

June 05, 2023

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C / 1, G Block,
BandraKurla Complex – Bandra (E)
Mumbai – 400051

NSE Symbol: ICEMAKE

Sub: Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'listing Regulations') - Earnings Call Transcript for the Q4FY23 & FY23 for the year ended March 31, 2023

We are enclosing herewith the Earnings Call Transcript of investor conference concall held on June 02, 2023, Friday, pertaining to the Financial Results for the Q4FY23 & FY23 for the year ended March 31, 2023 of the Company.

Please take note of the same.

Thanking you,
Yours faithfully,
For **Ice Make Refrigeration Limited**

Mandar Desai
Company Secretary & Compliance Officer

Encl: As above

ICE MAKE REFRIGERATION LIMITED

AN ISO 9001 : 2015, ISO 14001 : 2015 & ISO 45001 : 2018 CERTIFIED COMPANY
Commercial & Industrial Refrigeration Equipment Manufacturer

Registered Office / Mailing Address:

📍 B/1, Ground Floor, Vasupujya Chambers, Nr. Income Tax Cross Road, Ashram Road, Ahmedabad-380 014, Gujarat - India. ☎ +91-79-27540630

Corporate Office / Plant Address:

📍 226-227, Dantali Industrial Estate, Gota - Vadsar Road, Nr. Ahmedabad City, At : Dantali, Ta. : Kalol, Dist. : Gandhinagar - 382721, Gujarat - India.

☎ +91 9879107881 / 884 ✉ info@icemakeindia.com 🌐 www.icemakeindia.com

C.I.NO : L29220GJ2009PLC056482

Ice Make Refrigeration Limited
Earnings Conference Call
June 02, 2023

Moderator: Good afternoon ladies and gentlemen. I am Darwin, the moderator for this conference call. Welcome to the Earnings Conference Call of Ice Make Refrigeration Limited arranged by Aaryana Matasco Emerging Company Reputation and PR Service Provider to discuss the financial results for the Q4 and financial year ended March 2023. At this moment, all participant lines are in the listen-only mode. Later, we will conduct a question-and-answer session. At that time if you have a question, please press '*' and '1' on your touchtone keypad. Please note that this conference is being recorded. I now hand the conference over to Mr. Aryan Rana from Aaryana Matasco. Over to you, sir.

Aryan Rana: Thank you Darwin. Hello everyone, good evening to all of you and thanks for joining the Earnings Conference Call of Ice Make Refrigeration to present and discuss the financial results for the quarter and financial year ended March 31st, 2023. Before we begin, allow me to introduce our company and the management team who will be representing us today.

Established in 1993, Ice Make Refrigeration is leading supplier of innovative cooling solutions and manufacturer of over 50 plus refrigeration equipment in India. The company has started its business with a mere of Rs. 3 lakh & has crossed the market cap of Rs. 500 crores recently. The company with 600 plus employees strength in India has started its business, has manufacturing units in Gujarat and Tamil Nadu and also they have setup one more unit of manufacturing in West Bengal that is expected to be operational in the next one month.

The company over the years have received several awards and accolades including Indian Leadership Award for Industrial Development, Best Medium Enterprise Canara Bank and SKOCH Award for manufacturing, India SME 100 Award and Gold Award for Excellence within its Core Industry category and among many more.

We have mailed you the results. I hope you have received the same and we have also uploaded this on our website and Stock Exchange. Before we proceed to the call, let me remind that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. Joining us on this call are our esteemed Directors who will provide insights into our financial performance and strategic outlook. Let me first welcome Mr. Chandrakant P. Patel – Chairman and Managing Director who has been instrumental in driving the company's growth and overseeing our strategic direction. Mr. Nikhil Bhatt – VP Strategy,



he brings a wealth of knowledge, experience and leadership to our organization, Mr. Ankit Patel – CFO, who is responsible for managing our financial operations and providing strategic financial guidance and the key management from Ice Make Refrigeration Limited including Mr. Mandar Desai, the Company Secretary and Compliance Officer, he is responsible for the efficient administration, communication and coordination of the company particularly with regards to ensure in compliance with its statutory and regulatory requirements etc. During today's call our management team will provide an overview of our financial performance for the quarter and year ended March 2023. They will share the key highlights, address any questions you may have and provide insights into our strategic initiatives, market opportunities and future outlook. With that said, now I will hand over the call to Mr. Patel, over to you sir. Thank you so much.

Chandrakant P. Patel:

Good evening ladies and gentlemen. Welcome to our Earning call and thank you for joining us today. I am delighted to have an opportunity to address our valuable investor for ongoing support and trust in our company are invaluable and I am excited to share our financial results and strategic outlook. First and foremost, I want to express my gratitude to our team, their hard work, dedication and strong commitment has been helpful in achieving our outstanding performance. Together we have achieved remarkable milestone over the past quarters and many years standing our company and sustainable growth and success. Let us begin with our financial result.

I am happy to announce that we have delivered another quarter of exceptional growth. Despite a global economy going through inflation pressure, the company yearly makes profit jump to double digit for the first time and consolidated revenue also achieved another important financial milestone as our annual revenue crossed Rs. 300 crores in financial year 2023. The significant increase is a directive to our robust business model innovative product offering and strong market positioning. Furthermore, our profitability has also jumped significantly. We will work continue to generate values for our shareholders. We have strong current order book of around Rs. 68 crores and we will maintain 25 to 30% growth strike rate annually along with various product and business verticals that are consistently gaining market shares. We are confident that due to our strong foundation and proactive rich management practice, we will trace the future challenge well. In conclusion I want to express my gratitude to our investors for your unwavering support and trust in our company. Our success is result of our collective effort and we remain focused on creating sustainable value for all stakeholders. Very confident in our teams ability and execute our strategy initiatives and deliver strong financial performance in quarter and many years to come. Thank you once again for your time and look forward to answering your questions and provide further insights into our business during the question answer session. Now I invite Mr. Ankit Patel to brief you about financial highlights and Mr. Nikhil Bhatt to provide business update. Thank you.

Ankit Patel:

Hello everyone. Thank you for joining us today for this analyst call. I am honored to have the opportunity to address to you as Chief Financial Officer of the company. Before I get into



financial year end performance details, let me begin by providing overview of financial performance over past quarter.

Despite challenging this economic environment, I am pleased to reiterate that we have delivered strong results. In Q4FY23, revenue increased by 47.93% breaking all-time high Rs. 114 crores compared to Rs. 77 crores in corresponding period of fiscal 2022, compared to Q3 FY23, the same was up by 71%. In Q4FY23, the company maintained EBITDA margin at 11.3% slightly higher compared to 11.2% in Q3FY23 and 11.6% in Q4 FY22. During the quarter, cost of goods sold COGS as a percentage to total income stood at 70.5% as against 69.8% in December 2022 and 70.6% in Q4FY22. Lead by higher sales, strong growth in revenue and cost control, the company was able to maintain high profitability resulting in 43.6% year-on-year growth in EBITDA in Q4 FY23 to Rs. 12.88 crores. Interestingly despite higher sale, the company was able to reduce debt as a result, finance cost though a significant drop by a 64.2% in Q4 FY23 to Rs. 19.25 lakhs. Finance cost as a percentage of revenue dropped to its lowest level to 0.2% in Q4 FY23 as against 0.9% in Q3FY23 and 0.7% in Q4FY22. The company's interest coverage ratio is still quite healthy 61.4 times. Net profit during Q4FY23 stood at Rs. 8.63 crores as against Rs. 5.53 crores in Q4FY22 witnessing a strong 56% year-on-year growth compared to Q3FY23 net profit was robust 94.8% growth. Our operating cash flow of the company stood at Rs. 24.34 crores in FY23 as against Rs. 8.31 crores in FY22. At the end of fiscal 2023, the company has total Rs. 11.55 crores short-term investment in the form of FD and liquid investments.

Net profit made nearly two-fold jump registering 184% growth on year-on-year basis lead by strong demand and recovery in market and introduction of product revenue for the quarter. Due to high sale, cost control and better pricing the company achieved highest profitability in recent years. During the fiscal year 2023, the company's total income jumped by 51.5% on year-on-year basis, so Rs. 313 crores as against Rs. 206 crores revenue in the fiscal 2022. Because of cost control and higher sale during the year EBITDA grew by 118.8% on year-on-year basis to Rs. 33.23 crores. EBITDA margin in fiscal 2023 expanded by 330 basis points that is 10.6% as against 7.3% in fiscal 2022. The focus of company is to expand topline while maintaining margins with healthy operating cash flows. This growth can be executed with several key factors including market expansion, successful product marketing and enhance operational efficiencies. Robust increase in demand helps in improving our operating performances. Furthermore, our commitment to cost management and optimization has yielded significant benefits. This achievement demonstrates our ability to adopt change in market dynamics while maintaining discipline approach to financial management. Our focus on innovations and product development has also paid out. We have witnessed robust demand for our new operations the success is a testament to our continuous investment in research and development as well as our ability to identify and address customer need very efficiently. Before I close my comment, I want to emphasize that our financial performance is a reflection of collective efforts of our dedicated team and employees. We remain committed to enhancing our operational efficiencies and optimizing our cost structure. We believe that a lean and agile



organization which will enable us to respond quickly to market demand and maximize profitability. Thank you for continued support and I look forward to updating you on our progress on coming quarters. Thank you.

Nikhil Bhatt:

Ladies and gentlemen hope you are having a great time and thank you for joining us for today's important session. Your keen insight and valuable feedback directly and through our advisors is instrumental in facing our strategic direction. We want to express our appreciation for your continued support and trust in our company. It is your confidence in our vision and potential that drives us to constantly take new opportunities and successfully navigate through challenges. Before I go on strategic initiatives let me update you with business updates.

Our focus on innovation and product development has also paid us. We have witnessed robust demand for our new offerings resulting in a more than 51% growth in sales volume compared to the sales same period last year. This success is our testament to our investment in research and development as well as our ability to identify and address customer needs effectively. As our chairman rightly says that we are having a pending order book of about Rs. 68 crores and during the few recent past months, we have received a good order in the food processing industries amounting about Rs. 14.6 crores as well as one due order of Rs. 6.35 crores it is under process. We have also received good orders from the dairy sector it is about Rs. 5.20 crores as well as from the e-commerce sector Rs. 1.29 crores. In solar product business, we have received a good number of about 32 units from our OEM amounting to Rs. 2.6 crores and other sizeable products are in the pipeline.

The key focus area of the strategic part, we will focus on to increase the topline, focus on Greenfield projects of continuous panels timely start which is April 2024. Maintaining margins, ensuring consistent growth of about 25 to 30% focus on other geographical expansions across the country. To say ahead, we recognize a need to be proactive and agile in approach. Our overarching strategy is centered around 3 key pillars: innovation, customer centricity, and operational excellence. These pillars guide our decision-making process and enable us to navigate the ever-evolving marketplace effectively. Our company operates in sectors that play a critical role in various industries including food and beverages, pharmaceuticals, health care, and logistics by providing comprehensive support throughout the entire customer journey, from initial configuration to ongoing maintenance service we aim to become a trusted partner for our customers. Our dedicated customer service team is trained to provide timely assistance and ensure that all solutions continually meet that evolving demand. In summary, our business strategy in the Refrigeration and Cold Storage solution industry revolves around innovation, customer centricity, and sustainability. I continue to see the boundaries of technology, understanding our customer's needs, and prioritizing environmental responsibility, we aim to maintain our leadership position in the market and deliver long-term value to our stakeholders. Thank you for your attention and I am happy to address any questions you may have during the session. Thank you.

- Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of Sriram R, an Individual Investor. Please go ahead.
- Sriram R:** Congrats on the good number. Firstly, sir can you give the segment-wise revenue breakup for 2023 and 2022?
- Ankit Patel:** Our Cold Room vertical share was around 46% of our total topline and commercial share was 28%. Then Ammonia and reefer van was respectively 10 & 10% and Industrial Refrigeration was around 5%
- Sriram R:** And for the last year same split can you give?
- Ankit Patel:** Last year Cold Room was as usual maximum contributor. It was around 50% and after that Commercial was around 23%, reefer van was 10% and Ammonia was 12% and Industrial Refrigeration was at the same level 5%.
- Sriram R:** And sir last year what was your order book? This year Rs. 68 crores and last year?
- Ankit Patel:** The order book is running order book, so it may be around Rs. 40 crores, Rs. 45 crores may be at that time
- Sriram R:** Sir my last question, firstly in investor update you have given something called Continuous Panel business will be operational by April 2024. Sorry, sir I am not able to understand this, what is this business actually?
- Nikhil Bhatt:** Actually we have initiated one project for our one of the product that is Continuous PUF Panel that is a panel used for the refrigeration industries as well as the infrastructure business, so that project was finalized last year and now it is under process.
- Sriram R:** Cold room panel is it?
- Nikhil Bhatt:** Yes, Cold room panel as well as this can be used in infrastructure also.
- Sriram R:** Sir what is the material actually?
- Nikhil Bhatt:** Material will be steel and PUF chemical mainly.
- Sriram R:** Sir what is your CAPEX for FY24?
- Nikhil Bhatt:** The major CAPEX in this project is around Rs. 60 crores.
- Sriram R:** Sir this run rate which you achieved this Rs. 100 odd crores is it sustainable or is it because lot of orders got booked in the last quarter? Because there is a substantial increase from Rs. 60

crores, Rs. 70 crores we have achieved Rs. 100 plus crores, so just wanted to understand overall?

Nikhil Bhatt: Overall refrigeration industry is growing up. In India this market is still going on and overall industry is growing and as well as our company, we are establishing our setup since 30 years, so our operational reach or the marketing reach is also enhanced. We are also trying to enhance our capital reach by various actions and we are taking a new startup for the PUF panels, only PUF panel in the East of area that will be running by next month. So this will go on and overall it is a growing market.

Moderator: Thank you. The next question is from the line of Sanjay Shah from KSA Securities. Please go ahead.

Sanjay Shah: Good evening gentlemen. Sir congratulations for good set of numbers you and your team. Continuing to the follow friend question regarding the growth, what India is what is being estimated around 15 to 17% in Refrigeration, Cold Chain and storage and we are expecting more than 30% growth, so, sir can you help me how the optimism is coming from? Is that we are capturing market share in the industry or unorganized to organized is coming up? Will really help me to understand?

Chandrakant P. Patel: Actually we are work on refrigeration as well as in processing like we do the complete solution of processing we work like dairy, food processing solution is also there, we provide frequency solution for ice cream and in refrigeration till now what we used to do in that we had many bottlenecking regarding capacity and product range like temperature and all that and we also wanted to grow our topline, so we removed all these bottlenecking, increased our product range, increased our temperature and we use to tell you every time that we have done geographical expansion because still our revenue from West is 63% and balance is 37% from the rest of the three regions of India. So due to geographical expansions also we were able to do a growth of 30% or more than 30%, we have such confidence.

Sanjay Shah: My second question is that the new vertical which we are building up, doing CAPEX that is continuous panel, can you please explain a little about it that what advantages we will get from it after it happens? What will be the advantage to our company because how much percent we will use as a captive? And how much we will sell outside? And how will the margin pan out?

Chandrakant P. Patel: Actually, if we see our captive consumption of plant in front of installed capacity then it is nominal, but from the last 3 to 4 years the big projects which we have started from six years like Ammonia Refrigeration from then onwards we have a lot of big projects coming in which orders of more than Rs. 5 crores are there. In refrigeration PUF panel supplies do happens. In the last year which has just closed in that year we outsourced continuous panel worth of Rs. 14 crores to Rs. 15 crores, so there are many orders where we do not do manufacturing, so we do not quote and we directly guide customers that you directly work with manufactures

because we are not technically tapped in this product because PUF panel is a normal product after installation in the site there is no functional moment there, so we guide directly that in this volume will be as much as we sold after taking it into our account. Along with refrigeration the product which we are going to work on has a high demand in infrastructure also. In India it has started now because as you know that PEB building, industrial warehouse, whichever supermarket or all the public building there with PAG building, air conditioning load is reduced and air conditioning capacity is less required due to which running cost is also reduced. So in Indian infrastructure market many of the PUF panels are installed in many of the airports, you can see that all the exhibition hall in Pragati Maidan were all new and with PUF panel the whole building was made. So in infrastructure segment is also there and in refrigeration PUF panel is there only and this is an insulated panel wherever you feel below 25 degree temperature has to be maintained hindsight can be installed in hot area as well as in low area like defense in glacier or where the temperature is below 10 degree in such places the facilities which are there, insulation wall is quite beneficial. We were thinking of doing this product from the last 3 to 4 years and in between due to Corona we hold this project. Market growth is there and all our POs in the last 6 to 7 years, someone had plant in the North then he installed in central India, someone is going South, so seeing our Indian existing players growth we can understand market has grown.

Moderator: The next question is from the line of Nikhil Chowdhary from Kriss PMS. Please go ahead.

Nikhil Chowdhary: Sir congratulations for very great set of numbers. Sir I have one question that we have expanded in Bengal, what initiatives we are taking to get the business? Because now we are coming out of the home ground, already we are there outside at Gujarat , but wanted to understand the initiatives that we are already taking, so that business there say for example our business starts from the entry itself, means what sort of initiatives sales person whether we are hired awareness creation? I want to understand that only?

Chandrakant P. Patel: Actually there is much potential in East, actually it has a virgin market, there is no local manufacturing and we bring our topline of 11.5% revenue in market shares from East region. Actually we have not done much CAPEX in this product, but now a days transportation and logistics cost has increased very much, so our product is volumetric. In East whatever dispatch happens then logistic cost is 8% to 14%, so special transport is not always possible for smaller orders logistic cost, so with local presence we can transfer logistic cost to customers also and few are for us also and having local presence we can stock point many of our products there which can early delivery can be done, logistic cost will be reduced and being local has a different confidence. Already our sales team was there and have an exclusive associate connect with a company for many years in East, so in sales and service we are already there and by doing manufacturing scale will be bigger than once again we will increase that strength.

Nikhil Chowdhary: From service point of view we can provide better, but if you see the competitive market there then there is no organized player like us, is my understanding correct in East specifically?

- Chandrakant P. Patel:** No, in local manufacturer there is no one in organized and as compared to other regions in India unorganized is also very less, but material is dispatched from Mumbai, Delhi or from South also, local manufacturing is not there, so we have supported manufacturing. We know this market very well, many good organization and our government has many dairy client where we are working for many years.
- Nikhil Chowdhary:** Sir this CAPEX what we have done, did we get any incentives from government as subsidy or it was purely that we wanted to increase our reach, we wanted to do very strong, so we did this CAPEX? Just trying to understand that thing?
- Ankit Patel:** Governments Atmanirbhar scheme and subsidy point of view is there, but we have not planned our CAPEX keeping that subsidy in mind. If any subsidy is eligible for us then for that our working is going on side by side.
- Nikhil Chowdhary:** Means we can get subsidy Ankit sir?
- Ankit Patel:** In MSME our turnover has gone, so we will not get MSME subsidy, but there are many other subsidy of center on which we are doing discussion through consultant. So there are chances that we can get subsidy.
- Nikhil Chowdhary:** Thank you. Wish Ice Make family all the best and keep delivering such great results.
- Moderator:** Thank you. The next question is from the line of Mahesh Atal from Atal Advisory. Please go ahead.
- Mahesh Atal:** Chandrakant sir congratulations for giving such good set of numbers. Sir I have two questions, one is the plant which we are going to build in West Bengal what will be the difference between its margin and our existing margin? This is my first question and my second question is that this Continuous Panel business, is it just for Ammonia based segment or is used in Cold Storage segment also? These two are my questions?
- Chandrakant P. Patel:** Actually in West Bengal margin, the manufacturing which will be done there, the manufacturing output coming from that facility will not be more than Rs. 10 crores, so there will be not much difference in margins. By the way in our topline its contribution is very low, so margin will be same but as this is our pilot project, we want to taste the market there for manufacturing players that after doing the manufacturing facility what is the local challenge, from industrial export what are the hurdles in industrial export sale. So it the purpose to taste and we have our market of Rs. 40 crores, every year in that area we can do 35 to 40% topline growth and for that we needed a local stock point. The only purpose is that for doing margin there was no point in doing such small CAPEX.

- Management:** In continuous panel you were asking that it will be there in Ammonia business or will go in Cold Storage? So this continuous panel is not only for Ammonia but is required in big Cold Storage and all type of Cold Chain or in Refrigeration or Infrastructure everywhere this continuous panel is useful and is used now. So in Ammonia will be required in large product and Ammonia will be required in small projects and will be used in infrastructure also.
- Mahesh Atal:** Sir my second question would be is our business seasonal in nature because I see that there is a huge jump in Q4 and because obviously refrigeration means this will be required in summer time, so can we assume that our period January to first half of the calendar year is our highest sale point and then it slowly comes down that way? How exactly should we look at your numbers going ahead? Like Q1, Q2, Q3, Q4 if you can bifurcate that where will more business will come over the years where we do the business?
- Ankit Patel:** If we look at four quarters of last year's then first, second and third in all three more or less similar business was there and in that there was not much jump in it and we generally look at March then before the coming of summer people plans from January to March, if any big project is to be done, any CAPEX has to be done, then its immediate benefit comes in season, so if we see the seasonality impact it is from the previous years or couple of two years then it is reducing slowly and we are in food processing along with refrigeration. So it is a vertical product, so this seasonality impact is not there, so more or less we feel that business will be stable. May be in Q4 more business will be there, but otherwise in other three quarters we think business will be similar and will be growing.
- Moderator:** Thank you. The next question is from the line of Zaki Nasir, an Individual Investor. Please go ahead.
- Zaki Nasir:** First of all Chanrakant sir congratulations to you and your team for panning out such an excellent numbers. Sir with great confidence you have given in your statement a 30% growth in 2023, sir do you think the margins which were possible in 2023 would be possible in 2024, sir? This is my first question. Next question is, sir the raw material size in the last two years which were very volatile have they stabilized now? What is your opinion about this?
- Chandarkant P. Patel:** Raw material prices were stable last year and still are stable. After 5 to 10 years sometimes a year comes when there is uncertainty in price, mostly the consistent increase in the coming years there is no reason for sudden increase, previously due to COVID supply chain was disturbed and due to supply chain the prices went way up then at the time of crisis and shortage the prices are not under control of anyone. So we feel that prices will remain stable, we have such confident. Some of the raw material will go up and some raw material will come down then average raw material cost component is there and it gets balanced.
- Zaki Nasir:** So the profit margins will be maintained?

- Ankit Patel:** The projection that we have kept for this year, in that we feel that there will be a lot of growth in all verticals even though Cold Room is our major vertical then Cold Room is there, Commercial is there even Industrial will also grow very well, so we think that margins if in the same way we do the project then according to that only our growth will be there then our margins will match similarly. May be sometimes it happens that some project business increases or our sale mix gets up or down then margin will slightly be up or down, but this year's projection and the existing order that we are getting, we don't think that more change will come in that.
- Zaki Nasir:** Chandrakant sir, one more question from you, sir what is your opinion in South market because South is a large market, so what is your opinion and you are doing East then when will your attention turns towards South, so that you have a larger market shares?
- Chandrakant P. Patel:** Our South market is also good; our local manufacturing facility is there which is supporting us. Market is good, but there are plenty of local players also like previously I told you that in East local competition is not there. We have to compete with local manufacturing and a regional manufacturer, so in that market we don't do as well as we hope, but we maintain our market share in our topline and in overall market. Our entire facility of Bharat Refrigeration in Chennai, it has an infrastructure limitation, so even though we want to do more, manufacturing cannot be done from there. It is a rental premises, we are thinking that as agreement time for rental is for 5 to 6 years and it is still to be complete, so after shifting the facility we feel that product manufacturing will be increased there. Now when the capacity increases of the existing plant then may be in the next year its effect will come.
- Zaki Nasir:** Thank you Chandrakant sir. Best wishes to you and entire Ice Make team for the future.
- Moderator:** Thank you. Then next question is from the line of Ashish Chugh from Hidden Gems Private Limited. Please go ahead.
- Ashish Chugh:** First of all Chandrakant sir congratulations for giving such a good set of numbers. My questions are on Continuous Panel project, some are addressed already which earlier participants asked, in this I want to know that currently in India are there any other big players besides us in the Continuous Panel manufacturers or are we going to be the first player for Continuous Panels?
- Chandrakant P. Patel:** No, in India there are many of them, 13 to 15 production line is already going on in India. Many multinational companies are there and their manufacturing facility is in India and same manufacturers are also increasing their capacity.
- Ashish Chugh:** Currently our production requirement in India is meeting by the domestic manufacturer or we do imports also?

- Chandrakant P. Patel:** In many of the marine industries EPCG benefits are there, many hotel project are there who do imports. Actually it is a bulky product, so due to shipping cost doing import is not cost viable and domestic market is also there. We do export in surrounding countries of India, but in Indian demand the percentage of import of this product will be much less.
- Ashish Chugh:** In this the capacity which we are putting for Continuous PUF Panel, the new project is being installed then with full capacity utilization how much is the revenue potential of this project?
- Ankit Patel:** In single shift we can generate a topline of Rs. 200 crores plus.
- Ashish Chugh:** Under single shift?
- Ankit Patel:** Yes, in single shift.
- Ashish Chugh:** Our expansion which is going on in Kolkata there I think that CAPEX is not more, in that it would be like there we will supply material in bulk, there will be some value addition done and this project will cater the Eastern market? Is my understanding correct?
- Chandrakant P. Patel:** Correct. We will manufacture the volumetric product which is our current business there, the main value which comes is from Cold Rooms and in that PUF panel is volumetric product, so that manufacturing will be done there.
- Ashish Chugh:** This project is 100% subsidiary in the name of IceBest, this project is going to be under that subsidiary?
- Nikhil Bhatt:** It is not 100%, but is a subsidiary company and we have created a new identity named as IceBest Private Limited which we are going to do with our local customers or our OEMs and in that startup first purely manufacturing of PUF panel was done and with our logistic cost point of view we miss many of our opportunity, so according to that we will get those benefits directly and there we can give stock point for of combo solution refrigeration system with which landing cost to the customer will be little less. Currently in our subsidiary, the share of Ice Make is 60%.
- Ashish Chugh:** What will be the revenue potential of subsidiary of that project?
- Chandrakant P. Patel:** The manufacturing capacity of PUF panel can be Rs. 8 crores to Rs. 10 crores initially, but indirectly the effect which will come in the business we feel that according to the logistic cost saving and according to local presence our existing 11% to 12% revenue share that are there, so there are chances of increasing that.
- Ashish Chugh:** Thank you Chandrakant sir and all the best for the future and all my good wishes to the Ice Make family.

- Moderator:** Thank you. The next question is from the line of Meet Katrodiya from Niveshaay. Please go ahead.
- Meet Katrodiya:** Sir at the starting of the concall you were saying that one product is there in which 51% of growth is coming from our new offering, so can you tell which product is that?
- Nikhil Bhatt:** No, the 51% growth which was told was for the overall company's topline that we have increased our sales revenue by 51% compared to last year.
- Meet Katrodiya:** So new offerings, some new products are there in which we are doing unique in that?
- Nikhil Bhatt:** No, the new offering is before 3 to 4 years the two big machines which we started manufacturing and marketing for the food processing industries and now which is an established product, so in food processing the growth and demand is more in overall market, so according to that we think that the new product which we are saying its growth is more. Last year we have done business of more than Rs. 10 crores and this year we are expecting that there are chances of getting business between Rs. 25 crores to Rs. 30 crores from that product.
- Meet Katrodiya:** Second question was that the new expansion of Continuous Panel is coming, you told in press release that it will come from Q1FY25, so will it come from Q1FY25 or before that in FY24 it will be commercialized?
- Nikhil Bhatt:** No, mostly we will get its benefit in Q1 because the lead time of the machinery and installation, so approximately till March that project will go on, it will be commercialized in the April only.
- Meet Katrodiya:** Second question is in Continuous Panel earlier we used to do outsource and now we do in-house manufacturing, so can we get some margin benefit on the overall business side?
- Ankit Patel:** Margin benefit is possible and topline like many projects are there in which we outsource this, so we cannot compete in cost then margin will be similar in that plus for increasing topline and we can get growth in new business.
- Meet Katrodiya:** Sir you were telling that through processing also our revenue is coming, so how much percentage of revenue comes from processing?
- Nikhil Bhatt:** From Food Processing and Hospitality the overall share of industry is 15 to 20%.
- Moderator:** Thank you. The next question is from the line of Arvind Kothari from Niveshaay. Please go ahead.
- Arvind Kothari:** Congratulations, sir I guess we used to talk about the magic figure of Rs. 500 crores that is so achievable now, congratulations to the whole team. I have few questions, sir. Firstly, is our margin improvement possible from volumes like currently our business volume has increased,

but margin is similar, so when we would get some operating leverage in our business? At which turnover or that possibility is little less?

Nikhil Bhatt: We have said in our previous concall also that we can increase our margins, but our main focus is to increase our topline and market share, so when we increase our market share then obviously we can get economies of scale, but currently we will do some recruitment and setup due to which our process will be independently more system driven and due to that we will be little aggressive for growth and market reach. So our margins will be similar and in the coming times we don't think that we will plan for more improvement in this margin, but yes we will aggressively increase our topline.

Arvind Kothari: Sir the growth that has come, I think there would not have been so much growth in the industry, so definitely from the new products that we have launched and have we gained some market shares or which geography you think that where we have gained our market share from our competitors?

Nikhil Bhatt: Actually this year the growth is visible in overall industry. Overall growth is there in many of our peers and the second point which you told about the market shares, our market share definitely would have increased and due to the geographical reach and our branding of Ice Make is improving day by day, so we have got that benefit also.

Arvind Kothari: Sir can we get the breakup of this Rs. 113 crores which happened this year? Like from which division is how much?

Management: By the way we have done the full breakup for the whole year, so in the same proportion can be done with 1% or 2% here and there, but there will not much of a deviation.

Arvind Kothari: Much deviation will not be there?

Management: Yes, much deviation will not be there.

Arvind Kothari: Sir previously our transportation refrigeration was growing well, got slowdown in the middle, now next year or in the coming 3 to 4 year like state subsidies and all are emerging, so how much growth do we think that can come there and what is the current margin profile there?

Ankit Patel: Margin profile comes in fourth number among our 5 verticals and may be GP is around 20 to 22%, but if we talk about the previous 2 to 3 years, then year-on-year we have made a growth of more than 30% in that and this year also we think that this growth will continue.

Management: One more point for transport refrigeration that geographical which we are doing that with the support of local OEMs and doing tie up we will increase our transport business like in East part from Kolkata it will be done with OEM party from there so from there also one share can be increased. From South also we have customers of 3 to 4 OEM with whom our business is going

on, so our efforts are there to geographically increase our reach and we think that business will also increase.

Arvind Kothari: Our balance sheet discipline is also maintained very well, besides growth also we have reduced our debts, so if we see our working capital then very efficiently we have managed it, so this debtor debts has not reduced much, but inventory debts have decreased significantly is there any particular reason means we are efficiently using the inventory or change in the product mix, what could be the reason?

Ankit Patel: If we talk about the previous year, in that the inventory procurement cycle was fully disturbed and if we give as an advance money then also we were not receiving the inventory on time and this year such bottlenecking was not there. This year we were receiving the delivery of our inventory on time and we were able to efficiently do the delivery of our project, so previous year we stocked our inventory because inventory was not available and this year no such issues have come and we have focused a bit upon inventory. So along with profit of the business our cash flow should be efficient and we don't spend much on our debtors or inventory, so its solid impact is there this year.

Arvind Kothari: My last question is the growth we are seeing in the near term, but if we see FY25 and above when our panel will come and we finishes our CAPEX and our projects are completed, going forward are we seeing any other verticals like Chandrakant sir and you all keep on doing product development and are on ground then overall the Cold Chain industry in India itself will grow very fast. Then for first few years we would not require to add new verticals, but are we thinking of like from where will the continuous growth will come or in these divisions we are seeing 30% CAGR growth in the coming 5 to 6 years or how much years are we seeing?

Chandrakant P. Patel: Actually the future and potential growth of this vertical is enough for existing 20 to 30% growth, but in our commercial vertical our peers they are aggressively seeing the Indian market potential and market growth is also like that. Till now in commercial if we say like retail outlet freezer or Visi Cooler small outlets their ratio is different, so previously in this market many products were imported from China now Indian local market is so huge that local manufacturing get the 100% opportunities due to many policies from government we think that after stabilizing the Continuous Panel and doing little CAPEX on that product we will strengthen some verticals and commercial vertical will be one of them.

Arvind Kothari: Thank you so much and all the best for the future.

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

Alkesh Mora: Sir my question is that the growth which came in this current quarter like as you said market share has gained, so can we know which new customers are added, if it is possible?

- Management:** Many new customers have been added, we cannot give the names, but overall, as told earlier that new customers come in ongoing processes and as told that our Ammonia vertical which we started before 4 to 5 years and for dairy turnkey solution which we provided slowly these two verticals are going to be established. A reference is created, so its effect will be there that going forward we will receive more business from that verticals.
- Ankit Patel:** Earlier we had few bottlenecks that we could not work on one scale, now as that bottlenecking has gone we are now eligible for big orders at various places and its benefit we got in the previous quarter and will get in the coming years.
- Moderator:** Thank you. The next question is from the line of Mahesh Atal from Atal Advisory. Please go ahead.
- Mahesh Atal:** Sir my follow up question is that you said your 70% of cost of goods sold COGS happens, in this if I assume that I want to do about the cost if from your total cost how much will be fixed cost variable portion will be how much? And what is the capacity at which we are operating? And what is the full capacity at which we can operate? I want to know these 2 things?
- Ankit Patel:** If we say from capacity point of view then more or less we can contribute 70% capacity and in full capacity in the existing infrastructure without adding the CAPEX we can generate a topline of Rs. 450 crores.
- Mahesh Atal:** This is leaving this panel business? It is new coming?
- Ankit Patel:** Leaving that new business and if we talk about the margins how much is our variable cost and how much is our fixed cost and then if we attribute our direct cost which is directly linked with our sales that is approximately 4, 5% of cost which we can count as variable. Rest cost is more or less fixed or will not grow very fast with sales.
- Mahesh Atal:** Means basically whatever our extra business will come that will directly flow in the bottom line?
- Ankit Patel:** Yes, that will improve the bottom line, but our main focus will be to grow the topline. So in many places if being competitive our range can be increased, new customers can be added or we can expand geographically then it is possible that we will pass on that benefit to the bottom line or to increase the topline we will use in that.
- Mahesh Atal:** But one more thing you said in your presentation that you are saying that you are an excessive labor intensive industry as your presentation shows, so as it is going in the industry like by automating we are moving forward, so in our processes is there anything where you are seeing that larger part of our business could be automated or something like that?

Chandrakant P. Patel: Actually Continuous PUF Panel is not a labor intensive product, in that 100% automation is there. Labor only works in handling, packing and loading. Our new expansion or new product where we are going to work is we also know that there is a limitation in labor intensive product, you cannot make much growth. So in new expansion we are taking care by doing minor CAPEX, by doing labor control means along with business topline labor percentage also we are controlling.

Mahesh Atal: In existing is it possible like we are thinking of doing automating with which our fixed cost is reduced going further?

Chandrakant P. Patel: Currently it is in process, we have variable product. We don't have large quantity for same product with which we can do the product by automation. We can say minor customization due to this comparatively our margin also goes average; it is little bit like monopoly. One or two of your product is like that it is a customers need and behind these more verticals are going. If you see for the past several years you must have seen that after every 3 to 4 years we plus one vertical, we add vertical but customer segment remains the same, so for this new vertical there is no challenge in bringing business or establishing business. It will take the new products to the market, but already market and customer is familiar with you and is satisfied with you. So there are little chances that we can do it in the existing, but the new products which are added or new topline growth which is in the same product there we fully care for it that going forward with minimum labor work should be done, such products are designed.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I now hand the conference over to Mr. Mandar Desai for closing comments. Over to you, sir.

Mandar Desai: In closing while we remain confident in our ability to create long-term value for all stakeholders, we want to assure you that we are deeply committed to executing our strategic initiatives then delivering sustainable growth. We value your support and trust you have pledged in us. Your insights and perspectives are precious in setting our future trajectories and we look forward to engaging in a meaningful dialogue in future. Before we close the session, on behalf of Ice Make Board of Directors and management we would like to thank you for sparing your valuable time and participation in this Earnings Conference Call. Thank you.

Moderator: Thank you. On behalf of Ice Make Refrigeration Limited and Aaryana Matasco, that concludes this conference. Thank you for joining us and you may now disconnect your lines.