>	<b>20.76</b>	<b>21.72</b>	<b>23.59</b>

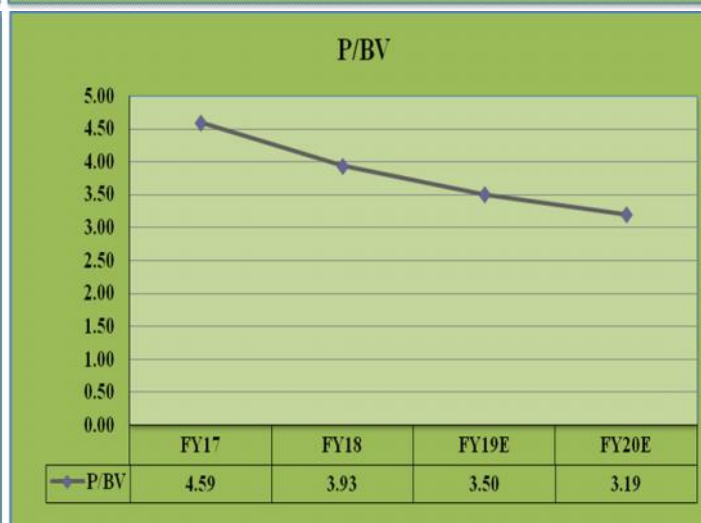
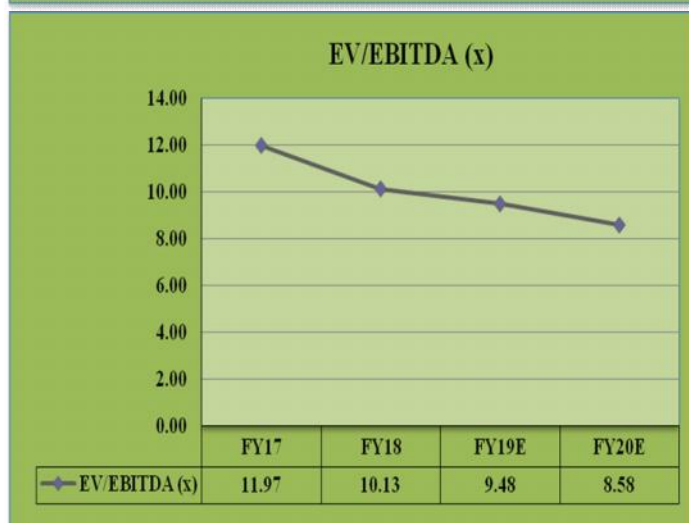
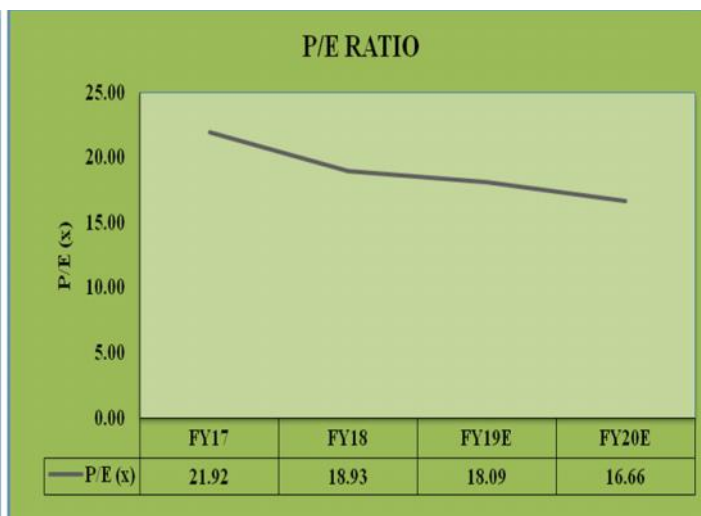
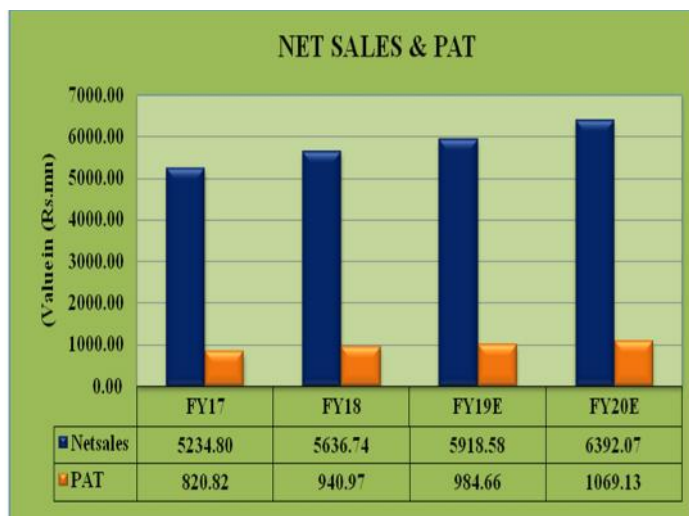
**Quarterly Profit & Loss Statement for the period of 31<sup>st</sup> Mar, 2018 to 31<sup>st</sup> Dec, 2018E**

Value(Rs.in.mn)	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18E
Description	3m	3m	3m	3m
Net sales	1355.39	1411.34	1477.23	1521.54
Other income	49.76	67.72	68.39	59.50
Total Income	1405.15	1479.06	1545.61	1581.04
Expenditure	-1014.05	-1034.59	-1201.32	-1179.19
<b>Operating profit</b>	<b>391.10</b>	<b>444.47</b>	<b>344.29</b>	<b>401.84</b>
Interest	-2.66	-4.54	-5.50	-4.95
Gross profit	388.44	439.93	338.79	396.89
Depreciation	-43.51	-44.69	-44.35	-45.68
Profit Before Tax	344.93	395.24	294.44	351.21
Tax	-103.40	-139.25	-94.17	-113.79
<b>Net Profit</b>	<b>241.53</b>	<b>255.99</b>	<b>200.28</b>	<b>237.42</b>
Equity capital	226.64	226.64	226.64	226.64
Face value	5.00	5.00	5.00	5.00
<b>EPS</b>	<b>5.33</b>	<b>5.65</b>	<b>4.42</b>	<b>5.24</b>

## Ratio Analysis

Particulars	FY17A	FY18A	FY19E	FY20E
EPS (Rs.)	17.93	20.76	21.72	23.59
EBITDA Margin (%)	26.53%	28.08%	27.96%	28.06%
PBT Margin (%)	23.07%	24.80%	24.61%	24.78%
PAT Margin (%)	15.68%	16.69%	16.64%	16.73%
P/E Ratio (x)	21.92	18.93	18.09	16.66
ROE (%)	20.94%	20.75%	19.33%	19.15%
ROCE (%)	30.64%	31.00%	28.68%	28.53%
Debt Equity Ratio	0.02	0.00	0.01	0.01
EV/EBITDA (x)	11.97	10.13	9.48	8.58
Book Value (Rs.)	85.63	100.04	112.40	123.14
P/BV	4.59	3.93	3.50	3.19

## Charts





## OUTLOOK AND CONCLUSION

- At the current market price of **Rs. 393.00**, the stock P/E ratio is at 18.09 x FY19E and 16.66 x FY20E respectively.
- Earning per share (EPS) of the company for the earnings for FY19E and FY20E is seen at Rs. 21.72 and Rs. 23.59 respectively.
- Operating profit and PAT of the company are expected to grow at a CAGR of 6% and 7% over 2017 to 2020E, respectively.
- On the basis of EV/EBITDA, the stock trades at 9.48 x for FY19E and 8.58 x for FY20E.
- Price to Book Value of the stock is expected to be at 3.50 x and 3.19 x for FY19E and FY20E respectively.
- Hence, we say that, we are **Overweight** in this particular scrip for Medium to Long term investment.

## INDUSTRY OVERVIEW

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. India's overall textile exports during FY 2017-18 stood at US\$ 39.2 billion.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

The Indian textiles industry, currently estimated at around US\$ 150 billion, is expected to reach US\$ 250 billion by 2019. India's textiles industry contributed seven per cent of the industry output (in value terms) of India in 2017-18. It contributed two per cent to the GDP of India and employs more than 45 million people in 2017-18. The sector contributed 15 per cent to the export earnings of India in 2017-18.

The production of raw cotton in India is estimated to have reached 34.9 million bales in FY18.

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 2.97 billion during April 2000 to June 2018.

The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs 1,300 crore (US\$ 202.9 million) from 2017-18 to 2019-20.

In May 2018, textiles sector recorded investments worth Rs 27,000 crore (US\$ 4.19 billion) since June 2017.

## Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Initiative will be taken into consideration by Government of India.

- The Textile Ministry of India earmarked Rs 690 crore (US\$ 106.58 million) for setting up 21 ready made garment manufacturing units in seven states for development and modernisation of Indian Textile Sector.
- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent.
- As of August 2018, the Government of India has increased the basic custom duty to 20 per cent from 10 per cent on 501 textile products, to boost Make in India and indigenous production.
- The Government of India announced a Special Package to boost exports by US\$ 31 billion, create one crore job opportunity and attract investments worth Rs 80,000 crore (US\$ 11.93 billion) during 2018-2020. As of August 2018 it generated additional investments worth Rs 25,345 crore (US\$ 3.78 billion) and exports worth Rs 57.28 billion (US\$ 854.42 million).
- The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (A-TUFS), scheme is estimated to create employment for 35 lakh people and enable investments worth Rs 95,000 crore (US\$ 14.17 billion) by 2022.

## Road Ahead

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market.



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