



HMA Agro Industries Limited Q4 FY25 Results Conference call

Event Date / Time: 04/06/2025, 12:30 Hrs.
Event Duration: 35 mins 34 secs

CORPORATE PARTICIPANTS:

Mr. Gulzeb Ahmed

Chief Financial Officer & Whole time Director

Mr. Nikhil Sundrani

Company Secretary

Mr. Aman Kaushik

Senior Associate (Finance)

Q & A Participants list:

1. Sanket Sadh : Aarth AIF

Moderator

Good afternoon, ladies and gentlemen. I'm Pelsia, moderator for the conference call. Welcome to HMA Agro Industries Limited Q4 FY '25 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 phone. 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

Thank you. Good afternoon, everyone. It gives me a great pleasure to welcome you all to the earnings call of HMA Agro Industries Limited for the quarter and financial year ended 31st of

March 2025. I am Nikhil Sundrani , the Company Secretary, and I will be moderating today's session.

I would like to begin by expressing our sincere appreciation to all our valued investors, analysts and stakeholders who have given time to join us today. We truly value this opportunity to engage with you and share our company's journey over the past quarter and years.

Before we delve into the proceedings, a gentle reminder, certain statements made during today's discussions may be forward looking in nature. These are based on management's current outlook, assumptions and market dynamics. As always, we advise you to refer to our official filings and disclosures available on our website for a comprehensive understanding of the associated risks and factors that could influence actual results.

We are joined today by key members of our leadership team, including Mr. Gulzeb Ahmed, our Chief Financial Officer, Mr. Aman Kaushik, Senior Associate (Finance), along with other members of our senior management.

Today's session is of particular importance as we present our performance and key developments for both the fourth quarter and full financial year. This year has seen a mix of growth, transformation and strategic progress, underscoring our commitment to long term value creation.

Despite the global advance and cost pressures, our company has demonstrated resilience through operational strength, strategic capacity enhancement and consistent efforts towards the market diversity within it. The numbers we are about to present are a reflection of our dedication, agility, and collaborative spirit of our teams.

With that, I will now invite Mr. Gulzeb Ahmed, our Chief Financial Officer, to walk through the dedicated detailed financial performance and share insights into our growth strategy and key achievements. Over to you, Mr. Gulzeb Jee.

Gulzeb Ahmed

Thank you, Nikhil. A very good afternoon, ladies and gentlemen, and all our esteemed investors. It is my pleasure to welcome you all to the investor call of HMA Agro Industries Limited for quarter four and year ended 31 March 2025. I deeply appreciate your continued trust and engagement with our company.

I would like to give you a brief about what is -- what happened in last financial year. The year '24 - '25 was a wonderful year, which we have opportunities and challenges. The opportunities we are able to achieve as we have planned and the challenges what we face in achieving our goals. As we all know, the global economy was not so stable, and the purchase power of the people were not so, confirmed. It is also changing with time to time. And there are many factors which impact the sales and supply chain and also the costing of the product. But all of these challenges were not able to stop what we're doing, what we plan, and what we perform. We have achieved a very good growth, and we have achieved a very good trust from all our existing clients and also from the new clients. I would like to give you a brief about the milestones, what we have achieved.

In this year, company has been awarded with the 5-star Export House Recognition by the Government of India, which is one of the largest recognitions for any export house. And, also,

I would like to inform all our investor and people who in this conference call today. HMA has made one strategic agreement and joint venture with a company called PKPS from Malaysia. And in the presence of the Chief Minister of Selangor State of Malaysia, this MOU has been signed by both the company, where HMA will be able to make a strategic planning for the Malaysian demand and requirement for the protein. And this will not only give us a good business, also a good reputation to all existing clients and the future clients. This will give a very good impact for a company like HMA who is making partnership with the one of the biggest government companies in Malaysia. And Malaysia, as we all know, is one of the largest buyers for our final product in the globe.

Also, now we will move towards the financial performance, what we have achieved. If we talk about our standalone performance, we have performed very well, and we have achieved INR 49,411 million rupees within the total income. And if we talk about the consolidated performance, we have achieved INR 52,143, which is 7.25% of growth from last year. And I would be very glad to inform all of our investors that the target what we have built to achieve is \$1 billion US dollar. We are very close to our target, and we hope very soon we will touch this target.

I would also like to inform you about the business development, what we have did in last year. We have made a production agreement with several production facilities like ALM Food, ALM Industries, Albania. This will increase our production capacity, and this will also let us achieve the target and the active demand whatever we receive any time of the week.

I would also like to give you about a brief technological advancement, what we have been. We have installed well renowned and best machinery from Prevac. This machine will give us vacuum pack that packing, which will also help us to make our product to sell for the premium market like Five Star, Foreca industry, and also to the safe houses.

And I would also like to inform you about our global reach. In this year, company has secured the approval from Philippines to supply our products. Adding this new country will give us a stronger sale and our stronger presence in the global market. And with this, we will be able to catch almost 50 country exports globally. These were just some highlights where we have tried to give you brief about what we have performed. And we have achieved we have attained Gull Food Expo in February. This has brought us new clients, new hope, new requirements, and new trust. And we hope this will bring us a big business chance for our upcoming week.

I would like to close my speech. I'm not going to take much time for your valuable time. So 2024-2025 financial year, we see as a opportunity because we have achieved our revenue what we have planned. We have performed very well. We have achieved overall almost 5% growth in our revenue. If we talk about standalone, and we have achieved 7.25 almost for our consolidated. We are strongly working towards our production department, marketing department, procurement department. There are several factors that need to be taken care for upcoming year. So we hope with our teamwork, we will be able to achieve and perform more data, more work, more so.

With this, I would like to close my small presentation and hand over to Nikhil. Nikhil over to you.

Nikhil Sundrani

Yeah. Thank you Gulzeb Ji, for your remarkable work regarding our financial history. Now we can conclude, and we can proceed to the question-and-answer sessions for the investors.

Question & Answers

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If have a question, please press * and 1 on a 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. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad.

First question comes from Sanket Sadh from Aarth AIF. Please go ahead.

Sanket Sadh

So, my first question is, the company has increased its revenue, but the EBITDA margins and the PAT margins have shrunk. And since we're already a very low margin business, a shrink in the margins is tough to overcome with high revenue. So basically, there was that degrowth due to the margin shrinking. So, I just wanted to know what was the reason for the margins to shrink? Thank you.

Gulzeb Ahmed

Thank you very much, and, a very wonderful question. And we will be happy to give you this line that will make you things clear about our company. As we all know, right, our company is making export for the natural product. And if you do a little bit research, you will be able to see that price for live cattle has been increased overall globally, and this impact has been gained due to the global warming. The further price has been increased. The milk price, what is, which is the byproduct for the live cattle, has been increases. So farmers are resisting to increase the price for their, cattle because whatever cattle we have received, we are getting it once it was dry for the milk. So once they are going for buying new cattle for mating, they have to pay extra. So those money burden has come to our industry. But the good thing is that we are able to get the raw material, and we are able to supply the same to the market. And once you are able to supply the same quantity, slowly, slowly, we have a chance to increase the prices so the buyer, the end consumer will be able to adjust their purchase power.

As the global economy, if we see in the Southeast Asia, the DC situation, and another country, once we see that economy is not performing so well, so they are not ready to pay more. But once we increase slowly, that will help us to increase the margin. And we don't think there will be any problem once you get your taste for your product, you have a strong clientele, so you will be able to increase the mass.

Sanket Sadh

So, as per my understanding, we don't work on, like, a cost-plus basis model. Right? So, like, let's say, if the cost for cattle increases for us, we're not able to pass on the additional cost to the end -- and the purchaser, your client?

Gulzeb Ahmed

Because this is actually, this is a basic necessity. Food comes in basic necessity. If you want to increase the prices, you have to first retain the customer. Once it is become habit to use your product, then we can charge the price.

Sanket Sadh

Okay. Alright. And so my next question is that your receivables have fallen drastically. So is this, like, a sign of faster collection, or are we is there, like, any slowdown in business? What what is exactly the reason?

Gulzeb Ahmed

It's not slowdown. Previously, due to the transit time of Red Sea destruction, it is taking almost 60 to 65 days. But now we are able to make shipment in 40 days, 42 days. So that day -- that the time syncing is from the transit time.

Sanket Sadh

Okay. So now we're back to the normal receivable days. Correct?

Gulzeb Ahmed

Yes.

Sanket Sadh

Okay. So the you're saying the Red Sea crisis is completely over? Like, it's not affecting the business anymore at all?

Gulzeb Ahmed

It's not over. It's not over. There are almost 12 or 14 shipping line, which was not allowed to be crossed the Red Sea before. But now, luckily, there are four or five shipping lines which can cross some of the part of Red Sea, so we will be able to save some transit time. Previously, all the Western has to be gone from South Africa, Golden Hope, then they will be able to enter in West Africa region and the GCC-1. But now there are some shipping lines which are able to go in Red Sea. So we are using maximum then, and still, we have to use other because it depends on the availability of empty container, vessel schedule. So hope in this year, it will be able to sort of complete.

Sanket Sadh

Okay. And is there some sort of guidance on what we could probably achieve in terms of revenue in the next 12 months? And how would the margins look like? Are they going to increase? Do you see them increasing anytime soon?

Gulzeb Ahmed

As we have our target for 1 billion to be charged in 2027, and we hope we will be able to touch it very soon. And we are seeing a good sign that not only India. Actually, once we are supplying to global market, we have to see another factor also what our competitor are doing, like Brazil, Australia, New Zealand. So in recently, one, we have seen the Brazil is also increasing its prices. So once our competitor is increasing prices, so we have a very huge win to play. So we accept it is easily going to be expected. So we have a very strong hope that in coming quarters, and we will be able to achieve a good month.

Sanket Sadh

Okay. So you mean INR 1 billion rupees?

Gulzeb Ahmed

Yes. No. No. \$1 billion USD.

Sanket Sadh

1 billion, did you say billion or million?

Gulzeb Ahmed

Billion. 1 billion revenues.

Sanket Sadh

By 2027. Yes. Okay. Got it. Okay. And I didn't get about the margins. If you could just give a little guidance. Do you think that we could come back the normalized margin which we were previously on? I think was around 4%.

Gulzeb Ahmed

Yes. What I'm trying to say you, when we have competitor in global market, So if competitor is increasing their prices, so Brazil, New Zealand, Australia, they also have the cost budget. So they already start increasing their prices. So once the competitor is offering extensive product, we will be having a good chance to increase our offer price. So once our offer price has been increasing, definitely, the margins will increase.

Sanket Sadh

Okay. Got it. Understood. And so why is it that our company is following their pricing strategy, and why don't we have that sort of leverage that we could increase our prices first?

Gulzeb Ahmed

No. We have our own strategy to sell our product. But once if you put your prices expensive in the market, people have choice because they need nutrition from protein from red meat. So if we charge them extra, they will not buy from us. So we have to see the competition also. Otherwise, we will be not able to sell our product. It's in, like, mineral water, bottled water,

cold drink. You will see Coke, Pepsi, everything else, same price. If anyone has charged 1 rupee more, people will not buy.

Moderator

Thank you. Ladies and gentlemen, if you have any question, please press * and 1 on the telephone keypad. We have a follow-up question from Sanket Sadh from Aarth AIF. Please go ahead.

Sanket Sadh

Sir, I wanted to ask, are there any sort of tailwinds in the sector which could help us get to our target, which you had mentioned, \$1 billion in 2027?

Gulzeb Ahmed

I didn't get your name. Can I have your name?

Sanket Sadh

My name is Sanket. So I'm asking, are there any sort of tailwinds or, like, reasons for us to believe that, we could achieve such an ambitious target?

Gulzeb Ahmed

As I have as I have informed you in my speech that we have recently got approval from Philippines, which was a new market for us, that we were not supplying from last three, four years because the approval for our client was pending. With Godrej, we have already achieved this approval, so we will be going to supply from now onwards. Also, we are working on new customer from the existing market, which are our like Southeast Asia and also from GCP work. So we are increasing our existing client base also. And we are selling our products. So once the availability of product in March, another customer attracts automatically. Once they see, okay. This brand is available in shop A, B, C, D. Why don't I will bring?

So this will also bring us a good push from our, word-to-mouth, marketing. And, also, we are allowing new approvals for all our clients. So this will definitely bring us the seat.

Sanket Sadh

Perfect. Perfect. That's great. And, again, congratulations on that win. So my follow-up question to this is how much revenue do we, think we can bring from the Philippines geography, in FY '26?

Gulzeb Ahmed

Philippines is there, then we are also working on another Southeast Asian company. Like this year, we are more aggressive with Indonesia. We are more aggressive with Malaysia. So we hope we will be able to achieve almost 20%, 25% from our share what we are supplying to this market.

Sanket Sadh

25% more. Okay. Alright. Yes. Okay. Are there any, challenges we see in the next 12 months?

Gulzeb Ahmed

We don't see challenges. We also love to get the challenges because businesses always bring you more when you have more challenges. If it is easy, everybody can do business, and they will become easy competition for you. So we have already settled in the market. We have a very strong brand name, very strong company reputation, very strong clientele. So it is very hard for any challenges to hit us, but we don't know the nature of challenges, how strongly it's coming. But we are ready with all our things to face any challenges and to achieve growth level what we are doing now and better than this.

Sanket Sadh

Okay. Alright. And what are the CapEx plans? I mean, I of course, I acknowledge that, there was a new machinery which you have installed for vacuum packaging. But apart from that, is there anything else which you are planning in the next 12 months?

Gulzeb Ahmed

In this upcoming 12 months, we don't hope there will be a very big, CapEx requirement to okay. But if there is a need for any upgradation in any kind of technology, any kind of certification, the company is ready to take the action. But we are fully geared with all our production facility, so no major thing is there until and unless we have any upgradation or urgency to have any updated technology as per the rules and regulation of importing countries or India.

Sanket Sadh

Okay. Perfect. And I was, you know, going through our RHP when we had drafted for the IPO. So in that, I think, at the time, you had around 10% market share of exporters from India. Do you have any figure of what that number is right now?

Gulzeb Ahmed

I think it is somewhere around 10% to 11%. I don't have the current share because the data is still not ready, but we are performing on the better than what we have written in our red book. So I think it is more than that, more than 10 or somewhere around. But I don't have the exact figure with me, because I never get this data yet.

Moderator

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

We have a follow-up question from Sanket Sadh from Aarth AIF. Please go ahead.

Sanket Sath

Yes, sir. So as I was going through your presentation, I can see that our team is fairly involved in some marketing activities and exhibition. So, what are the plans for further marketing activities and exhibitions coming this year? And what are some other marketing strategies that our company has to gain further clients?

Gulzeb Ahmed

Regarding the marketing activity, firstly, we have already attained the World Food Dubai. It is one of the biggest exhibitions of the food industry. And, hopefully, next year, we are also going to participate in this exhibition. This exhibition, we have received clients from almost 70 to 90 countries. And for another marketing thing, as we know, we are in the food industry, we have achieved continued supply chain, and the trust of your importer is one of the tool for our marketing. So one, we are able to maintain and continue it in our supply.

The so whoever else is importing that same country, they will take the data from market, the availability and showcase of the products who's more in the market. So who's easily available in the market because this is a continued change because this is food product. So you must be maintained, continue change. So this also help us to bring new clients. Of course, there are the exhibition and all where we also participate. We have participated in Vietnam. We have participated in Shanghai this year. And next year, also, we are going to participate in most of the biggest food acquisition.

Sanket Sath

Okay. And, you know, from other countries that we're supplying to, where which countries are the fastest growing in our segment, and which countries are having some slowdown? If you could give some light, some color to this.

Gulzeb Ahmed

I think it depends on seasonal also. Because once you have a very hot summer, so people shift to their eating habits only. Or if there is any geo geopolitical situation, then only we feel slow down. Otherwise, they will there are very less chances to have slowdown in food business, general food business also.

Sanket Sath

Okay. So you're saying that for meats and poultry, people tend not to eat as much in hot summers? But you mentioned during hot summers, there is a slowdown. I couldn't understand which segment faces a slowdown in this.

Gulzeb Ahmed

So one there is a climate change. So people try to change their eating habits. So but it doesn't impact on meat. Sometime in seafood, sometime in poultry. So this is what I'm trying to tell you. So if there is any imbalance in another option available for food, that will sometimes make a small impact. But, otherwise, there is a constant demand in March that has to be cater or that has to be supplied. Okay.

Sanket Sath

Okay. Understood. Understood. So how many facilities do we have currently for our food processing?

Gulzeb Ahmed

For food processing, we have currently company direct facility is six, then we have taken on contract. It's almost four. And then we have our contractor, Light smith, and also company has its own seafood processing facilities.

Sanket Sath

Okay. But under the seafood is under contract with somebody else, right, with some with some other partnership you have?

Gulzeb Ahmed

Under group. No. Under our subsidiaries.

Sanket Sath

Okay. And the company had also gotten into the RISE business as well a few years ago. How is that doing right now?

Gulzeb Ahmed

It's going good, and we are getting a good response from our client. We are getting regular and continue order from existing client, but it is very initial stage for us in green markets. So it is taking more time, more effort to build to increase actually the market. So whatever we achieve, every day, are adding two, three containers to three. And every month, actually, we are getting increase in our sales.

Sanket Sath

Okay. And is there any sort of internal costs which would be increasing, like, let's say, cold storage or, like, logistics or anything like that for the business?

Gulzeb Ahmed

There are cost logistic and all, which is always third-party cost, which is not in our account. If government has increased any charges, if shipping line has increased any charges for the transportation, then only it impacts. But it's not impact for us only. It will impact the whole industry and, actually, whole market. The shipping line globally increases their service, and transportation charges, think, almost same for India. So if there is any increase in transportation charges, low Indian level, national level, that will also impact it.

Sanket Sath

Right. But in our industry, we also have a higher cost of logistics and so it's right because we require cold storage even in the logistics. Right? So how much of our total cost is cold storage and logistics, if you could answer that?

Gulzeb Ahmed

The total cost for full storage and logistic is depend where we are sending the product. For logistics, the cost depends on the destination. And cold storage facility, we have our own in-house facilities. Once we produce the material, we keep it in our plant only. But there is a small cost. I'm not having the correct data here. My team will be able to check it for you, and we will get back to you. Okay.

Sanket Sath

Okay. Got it. Fair enough.

Gulzeb Ahmed

But it's not much. And the transportation cost is always similar for national and international. It depends on destination, actually. And it'll depend on shipping line.

Moderator

Thank you. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad.

Nikhil Sundrani

We will wait for around one minute more. Now we will be concluding the call. Okay?

Moderator

Yes. sir.

Gulzeb Ahmed

Nikhil can we conclude the call now? There are no more questions.

Nikhil Sundrani

Yeah. So we can conclude the call.

Moderator

Sure, sir. There are no further questions. Now I hand over the floor to Mr. Nikhil Sundrani for closing comments.

Nikhil Sundrani

Okay. Thank you. Thank you, Gulzeb Jee, for your all-satisfactory answers. Well and thanks to all the investors for joining the call. Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation and for using Door Sabha conference call service. You may disconnect your lines now. Thank you, and have a good day.

Note:

1. This document has been edited to improve readability
2. Blanks in this transcript represent inaudible or incomprehensible words.