

Ice Make Refrigeration Limited

H1FY19 Earnings Conference Call November 12, 2018

Moderator: Good Evening, Ladies and Gentlemen. I am Inba, the moderator for this conference call. Welcome to Second Investor and Analyst Conference Call of Ice Make Refrigeration Limited arranged by Aaryana Matasco IMC Driven SME Focused PR & IR Consultancy to Discuss the Financial Performance for Half-Year ended on September 30th, 2018.

Ice Make Refrigeration Limited which is one of the leading manufacturer and supplier of cooling solutions equipments has been successfully satisfying the needs of its customers, from production to after-sales service, since 1993. The Company is engaged in the business of providing customized cooling solutions to diverse set of clients across wide range of industries by manufacturing and supply of high quality refrigeration products and equipments. Ice Make was listed on NSE Emerge on December 8, 2017. The Company attracted record SME IPO subscription of worth over Rs. 6,100 crores.

We have with us today Mr. Chandrakant P. Patel -- Chairman and Managing Director; Mr. Nikhil Bhatt -- Vice President Strategy; Mr. Ankit Patel -- CFO and the key management from Ice Make Refrigeration Limited.

At this moment all participants 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 would now like to hand the conference to Mr. Patel. Thank you and over to you Sir.

Over to you, Mr. Patel.

Chandrakant P. Patel: Good Evening, Ladies and Gentlemen. Mai Chandrakant Patel -- CMD Ice Make Refrigeration Limited. Aap sabhi ka second investor conference call me swagat karta hun. Humse milne ke liye apka bhout bhout aabhar aur dhanyavad. Apke liye Ice Make ki aur se aap sabhi ko naye varsh 2075 ki hardik shubh kamnaye deta hum.

Mujhe apko yeh suchit karne me prasanta hori hai ki company lagatar accha financial performance darz karne me safal hui hai. Company bhartiya arthvyavastha ke artikh vikas veshiesh roop se pharma, dairy, retail or khaady kshetron dhvara sanchanlit positive karobari mahol ke karan majboot financial performance karti rahi hai.

Upabhoktaon ke beech cooling solution, vishesh roop se refrigerated or chilled product ki maang, jeevan shailee aur tejee se shahareekaran mein badalaav ke karan badh rahi hai. isake alava, organized retail sector mein tejee se vrddhi, jaise ki hypermarket, supermarket aur khaady udyaanon kee sankhya mein vrddhi se commercial refrigeration ki ziyada bikri ki sambhaavanaen badh jati hain, jisse humein apni bajar hissedari mein vrddhi karne me safalta mil rahi hai. Isi kadi mein technology advancement aur QSR ki sankhya mein vriddhi se hamaare bajar vikas ke liye kaae avasar upalabdh ki ummeed hai.

Refrigeration aur cooling equipment market ki duniya tejee se viksit hori aur hum in nayee parivartan chunotiyon ka samne karne aur avasaron ka labh uthane ke liye commitment hai aur majbooti se taiyar hai.

Company apni kushal strategy ke anusar, chote bade avasaron ka labh uthakar apne shareholder aur investor's ki apekshaon ko pura karne ke liye tejee se aage badh rahi hai. Humne haal hi me innovative o kifaayatee solar cool room launch kiye hai aur Ammonia cool room manufacturing, turnkey projects management, project engineering and execution, me pravesh kiya jiss se customization ke sath Ice Make ek One-Stop-Cooling Solution ban gaya. Hum pichle 25 varsho se apni kathin karobar yatra se kadhi mehnat, niranter badlav aur chunautiyon ka samna karte hue company ko apne indistry segment mein agrani shreni mein khada karne me safal hue hai aur aage nikat bhavishya me Ice Make ko aur badhe mukam par le jane ke liye sajjag hain jisase company stakeholder value creation ke mamle me top ban sake.

Dhanyavad, abb hamare CFO -- Mr. Ankit Patel, apko company introduction or Vittiya Pradarshan ki jankari denge iske bad hum apko sawalo ke jawab denge. Mr. Ankit Patel?

Ankit Patel:

Hello, Good Evening, everyone. I am Ankit Patel -- CFO of your company, I will give you a brief introduction of your company.

Ice Make has been successfully satisfying the needs of all customers from the production to after-sales service since, 1993. The company has over 25 years of wide experience expertise, trust, goodwill and reputation. Ice Make is engaged in the business of providing customized cooling solution to diverse set of across wide range of industry and manufacturing and supplying high quality refrigeration products and equipments.

The company caters to the wide range of industries including dairy, ice cream, food processing, agriculture, pharmaceutical, cold chain, logistics, hospitals, hospitality, retail among others.

Our key business verticals include Cold Room, Commercial Refrigeration, Industrial Refrigeration and Transport Refrigeration and newly added Ammonia Refrigeration.

The company operates under its own brand name Ice Make as well as under the brand name of “Bharat” and “TransFreez” through its wholly owned subsidiary company “Bharat Refrigerations Private Limited”.

The company has a strong pan India distribution and after-sales service network over 60 dealers and reputed custom base over 25,000 clients.

The company also exports its product to overseas clients in 21 countries. Our state of the art manufacturing facilities are located in Gujarat and Chennai.

Ice Make was listed on SME platform on NSE Emerge on December 8, 2017.

These are some financial highlights of first-half of FY 2019.

The company’s total revenue grew by 40% to Rs. 56 crores, as compared to Rs. 40 crores in corresponding first-half of FY 2018. Company’s net profit for the first-half of FY 2019 rose to 23% to Rs. 2.63 crores as compared to Rs. 2.14 crores in first-half of FY 2018.

During the period, company is able to achieve EBITDA margin of 8.81%, as compared to 12% for first-half of FY 2018. Earning Per Share stood at Rs. 1.68 per share for the period under reporting. Thank you.

Moderator: Thank you, sir. May we open the line for questions now?

Ankit Patel: Yes.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the Question-and-Answer Session.

We have our first question from the line of Vaibhav Chaudhari of Niveshay. Please go ahead.

Vaibhav Chaudhari: My question is regarding our EBITDA margin like we had our EBITDA margins of around 12% for the last year but now it has dropped to around 8.8%. So what is the key reason for this?

Ankit Patel: Okay. Basically, hum first-half me dekhe to hamare raw material ki prices thodisi badhi hui hai. Agar hum apne consumption ratio ki baat karein aur usme finished goods or WIP ka element nikale to nearly 69.67 % hamare consumption ka ratio ata hai, jo iss bar hamari raw material ki price badhne ki wajahse yeh ratio thodasa increase hua hai. Generally, 25 % of our products are directly or indirectly imported. Aur iss saal me currency fluctuation bhi thodi ziyada hui he toh hamare jo sare raw material hai, jo GI hogaya, assets hogaya, puff condensing coil copper, in sab me prices me thodasa increase huwa hua hai. Humne halaki inpe jo... Haa boliye.

Vaibhav Chaudhari: Kon kon se major raw material me increase hua?

Ankit Patel: Jaise GI hai, SS hai, puff hai, puff chemical jisko hum bolte hai, hamara Condensing Coil hai, Copper hai, yeh sare ram me increase hua hai. Basically, August me hamare do (2) vertical ke price humne increase ki hai. Humne price pass on kiya hai 2 verticals hai par baki me hum price pass on karenge slowly aur gradually. Yeh jo purane orders hai usko toh humein purani price pe humein sale karna padega. Lekin jo naye sale kare, naye orders humein aare hai vo revised price pe aayenge. So jo nayi price aayengi uss se bhi hum yeh jo ratio hai thodasa improve hoga. Dusri cheez hai, hamara jo coil ka project he or C5 Technology jo growing business hum change kar rahe hai to vo abhi implementation stage me hai. Iss sal ke end tak vo install bhi hojayega aur uska operation bhi start hojayega toh uske liye jo ratio hai vo bhi improve hoga.

Vaibhav Chaudhari: Okay. Sir, apko kya lagra hai, what would be the trend of your raw material? Inki prices aur badh sakti ki yeh freak out ho chuke hai what is your...

Ankit Patel: Generally kya hota hai ke yeh jo hamari cycle hai har 3 - 4 saal me aisa ek phase ata hai ke jab raw material ke prices thode abnormal hote hai par hum theek tarha se trained hai aur humein lagra hai ke yeh prices stable hone chahiye aage. Agar stable bhi nahi honge to hum price, jaise har industry karti hai agar raw material ke price aise constant rehte hai to industry bhi overall apna selling price badhati hai. So jo impact hai vo in future me vesa hi nahi rehne vala hai plus hamara jo backward integration aur yeh hai uska positive impact bhi aayega. Iss saal ke end tak yeh dono operative hojayenge jo hamara C5 Technology aur coil vala hai.

Vaibhav Chaudhari: To apna jo ek stable EBITDA margin, what we can assume according to you?

Ankit Patel: Hum vesa try karenge ke jo previously hamara EBITDA margin hai usko hum maintain karenin.

Vaibhav Chaudhari: Right, to matlab vo hi guidance hai.

Ankit Patel: Haa, yes.

Vaibhav Chaudhari: Accha. And Sir, second question is regarding jo Ammonia Refrigeration apan ne chalu kiya hai to uske naye orders aye hai to unse apni kya revenue realization hui hogi?

Ankit Patel: Basically Ammonia me hum har din tak humein Rs. 5 crores ke orders mile hue hai kabke. Dusre kai orders hai jo abhi pipeline me hai. Usme Rs. 5 crores to me se kuch ek material to hum dispatch bhi kar chuke hai. Aur hum, mujhe lagta hai ki yeh Ammonia vertical hai, yeh hamare top-line to kafi acchese contribute karega in future.

Vaibhav Chaudhari: Right. And sir, apne dealer sales me aur owned sales me what would be the break-up?

Ankit Patel: Around 30% - 70% ka ratio hai. 30% hamara through distributor hai; aur 70% hamara direct hai.

Vaibhav Chaudhari: Yeh, sir kam ho raha hai basically yeh pehle 40% - 60% around rehta tha. So any particular reason for that?

Ankit Patel: Nahi, isme kya hota hai ke that depends around say kabhi kabhi kya hota hai ke through dealer ke through ziyada hota hai. Par yeh kya hota hai ke 5% ka variation here and there rahega par on an average hum expect kar sakte hai ke 30% to 40% ke beech me dealer aur distributor ka rahe.

Vaibhav Chaudhari: Haa. Last question is the break-up division wise what would be our sales from Transport Refrigeration, Cold Room Industrial Refrigeration?

Ankit Patel: Vese humne is half-year ka vertical wise calculate nahi kiya hua tha vo hum generally yearly focus karte hai lekin Transport Refrigeration ka jo abhi trend chal raha hai, usme humein jo pichle saal jo bhi booking mile the, uss se kai ziyada booking humein abhi first half-year me mile hue hai. Iska abhi humne exact work out nahi kiya hua hai.

Vaibhav Chaudhari: Okay Sir, Thank you.

Moderator: Our next question is from the line of Jitesh Parmar, an Individual Investor. Please go ahead.

Jitesh Parmar: Thank you, Sir, mujhe apko yahi jo abhi aage ka question tha usi se related question hai ki jo raw material prices hai vo konse vertical ko impact karte hai? Because mei agar apke previous Presentation ko dekhu to mere khayal se Cold Room jo hai vo apne revenue me approximate 60% to 65% contribute karta hai, okay? And this is my understanding, maybe I am wrong. But I believe that Cold Room is a something where raw material inputs will be minimal considering that once I build then probably you do not have to do maintenance in ongoing basis but it would be more for maintenance kind of activity. So yeh jo impact hai vo almost 33% hai apne EBITDA margin me, so if you can just explain actually yeh pressure konse vertical se aa raha hai aur kita pressure hai yeh raw material ka?

Chandrakant Patel: See, overall, sabhi vertical raw material toh common hai, sheet metal insulation aur refrigeration toh raw material price jo increased hai vo to sahi vertical ko same effect de raha hai. Lekin hum logo me do vertical hai jaha par market me acceptance tha to low vertical ka price humen market ko transfer kar dia means humne hamara selling price immediate effect se increase kiya. Jo balance 2 vertical hai usme working hai, shayad yeh December se usko bhi impact aa jayega. So raw material increase hai, vo mota-mota effect hai, vo nikal jayega kyuki price transfer hojayega. Yeh currency itna hike rehna yeh to suddenly tha na. Itna increase kabhi hota nahi hai to kuch time ke liye wait hota hai lekin aaj humlog transport karte hai customer ko, naya price list banate hai.

Jitesh Parmar: Okay, sir. Aur sir, hamara export revenue kitna hai agar total revenue me in percentage terms dekhe to?

Ankit Patel: Hamara export generally 3% to 5% ke beech me rehta hai.

Jitesh Parmar: Okay, sir. So sir, hum log kya hedging karte hai? Kyuki apne bola ki jo currency rates hai jisme humein kafi impact kiya iss bar raw material prices ke sath sath to generally yeh risk kaise maintain karte he and mitigate karte hai? Matlab how do we you know like plan for such I mean basically you know minimize the impact of such currency fluctuation?

Ankit Patel: Okay. Basically kya hai ke yeh jo hum import karte hai usme direct or indirect dono hisab se imports hai jise compressor aur unki India me jo company bani hui hai unse hum purchase karte hai to that is in local currency aur hamara 5% ke kareeb hamara import rehta hai. Import 3% to 5% ke beech me jo hum foreign currency me karte hai. So basically utna material direct import hamara rehta nahi hai. So hedging ke liye hum basically EEFC account use karte hai to usme jo bhi hamare export ki jo currency hoti hai usko hum import payment ke liye use karte hai.

Jitesh Parmar: Okay, Sir. Aur sir, yeh manna sahi rahega ki next half-year ke liye we will be back to around 12%ish EBITDA margin?

Ankit Patel: Humein lagta hai ke jaise price revision hojayega aur hamare jo backward integration ka jo benefit aayega to hum jo pichle saal ka margin hai usko hum achieve kar paye.

Jitesh Parmar: Okay, sir. Aur sir, agar hum agar top-line me bhi dekhe to thoda decline hua hai hamare revenue me, so is it because of the seasonality ke first-half jo hai vo second-half se thoda muted rehta hai aur second-half ziyada better rehta hai...

Ankit Patel: Haa, ziyadatar second-half aur first-half ko compare karenge to generally trend aisa hota hai ke first-half me nearly 40% ke kareeb business karte hai vo hamara thodasa comparatively strong rehta hai....

Jitesh Parmar: And that will be same for this year as well, right?

Ankit Patel: Yes.

Jitesh Parmar: Okay. And Sir, one last question, jo hamare balance sheet me hamare paas 17 crores ka approximate cash that vo lagra hai utilize hogaya, we have like Rs. 7 crores - Rs. 7.5 crores kind of cash so if you can just put some color on you know....

Ankit Patel: Okay, I got it. Basically, jo cash aur cash equivalence hota hai usme 12 months se kam vali jo FD hai hum usko vaha pe show karte hai. To pichle saal humne jo IPO kiya tha uski jo proceeds hai vo cash aur cash equivalence me aai thi. Hum jaise jaise IPO ke process hum implement karte jate hai to FD ki amount kam ho rahi hai. Dheere deere karke vo bhi ek balance aur considerable amount me aa jayega.

Jitesh Parmar: Okay. So sir, how much cash do we expect you know Yes sab hojayega to how much you would like to....

Ankit Patel: Iss saal IPO ke sare jo proceeds hai vo utilize hojayenge. To IPO ka koi cash aur cash equivalents me nahi rahega. So basically jo minimum required hai vo rahega. Thank you.

Jitesh Parmar: Thank you Sir, I will get back to the queue.

Moderator: Thank you. Our next question is from the line of Mr. V. Chandrakant. Please go ahead. Sir, we can hear you. Please go ahead.

V. Chandrakant: First of all, Good Afternoon to every person present on the other hand. Pehle to yeh batana chahunga ke mene Company ka pura profile dekha, I am a retail investor. Jo numbers hai vo kafi promising lag rahe hai iss bar. To inta definitely janna aur batana lazmi rahega ke kitne ziyada rujhan ke bavajud bhi yeh company ek stable profit sustain kar sakti hai. So first of all, aap sabko mubarakbad.

Ankit Patel: Thank you.

V. Chandrakant: Aur mei yeh samajh sakta hu ki company ka jo business hai vo specifically emphasis ya jo uska jo kaam hai vo second-half ke uppar ziyada rehta hai kyuki apna end of financial rahega. Par first-half ka bhi numbers kafi impressive lag rahe hai. Par mera ek prashn hai aapse, ki apka jo revenue hai vo 40 % ke uppar badha raha hai par apka jo net profit hai vo srif 23 % ki aas pas badha hai, to iske piche kya wajah ho sakti hai matlab?

Ankit Patel: Okay. Basically, hamare jo others and raw material consumption ke alwa baki jo bhi kharche hai that is in line with our sale. Iss bar hamare raw material ke prices increase hue hai uske wajahse yeh hamare process ke uppar thodasa impact hua hai that is also mainly because of this currency fluctuation. So hum slowly and gradually, hamare jo sales price hai usko badha rahe hai, to yeh margin hai vo usme compensate hojayega. Aap jo bhi bata rahe the hamara backward integrity ka jo project hai coil, C5 Technology hai, vo bhi iss saalm earning implement hoayega. To uspe bhi humein saving hogi cost me. Uska benefit hum top-line ya bottom-line, dono me matlab marginally jaise bhi requirement hoti hai vaha pass on karke hum margin ko maintain kar sakte hai in future.

V. Chandrakant: Matlab yeh jo bhi jitney bhi changes aaye, jitney bhi badlav hai uske bavajud bhi Company ke paas utni assets hai, aur utna strong management hai ke uss jukhav ko uss rujhan ko ekdum barabar sanjog ke rakh sake aur balance kar sake.

Ankit Patel: Very well.

V. Chandrakant: Yes, sorry thoda network issue tha. To yeh jo bataya vo to mere acche se samajh me aa gaya. Mujhe aur ek bat yeh janni thi ke hamara year jo hai 2018 - 2019, iss year ke liye kuch specific target hai kya?

Ankit Patel: Basically in top-line what we are expecting 30% - 35% growth.

V. Chandrakant: Okay.

Ankit Patel: First-half me to jo humne expect kiya tha vo achieve hua. Second-half hamara strong rehta hai as per our past experience to humein lagta hai ke 30% to 35% ka jo top-line growth hai vo hum achieve kar payenge. Aur bottomline me bhi hamara koshish yahi rahega ke hum iss margin ko sustain karein.

V. Chandrakant: Okay. Vese to numbers kafi impressive najar aa rahe hai kyuki yeh mene apka IPO bhi dekha tha uss waqt aur IPO ke number bhi itne ziyada kafi mei batau to itna magnanimous tha ki jisko dekh hi lag sakta hai ki is company me invest karna chahiye kyuki apki jo policies hai, apka jo pura ka pura management hai vo kafi investor friendly hai. Isliye obviously, hamare jaise investors ke liye to kafi safe option hoga ki volatile jo mahol hai uske bawajud bhi yeh company hum log ka paisa ekdum barabar rakh sakti hai surakshit rakh sakti hai to aap log ko kafi kafi congratulations. Apka voletilte market ke bawajud bhi apka jo strong position hai uske liye kafi kafi aap abko congratulations and yes, mei srif itna hi janna chahta tha. Mere as such koi sawalat hai nahi aur yes, aap expect kar sakte hai ki mei aur ziyada invest karunga. Mera abhi filhal ek meager margin hai but I think I will invest more.

Ankit Patel: Okay, thank you. Thanks for the compliment.

Moderator: Thank you. Our next question is from the line of Sahil Jain, an Individual Investor. Please go ahead.

Sahil Jain: Sir, my question was on the geographical spread, so hamara sir, jo yeh growth aya hai 40% kis spread ke karan ziyada accha aya like hamara jo Gujarat me jo base hai and now we have expanded to Northeast fir humara in Tamil Nadu also uses started refrigeration so how that 40% growth comes and on which product line, konse product line me sabse jada growth hai if you can give that number is also? Matlab konse jaise cold room, transport refrigeration so where are we seeing the maximum growth now?

Chandrakant P Patel: Actually Northeast aur South, do jagah pe hum logo ne pichle 3 saal se humara network me technical aur shelf ki strength badhayi thi to ab inka output aa raha hai so ye first half me jo 40% revenue of growth hua hai to ye dono territory se hume acha business mila hai. Aur product me overall refrigerated van jo humara Logistic product hai usme bhi hum logo ne ek GRP technology ke saath kam kiya hua hai to vahan se particular product se growth jada hua

hai aur ek ammonia vertical jo recently hum logo ne March-April se shuru kiya tha usme bhi humne 5 crores ka booking kiya tha aur 50%-60% already usme supply ho chuka hai.

Moderator: We will take the next question from the line of Parimal Mithani from Financial Investments.

Parimal Mithani: I have two questions. Ek to aapka employee cost badha hai, if you see last year ka pura close to 9 crores ka that iss bar ab close to 5 crores hai so what's the reason for that?

Ankit Patel: Konsa cost?

Parimal Mithani: Employee cost, employee benefit expenses jo hai. Dusra other expense has gone up in this 6 mahine ke dekhe gaye 2 number pe, so what's the reason for that this?

Ankit Patel: Employee cost ke baat ki hai to basically company ne ek higher caliber ke top management me kuch ek employees ko jo white chain hai aur top-level me hai unko recruit kiya hua tha to unka jo impact hai vo abhi balance sheet me aana start hua hai.

Parimal Mithani: Ye quarter me ki previous quarter me?

Ankit Patel: Jaisa hum bole March end me ghoshit hua tha aur kuch ek first quarter me bhi hue the. To iss wajah se employee ki cost thodhisi badhi hai lekin iska jo outcome hai vo hume next half me ya next year me hume milna start ho jayega. Aur Jo dusri chiz hai jo other cost humari budhi hui hai usme basically rent hai, traveling hai aur dusre kuch ek expense vaise hai jo badhe hai. so that is the proportion to our revenue. aur ye sare kharche vaise nahi hai jo repeat honge, har bar increase honge. Jaise humne ek naya jo building humne construct kiya hai jo object me humne bataya hua hai to uski rent bhi hume iss bar me add hui hai. Future opportunities ko considered karte hue humne ye infrastructure aur manpower ko set kiya hua hai jiska benefit company ko upcoming years me milega.

Parimal Mithani: So upcoming do quarter me aayega apko iska benefit.

Ankit Patel: Haan iska future benefit to second half me start ho jayega aur next year me to full-fledge aayega.

Parimal Mithani: Aur ye aapka chota item hai but aapki jo balance sheet hai uske other long-term liabilities me pehle 4 lakh ka tha aur pura 50 lakhs ho gaya hai. Aur short-term borrowings have gone up from 7 crores to 12 crores.

Ankit Patel: Okay, the short-term borrowings basically consists of our cash credit, CC, aur usme humara finance cost dekhenge to vo pichle half year ke mukable ya pichle saal ke mukable kam hua hai. That is just because of day-to-day fluctuation. Kabhi vo 4 crores bhi use hote hai kabhi 10 crores bhi hongy, 12 bhi hongy. Fir 2-3 bhi ho jayegi. To ye particular day to day fluctuation hota hai. Jo average utilization hai vo kam hua hai.

Parimal Mithani: Ye short-term provision aapne jo 1 crores tha vo 20 lakh hoga hai so what's the reason for that?

Ankit Patel: Kuch ek provision aise hai ki vo year end me honge. Deffered Tax aour ye....

Parimal Mithani: Ye 6 mahine me aapne already isko reduce kar diya hai from close to 1 crores to almost 20 lakhs.

Ankit Patel: Usme kuch ek vaisa bhi tha jo pichle saal gratuity ka aur dusre provisions vaise the jo hue the first time. To usko aise compare kiya jaye to half yearly humne jo sare ke sare provision iss bar consider kiye hue hai.

Parimal Mithani: Ye inventory jo pile up hua hai apka jo increase hua hai vo means because of cost increase ki wajah se hua hai ki clients ne...?

Ankit Patel: Usme cost increase ka bhi element hai aur dusra chiz ye hai ki humara ek current order book bole jo abhi 21 crore hai as of now. Generally this period me humari order book 13 to 15 crores ke aas paas rehta hai.

Parimal Mithani: Abhi order 21 crores hai na?

Ankit Patel: Haan kuch dusra ek humne coil plant ke liye ek container import kiya hua tha jiski single value 50 lakhs ke kareeb thi. To abhi installation abhi uska hua nahi hai to as the raw material abhi pada hua hai idle. To coil plant vaise iss week me yeha pe a jayega aur uska installation start ho jayega. Dusra ye tha ki humara ek standard job tha jo bada tha nearly 45 to 50 lakhs ke karib jiska material ready ho chukka tha lekin came in terms ki wajah se humne usko dispatch nahi kiya tha jo next month me matlab iske previous month me 10 ve mahine me October me dispatch hua hai. To uska impact bhi vahan aayega aur kaisare vaise products hai jo kabhi customer ki site ready nahi hoti hai jaise cold room ho gaya to vo ready hoke pada rehta hai. koi advance payment hume nahi deta, Jaise full payment clear nahi hota to hum yeha se material ready hone ke bawjud bhi dispatch nahi karte hai vaise chiz bhi kai hai to jiski wajah se humari jo inventory hai vo jada rehti hai. Aur basically humare jo products hai vo capital product hai to jaise turnover badhega to vaisa uska impact thodasa inventory ke upar bhi aayega jaise humara coil aur ye sab aayega to humari inventory proportionately thodisi kam reduce hogi. Kyunki vo hum captive consume karenge to usko hum manage kar payenge. Abhi hum import karte hai to payment bhi advance me karna padta hai aur usko stock me bhi thodasa hume rakhna padta hai otherwise humara production hamper hota hai.

Parimal Mithani: To unpe jo coil import karte ho usme kuch Forex ka kuch apne ko loss me hua tha uske andar?

Ankit Patel: Usme kya hota hai ki import ka quantum usme jada nahi hai, direct import ka, indirect hai humara par vo local currency me hum use karte hai usko. So import me itna jada nahi rehta hai lekin hume stock karke rakhna padta hai jaise coil hai.

Parimal Mithani: If you can quantify what was the increase in that coil ka because I think that's an important....

Ankit Patel: Basically humara purchase ka 8% coil me use hota hai matlab coil humare total purchase ka 7% se 8% ke karib rehta hai. To nearly hum uska margin ka impact dekh ke to 10% bhi consider kare to 0.7% ya 0.8% uska benefit hume ho sakta hai.

Parimal Mithani: Ye quarter me apka ye ammonia ka order kitna execute hua tha ye jo 6 mahine ke number jo aaye vo?

Ankit Patel: Vo takreiban 5 crore ke orders hume mile hue the iska shayad 40% ya 45% ke karib dispatch ho chukka hai.

Parimal Mithani: Abhi kitna order book ammonia ke andar worth as of today?

Ankit Patel: Ammonia ke 5 crore ke to hume mile hue hai aur baki 2-3 crore ke abhi pipeline me hai.

Parimal Mithani: Solar jo aapne jo cold room ka hua tha uske andar kya traction hai?

Chandrakant P Patel: Solar jo hai na ye hum logo ne pehle dekha tha ki retailing, farmer ko hum log bech payenge kyunki generally farmer bada tactical investment hai to ya koi subsidy ya aise hi source se vo log purchase karte hai aur farmer ka thoda sa mindset hai. Fir hum logo ne dekha ki ye solar cold room agro based product hai uss ko kai sari government ki subsidy hoti hai to hum log abhi government subsidy ko leke jo product farmer ko bechne vale hai kafi agency se humara negotiation aur tie up chal raha hai. Gujarat aur Chattisgarh me hum logo ne vo tie-up ko shape de diya hai. Kuch states me aur bat chal raha hai ek-do log exclusive demand kar rahe hai. To lagta hai usme ye product ko government ki policy ke sath jod ke bechna padta hai so regularaties ko sath me lena hai. Abhi at present hum logo ne ek single piece becha hua hai. Lekin jaisa humara market aur enquiry hai aisa lagt ahai ki ye current year me shayad hum log extra kar payenge lekin depend karta hai government policy pe thoda bahut aage piche ho sakta hai.

Parimal Mithani: Aur ye Bharat ka pura integration ho gaya kya aapka aapke Ice Make ke sath?

Chandrakant P Patel: Matlab aap bol rahe hai ki Bharat ka jo shifting hai abhi humne premises change kiye hai uski baat kar rahe hai?

Parimal Mithani: Haan uski baat.

Ankit Patel: Bharat me humne nayi premises ke upar shifting kiya hua hai aur vahan pe production bhi start kiya hua hai. Vahan pe ek Polycraft ka machine hai vo bhi humne purchase kiya hua hai. To abhi hum yeha se transfer kar rahe hai jaise koibhi cold room ho gaya ya product hai uske upar 7% se 8% ka transport ka cost hota hai. Vahan se manufacture hoga to vo cost hum save kar payenge. Agar second half se hi ye benefit hume start ho jayega.

Parimal Mithani: Vaise sales ko kuch affect nahi hua tha because of aapka jo movement ka chal raha tha?

Ankit Patel: Nahi nahi abhi iski vajah se sales ko impact nahi hua hai. Humari cost badhti hai.

Moderator: Our next question is from the line of Sahil Jain, an individual investor.

Sahil Jain: I have two more questions with respect to your capacity utilization and transport refrigeration. Humara capacity utilization kya hai transport refrigeration me?

Ankit Patel: Around 50%-50% hum geen sakte hai.

Sahil Jain: Humara export ka kya strategy hai because what I'm observing export me our industry is more labor oriented and because of labor it has become inefficient. So what is our strategy with respect to export now? Are we doing any marketing or is it just mouth-to-mouth marketing job hi ho raha hai humare liye?

Chandrakant P Patel: Actually export ko focus karne me jo country me humara khud ka ek technical support hona chahiye, sales people hone chahiye. Abhi particular loi ek country ko focus karke vaha advance me utna infrastructure aur cost leke vaha generate karna hume thodasa risky lag raha hai. Lekin domestic hum log all over India ko bhi dekhe to yeha par bhi kafi region aur state hai jaha pe kafi business vacuum hai jaise Northeast he. Particularly north me bhi UP aur Bihar ko dekhe to electrical infrastructure aur ache speed se improve ho raha hai to humara jo Food, dairy processing hai inki basic requirement hai electricity. To hume India ka jo market potential hai vo kafi bada acha nazar ata hai. Isiliye hum log export pe utna focus nahi karte. Lekin export ko chodte bhi nahi hai. Choti se choti export enquiry ko hum log achi tarah se the treatment dete hai. Without focus hum log 5% tak business kar lete hai. Current me bhi humare paas ache size ke order hai jo export ke hai. Lekin hum log lagta hai ekhad saal ke baad me export ke liye koi particular ek team bana ke unko focus karenge. Export me kafi opportunities hai, middle East aur African country me. Apne neighbor countries hai Nepal, Sri Lanka me to humara regular tie ups hai, vo logo se humara kaam day-to-day chalta hai.

Sahil Jain: Humare yeha pe thodi hiring hui thi what previous participant asked ki thodi hiring hui thi which department has the hiring done on the senior-level kuch apna jo employee cost?

Ankit Patel: Acha senior appointment ki baat kar rahe hai?

Sahil Jain: Correct.

Ankit Patel: Vaise humne ammonia refrigeration me ek senior person hai jo IDMC se humare yeha pe join hue hai unko recruit kiya hua hai. Plus dusre ek bande hai jo higher top management me yeh pe work karenge plus ek production manager hai jo full-fledge yeha pe jo production activity usko channelize karenge. Plus dusre bhi kuch ek vaise appointment hai jo skill level pe hai ya kuch top management me hai unko bhi recruit kiya hua hai.

Sahil Jain: So what I'm understanding is major appointments sab manufacturing side me hua hai?

Ankit Patel: Dono side me hue hai. Kuch ek marketing side me bhi hai.

Sahil Jain: Okay Sir. Thank you.

Moderator: Our next question is from the line of Parimal Mithani from Financial Investments.

Parimal Mithani: Mere ko ye janane ka tha aap ye Western Refrigeration se compete karte hai, ye chillers in terms of deep freezer?

Chandrakant P Patel: Actually Western aur humara product line different hai. Vo log retail me focus karte hai, humara backend me hai, process hai, manufacturing hai aur network hai. Exact comparison nahi hai kuch hai humara jaise ki 5%-10% business hai jo Western ki product ko compete karta hai.

Moderator: Our next question is from the line of Priyanka Sarkar from Motilal Oswal Is it Management.

Priyanka Sarkar: Apse ek chiz janane ka tha ye jo ammonia-based cooling jo hai hum log ko jo order mila hai 5 crore ka iska opportunity size kya hai India me? aur ye segment me abhi leader kon hai Voltas vagere ye sab leader hai ki hum log hi lead kar rahe hai market ko?

Chandrakant P Patel: Actually Voltas hum log jo segment me kam karte hai vaha par Freak India hai, Renak, aur raise kai sare regional player hai ammonia me.

Priyanka Sarkar: Aur market size kya ho sakta hai ye chiz ka?

Chandrakant P Patel: Actually ammonia ka market size exact to pata nahi kyunki ammonia humne recently shuru kiya hai. Hum log jo segment me kaam karte hai particular ammonia me dairy, ice cream aur food processing me vahan par minimum 500 crores ka market size bol sakte hai.

Priyanka Sarkar: To bahut scope hai abhi hum logo ka grow karne ka vo segment me bhi?

Chandrakant P Patel: Ammonia me to kafi scope hai kyunki hum log listed hone ke baad hume bhi laga ki ab top line ko achi tarah se growth karna hai. To ye vertical aisa tha ki vahan par ek sizable job hote hai aur market potential bhi kafi ammonia vaise bhi natural gas hai to envior-friendly gas hai

aur energy efficient hai. Iski wajah se vaise bhi ek side ke bad ki jo requirement hoti rehti hai usme ammonia hi acceptable hai.

Priyankar Sarkar: What would be the gross margin and EBITDA, company average hai ya kya usase niche ya upar hai kuch andaza de sakenge to acha rahega hum logo ke liye.

Chandrakant P Patel: Inke jitna hi hoga, aur thoda niche ho sakta hai kyunki uspe thodasa contracting job hai, manufacturing portion jaise humari aur vertical hai usme 100% manufacturing in-house hota hai. Ek particular ammonia me hum log solution provider hai to manufacturing outsource component bhi he. Unka ratio 50-50 jaise hai. Margin thoda sa kam ho sakta hai. Lekin hota hai konse segment me aap kam karte hai depend uske upar bhi karte hai.

Moderator: We will take the next question from the line of Vaibhav Chaudhary of Niveshay.

Vaibhav Chaudhary: I wanted to know regarding apan jo dehydration wale project pe work rahe the to what is the progress in that?

Chandrakant P Patel: Dehydration project ab start ho chukka hai. Dehydration me bhi aisa hai ki aap dekhte hai ki hum log frozen food aaj se 20-22 saal pehle Frozen products the abhi logo me awareness hai usse frozen ke bare me, vaise hi ye dehydration hai. Hum log ne initial me thoda sa advance stage me uski opportunity ko humne dekha hua hai isliye humne shuru kiya hai aur pichle 2-3 exhibition me humne vo products show kiya tha humare exhibition me. to logo ka ek acha ek interest uss product me dikha tha. Logo ko apne preservation ki ek achi technology kam cost me nazar aa rahi thi. To ho sakta hai vo moment aane me shayad ye current year me uska benefit utna jada nahi aayega lekin aage wale samay me uss product se acha business ho sakta hai.

Vaibhav Chaudhary: So our product is ready?

Chandrakant P Patel: Product ready hai. Abhi hum logo ne 3 piece banaye hai humare jo exhibition hote hai vaha show karne ke liye. Aur 1-2 customer se batchit bhi chal raha hai jo ache interested hai un log ki requirement ko thoda sa shape milne se vo order dene ka chance hai. Product ready hai, product ke kai sare trial testing ho chuke hai, product ke sample hum logo ne kafi logo ko bheja hai. Logo ne sample ko appreciate kiya, product ka jo sample vo unhone dekha, dehydrate ke baad me uska shape, flavor, taste ye sab logo ki jo requirement hai unse bhi acha hai.

Vaibhav Chaudhary: Iske margins bhi lagbhag similar hi honge yak am jada?

Chandrakant P Patel: Vo to product hi thoda sa premium ya different product hai. Usme margin acha ho sakta hai lekin business kitna mile unke upar depend hai. Lekin ye to humara jo routine margin hai unse shayad margin double margin pe ye product bech sakte hai.

Vaibhav Chaudhary: Okay. Thank you Sir.

Moderator: As there are no further questions from the participants I now hand the floor back to the management for closing comments. Over to you Sir.

Nikhil Bhatt: Before we close this session, on behalf of Ice Make board of directors and management we would like to thank you all for your participation in this conference call. Thank you for listening and have a great time ahead.

Moderator: Thank you members of the management. Ladies and gentleman, on behalf of Ice Make Refrigeration Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.