

February 21, 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 Q3FY23 for the quarter ended December 31, 2022

We are enclosing herewith the Earnings Call Transcript of investor conference concall held on February 18, 2023, Saturday, pertaining to the Financial Results for the Q3FY23 for the quarter ended December 31, 2022 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:

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Corporate Office / Plant Address:

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Ice Make Refrigeration Limited
Investor and Analyst Conference Call
February 18, 2023

Moderator: Good afternoon ladies and gentlemen. I am Lizzan, the moderator for this conference call. Welcome to the Investor and Analyst Conference Call of Ice Make Refrigeration Limited, arranged by Aaryana Matasco Emerging Company Reputation and PR Service Provider to discuss the Financial Results of Q3FY23 and first nine month ended 31st December 2022. 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 you may 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. Thank you and over to you, sir.

Aryan Rana: Thank You Lizan. Good evening to all of you and thanks for joining the 15th Analyst Conference Call of Ice Make Refrigeration Limited, a leading supplier of innovative cooling solutions and manufacturer of 50 plus refrigeration equipment in India to present and discuss the financial results for the third quarter and nine months ended 31st December 2022.

Ice Make along with a strong vision, mission and revenues is one of the finest company with strong corporate governance. Those who are new and just started tracking the company will be surprised to know that the company has been doing analyst calls from the days when it was listed in an SME platform. The company always communicates and addresses queries in a crystal-clear manner to its investors and other stake holders.

So the company with a vision to be top player in its business pace is at a straight path of a strong growth which is clearly visible in their post COVID financial performance. The company over years has developed strong basket of products manufactured in-house under five business verticals like cold rooms, commercial refrigeration, industrial refrigeration, transport refrigeration and ammonia refrigeration and has been consistently growing innovation and expanding adding new products, new solutions and new clients. As a unique player in the industry, Ice Make is in the forefront in catering to the cooling requirements of various industries where it serves large number of varied clients and customers by producing innovative cooling refrigeration solutions industries like dairies, ice cream, food processing, horticulture, agriculture, pharmaceuticals, cold chain logistic, hospitals, hospitality and retail. We have uploaded the results on stock exchange and on our website also. Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our business risks and that could cause future results performance or achievements from what is expected or implied by such forward-looking statements.

To discuss the results and address the queries of the investors, we have with us the management represented by Mr. Chandrakant P Patel - Chairman and Managing Director, Mr. Nikhil Bhatt – Vice President Strategy, Mr. Ankit Patel – CFO and the Key Management from



the Ice Make Refrigeration Limited. We will start the call with CMD's remark on business updates and followed by financial highlights and business updates and industry updates from Mr. Nikhil and then will open the floor over to the Q&A session. With that said, I will now hand over the call to Mr. Patel. Over to you, sir. Thank you.

Chandrakant Patel:

Good afternoon ladies and gentlemen. I Chandrakant Patel CMD of Ice Make Refrigeration Limited, warmly welcome you all to the Earning Conference Call to discuss the financial results of Q3FY23 and the growth strategy going forward. As you may have noted, Ice Make has been able to report robust earnings result for the third quarter and nine months ended December 31st, 2022 and pace of growth recorded in previous quarter continued in Q3FY23. Strong demand and recovery in the end market, lead to robust growth of 36% in our revenue and 248% in profitability in the reporting quarter under discussion. The company continues to capitalize on robust demand to deliver higher growth and better profitability. Strong control over cost resulted in higher profitability in the first nine month of fiscal 2023. Cost of goods sold as percentage of revenue stood at 70% as against 72.61% in the corresponding quarter last year.

As you all may be aware about our new CAPEX plan of continuous PUF panel business which was announced earlier. I would like to update you that our team is working on legal compliance and due diligence for land acquisition and also team is working on machinery finalization, equipment and technology requirement for the same project. We are confident that the project will be completed by the end of financial year 2024 adding value and strengthening the business growth of the company. The company's geographical expansion project in West Bengal is on schedule, we have created a subsidiary known as IceBest Private Limited in December 2022, expecting the manufacturing activity of cold room PUF panel from April 2023 at Kolkata and it will also be used for stock point to save logistic cost. Our strategy priority for improving financial performance also include focus on increasing topline and EBITDA margin and ensuring a consistent growth of 25% to 30%. As of now we have healthy pending order book of about Rs. 96 crores.

Thank you very much for sparing your time to attend this briefing on Ice Make Q3FY23 and nine month of financial year 2023 result. Now Mr. Ankit Patel will brief about financial highlights and Mr. Nikhil Bhatt will provide business update after that we will proceed for a question answer session. Thank you.

Ankit Patel:

Good afternoon everyone. As our CMD said, strong demand and recovery in the end market leads to robust growth in revenue and profitability. During the quarter, total revenue jumped by 36% compared to the same quarter previous year. Consolidated total revenue in Q3FY23 stood at Rs. 66.82 crores compared to Rs. 48.99 crores in previous Q3FY22. Healthy sales profitable input prices, improves profitability significantly. As against EBITDA of Rs. 3.07 crores in previous Q3FY22 the company's EBITDA in current Q3FY23 jumps to Rs. 7.46 crores. Higher scale, control over expense and better realization resulted in strong growth in operating profits.



During the quarter, EBITDA margin almost doubled to 11.16% as against 6.27% in the corresponding quarter last fiscal.

Post COVID, the demand has recovered significantly. The company continues to capitalize on strong demand to deliver higher growth and better profitability. During the first nine months of FY23, the company recorded robust 53.60% year-on-year growth to total revenue Rs. 199 crores as against Rs. 129.54 crores revenue in the previous first nine months of FY22. Improved sales, favorable material prices, and control over cost resulted in high profitability in the first nine months of fiscal 2023. Raw material consumed as a percentage of revenue stood at 70.27% as against 72.61% in the corresponding quarter last year. The company maintained good profitability, the company's EBITDA in the nine months of FY23 stood at Rs. 20.35 crores witnessing a growth of 227% on a year-on-year basis. EBITDA margin in the previous stood at 10.23% recording almost 543 basis point improvement compared to 4.80% in corresponding period of last fiscal. Further a good 11% year-on-year drop in interest cost has helped result in better profits. During nine months of FY23, the company's net profit jumped nearly Rs. 6 crores to Rs. 5.17 crores as against Rs. 1.78 crores in nine months of FY22. In spite of increasing borrowing cost of working capital, the company is able to reduce overall finance cost. Due to better operational cash flows, the company is able to reduce overall finance cost. At present our company is having zero working capital utilization and has a surplus balance in our bank account. Thank you. Over to Mr. Bhatt with the business and industry update.

Nikhil Bhatt:

Hello everyone, as our CMD has provide details regarding our new CAPEX program and I would like to add one more thing regarding our geographical expansion business in West Bengal, as initial investment would be about Rs. 2 crores and the name that IceBest is our new subsidiary with a 60% stake of Ice Make. The company has developed a new product, a freeze dryer a few years back. Freeze dryer's removes water from perishable material in order to preserve it extending its shelf life and making it more convenient for transport. It has good business potential for our company and we are receiving good orders of that. It's a premium products & has potential for good growth. The business of Heat Pump Dehydrator is expected to grow in future. The innovative Food Dehydration Device for drying various foods, vegetables and fruits related items are very useful, is user friendly and very convenient for drying fruits, vegetables, agricultural crops and all sea foods amongst others without major change in their nutrition value.

The company is strongly focusing on cost effective marketing strategies to enhance product awareness and build Ice Make brand. We showcased and received overwhelming response from this unique product showcased at the Indian Ice Cream Congress Expo 2022, held in Hyderabad and company also showcased at the Khadhya Khurak Exhibition in 2022 held in Gandhinagar, Gujarat. The company has showcased technology driven products that can be customized by combining our expertise in modern infrastructure to suite the specific requirement of customers. The cold chain industry in India is still in a development stage. Unity is one of the most promising phase in the cold chain, warehousing and logistic industries. The



Indian cold chain industry is valued at US \$19.6 million in 2020, it is projected to reach \$36 billion by 2024, growing at a CAGR of 16% according to one of the reports from ISHRAE on Indian Cold Chain Industry Outlook 2024 Report.

India is the world's largest producer of milk, second largest producer of fruits and vegetables and a substantial production of seafood, meat and poultry products, but due to the fledgling cold chain supply, there is a heavy loss of foods and agriculture products. For the growth as we need to develop the cold chain sectors to avoid challenge its facing at present. As per reputed professional company's report, the advance technology in cold chain storage is making its space in India. Cold chain storage which is widely used in different industries such as food and beverages, health care and pharma, hospitality is witnessing a huge surge in demand in the Indian market. Along with these results, the agriculture sector is also observing similar demand. A few years back, Indian agriculture entered the third revolution: the 'cool' revolution to build an efficient market through a sustainable cold chain. The segment is lifted to become more organized to attract more attention.

In efficient and effective cold chain storage, the transportation and warehousing of temperature sensitive products from the point of origin to the point of conjunction with increased shelf life and prevents spoilage which will add value to the farmers and supply chain. Thank you.

Moderator: Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the lines of Zaki Nasser, an Individual Investor. Please go ahead.

Zaki Naseer: Good afternoon to team Ice Make and hearty congratulations on a fantastic set of numbers Chandrakant sir. Sir if you could throw a little more light on the continuous panel expansion, you said that the due diligence for land and as well as machinery is happening, so this is at which stage? Land is at what stage? And have you identified the machinery and can we expect your first batch of production to start by first quarter of 2025? That is my question one, sir.

Management: Yes, you have correctly said that we can start the production by the first quarter of 2025 and due diligence is like that it is a greenfield project, so in due diligence record of last 60 years would have been checked so there were quite a lot of queries, questions, and documentations from the government's end so it took a bit more time, but now it looks like within 20 to 30 days this due diligence will be over. In machinery, it is like that we have already finalized the price, but without land if we order machinery then once we take the LC then automatically production will start of that machinery. Without land and building it is difficult to take machinery, so we will order machinery within one week or two weeks of taking land. We have completely planned for finance and all, so within 20 to 30 days land's due diligence will be over and after that we will take machinery.

Zaki Naseer: Sir do you think that till March end your land as well as which machinery has to be ordered and all will be finalized?

Management: Yes till March end it will be done.

Zaki Naseer: And Chandrakant sir can you throw some light on the expansion in Calcutta because I think that is the major geography for the company, it is a big market and you have made a very small investment there, but could you just elaborate on that geography a little bit and what do you expect Ice Make to do in the Eastern, North-East market? It is a large market which will open up to you and what kind of partnerships have you formed in those regions? How do you propose to expand? And what do you expect in the first 3 years?

Management: Actually, we are starting it there together with one of our old associates because in Chennai we had takeover the Bharat Refrigeration, so our experience is that if there is a local partner who is in familiar of local rules and regulations, local condition then your involvement becomes less that is why we have done with them. There was no need of investment, but they are our business associate and we are doing regular work with them for the last six to seven years. Secondly, our investment is small, the reason to start our production in small scale is to taste the market there once, by doing the production there how much man power we would need? After doing local, what premium we will get in the price or what effect will be there? We have done this size to taste, we feel that after having our basic experience after two to three years till then we will have our market size of existing growing business of East for five to six year and after working there for two to three years one correct future potential can be determined, so the installation and capacity makeup which will be done there will be in accordance to it. But in the East market we know that no one has local manufacturing facility there, so now East market is catered by either North Delhi or West Mumbai or from South, so for everyone the landing cost for transportation is very high, so we feel that we can save the transport cost, so we can make our profit and little we will pass on to our customers, one competitive age will be made, so we can get a strong reason to grow our business there.

Zaki Naseer: So Chandrakant sir in the first year you expect that you can do a sale of Rs. 30 crores to Rs. 40 crores in that market? Which is not very big for the size of Ice Make?

Management: You are correct, the manufacturing which we will do, we take the material from our Ahmadabad factory or sometimes from the South factory, then there the PUF panel product manufacturing will not be more than Rs. 10 crores to Rs. 15 crores, but actually company's cold room solution in that volume of PUF panel is 40%, sometimes it depends that what is the temperature range, but 40% to 60% of PUF panel volume is there, so we have planned our stock point for balance refrigeration component in that facility, so from here other support which goes from Ahmadabad factory we will stock here, so our total business in East, we have done a business of Rs. 30 crores in this nine month pure East of the country and West like Assam will come besides North-East, so it feels that by total production annually we can do Rs.

40 crores to Rs. 45 crores because in nine months Rs. 30 crores business is there. So with this facility we think that we can add extra business of Rs. 15 crores to Rs. 20 crores with that facility.

Zaki Naseer: So if without that Rs. 40 crores, Rs. 45 crores business is done then with facility this business can go up to Rs. 60 crores, Rs. 70 crores in the next year?

Management: Not in the first year, but after one or two years it can happen. And this year our business would be Rs. 37 crores, as of this nine months is net Rs. 30 crores, so we think that in the next three months we can do Rs. 10 crores more, so it is Rs. 40 crores. We think that next year we can do Rs. 55 crores to Rs. 60 crores.

Zaki Naseer: With the additional investment and having our facility there?

Management: See investment is token investment. There is no big investment in this.

Zaki Naseer: But, sir that market is so big that don't you think that you should, I mean you are putting the energies on the PUF panel, continuous panel, but to look at that market also in a slightly more detailed fashion is important, sir at this stage?

Management: Naseerji now what we have initiated is initial scale of investment means the way how we have credited if the business develops in the same way then next set of investment will also come, but for that we have to take our initial investment at peak. How can we take premium from the market there, how will we develop our business, then after that we will do our next set of investment, it is in our minds, but we haven't made a firm plan as yet. We will do it exactly after one year. We will do little wait and watch, if we are receiving good premium then we can do investments there also.

Zaki Naseer: Sir what is your opinion about the input prices of your PUF material and of steel? Have they started coming down and is that more favorable now, sir?

Management: Currently it is in a favorable condition. There is nothing that we can feel that they are going high or something like that so now input prices in the next quarter or in the coming six months we feel that more or less will be stable.

Zaki Naseer: Thank you, sir and looking forward to your announcement on starting of the continuous panel because as the economy grows, as you see things are appearing it looks like this will be a phenomenal project, sir. Thank you and best wishes.

Modeartor: Thank you. The next question is from the lines of Nikhil Chowdhary from KRIIS PMS. Please go ahead.

Nikhil Chowdhary: Good afternoon Chandrakantji and Ice Make team. Sir congratulations on a very good set of numbers. Sir actually I have one question, order book in the last quarter was 90 crore, this quarter we closed at 96 crore, so wanted to know what is the growth coming in this through our e-commerce players because as we are seeing that funding is getting slower for these players? Are these players still able to do contribution in our order book positively? Like we are associated with very good players, so what is your view at that point?

Management: Your information is correct, in e-commerce business booking is not that much as it was there in previous years, but we have multiple segment with us like dairy, ice cream, pharma, hospitality, so e-commerce has supported us when due to COVID there was no growth in hospitality and ice cream industry or there was down growth and now even without e-commerce, we are at Rs. 96 crores and this Rs. 96 crores that is at quarter end at that time our dispatch also becomes regular, so when dispatch happens then order book reasonably becomes low because your pending order starts to dispatch due to summer planning people doesn't late this project.

Nikhil Chowdhary: Sir secondly, we notice that you have done almost near Rs. 199 crores, so if not probably if you are not able to give proper number, but probably last quarter should be the best quarter because last year we had done 76 crores, so this year can we do better because last year also good numbers came? This year it is very hot and I feel it is developing even faster, so wanted to understand that?

Management: Like as we have said in the previous concall also, every time our Q4 is the most outstanding and outperforming quarter. Currently this year according to the numbers till now we feel that this would be also like that only, it would be much better only and we feel that we can meet 280 crore plus, may be it can be more than that. Some projects are like in which little bit dependency is on land or site availability, in some of them cash flows are also that means we are not just looking for dispatch so if we get its money on time then it is a big project then we can dispatch it, then it will go 280 crore plus only. We don't think that it would be less than that. If everything is favorable then it can be much better than that.

Nikhil Chowdhary: Thank you very much, sir it is good to hear that we do even better and sir our project of West Bengal, can we make it as big as what we are in the West like visibility because we have seen that whatever projects you have taken, you have taken in a calibrated way only. You have scaled it up by doing small investments, so can we probably expect significant contribution say five years down the line? This is not a target of one year or two year, but a vision of five years probably can we see it is as big as the West market that we are already doing?

Management: No, actually there is the potential, the business which is there in North-East or Eastern states and the resources there particularly manufacturing and if we see at national level then logistic cost is also very high from anywhere, so potential is very high and like Ice Make is slowly moving

up from the initial showcase scale, then we are also seeing that opportunity is there and we can take it to a scale after two to three years' experience, it is our expectation also.

Nikhil Chowdhary: Understood, sir. Thank you so much. Wish you all the best. Proud to be the shareholder. Thank you so much.

Moderator: Thank you. The next question is from the lines of Rajeev Bagla from Euro Trade Support Services. Please go ahead.

Rajeev Bagla: Namaskar Chandrakantji. Congratulations for a good set of numbers. Chandrakantji for our new plant one source of fund has been confirmed and can you highlight on cost or quantum or tenure? I want to understand the cost of capital for the expansion?

Management: Our project will be of Rs. 50 crores and in that land cost is almost around Rs. 14 crores, means 25% will be from our internal accruals and around Rs. 37 crores to Rs. 40 crores will be our term loans. We have finalized our banker which is our existing banker HDFC bank and besides increase in rate of interest they have offered us rate of interest of 7.85% keeping our financials in mind and we are expecting moratorium period of one year and after next six years our repayment will be there, total seven years tenure will be there.

Rajeev Bagla: By any chance any opportunity from SIDBI or any subsidiaries like this is not there? Any good opportunities of SIDBI haven't matched yet?

Management: Yes, we have put that in the proposal, but the existing banker has given a good rate of interest. Now despite increase in rate of interest below 8% is a very good rate of interest, so we have evaluated all the proposals and we have selected the best rate of interest accordingly.

Rajeev Bagla: The borrowing is likely Rs. 35 crores, Rs. 40 crores for the tenure of 7 years including one year moratorium correct?

Management: Yes.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Mandar Desai for his closing comments.

Mandar Desai: Before we close the session, on behalf of Ice Make board of directors and management, we would like to thank you for your participation in this Earnings Conference Call despite public and weekend holiday today, thank you. Best wishes for Mahashivratri and have a blessed time ahead. Thank you.

Moderator: Thank you. Ladies and gentlemen on behalf of Ice Make Refrigeration Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.