



HMA Agro Industries Ltd Results Conference Call

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CORPORATE PARTICIPANTS:

Mr. Gulzeb Ahmed

CEO & Whole time Director

Mr. Nikhil Sundrani

Company Secretary

Q&A PARTICIPANTS:

- | | |
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| 1. Rohan Parekh | : OHM Stock Brokers |
| 2. Atharva Kulkarni | : Individual Investor |

Moderator

Good afternoon, ladies and gentlemen. I am Pelsia moderator for the conference call. Welcome to HMA Agro Industries Limited Q2 2425 financial results conference call. As a reminder all participants 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 the conference call, please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand over the floor to Mr. Nikhil Sundrani. Thank you and over to you sir.

Nikhil Sundrani

Yes, thank you. Good afternoon, everyone. I warmly welcome all our esteemed investors analysts and stakeholders to this investor call. It is always a pleasure to connect with you and share the progress and performance of the company. Today's call holds special significance as we present the financial performance of our company for the quarter and half year ended 30th September 2024. This period has been truly remarkable for us, marked not only by the steady financial growth but also by the significant achievements that reflect our commitment to excellence and sustained progress. As a company we continue to navigate a dynamic and challenging environment with resilience innovation and strategic focus.

Our unwavering dedication to the strengthening operations expanding capacity and enhancing our market presence has allowed us to achieve new milestones making this quarter particularly noteworthy however while I refrain from discussing specific numbers at this point, I assure that the figures we are about to share reflect the hard work and collective efforts of our teams across all levels. For an in-depth perspective on our financial performance, I am pleased to hand over the call to our esteemed Chief Financial Officer Mr. Gulzeb Ahmed. He will provide you with a detailed presentation of the financial results, key highlights and insights into the growth trajectory of our company. Once again, I extend my gratitude to all of you for continued support and trust in HMA Agro industries Limited. I hope you find today's sessions both insightful and informative. Over to you Mr. Ahmed.

Gulzeb Ahmed

Thank you, Nikhil. Very good afternoon to all esteemed investors and stakeholders present today on this conference call. It is my pleasure to present the financial performance of HMA Agro Industries limited for the Q2 and a half yearly ended on September 30th 2024. I will provide you a brief overview of our key financial figure compare them with the previous quarter and highlight the progress we have made. I am pleased to share the financial results of HMA Agro Industries Limited for Q2. This quarter has been significant for us not only in terms of the financial performance but also because of several key milestone that reflect our growth and position in the market.

Let's talk about the quarter performance, if we talk about the Q2, the revenue of company standalone is INR 1366.6 crores we have made for the September 30th closing quarter and this is the robust growth that we have made if we compare this from our last quarter in the first quarter the revenue generated by the company is INR 693.9 crore compared to last year the revenue in the second quarter was INR 1180 crore. If we talk about the other direct income in this quarter company has made INR 11 crores direct income and in the previous quarter the direct income has been generated by the company is INR 9 crore. If we talk about the half yearly performance overview for this year and last year till September 30 2024 we have reported a revenue of INR 2060.5 crores. On the other hand, in the last half year the revenue is INR 2131.6 crore.

There is a small difference between the half yearly and we are hoping a good comeback in the last two quarters. Let's talk about the future growth and the current outlook. We are expanding our presence in untapped market. We are exploring new clients in the existing market and also trying to enter a new market with our products we are creating a good strong marketing with all our existing clients and whoever is coming new we are trying to retain them and do business with them in a regular way. Also, we would like to inform all our investors and stakeholders that now company has officially recognized as a five-star export house from government of India. This is the highest category for a five-star export house.

We are also working to increasing our capacity in existing plant also we are trying to making agreement with another plant so we can serve the increasing growth what we are getting. Our newly last year we have started our plant which was going for under capacity now we are getting this plant inspected from various countries. Soon we will be getting the registration in various countries and we will be able to increase the capacity that will be produced in the united agro farm and we will be going to serve from this plant to the countries where we are getting the permission and registration for this point.

We hope with increasing demand of food and we also hope with the food safety initiative that countries are making HMA is one 100% geared up with all its capacity with its team with its brand recognition in various markets, we are going to grow with a very good stable group and with our team we will be able to serve whatever demand we are getting and this will make strong growth in future for HMA. Now I would like to hand over for the closing remarks to Mr. Nikhil to close this presentation session and then we will be able to have question from our stakeholders. Nikhil, hand over to you.

Nikhil Sundrani

Yes, thank you Mr. Ahmed. In closing I want to emphasize that HMA Agro Industries Limited is well positioned and sustained for growth. Our financial performance enhanced by our recent achievements and strategic capacity expansion sets the stage for continued success in the coming quarters. We remain committed to delivering value to our shareholders, customers and partners through operational excellence, innovation and a strong market presence. Further we are proud of this quarter's strong performance driven by our strategic decisions and operational excellence. With this momentum we are confident of achieving enhanced growth in the near future and delivering sustained value to our stakeholders.

Thank you to our dedicated team for their hard work and to our stakeholders for their continued support and confidence in HMA Agro Industries Limited. Together we look forward to achieve even greater milestones, thank you for your trust and support. We now open the floor for the question-and-answer session.

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. The first question comes from Rohan Parekh from OHM Stock Brokers, please go ahead.

Rohan Parekh

Hello sir I would like to congratulate you on your excellent performance this quarter however I had a few questions in terms of the margins etc. that we are doing right now so I can have data quarterly from the year 2022 right we've had consistent profit up until September-December 2023 then the profit dipped from INR 49-50 crores of trading profit to directly -3 and then 8 so I want to know first what happened in the past two quarters and why did the profits dip?

Gulzeb Ahmed

Actually the whole impact is because of the tension going on in the GCC (Gulf Cooperation Council) countries and Red Sea the freight prices has been very very unpredictable it has increased four times what we used to pay before and also that demand and change in the pattern of buying of buyer has created panic in market because few buyers are there who think if we bring our product from this way maybe there was some problem so few people are cancelling their order, new people are buying their order. So, the stability of sale price is not that good but now things are getting better because everybody has seen there is a road from South Africa golden oaks product can reach there it will take some longer time for them and also, they are planning very perfectly now.

So, when you have good planning of demand, we can ask our client to pay us our prices but when there is unstable demand, we have to do push marketing so that's the only reason which create the tension in all Red Sea.

Rohan Parekh

Right sir okay so my second question is that we've seen typically historically 5-6% margins at peak in our business what would be the continued margin that you would do going on from here?

Gulzeb Ahmed

The margin only depends on purity how smooth is business going on what is the availability of raw materials as we all know this is agri product and we have to buy the buffalo, if there is adverse weather impact or if there is so many holidays in India so that create our raw material expensive because we have to be go to our suppliers or our vendors, they go to the villages where they buy the buffalos and they send us which is our main product. So, the margin is dependent on two factors one is the availability of raw material weather condition and also the demand. If there is a stable demand let's say we are looking forward and we have the data from the market now the fasting month Ramazan is coming in the 1st March so we are getting good inquiries.

If there's demand we conclude so we can increase the margins but if there is an impact of chicken the chicken price drop globally that will impact the margin of red meat also because people always prefer what is the good source of protein available although the red meat is higher preference but if there is a huge difference from the Brazilian chicken prices so the margin shift but we are not having any kind of information from global market that there will be impact so we are hoping for good things to become and we can cross to have our demand we can able to demand good prices for our product.

Rohan Parekh

Thank you, sir. One last question before I join the queue again. What is the US CPL capacity utilization in the current state and what are our plans for the Europe export?

Gulzeb Ahmed

Europe is basically totally depending on the animal health status has to be recognized in the EU but there are possibilities within on-year or maybe one and a half year or two-year Europe has to buy products from India as we all know what is the situation of Europe economy now how much income their people are earning and how much the ability to spend, they have. So, once there is a slowdown in economy there is a slowdown in the purchase power of the people the country has to be decide to bring cheap stores of food first, food and medicine. So, India is the only option available for Europe because US, Brazil, Australia, New Zealand these are the global competitor for India their prices are two or three times than our prices so by any means there has to be open India market.

This is the only thing how strongly things have been taken up in the WTO but we have already received data from India's side and from another country's side things are already started in negotiations.

Rohan Parekh

Right and the US CPL capacity utilization currently sir?

Gulzeb Ahmed

Currently our capacity utilization like we have the HMA group holds the capacity of 4 lakhs metric ton yearly so we are still under the capacity. Currently we are doing only 55% or 60% so we are geared up with the things so whenever we receive extra demand, we are immediately taking it.

Rohan Parekh

Okay sir. Thank you so much.

Gulzeb Ahmed

Thank you.

Moderator

Thank you. Ladies and gentlemen, if you have a question, please press * and 1 on your telephone keypad. Next question comes from Atharva Kulkarni an individual investor, please go ahead.

Atharva Kulkarni

Hi sir I just wanted to know what are your plans for capex this year and when do you plan to get it onboard?

Gulzeb Ahmed

Yes, Capex planning we are still in making final decision with our team and this question whether we will reply you separately because this is the open platform so for this, I would like Nikhil Sundrani to be in touch with you to reply you in good ways.

Atharva Kulkarni

Okay got it and so my second question is regarding that you have put a Capex of around INR 250 crores what in what plant or in what specific have you put on that Capex?

Gulzeb Ahmed

All the activities economical activities are performing by our master company which is HMA so we don't put any Capex on any plant actually. We already have plant which is built only there is one new plant which is having only a small debt which is called United Agrofarm.

Atharva Kulkarni

Okay sir and my last question would be that your guidance for FY27 so what growth levers are you seeing that would help you reach your guidance what growth levers are you seeing currently?

Gulzeb Ahmed

The growth for Indian product we can see with the growth or the slowdown in economics and also the increasing demand of protein. So once we are going to any exhibition let's say we participate in any exhibition we receive clients from all over the world so when we start discussion with them everybody very shocked oh in Europe we have the price for USD 7, USD 9 but you are able to supply USD 3 or USD 4 so those are the market which will create a new growth for Indian product and also the food security policies of various countries.

Once you do google you will find every country who has the dependency of their food from import, they are very much worried about the food security the recent example is Indonesia, Egypt there are many countries Malaysia they are worried so they are talking to the suppliers' countries negotiating what will be the food you can supply so recently. So recently HMA has also made one joint JV in Malaysia this is a Malaysian Selangor state government which signed JV with us so whatever demand we have HMA will be able to supply them at the market price. So, food security is the strongest point that will bring the growth to Indian meat industry

Atharva Kulkarni

Okay sir got it thank you.

Moderator

Thank you. Ladies and gentlemen, if you have a question, please press * and 1 on your telephone keypad. We will wait for a moment while the question queue assembles.

Gulzeb Ahmed

If there is no question, I think Nikhil we can close.

Moderator

Sir we don't have any questions sir. I am sorry sir we have one question a follow-up question from Rohan Parekh from OHM Stock Brokers please go ahead.

Rohan Parekh

Sir I just want to ask one thing we have been purchasing fixed assets since 2019, INR 9 crores and INR 22 crores and INR 20 crores and INR 70 crores and INR 110 crores and INR 40 crores so what is this fixed asset purchasing that we've done and what is the asset turnover that we are currently standing on?

Gulzeb Ahmed

Can you repeat your question?

Rohan Parekh

So, sir if I look at the history we have been purchasing fixed assets from the market every year in the last 3 years. We have gone aggressive and we have purchased almost INR 200 crores worth of assets, so what is this asset that we are purchasing and what is the asset turnover that we are currently standing on?

Gulzeb Ahmed

INR 200 crores asset?

Rohan Parekh

Yeah, you purchased six assets of INR 200 crores which is seen in the cash flow of business so what is that number?

Gulzeb Ahmed

I think Nikhil will be able to reply you on your e mail I don't think the figure will be correct or is this -- Nikhil can you please take the question on e-mail and reply personally?

Nikhil Sundrani

Sure sir.

Moderator

Thank you. Ladies and gentlemen, if you have a question, please press * and 1 on your telephone keypad. We have a follow-up question from Atharva Kulkarni an individual investor, please go ahead.

Atharva Kulkarni

Hi sir just one question I wanted to understand what's the raw material prices been over the years and how do you see the prices going forward?

Gulzeb Ahmed

Raw material pricing basically as I reply in my first question it was asked by the first column it basically depend on various factors. One is the availability of raw material and another factor the weather when you see there is a very hot summer so live animal is hard to traveling so previously when they used to make the travel of big trucks for 5 or 6 in nos., they have to travel with 2-3 nos. so the transportation cost of the traveling from village to the cattle market has going to be add on so this will also make impact on raw material prices.

And also same like when the adverse weather when we have more rainy season when we have very high dense fog so any adverse impact of weather impact on the raw material prices it is not fixed and also it's depend on the demand. Once you see there is an uncertain demand definitely the prices of raw material will be increased but generally, we see when there is especially connected with the harvesting if there is a good harvesting so the raw material for livestock have a big impact on higher side on the prices in the cattle market.

Atharva Kulkarni

Thank you.

Moderator

Thank you. Ladies and gentlemen, if you have a question, please press * and 1 on your telephone keypad. We will wait for a moment while the question queue assembles. There are no further questions now I hand over the floor to Mr. Nikhil Sundrani for closing comments

Nikhil Sundrani

Okay thank you all the investors, stakeholders for joining this call and thank you Mr. Ahmed for providing the answers for the questions and we will be connected in near future also okay thank you.

Gulzeb Ahmed

Thank you, Nikhil.

Moderator

Ladies and gentlemen this concludes your conference for today. Thank you for your participation and for using Door Saba's conference call service you may disconnect your lines now. Thank you and have a good day.
