

# MAYUR UNIQUOTERS LTD

Result Update (PARENT BASIS): Q3 FY19

**CMP: 354.90**

**MAR 25<sup>th</sup>, 2019**

**Overweight**

**ISIN:  
INE040D01038**

## Index Details

### Stock Data

<b>Sector</b>	Textiles
<b>BSE Code</b>	522249
<b>Face Value</b>	5.00
<b>52wk. High / Low (Rs.)</b>	511.95/337.00
<b>Volume (2wk. Avg.)</b>	3206
<b>Market Cap (Rs. in mn.)</b>	16086.77

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

Years (Rs. in mn)	FY18A	FY19E	FY20E
<b>Net Sales</b>	5636.74	6169.84	6786.82
<b>EBITDA</b>	1582.66	1597.52	1785.85
<b>Net Profit</b>	940.97	917.63	1052.99
<b>EPS</b>	20.76	20.24	23.23
<b>P/E</b>	17.10	17.53	15.28

### Shareholding Pattern (%)

	As on Dec 18	As on Sep 18
<b>Promoter</b>	61.28	61.26
<b>Public</b>	38.72	38.74
<b>Others</b>	--	--

### 1 Year Comparative Graph



**MAYUR UNIQUOTERS LTD**

**S&P BSE SENSEX**

## SYNOPSIS

- Mayur Uniquoters Limited is engaged in the manufacturing of artificial leather/foam leather, and other substitutes of leather.
- The company's revenue stood at Rs. 1608.47 mn for Q3 FY18-19 as against Rs. 1379.87 mn in Q3 FY17-18, registered a growth of 16.57% YOY.
- During the quarter, consolidated EBIDTA is Rs. 387.34 mn as against Rs. 376.10 mn in the corresponding period of the previous year, an increase of 2.99%.
- During Q3 FY19, consolidated PBT stood at Rs. 339.80 mn as against Rs. 328.24 mn in Q3 FY18, grew by 3.52%.
- During the quarter, Net profit stood at Rs. 217.52 mn from Rs. 217.52 mn in the corresponding quarter ending of previous year.
- EPS of the company stood at Rs. 4.80 a share during the quarter, as against Rs. 4.75 per share over previous year period.
- The company has declared Third Interim Dividend of Rs.2.00 (i.e. 40%) per equity share of Rs. 5/- each for the financial year 2018-19.
- Nine months ended 31<sup>st</sup> Dec, 2018, Net sales of the company were Rs. 4497.03 mn as against Rs. 4281.35 mn in the Nine months ended 31<sup>st</sup> Dec, 2017, up by 5.04%.
- In 9M FY19, Net Profit stood at Rs. 674.04 mn as against Rs. 699.44 mn in 9M FY18.
- Net Sales and PAT of the company are expected to grow at a CAGR of 7% and 6% 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	354.90	16086.77	20.20	17.57	3.55	28.00
Raymond Ltd	800.35	49024.90	25.02	31.92	2.60	30.00
Loyal Textile Mills Ltd	401.00	1931.40	71.57	5.60	0.99	50.00
Arvind Ltd	86.30	22318.70	11.14	7.75	0.55	24.00

## QUARTERLY HIGHLIGHTS (PARENT BASIS)

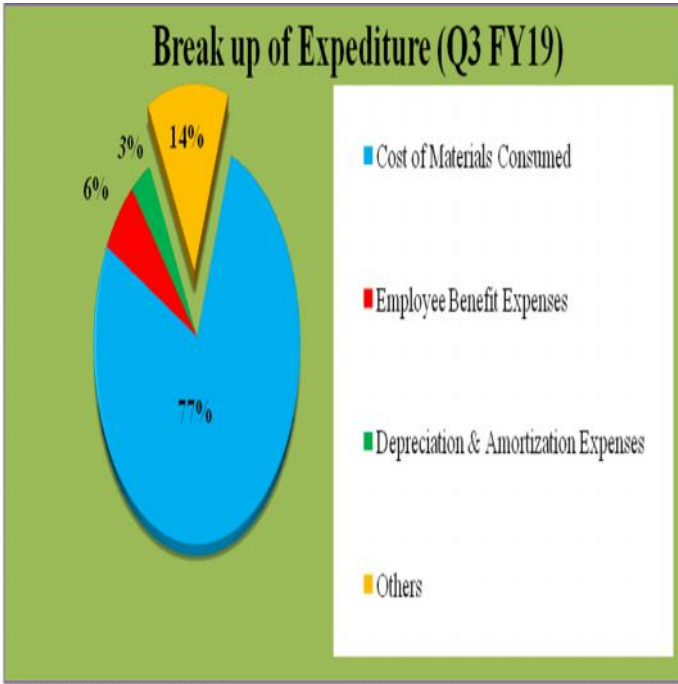
### Results updates- Q3 FY19,

Rs. in Million	Dec-18	Dec-17	% Change
<b>Revenue</b>	1608.47	1379.87	16.57%
<b>Net Profit</b>	217.52	217.52	0.00%
<b>EPS</b>	4.80	4.75	1.00%
<b>EBIDTA</b>	387.34	376.10	2.99%

The company's revenue stood at Rs. 1608.47 million for Q3 FY18-19 as against Rs. 1379.87 million in Q3 FY17-18, registered a growth of 16.57% YOY. During the quarter, Net profit stood at Rs. 217.52 million from Rs. 217.52 million in the corresponding quarter ending of previous year. Reported earnings per share of the company stood at Rs. 4.80 a share during the quarter, as against Rs. 4.75 per share over previous year period. Profit before interest, depreciation and tax is Rs. 387.34 million as against Rs. 376.10 million in the corresponding period of the previous year, an increase of 2.99%.

### Break up of Expenditure

Break up of Expenditure	Value in Rs. Million			Depreciation & Amortization Expenses		% Change
	Q3 FY19	Q3 FY18	% Change			
Cost of Materials Consumed	1023.17	830.75	23%	44.72	43.33	3%
Employee Benefit Expenses	82.27	69.44	18%	178.20	138.37	29%



**Latest Updates:**

- ✓ The company has declared Third Interim Dividend of Rs.2.00 (i.e. 40%) per equity share of Rs. 5/- each for the financial year 2018-19.

**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>Non-Current Assets</b>				
a) Property, Plant and Equipment	1266.81	1311.45	1272.10	1322.99
b) Capital Work in Progress	39.13	19.31	40.40	43.23
c) Intangible Assets	14.26	8.81	8.28	8.69
d) Investments in Subsidiary	0.70	0.70	0.70	0.77
<b>e) Financial Assets</b>				
i) Investments	11.88	11.93	12.64	13.28
ii) Loans	13.24	13.46	14.00	14.42
f) Other Non - Current Assets	46.72	26.84	99.46	111.40
<b>1. Sub Total - Non- Current Assets</b>	<b>1392.75</b>	<b>1392.50</b>	<b>1447.58</b>	<b>1514.77</b>
<b>Current Assets</b>				
a) Inventories	582.90	714.15	785.56	856.26
<b>b) Financial Assets</b>				
i) Investment	1228.66	1550.17	2015.22	2297.35
ii) Trade Receivables	1286.93	1329.27	1528.66	1727.38
iii) Cash and Cash Equivalents	131.37	194.67	105.12	115.63
iv) Bank Balances other than Cash	71.49	61.53	59.69	64.46
v) Loans	0.48	1.47	0.94	0.99
vi) Other Current Financial Assets	55.13	53.76	56.45	59.84
c) Other Current Assets	53.21	48.01	104.60	119.24
<b>2. Sub Total - Current Assets</b>	<b>3410.16</b>	<b>3953.02</b>	<b>4656.23</b>	<b>5241.16</b>
<b>Total Assets (1+2)</b>	<b>4802.91</b>	<b>5345.52</b>	<b>6103.81</b>	<b>6755.93</b>

<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a) Equity Share Capital	228.89	226.64	226.64	226.64
b) Other Equity	3691.03	4308.05	5040.42	5796.49
<b>1. Total Equity</b>	<b>3919.91</b>	<b>4534.69</b>	<b>5267.06</b>	<b>6023.12</b>
<b>Liabilities</b>				
<b>Non Current Liabilities</b>				
<b>a) Financial Liabilities</b>				
i) Borrowings	39.31	18.79	25.74	22.65
b) Employee Benefit Obligation	0.00	0.30	0.56	0.63
c) Deferred tax liabilities Net	83.72	76.90	77.67	80.00
d) Government Grants	2.69	1.99	1.79	1.61
<b>2. Sub Total - Non - Current Liabilities</b>	<b>125.71</b>	<b>97.98</b>	<b>105.76</b>	<b>104.89</b>
<b>Current Liabilities</b>				
<b>a) Financial Liabilities</b>				
i) Borrowings	27.70	0.00	18.60	17.67
ii) Trade Payables	576.66	579.82	519.73	426.14
iii) Other Financial Liabilities	105.97	98.33	99.32	100.31
b) Other Current Liabilities	27.63	9.40	10.34	11.06
c) Employee Benefit obligations	0.41	3.15	4.92	5.31
d) Government Grants	0.70	0.70	0.70	0.86
e) Current Tax Liabilities (Net)	18.22	21.45	77.40	66.56
<b>3. Sub Total - Current Liabilities</b>	<b>757.28</b>	<b>712.85</b>	<b>730.99</b>	<b>627.91</b>
<b>Total Equity and Liabilities (1+2+3)</b>	<b>4802.91</b>	<b>5345.52</b>	<b>6103.81</b>	<b>6755.93</b>

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

Value(Rs.in.mn)	FY17A	FY18A	FY19E	FY20E
<b>Description</b>	<b>12m</b>	<b>12m</b>	<b>12m</b>	<b>12m</b>
<b>Net Sales</b>	<b>5234.80</b>	<b>5636.74</b>	<b>6169.84</b>	<b>6786.82</b>
Other income	114.34	131.96	233.36	252.03
Total Income	5349.14	5768.70	6403.19	7038.85
Expenditure	-3960.53	-4186.04	-4805.67	-5253.00
<b>Operating Profit</b>	<b>1388.60</b>	<b>1582.66</b>	<b>1597.52</b>	<b>1785.85</b>
Interest	-13.78	-13.52	-15.18	-16.70
Gross profit	1374.83	1569.14	1582.35	1769.15
Depreciation	-166.95	-171.14	-180.72	-195.18
Profit Before Tax	1207.88	1398.01	1401.62	1573.97
Tax	-387.05	-457.03	-483.99	-520.98
<b>Net Profit</b>	<b>820.82</b>	<b>940.97</b>	<b>917.63</b>	<b>1052.99</b>
Equity capital	228.89	226.64	226.64	226.64
Reserves	3691.03	4308.05	5040.42	5796.49
Face value	5.00	5.00	5.00	5.00
<b>EPS</b>	<b>17.93</b>	<b>20.76</b>	<b>20.24</b>	<b>23.23</b>

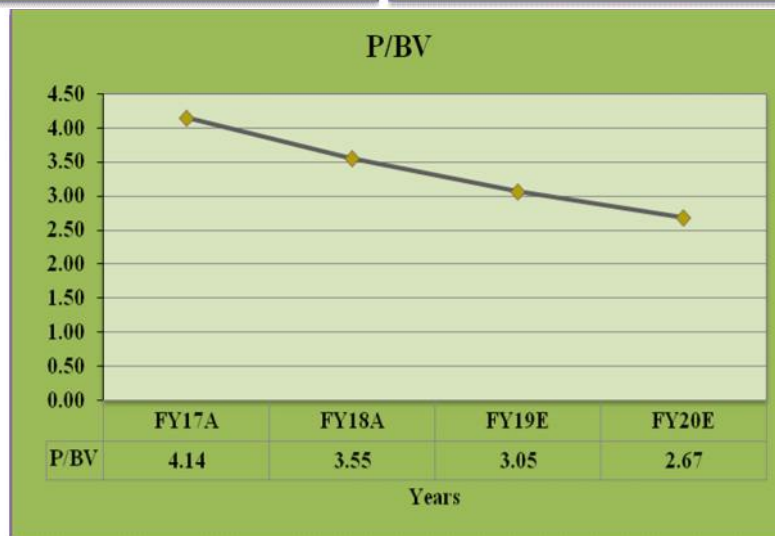
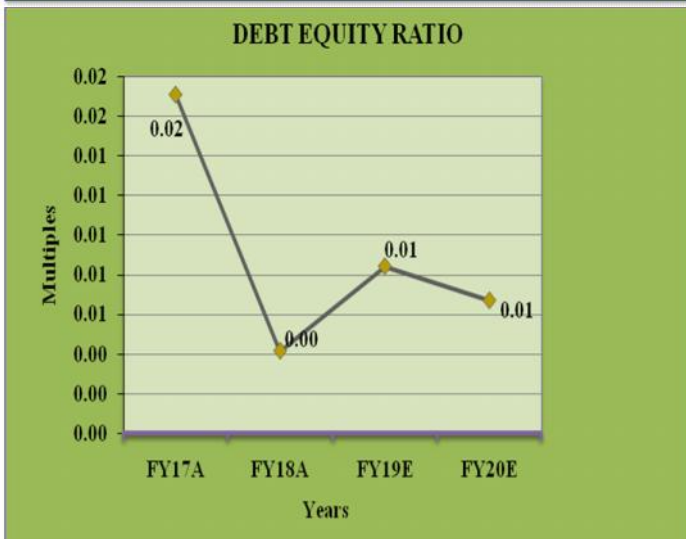
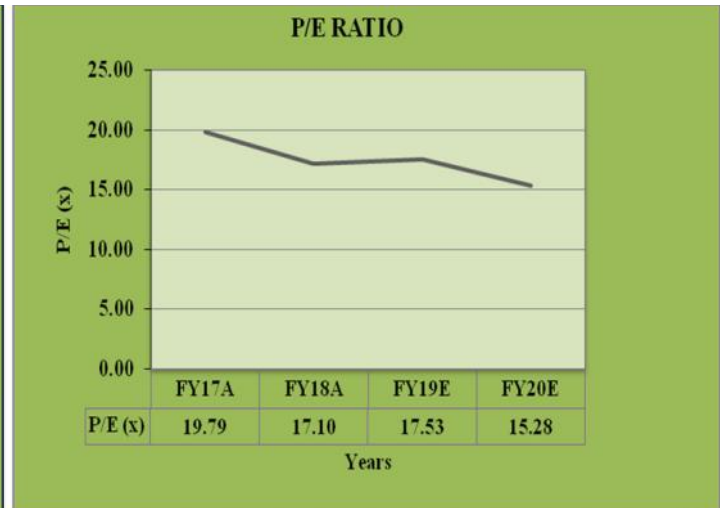
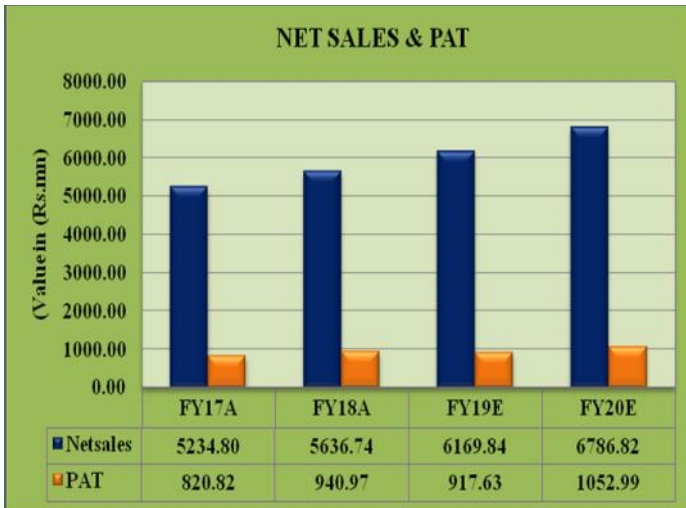
**Quarterly Profit & Loss Statement for the period of 30<sup>th</sup> Jun, 2018 to 31<sup>st</sup> Mar, 2019E**

Value(Rs.in.mn)	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19E
<b>Description</b>	<b>3m</b>	<b>3m</b>	<b>3m</b>	<b>3m</b>
Net sales	1411.34	1477.23	1608.47	1672.81
Other income	67.72	68.39	47.44	49.81
Total Income	1479.06	1545.61	1655.91	1722.62
Expenditure	-1034.34	-1201.32	-1268.57	-1301.44
<b>Operating profit</b>	<b>444.72</b>	<b>344.29</b>	<b>387.34</b>	<b>421.17</b>
Interest	-4.54	-5.50	-2.82	-2.31
Gross profit	440.18	338.79	384.52	418.86
Depreciation	-44.69	-44.35	-44.72	-46.96
Profit Before Tax	395.49	294.44	339.80	371.90
Tax	-139.25	-94.17	-122.27	-128.31
<b>Net Profit</b>	<b>256.24</b>	<b>200.28</b>	<b>217.52</b>	<b>243.59</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>5.65</b>	<b>4.42</b>	<b>4.80</b>	<b>5.37</b>

**Ratio Analysis**

Particulars	FY17A	FY18A	FY19E	FY20E
EPS (Rs.)	17.93	20.76	20.24	23.23
EBITDA Margin (%)	26.53%	28.08%	25.89%	26.31%
PBT Margin (%)	23.07%	24.80%	22.72%	23.19%
PAT Margin (%)	15.68%	16.69%	14.87%	15.52%
P/E Ratio (x)	19.79	17.10	17.53	15.28
ROE (%)	20.94%	20.75%	17.42%	17.48%
ROCE (%)	30.64%	31.00%	26.67%	26.23%
Debt Equity Ratio	0.02	0.00	0.01	0.01
EV/EBITDA (x)	10.72	9.03	8.73	7.64
Book Value (Rs.)	85.63	100.04	116.20	132.88
P/BV	4.14	3.55	3.05	2.67

**Charts**



## OUTLOOK AND CONCLUSION

- At the current market price of **Rs. 354.90**, the stock P/E ratio is at 17.53 x FY19E and 15.28 x FY20E respectively.

- Earning per share (EPS) of the company for the earnings for FY19E and FY20E is seen at Rs. 20.24 and Rs. 23.23 respectively.
- Net Sales and PAT of the company are expected to grow at a CAGR of 7% and 6% over 2017 to 2020E, respectively.
- On the basis of EV/EBITDA, the stock trades at 8.73 x for FY19E and 7.64 x for FY20E.
- Price to Book Value of the stock is expected to be at 3.05 x and 2.67 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.

### 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.

Initiatives taken by Government of India are:



- 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.
- Integrated Wool Development Programme (IWDP) approved by Government of India to provide support to the wool sector starting from wool rearer to end consumer which aims to enhance the quality and increase the production during 2017-18 and 2019-20.
- 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.

## 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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