



IPO Details

Opening Date	June 20, 2023
Closing Date	June 23, 2023
Stock Exchange	NSE, BSE
Lot Size	25 Shares
Issue Price	₹ 555 - 585 per share
Issue Size	Aggregating up to 480 Cr.
Fresh Issue	Aggregating up to 150 Cr.
Offer for Sale	Aggregating up to 330 Cr.
Application Amount	₹ 14,625

IPO Objective

Working Capital Requirement.

General Corporate Purpose.

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	4,75,12,875	100%
Public	-	-

Promoter of the Company

1	Wazid Ahmed
2	Gulzar Ahmad
3	Mohammad Mehmood Qureshi
4	Mohammad Ashraf Qureshi
5	Zulfiqar Ahmad Qurashi

Competitive Strengths

- 1 Production Quality and well-established Set up.
- 2 Well Experienced Management Team.
- 3 Long standing relations with the customer base and well-established marketing set up.
- 4 One of the well-established brands .
- 5 Well diversified Market Reach.

Company Background

- Company was incorporated in the year 2008 and has its registered office in Uttar Pradesh.
- Company is a flagship company of the HMA Group which has been in the meat industry for more than four decades.
- Company is currently among the largest exporter of frozen buffalo meat in India.
- The products of the company are mainly packaged under the brand name “Black Gold”, “Kamil” and “HMA”.
- Company’s products are exported to over 40 countries over the globe.
- As on 31st December 2022, the company had 926 staff base on its payroll.

Financial Summary

For the Period Ended	(In Lacs)		
	Dec-22	Mar-22	Mar-21
Total Assets	97,172.00	85,610.80	57,203.50
Net Assets	47,429.30	39,184.90	25,917.90
Total Borrowings	34,067.70	33,001.70	18,133.40
Total Revenue	2,41,782.10	3,13,897.60	1,72,039.60
Profit After Tax	11,323.70	60,817.68	7,159.70

Tentative Timeline

Opening Date	June 20, 2023
Closing Date	June 23, 2023
Basis of Allotment	June 29, 2023
Initiation of Refunds	June 30, 2023
Credit of Shares to Demat	July 03, 2023
Listing Date	July 04, 2023

Company Background and Analysis

Being incorporated in the year 2008 and being a part of HMA group which has more than 4 decades of experience in the industry, the company is well positioned in this segment. The company is among the largest exporter of Frozen Buffalo Meat in India and packages its food under the brand names – “Black Gold”, “Kamil” and “HMA”. The company has been looking for including newer product base in its portfolio and has recently started processing of Frozen Fish and Basmati Rice and is also planning to start poultry and other agri products. The company also generates revenue from the by-products produced while process of meat. A table depicting the revenue generated from its main products and by-products is given below –

(Amount in millions)

Product	Main/By Product	FY 2020-21		FY 2021-22		For the period ended December 31, 2022	
		Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue
Packaged Frozen Meat	Main Product	15,788.67	92.43%	26,511.85	85.95%	20,342.07	85.76%
Tallow	Main Product	267.72	1.57%	1,314.42	4.26%	1,356.47	5.72%
PFS – Poultry Feed Supplement	By Product	347.56	2.03%	1,462.14	4.74%	772.83	3.26%
Hide	By Product	224.94	1.32%	851.84	2.76%	473.01	1.99%
Fish-Frozen	Main Product	-	-	112.37	0.36%	389.17	1.64%
Raw Offal	By Product	27.89	0.16%	264.51	0.86%	169.58	0.71%
Other	By Product	6.39	0.04%	150.58	0.49%	140.27	0.59%
Rice	Main Product	-	-	-	-	32.43	0.14%
Bone and Wastage	By Product	31.96	0.19%	26.61	0.09%	19.7	0.08%
Frozen Offal	By Product	320.18	1.87%	124.86	0.40%	14.43	0.06%
Gelbone	By Product	3.55	0.02%	11.83	0.04%	6.02	0.03%
Sale Scrap		-	-	-	-	2.73	0.01%
Consumable Goods	By Product	6.57	0.04%	11.61	0.04%	0.69	0.00%
Raw Meat	By Product	56.44	0.33%	2.2	0.01%	-	-
Total		17,081.87	100.0%	30,844.82	100.00%	23,719.40	100.0%

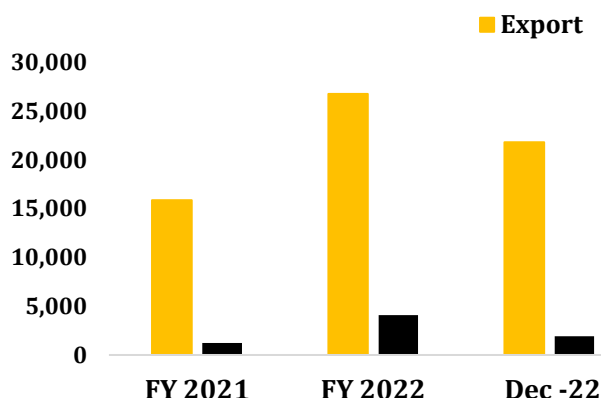
More than 90% of its revenue was generated from frozen buffalo meat in FY 21 which has reduced to around 85% up to Dec 2022 shifting the revenue to Tallow.

The company’s majority of revenue is generated from the export countries. The company has been more than 90% of its products that can be seen in the table below –

(Amount in millions)

Revenue from Operations	Year ended March 31, 2021	Year ended March 31, 2022	Period ended December 31, 2022
Domestic sales	1,228	4,096	1,905
Export	15,853	26,749	21,815
Discount	-6	-13	-15
Total Revenue from operations	17,075	30,832	23,705
% age of Exports	93%	86%	92%

Exports vs Domestic sales



Out of the export countries, the company has been mainly supplying to Malaysia followed by Vietnam and Egypt. A country wise revenue bifurcation over the years for the company has been given in the table below

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2022		For period ended December 31, 2022	
	Amt in Millions	In%	Amt in Millions	In%	Amt in Millions	In%
Malaysia	2,314.00	13.55%	4,064.45	13.18%	7,128.70	30.07%
Rest of the World (Scattered)	5,524.71	32.36%	3,766.68	12.22%	4,754.41	20.06%
Vietnam	2,467.00	14.45%	5,750.09	18.65%	4,124.65	17.40%
Egypt	610	3.57%	9,167.38	29.73%	2,444.30	10.31%
Indonesia	1,040.00	6.09%	1,598.60	5.18%	1,638.41	6.91%
Hongkong	3,380.00	19.80%	1,469.87	4.77%	1,234.78	5.21%
Iraq	516.95	3.03%	932.19	3.02%	489.51	2.07%
Total Exports	15,852.66	92.85%	26,749.26	86.75%	21,814.76	92.03%
India (Domestic Sales)	1,222.31	7.16%	4082.66	13.24%	1,904.65	7.97%
Total Revenue from Operations	17,074.97	100.00%	30,831.92	100.00%	23,704.80	100.00%

To conclude the company has been doing very well in its business and is mainly into export business with good revenue growth and geography diversification. However, the company mainly is dealing in a single product segment i.e. frozen buffalo meat.



Business Strategies

1. Augment capital base for adequate working capital

In order to effectively expand its product portfolio, the company is looking forward to give more credit period to its debtors which would increase the sales of its new products and help it to establish their brand name.

2. Diversification

The company has recently started process of frozen fish and also added Basmati Rice in its product portfolio. Moreover, the company also plans to start poultry and other agri products which would help them to diversify their product portfolio.

3. New Geographies

The company has been planning to export its products to new countries which they have not yet catered to and at the same time increasing their exports to those countries which have higher profitability margin.

Competitive Scenario and Peer Mapping

Competition

The company faces high competition on lack of any product differentiation and nature of business. The bargaining power of the company is not high as there are many other companies, organised and unorganised, supplying the same products as that of the company. The industry is both manpower and capital intensive, the threat of entry is not that low.

Peer Analysis

As per the prospectus, there is no listed peers for the company.

Industry Overview

Exhibit 1: Share of Buffalo Meat in Total Indian Animal Products (2021-22)

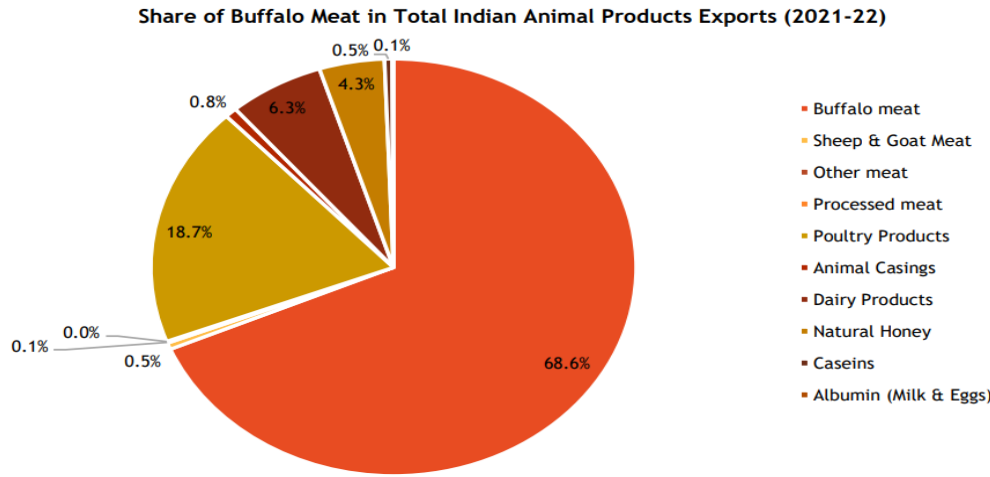


Exhibit 2: Share of Buffalo Meat in Total Agri & Processed Food Exports

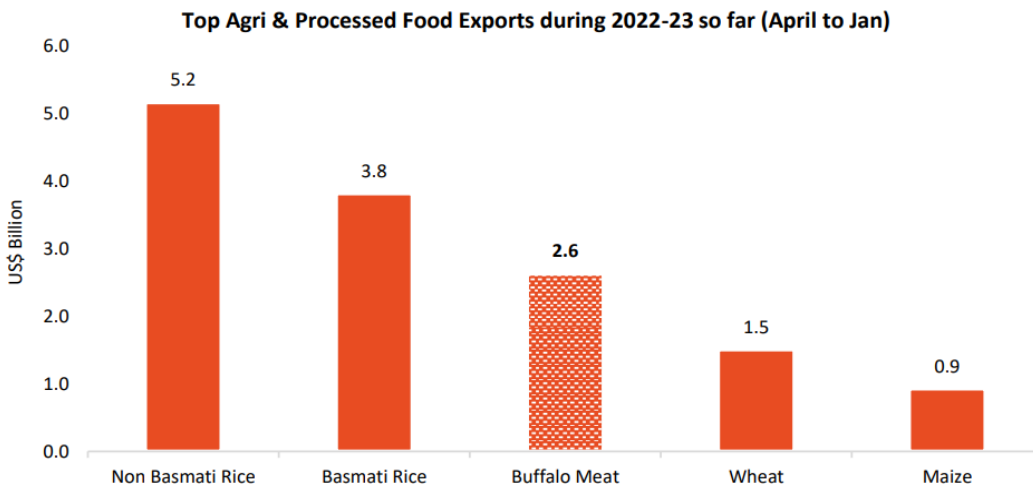
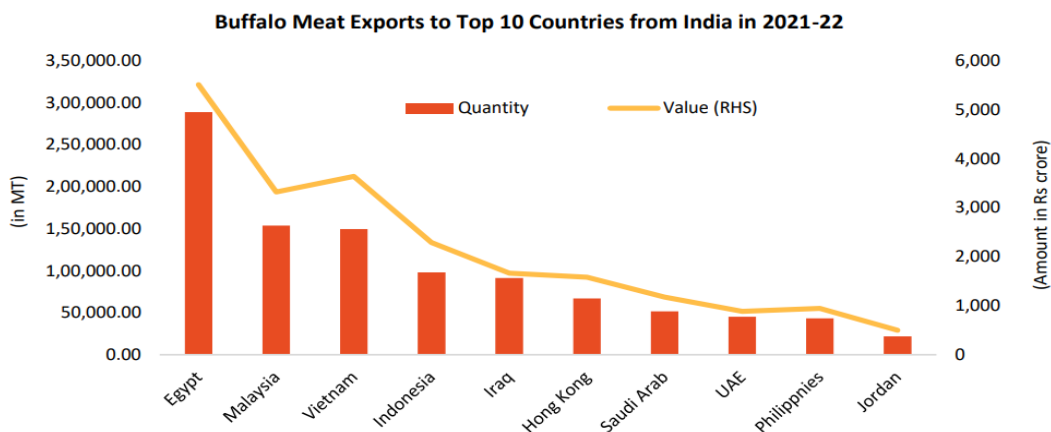


Exhibit 3: Exports of Buffalo Meat from India- Major Countries



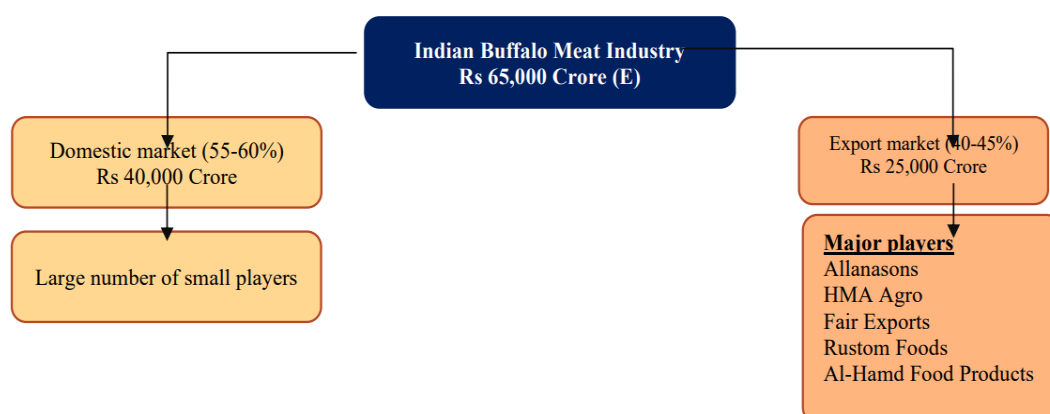
(Source: Prospectus)

Buffalo Meat Industry

The world's total production of beef and buffalo meat was estimated at 59.348 million tonnes in 2022. Top 5 countries including US, Brazil, China, EU, and India account for 70% of the world's total production of beef and buffalo meat. The livestock sector is an important component of Indian economy in terms of income, employment, and foreign exchange earnings. Besides directly benefiting the rural economy, the buffalo meat industry also provides various by-products. These by products are used as raw material for allied sectors - high-quality hides for the leather industry, processed offal for pharmaceutical and pet food applications, and inedible by-products provides poultry feed, special lubricants, and other products. India has one of the largest cattle populations in the world and it accounts for more than 110 million buffaloes which is 43% of world buffalo population. India is also the fifth largest producer of buffalo meat in the world. According to the Agricultural and Processed Food Products Export Development Authority (APEDA), India accounts for about 43% of the world buffalo meat production, with Uttar Pradesh producing the most, followed by Andhra Pradesh and Maharashtra.

Meat Processing Infrastructure in India and Related Facts	
India's share in the world buffalo meat production	43%
Total buffalo population	109.85 million
State with highest buffalo population	Uttar Pradesh
Percentage distribution of buffaloes in total livestock as per 20th livestock Census	20%
Buffalo meat contribution to total meat production in India	18%
Percentage of the buffalo (world livestock) present in India	57%
Buffalo breeding farms	37 (23 Govt. and 14 Others)
Number of animals slaughtered for meat production in 2019-20	12.18 million
Buffalo meat exports (2021-22)	117,5193 MT
<i>Source: APEDA, Brickworks Analytics</i>	

Buffalo meat has the largest share with more than 69% in the total animal products exported from India. In 2020- 21, India remained the fourth largest buffalo meat exporter in the world. Since FY21, there has been a steady growth in buffalo meat exports from India. In FY21 and FY22, buffalo meat exports increased by 3% and 5%, respectively in value terms. In FY23 so far (April to February 2023), India exported Rs 24,613 crore worth of buffalo meat, which is 5% more than the comparable period last year. The Indian buffalo meat exports industry is dominated by 6 to 7 major players with 60% of market share and remaining (40%) is dispersed with many small-size entities. The size of the Indian buffalo meat industry reached to around Rs 65,000 crore in FY22 with exports comprising of close to 40% of the total market.



(Source: Prospectus)



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Key Managerial Personnel

Mr. Wajid Ahmed, aged 39, is the Promoter and Managing Director of the Company. He has completed his Bachelor of Commerce. He has more than 16 years of experience in the meat industry. He is currently responsible for overall capital expenditure items such as machinery, equipment, packaging machines etc and ensuring smooth functioning of the processing units.

Mr. Gulzar Ahmad, aged 56, is one of the founding Promoters and is currently designated as Chairman and Whole Time Director on the Board of the Company. He has vast and diversified experience in field of trading of livestock and meat export business for over 3 decades. He is currently responsible for overall supervision of the management and affairs of the Company including the setting up of new plants and developing industry networks for further business development.

Mr. Mohammad Mehmood Qureshi, aged 44, is one of the Promoters of the Company.

Mr. Mohammad Ashraf Qureshi, aged 49, is one of the founding members of the Company. He has completed his Bachelor of Commerce. He has vast and diversified experience in field of trading of livestock. He is currently handling the export business of the Company and all the formalities required for exporting the products to multiple locations.

Mr. Zulfiqar Ahmad Qurashi, aged 50, is one of the founding members of the Company. He has completed his Bachelor of Arts. He has vast and diversified experience in field of trading of livestock. He is currently handling the administration system of all factories and all the formalities required for obtaining the permissions and licences from various regulatory authorities.

To conclude, the promoters of the company are well experienced in the field of the business. The roles and responsibilities of the directors are also segregated properly. Overall, the management outlook is good.

Financial Snapshot

Profit and Loss Statement			
(In Lacs)			
Particulars	FY 21	FY 22	Dec-22
Revenue from Operations	1,70,749.70	3,08,319.10	2,37,048.00
Other Income	1,289.90	5,578.50	4,734.10
Total Income	1,72,039.60	3,13,897.60	2,41,782.10
Expenses			
Cost of Materials consumed	1,33,587.70	2,42,144.90	1,78,276.10
Purchases of Stock-in-Trade	-	-	-
Changes in inventories of Finished goods, work-in- Progress and Stock-in-trade	3,049.50	-9,906.00	4,049.80
Employee benefits expense	5,859.60	10,561.60	6,480.10
Finance costs	405.40	656.50	717.50
Depreciation and Amortization expense	831.10	1,066.70	688.80
Other expenses	18,561.20	4,460.02	36,450.80
Total Expenses	1,62,294.50	2,48,983.72	2,26,663.10
Earnings Before Interest, Taxes, Depreciation & Amortization	9,691.70	61,058.58	11,791.20
EBITDA Margin	6%	20%	5%
Profit/(Loss) before exceptional items and tax	9,745.10	64,913.88	15,119.00
Less: Exceptional Items			
Profit/(Loss) before tax	9,745.10	64,913.88	15,119.00
Tax Expense	2,585.40	4,096.20	3,795.30
Profit/(Loss) for the year	7,159.70	60,817.68	11,323.70
Net Profit Margin	4%	19%	5%

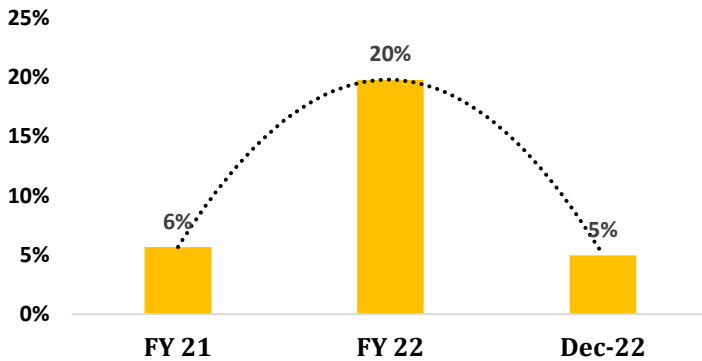
Balance Sheet			
(In Lacs)			
Particulars	FY 21	FY 22	Dec-22
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	9,191.90	14,013.40	13,667.20
Capital Work-in-progress	1,363.90	9,163.90	13,270.60
Goodwill	62.30	62.30	62.30
Intangible Assets	-	-	-
Right of use of assets	-	-	-
Financial Assets	1,666.80	3,303.10	966.30
Income tax assets	180.10	759.30	1,184.40
Deferred Tax Assets	171.90	260.20	1,274.90
Non-current tax assets	-	-	-
Other Non-current Assets	5,575.50	4,227.00	4,237.50
Total Non-Current assets	18,212.40	31,789.20	34,663.20
Current Assets			
Inventories	12,684.70	13,675.30	9,625.50
Financial Assets			
(i) Trade receivables	15,674.10	28,974.60	25,024.10
(ii) Cash and cash equivalents	5,168.50	1,852.80	2,515.50
(iii) Other Bank balances	-	2,549.40	17,183.80
(iv) Loans	-	-	-
(v) Other financial assets	157.10	448.50	278.90
Current tax assets (Net)	-	-	-
Other Current assets	5,306.70	6,321.00	7,881.00
Total Current assets	38,991.10	53,821.60	62,508.80

Balance Sheet			
	(In Lacs)		
Total Assets	57,203.50	85,610.80	97,172.00
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	372.70	4,751.30	4,751.30
Other Equity	25,496.70	32,714.70	40,544.90
Non-controlling assets	48.50	1,718.90	2,133.10
Total Shareholders' Fund	25,917.90	39,184.90	47,429.30
Liabilities			
Non-current liabilities			
Financial Liabilities			
(i) Long-term borrowings	503.40	5,216.00	4,550.00
(ii) Other financial liabilities	-	-	-
Provisions	124.60	160.60	194.30
Deferred Tax liabilities (Net)	-	-	-
Other non-current liabilities	-	-	-
Total Non-current liabilities	628.00	5,376.60	4,744.30
Current liabilities			
Financial Liabilities			
(i) Short-term borrowings	17,630.00	27,785.70	29,517.70
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises	-	-	-
- Total outstanding dues of other creditors	6,785.70	7,945.50	8,629.40
(iii) Other financial liabilities	638.30	407.10	4,323.30
Other current liabilities	5,489.90	4,762.10	1,778.10
Provisions	11.90	15.00	15.00
Current tax liabilities (Net)	101.80	133.90	734.90
Total Current liabilities	30,657.60	41,049.30	44,998.40
Total Liabilities	31,285.60	46,425.90	49,742.70
Total Equity and Liabilities	57,203.50	85,610.80	97,172.00

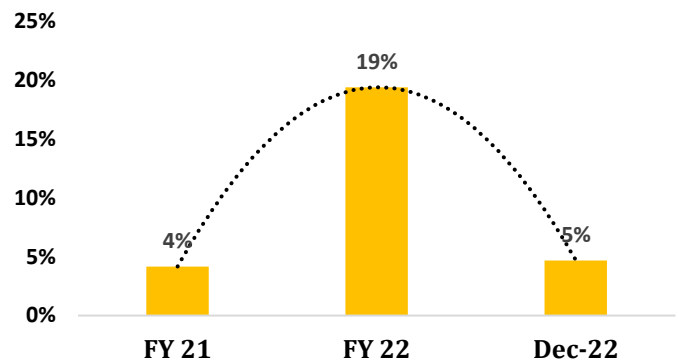
Ratio Sheet			
Particulars	FY 21	FY 22	Dec-22
Per Share Data			
Diluted EPS	4.43	7.77	7.90
BV per share	51.76	78.25	94.71
Operating Ratios (%)			
EBITDA Margins	5.68%	19.80%	4.97%
PAT Margins	4.16%	19.38%	4.68%
Inventory days	27.12	16.19	14.82
Debtor days	33.51	34.30	38.53
Creditor days	18.54	11.98	17.67
Return Ratios (%)			
RoCE	33%	135%	21%
RoE	28%	155%	24%
Valuation Ratios (x)			
EV/EBITDA	4.01	1.11	5.24
Market Cap / Sales	1.72	0.95	1.24
P/E	132.05	75.29	74.05
Price to Book Value	11.30	7.48	6.18
Solvency Ratios			
Debt / Equity	0.70	0.84	0.72
Current Ratio	1.27	1.31	1.39
Quick Ratio	0.86	0.98	1.18
Asset Turnover	2.98	3.60	2.44

Financial Charts

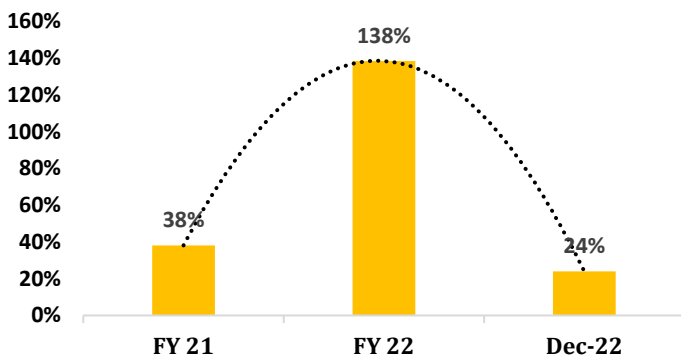
EBITDA Margin



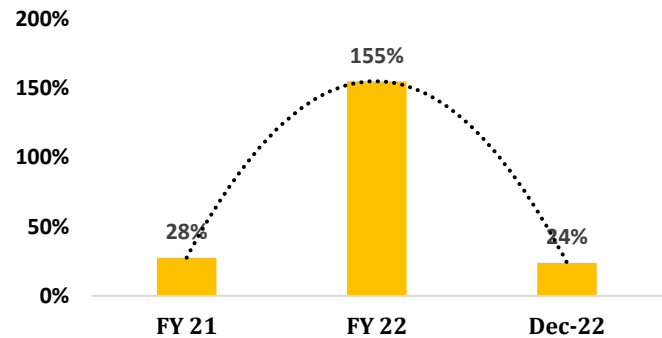
Net Profit Margin



Return On Capital Employed



Return on Equity



Key Risk Factors

1. Company, Company's Promoters, Group Company and its subsidiaries are involved in certain litigations including tax related litigations amounting to Rs. 5,157.87 lacs, which if determined against the company, can affect financial conditions of the company.
2. The company derives most of its revenue from only one product segment i.e. Frozen Buffalo Meat.
3. Company has faced shut down or disruptions in its manufacturing units at Aligarh, Agra and Punjab and any such disruptions in the future will hamper the profitability and revenue generation of the company.
4. Company is getting into new products in which the company has no major experiences in the past.
5. Outbreak of livestock disease can significantly restrict the company's ability to run its operations.
6. Company has contingent liabilities outstanding as on 31st Dec 2022 amounting to Rs. 6,480.55 lacs.

**Track Record of Lead Manager**

The lead manager to the issue is Aryaman Financial Services Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Command Polymers Limited	7.09	28.00	March 29, 2023	25.4
2.	Rex Sealing and Packing Industries Limited	8.09	135.00	January 12, 2023	119.75
3.	Abans Holdings Limited	345.60	270.00	December 23, 2022	281
4.	EP Biocomposites Limited	6.35	126.00	September 13, 2022	184
5.	Rhetan TMT Limited	56.00	70.00	September 05, 2022	10.7
6.	Modi's Navnirman Limited	22.68	180.00	July 06, 2022	161
7.	SP Refractories Limited	4.92	90.00	March 22, 2022	86
8.	Fabino Life Sciences Limited	3.24	36.00	January 13, 2022	31.9
9.	Suyog Gurbaxani Funicular Ropeways Limited	29.50	45.00	November 16, 2021	45
10.	CWD Limited	18.01	180.00	October 13, 2021	1,131

*CMP is taken as on 9th June 2023

As per the offer document Aryaman Financial Services Limited have had 17 mandates in the last three fiscal year. For Aryaman Financial Services Limited out of the last 10 that are mentioned above, 2 opened at Par, 1 opened at Discount, and rest all opened at premiums ranging from 0.222% to 27.1825%.



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Recommendation

The company has been into the industry since quite a long time and has been able to generate healthy revenue and profitability margin over the year.

The management outlook of the company is also good with proper bifurcation of the roles and responsibilities of its top management.

The PE on an annualised and Post IPO basis is around 20 times which seems to be fairly priced looking at the performance and size of the company.

The company has paid dividends of 20% in FY 22 and has a prudent dividend policy post listing. Looking at the financial performance, the business performance and outlook of its management, one should **apply** for the IPO. However, investors having constraints of not investing in meat processing companies should refrain themselves from investing.



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