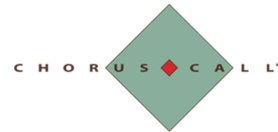


UMA EXPORTS LTD.

“Uma Exports Limited
Q1 FY '25 Earnings Conference Call”
August 22, 2024

UMA EXPORTS LTD.



**MANAGEMENT: MR. RAKHESH KHEMKA –MANAGING DIRECTOR –
UMA EXPORTS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Uma Exports Q1 FY '25 Earnings Conference Call. As a reminder, all participant line will be in 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rakesh Khemka. Thank you and over to you, sir.

Rakesh Khemka: Good afternoon, everyone. I am MD of Uma Exports Limited. We have been bringing this presentation for our investors. As you must have gone through the company's details, our company was incorporated in 1988, 9th March. We are majorly into commodity trading. Right now, we are at the end of the financial year '23.

There are some policy change in the government and now we are shifting our mode from exports to imports and manufacturing and processing locally. We are focusing more on the domestic market, reducing our Reliance on exports, which accounted for approximately 22% of our revenue in Q1 FY '24.

By normalizing our inventories and conducting through market analysis, we were able to deliver a solid performance. Looking ahead, we expect to see further improvements as we plan to commercialize our new plant in Kolkata, dedicated to pulses and grains. Within, I think, it will be commissioned in the month of Feb 25. Additionally, we are also trying to launch a new plant in Surat, for which we have already acquired land and it will be commissioned in the next financial year.

Once these plants are operational, we will be well positioned to capitalize on volume growth, particularly given the expected growth in the domestic market. As the government is not much keen on exports of agri-commodity, seeing our population is increasing and government wants to make ethanol from agricultural grains. They have started many plants. Government is encouraging to start many plants for manufacturing of ethanol from corn and all that. Corn, Sugarcane. What we feel that we won't be able to focus more on exports.

That's why we are shifting our mode from exports to imports of agri-commodity and processing that and selling it to wholesalers. Eventually, we will develop our brand also and sell it in retail also. This is our very long-term planning which we will accomplish. This is the only thing.

Now, we can begin with the question and answer session. Anyone who wishes to ask any question may press star and 1 on their touchtone telephone.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Gautam Chandravar from SMC Global Services. Please go ahead.

Gautam Chandawar: Hello, sir. Congratulations on a good set of numbers. I had a couple of questions. The first one being, why is there such a huge jump in the quarter and why exactly was our results so down

last year? I mean, if you look at the PAT for the entire FY '24, you made PAT of INR10 crores last year. But this year, in just one quarter, you made a profit of INR6 crores. So, could you explain that, this, big Rise?

Rakesh Khemka: April 23, government, there were some quotas given in the Sugar sector exports, which, exhausted and government prohibited the export of Sugar. If you see the results of March ending 23, the major revenue was from sugar exports. So, we were not mentally ready, to, like, the government will prohibit the export of Sugar and Rice from India.

So, that put us, like, the results and the revenues were not good last year, like, in FY '24, March ending '24. So, and by the time we prepared ourselves for the import and, import international trading. So, gradually, we understood the government policy and we thought that it has to be more import-centric.

So, then we started making imports of the commodities, which are short in India. And there's a good analyst system in our office. And eventually, this is well-paying and good profits we made this quarter.

Gautam Chandawar: All right. And my next one being, what is your growth strategy in edible oil segment, given that, the prices are a bit uncertain and volatile? And what are the operating margins that you're looking at in this segment?

Rakesh Khemka: Basically, we will be just, like, operating it on, refining the crude oil. And whatever crude oil we buy, we will be trying to, we will be keeping it healthy. So, our operating margin will be around 2% to 2.5%. We will be just trying to have that on processing thing only.

Gautam Chandawar: I'm sorry, could you repeat the last part?

Rakesh Khemka: Whatever margin we gather, that will be on the processing only.

Gautam Chandawar: Okay. And what are you looking at from a revenue mix point of view from the exports and domestic once both plants are operational? You said for Q1, revenue of exports is 22%. But since, as and when the new plant comes up, what do you see the revenue mix of domestic and exports panning out?

Rakesh Khemka: See, as I already mentioned now, like, government is discouraged, they're not discouraging, but I tell you, government is not encouraging the exports of agri-commodities. They are rather planning to convert the additional grain into ethanol so that they can save on foreign exchange on import of crude oil and all. So, basically, what we are targeting since our company base is agriculture, we are planning to import and, increase our domestic presence in the market.

Gautam Chandawar: All right. Yes, I have a couple of more questions, but I'll go back into the queue if anyone else has questions.

Moderator: Thank you. The next question is from the line of Harsh Jadeja, who is an Individual Investor. Please go ahead.

- Harsh Jadeja:** Hi. So, why did you decide to start manufacturing domestically?
- Rakhesh Khemka:** So, your voice is not clear, sir. Please can you repeat it again?
- Harsh Jadeja:** Yes. Why did you decide to start manufacturing domestically?
- Rakhesh Khemka:** Sir, we are already importing raw pulses from overseas market, like, overseas origins from Australia, Canada and other countries in Africa and all that. So, we are trying to put a value addition to this that we process it and export it -- not export it, market it within India. So, it will add value addition.
- And even if there is some policy on restrictions of import, we can always buy domestically and, process it and sell locally. So, it is adding up -- it is like you can say we are adding one leaf to our business.
- Harsh Jadeja:** Okay. And also, why did you decide to enter into the edible oil market? And is the industry showing any growth prospects in future?
- Rakhesh Khemka:** We are into already this agri-commodity processing of food grains and all that. So, this edible oil is also something related to this agri-commodity which is used for consumers -- which are used by consumers. So, the trade is same and there is always margin of conversion from crude to refine. So, that's why we are and we have a ready market for that. So, that's why we are planning for this also.
- Harsh Jadeja:** Okay. Right. So, yes, that's all from my side.
- Moderator:** Thank you. The next follow-up question is from the line of Gautam from SMC Global Securities. Please go ahead.
- Gautam:** Yes. Hello, sir. So, my next question was, like you are saying you are going to focus more on domestic market. What would be the differential in margins between exports and domestic? So, will your margin profile increase drastically if you start focusing on domestic?
- Rakhesh Khemka:** Once, like our production line starts, there will be increase in the margins. Right now, whatever we are importing, we are selling it raw, Mr. Gautam. And whenever we process, there is additional processing margin which will be added to our profit.
- Gautam:** Okay.
- Rakhesh Khemka:** So, if you can... And there is not much difference in the export margin or domestic margin since last two, three years. Because our domestic demands have increased very much enormously. You can say like, yes, our domestic demands have increased very much. So, it is in the interest of the company to trade locally rather than exports.
- Gautam:** Okay. Okay. So, if you can just give a ballpark number of what your margins might look once you start focusing more on domestic market.

Rakhesh Khemka: Like what we target out of the production, like the capacity we are planning. Like we are already trying to install, we are installing 100,000 tons per year of Masoor. And around, edible is around 50,000 tons per year. So, we think our profit may increase like 1.5%, 2% of the revenue. It may increase.

Gautam: Okay. Alright. And this new plant in Surat that you have explained about that is going to get commissioned for which particular commodity is this?

Rakhesh Khemka: We are putting for pulses. Like we can process three types of pulses in that unit. One is lentils. One is channa. And the third one will be matar.

Gautam: Okay. So, this you will process and then domestically sell it to wholesalers, retailers?

Rakhesh Khemka: Wholesalers and retailers. And plus we are also in a long, I mean like, once this plant is commissioned, our focus will also be there to establish our brand. So, we are going to register our brand and we will start marketing.

Gautam: Okay. So, that would be a plan of over the next two to three years?

Rakhesh Khemka: Yes. Next two to three years. Right.

Gautam: Okay. Any the location for Surat is basically for, do you have easy import?

Rakhesh Khemka: Navsari Surat Road.

Gautam: I'm sorry?

Rakhesh Khemka: Navsari Surat Road is 18 kilometers from Vesu. There is an industrial park coming up, green industrial park. So, we have taken land over there.

Gautam: Okay. So, I mean the imports of, it's close to the port. A major port for importing all these commodities. So, that's why.

Rakhesh Khemka: Yes. Hazira port we are regularly importing. And like, I'm telling you the strategy basically, like it's 18 kilometers from Hazira port. Okay. So, the transportation cost will be very low from the port to the processing unit. And we have the ready market at Bombay, Indore. So, like from Surat, Bombay is also very close. Indore is also very close. All the consumer markets are very close by. So, like that's why we have put a strategy that way. Logistically, it will be a very win-win situation for the plant.

And even if we want to export, if we can get some actually there are, you can say Middle East countries buy a lot of lentils. So, logistically, we are placing this plant so that if anytime the markets are very slow in India, we can always export because Middle East buys a lot of pulses, lentils, channa and all that. So, keeping that in mind, we have kept our unit near to the port.

Gautam: Okay. That's great. And like you said, like last year, because of sugar quotas and all those regulations, your results got impacted. So, are you planning to slowly kind of move away from all these quota-related commodities?

Rakhesh Khemka: No. We are not going to shut down our old business. We are not going to go away from that business because that is already there. That is already established. So, we are not going to switch off anything which we are having. Rather, we will be waiting for the opportunities. This year, the rains have been very good. If the government gives the quota, we are always there. Our market is ready. Our name is there. We have a very good name in the market as a supplier or exporter from India. So, we are not off with that.

But yes, we cannot, means we have to go by the government policy. We are waiting. Yes, this year we expect that government may give another quota for export. So, once the government gives quota, we are always there to export. We are ready with everything.

Gautam: Okay. That's great, sir. So, that's it for me this time. It was nice talking to you.

Moderator: Thank you.

Rakhesh Khemka: Same here, sir. Thank you very much.

Moderator: The next follow-up question is from the line of Harsh Jadeja, who is an individual investor. Please go ahead.

Harsh Jadeja: Yes. So, which consider among our top top five customers? Yes, sir. Which country would be among our top five customers?

Rakhesh Khemka: So, the product which we are going to process, basically see, Bangladesh, we have been doing tenders. So, like, if we export, the number one country is Bangladesh. Iraq is buying international tenders. We can go to -- we can supply to Iraq. Then Dubai, Saudi Arabia, Egypt. These five countries will be top five customers of ours. And, like, we are processing. But our main focus will be on domestic market first.

Harsh Jadeja: Okay. And so, I recently saw -- So, are we looking to diversify more into textiles in future?

Rakhesh Khemka: I tell you, like the investment we have made in Pakhi Commercial in the name branding of Youmaa that is doing good. In the initial stages, like, in Pakhi, they have launched the product somewhere in March or April. So, they are doing good.

As for the results, I have seen on June and like, they are doing good. There is good demand coming, repeat orders coming from various MBOs, and we are doing very good on the other fronts also. So, yes, I feel, yes, the things are going very positive for Pakhi and [Luma brand], and we will be doing it.

Harsh Jadeja: Okay. But are we looking to expand more into it, the textiles market?

- Rakesh Khemka:** Yes. When we are into retailing, we are always there to expand the retail outlets and we have plans. Like, right now, I don't have the Pakhi plan with me. I'm more focused in Luma. We have a different team for Pakhi, which is looking after that. But, yes, at times, I'm there in the meeting. Yes, they have a focus plan. They have a plan for expansion and they're working on it.
- Harsh Jadeja:** Right. Okay. So, just this last question, it's a very broad question. How do we see Uma export shaping the future in three, four, five years, if I talk about growth? So, how do we see it shaping?
- Rakesh Khemka:** See, I tell you, the future in India, the population is going to increase. Our consumption demand, our demand for food grains and pulses, everything will increase. So, there's no question and doubt on this. But, yes, keeping that in mind, we are planning. We are already starting two processing units. We will be increasing.
- We plan to increase our processing units. One, after this two commissioning, we'll be planning to have one more unit at Bombay. And then, yes, we will be there. We'll be trying to improve our market share.
- Harsh Jadeja:** Okay. Right. Understood. So, yes, that's it from me. Thank you. Thank you for answering the question.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Mr. Rakesh Khemka for closing comments.
- Rakesh Khemka:** Thank you for joining us. And thank you, investors, for giving time. Thank you, everyone.
- Moderator:** On behalf of Uma Exports Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.