

Ice Make Refrigeration Limited
6th Investor & Analyst Conference Call
December 18, 2020

Moderator: Good evening, Ladies and gentlemen. I am Shezan, the moderator for this conference. Welcome to the 6th Investor and Analyst Conference call of Ice Make Refrigeration Limited arranged by Aryana Matasco, Reputation PR and Communications focused PR and IR Consultancy to discuss the financial results for Q2 and H1 FY21 and the strategic direction for the next year. Ice Make Refrigeration Limited is a leading supplier of innovative cooling solutions and manufacturer of 50+ refrigeration equipments. The company has been successfully satisfying the need of its customers from production to after sales service for the last 30 years. The company is engaged in the business of providing customized cooling solutions to diverse a set of clients across wide range of industries. We have with us today, Mr. Chandrakant P Patel - Chairman and Managing Director, Mr. Nikhil Bhatt - Vice President Strategy, Mr. Ankit Patel – CFO, Mr. Mandar Desai, Company Secretary & Compliance officer and the key management from Ice Make Refrigeration Limited. 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 would now like to hand the floor over to Mr. Patel. Thank you and over to you, sir.

Chandrakant P Patel: Good Afternoon Ladies and gentlemen, I Chandrakant Patel, welcome you all. First of all, I would like to thank you all stakeholders on behalf of Ice Make Refrigeration Limited with your contribution and cooperation, in December 2017 we had begun our journey in the capital market with a very strong investor response for our IPO. And taking a step ahead from there on 12, October 2020 we had registered in the main board of NSE. These year everyone have to face a very tough situation and Ice Make is no different from facing the difficulties developed due to COVID-19 but we strongly believe in the coming times we will be able to recover from the current situation completely and will be successful in taking Ice Make to a big level. The current order book of the company is Rs. 40 + crore and a lot of positive development in segments like Pharma, Dairy and exports also. In the past two years, we have focused on exports, that is reaping good benefits now and in the coming years also will benefit from it. Keeping in mind the current situation, we will match the turnover of year 2019-2020 this is our projection and in the coming years we are well equipped to achieve 25% to 30% growth and our team is also ready for this. The company has a good experience in working for Pharma sectors and we fixed end to end Cold storage system and for the current times the COVID-19 vaccine drive that is going on we are ready to face all challenges that may come through in achieving this. The company has a big team of more than 500+ dedicated employees’ who are

successful in delivering during tough times. Now our CFO Mr. Ankit Patel will give you Finance update and Mr. Nikhil Bhatt will give business updated followed by highlights of the future strategy of the company, which will be followed by Q&A. Thank you. Stay Safe, Stay Strong.

Ankit Patel:

Good evening to all of you. Despite ongoing global pandemic challenges, the company's standalone topline increased by 20% to Rs. 30 crore as compared to Rs. 25 crore in corresponding period of Q2 FY20. The standalone and consolidated net profit for this period Q2 FY21 stood at Rs. 1.91 crore and Rs. 1.92 crore respectively compared to Rs. 28 lakh loss and Rs. 19 lakh profit reported in previous Q2 FY20. The standalone and consolidated topline for 6-month period H1 FY21 stood at Rs. 47 crore compared to Rs. 47.74 crore reported in H1 FY21. The standalone and consolidated net profit for H1 FY21 stood at Rs. 96 lakh and Rs. 48 lakh respectively. During the period, companies EBITDA margin stood at 8.17% compared to 6.74% for corresponding period of H1 FY20. Now over to Mr. Nikhil Bhatt for discussion on business update and strategy.

Nikhil Bhatt:

It is a part of a healthy organization culture at Ice Make to take setbacks such as COVID pandemic as an opportunity to offer better solutions. Ice Make already has a basket of 50+ innovative products and services that are placed in such a manner and helping the company overcome the prevailing weakness in the overall market. In addition to this, Ice Make has fully prepared itself and is strongly geared up to test opportunities and provide the cold chain solutions to healthcare stake holders for the much-awaited COVID-19 vaccines' drive as already informed by our CMD. We have developed capabilities to provide cold chain solutions for COVID vaccination drive, right from the point of manufacturing to the point of administration of vaccination, we can provide solutions with variable temperature range for storage and transportation. For this ICE Make has setup a proactive end to end cold chain equipment systems for Pharma industries, hospitals, procurement agencies and government healthcare systems across the country, under the leadership of our CMD we have formed a task force of senior team members who are coordinating with the concerning candidate of vaccine manufacturing in India, government bodies and procurement agencies. Going forward, we will continue to strongly focus on exports, new markets and finding solutions. Focus on going fast emerging online food business by providing innovative solutions, the company has made huge effort in joining hands with new brands and leading online food companies which will help not only widen our competitive edge in the market but also build long term prospects for growth for our refrigeration and cold storage projects. We are also working on plans to put our production online portals as solutions to address ongoing challenges to tap more customers. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone, if you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the

question queue assembles. The first question is from the line of Avinash G from Profitmart Securities.

Avinash G: Good Afternoon Mr. Chandrakant you have a very good set of numbers. I have two questions, one is although COVID has lessened a little but now post COVID what do you feel that the demand situation that is there, especially for Pharma, Healthcare, the FMCG segments that are there, can you throw some light on this, as to on ground level what is the scenario and second thing how much CAPEX have you spent in the current year FY 2021?

Chandrakant P Patel: So, the first question was vaccine related, in the market what steps have been taken, is this right, what I understood?

Avinash G: What I told was keeping COVID vaccine into mind, have you specially spent any CAPEX on that because you have very strongly mentioned this point that you are ready for the COVID vaccine with the cooling systems, so to achieve this have you spent any additional CAPEX?

Nikhil Bhatt: No, actually the infrastructure that we have with us and the services and solutions that we are providing, for that if there is not much change in the temperature range then we do not need any additional CAPEX, whatever infrastructure we have with us today and the manufacturing facilities that we have, the capacity is more than enough and the temperature range in which we work today, the vaccine if sets in the same temperature range then as such we do not need additional more CAPEX, only thing we will have to manage our resources, particularly manpower and the other areas.

Avinash G: Mr. Chandrakant, tell me one more thing, the vaccine released by Pharma for COVID, according to you is there a possibility of it releasing in January, February, so will you have to make any preemptive preparations or basically this will be very easy for you if you are informed in a month advance that order will come, then your infrastructure is all ready, so how much time would you need to scale up?

Chandrakant P Patel: Actually, we have informed you all earlier as well, the production capacity that we have out of it only 55% is being utilized today so we have 45% - 40% capacity as a surplus. Manpower and resources to develop we will need a maximum of 3-4 weeks; we will not require more time than that.

Avinash G: But according to your estimate, you and your team would have also interacted with a lot of people, so what do you think tentatively by when can we expect this vaccine to come to India?

Chandrakant P Patel: On vaccine, I cannot comment but if informed that vaccine is coming in next week and for it the basic infrastructure required is cold chains supply, if we are given a chance then we are capable enough not to miss that opportunity due to the time frame we have in our hand and right from the beginning of COVID-19 we were knowing that because of COVID, healthcare will

be topmost priority for people and if vaccines are needed then a special opportunity will be there, so we are well-equipped, opportunity may come any time, maybe in a weeks' time or a months' time.

Avinash G: Yes exactly. Okay the other sectors that are there Mr. Chandrakant like FMCG, Healthcare segment, the food products segment that is there what is the indication you have on ground from them, now COVID effect has decreased now especially in Maharashtra it has reduced to a great extent but across Pan India wherever your products are sold and the customer that you have out there, do you see any recovery signs coming from there?

Chandrakant P Patel: Actually, I had also mentioned in my opening remarks that the business that we did in 19-20 that we will match, so in April-May our business that was there in 19-20 was almost nil this year, so that loss we will cover in the last 10 months and our segment is multi segment, already we doing 15% - 18% business in Pharma related products, so that business has also risen. Now people have become health conscious and their focus is on basic diet so in diary and food processing also we are seeing a good opportunity and on ground level also, the people associated with those industries also feel that this business will see good times ahead.

Avinash G: I have one last question for Mr. Ankit who handles Finance, now this steel rates that has increased significantly, the steel rates have increased by nearly 40% - 50% plus the raw material that you have, what is the current development over this, like over there what is the situation on-ground that; has the raw material price been absorbed by the company or has this been passed on gradually to the customers? I said what is the situation on the raw material price increase? Have the raw material prices increased during the last three to six months and if they have increased, so what is the situation from the company's side; like has they passed on this increase or some amount of cost increase has yet to be passed on to the customers?

Ankit Patel: In metal, cost increase has taken place but it has not happened in the last three to six months. The stainless-steel price has increased a little in the past fifteen to twenty days. And in the mild steel it has just happened recently, remaining was in our PU chemical but we had done some booking in advance, so we can manage that.

Avinash G: Okay, so that means till now the situation is in control. If the prices increase a little more then you may have to pass through this, right?

Ankit Patel: That activity has already started through sales and marketing and a little price increase has been done, this has taken place effective 1st December, 2020.

Moderator: Thank you. The next question is from the line of Varun Seth, an individual investor. Please go ahead.

Varun Seth: Thank you for the opportunity and congratulations on good set of numbers, particularly for Q2. I have couple of questions; so, first question as you said on that COVID-19 vaccine drive and you clearly said that you people have that ability and you are ready for it if you get the opportunity to order it, to serve it. My question is that today what are we seeing at ground level today? Are we receiving orders from the government's side? Have we received any new order? How is the inquiries pipeline looking at the moment, particularly for this Pharma vaccine drive?

Nikhil Bhatt: See, if we talk about the government; the government is taking all the steps in what is the future requirement because if the procurement is big then generally the government does it by the tender process. So many tenders are out from government's many health sectors, we have also participated in two or four States and there are many inquiries in the pipeline, which are from Pharma Industries also and we are receiving COVID-19 related inquiries from many associations also and we are active on that ground and we are providing whatever the reasonable cost is there.

Varun Seth: Okay because my ground check says that any new capacity may not come for the vaccine, the existing cold chains that are already there for the vaccines, maybe for farming or animal husbandry or XYZ reason, only all those will be utilized to drive this vaccine drive that is the rough estimation; what are your thoughts on it?

Chandrakant P Patel: See your estimate is true also, I do not say it is false. This may be possible, it is not that the basic infrastructure is not there in India at all, it is there somewhat but maybe they may split this moment and spread it out but it is not that we will not get any opportunity because of them because the budget that was allocated to many State governments from the central government for healthcare and health segments, so we were seeing that these tenders used to take place from years but it never got materialized, so we have done some three tenders about six weeks before, so it will open next time because they have received priority fund also for this, so this procurement opportunity will be there anyways, even if it does not happen in the vaccine.

Varun Seth: And one thing, some few days back, I think Blue Star has got about Rs. 200 crore order a few days back for this cold chain vaccine, so have we bid for it or had we not bid for that or we have lost that, what is the scenario in that?

Nikhil Bhatt: For that we feel, what you have heard is what we have also heard but we do not know the reality on the real ground, it may be some different feature also because for someone to get a Rs. 200 crore order is a very big event, particularly in the refrigeration Industry. So, we do not have any such supporting or official announcement regarding this that we can comment on, but as Chandrakant Sir said this procurement process is already going on. So, somebody has offered that and it must be in process but we do not have any such realistic data as such.

Varun Seth: Okay, sir my one last question is on the export side; as you all said that from past one or two years, you are more focused towards export and all, so are you planning any joint venture opportunities in export or something to set this export opportunity or are there any discussions going on around this?

Nikhil Bhatt: Regarding export, as we said, in the past two, three years, we have purely focused on exports and because our industry and product is basically service related, so we need local support. So from past one or two years, we are even trying that the local agencies, the local traders over there, who can support sales also along with the service, so we are moving forward keeping that as the base. And even our network is such that if we do not provide service over there also, but if there is any such association at the local level then it is better. And we have put efforts that should be done in two, three countries from our side and we have also got co-ordination with two, three agencies and due to this reason only we feel that the exports will go more over in that area. And apart from that, Ice Make has been doing exports from past seven, eight years, volume was less but we do exports. So our old customers that are there, as a reference we have associated with our old customers also recently, this year and we are getting continuous orders and that can also be taken as a valuable size that will support exports for this year, so we have lots of hopes with exports. And the question regarding the past eight months; our exports have been more as compared to the last year and already we have nearly Rs. 2.50 crore pending orders in hand in exports.

Varun Seth: So are we thinking of any joint venture with any foreign partner, are we thinking of anything like that or not?

Nikhil Bhatt: No, we are thinking about it, we are all ready for any such business opportunity and we are not only thinking over it, we are even implementing on it and one US based party over there, who is already doing business over there, so there is a possible tie-up with them, we have received orders also from them and in future it may turn into an association which you are querying about but I cannot comment much on it at this stage.

Varun Seth: Alright. And one last question is that Modi ji is bringing in some Luxembourg companies in Gujarat and there were lots in news about this in the newspaper, they have quite a lot of technology in cold storage and vaccine. So if it comes, will our competition increase, what are your thoughts regarding this?

Nikhil Bhatt: The Luxembourg Company that you are talking about, that is correct and their senior team is in India at the moment. And they are visiting India from past ten, fifteen days, they have visited many locations. And if you talk about government of Gujarat, we have had a meeting with the government of Gujarat. And our company's background and the product that is there, so accordingly even they have showed an interest in us. And two days back there was a meeting with the government of Gujarat, many vendors were invited by the government's department and a meeting was held with this company, a primary discussion took place to understand what

is their requirement and in that what they felt accordingly, they even paid a visit to our company two days back and they are quite satisfied and whatever short term, long-term planning they have, we are hopeful that we may go ahead in a positive way there.

Varun Seth: Can we expect any announcement regarding this and till when can we expect the announcement?

Nikhil Bhatt: We cannot give any expected date regarding it at this moment as we have not reached that stage yet, hope that we will get an opportunity to announce this very soon.

Moderator: Thank you. The next question is from the line of Pranav Thakkar, an individual investor. Please go ahead.

Pranav Thakkar: Yes sir, my question is that we do have an opportunity for the corona vaccine but the routine business that we have, how are we looking at the mix of the routine business; say if it gets implemented from 1st January, 2020, because even you must be having some idea that what exactly demand is there and what is the revenue? Basically, I would like to understand the revenue matrix.

Ankit Patel: If we talk about the current year's revenue, then we will try our level best to match the last year's top line with this year's, maybe it will match this year. And the other revenues, which is our ongoing business at present, in that we have received quite good orders for the low temperature humidity dryers which we had developed with R&D, the results that we had published recently, under that I think it was dispatched for around Rs. 58 lakh, last year it was Rs. 45 lakh in the whole year and still we have its pending order book of around Rs. 60 lakh. Another product which we had developed in R&D; freez dryer, for which we have received orders of Rs. 1.75 crore. We have also had an association in the North on some OEM, which we also feel that we will start getting benefits in this year. In Reefer vans segment also, we have some tie-up with few leading vehicle manufacturers, this was done last year, so we have even done few which is in pipeline this year also, so maybe we may start getting benefits of it from this year. Secondly, the world country's focus is on towards other countries then China so, in that also we can see a lot of opportunity in exports. In that also, like our Vice President- strategy said that there is one US Company with which our tie-up and other things are in discussion at the moment, we have already dispatched its few containers in this year. The Dairy and Turnkey solutions that we had started, in that also we have done a dispatch of around Rs. 2.50 crore till date and there is around Rs. 2 crore in the pipeline, which we had started last year only in Gujarat, Rajasthan, MP; in MP I think so the work is going on now and we have even implemented it in Nepal. And another update is that we are receiving quite a lot of questions from many investors, so I think it is important to inform regarding this development, till now, we were not able to answer you regarding the vertical wise, what is the profitability, but now keeping in mind this requirement and the management's internal requirement that was there, we have procured tier 1 ERP solutions this time, whose implementation is going on now. Once

that is done, then this other requirement that is there, which is coming from the investor's side, we also had our few internal requirements and we will develop that also. So according to the business planning and the way our growth is going on now, we are feeling that the coming future will also be quite strong, we are also seeing lots of hope in the association and new products as well, so we are quite hopeful.

Pranav Thakkar: Sir whatever the supply chain will be formed due to COVID-19, so that revenue will be over and above whatever our last year's revenue, am I right?

Nikhil Bhatt: Yes, that is possible but how will the COVID-19 vaccine drive come is very much uncertain, but if we get that opportunity then naturally it will be an additional pushback and as Ankit ji said, we are processing in many segments, in many verticals, we are working on it. So, we are having expectation from each and every one of it because this year you know initial two months; April and May were very bad for every industry, particularly Ice Make also had its effect but after that the improvement that is taking place gradually, particularly the multiple segments that we are working in, we have got its benefit as well but, in few States where a little normalization is seen, with this hope we can see that we may achieve our last year's numbers this year as well. If there is an extra ordinary opportunity then naturally the amount will increase, even we are hoping for that.

Ankit Patel: Now this COVID-19 drive that is running, I think about two, three months' back we had started the task force and we had already contacted many Indian manufacturers. Now in that case this is also happening that few inquiries are still developing which are still in the pipeline, since it is not yet confirmed completely so we are unable to tell you about it but many inquiries and leads are being generated now for the efforts that we had taken. So as soon as it gets materialized and we feel that we are expecting its business because many inquiries and discussions are still going on. So as soon as it gets materialized, it has not yet been materialized. And we are quite hopeful that it may have quite a good positive impact.

Moderator: Thank you. The next question is from the line of Akash Shah from Sky Infotech. Please go ahead.

Akash Shah: Thanks for allowing me and many congratulations for the listing on the NSE mainboard. So my question is, basically this COVID opportunity which we keep on talking right, it is one-off tailwind which we all know, but what is the size if at all Ice Make gets an opportunity, so what is the amount of topline which we are looking for, with respect to our capacity and so far what we have proposed to many leads and potential customers?

Nikhil Bhatt: See actually, what you are trying to know is very difficult to say at this moment but what we can do as what we have just explained earlier, see whatever the peak business we have done in last year we are just going to maintain that, our first target is that and we are also hopeful, looking to the front market as the situation of order on hand and the past orders we have dispatched. So, that is the first step we are going to achieve and so far as corona vaccine is

concerned, till now it is difficult to say on any in terms of numbers, how much it will be because ultimately there are two points; one is high demand will be there and second point is whatever infrastructure is there that government can manage from that. So, these are both two views, so it is difficult to judge the numbers right now but whatever the demand will be increased, additional demand will be there, we are hopeful that some share we will get on that part.

Akash Shah: Okay so you mean to say that because we have not tied up with any of those firms yet, we do not have any tie-up, maybe with government of Gujarat or where our manufacturing facilities are but we will get some pie of it?

Nikhil Bhatt: Yes, that is true because we are providing the solutions not from today, we are providing the solutions to many Pharma companies and we are also doing a 10% - 15% business every year to the Pharma industries.

Akash Shah: But we did not see any peak or we are not expecting any peak from Pharma companies including where they were selling Remdesivir and other vials in dry ice which was not done in last year.

Nikhil Bhatt: And see we have a past track record of the supply of working cooler particularly to the many government organizations and we have successfully completed the 5 years, 3 years comprehensive maintenance contract also and particular vaccine we have supplied to the Ministry of government of Gujarat, through the Ministry of Health and Family Welfare in the past already 5 years back, so it was only for the government medical store, it was for the vaccination in a matter of city, so we have quite experience and quite reference for that, so there is no doubt for this regards any opportunity and we will be fulfilling that but to defy the numbers it is very difficult because there is no tie-up made by any government with any companies right now as per our information.

Akash Shah: So, sir what you are trying to say is that the government is planning to have vaccination started in January but they have not yet tied up with any cold storage, except the Snowman and Bayer Material or BlueStar the bigger players?

Nikhil Bhatt: See actually as per our information we do not have any information regarding this tie up with the government or any Pharma companies with any big companies in India. So, except this Luxembourg, those who are visiting India and they are just assessing their possibility of business association with Indian government and the Indian companies.

Akash Shah: And any impact of this broad level raw material if we are consuming from China?

Ankit Patel: If we talk about procurement form China, see in previous conference call also, we spoke about it, so the talks we had with China regarding the procurement earlier itself we had started to explore alternate channels, now if we go to see this year, total our import from China was Rs.

1.72 crore and within that Rs. 1 crore was for previous year, when Corona had started in China from that time our orders were stuck there, that we have received in this year but in this year, we have not ordered anything fresh from China and the rest imports that we are doing, we do it from 4 countries like Thailand, Singapore, Malaysia and basically it is copper and GRP which we use in Reefer-vehicle that is the major import and some accessories we import few come from Italy though. So, basically if you go to see our imports portion, if we go to see in the previous year was Rs. 5 crore, now this year we have started in house manufacturing so that portion will be reduced this year and whatever would be our imports it will be from 4 countries majorly. And GRP material, we import from Germany and some from Italy in pipes and accessories. Apart from that we do have much in imports.

Akash Shah: So, are we seeing any impact on the bottom line?

Ankit Patel: Our raw material prices were stable till now, like Mr. Rajendra sir had told that our price which we had discussed, we are getting supply on our quoted price, few raw material prices have increased but due to COVID a few expenses of ours will be saved like exhibition, travelling, which in the last year was around Rs. 2 crore as our travelling budget, due to COVID situation our exhibitions have also reduced to a great extent, so we are not expecting much in exhibition also, so we will be saving quite a lot in expenses also.

Akash Shah: But sir that would be one off, know? Because of this COVID maybe next after the vaccination starts right those expenses will be back, so does it mean that this because of this import structure we will have some impact on the EBITDA level or OPM level and ultimately on the bottom line?

Ankit Patel: No, our EBITDA level that we have for now, you mean to say, that will be similar to what was previous year or may be slightly increase also because of this temporary decrease in expenditure, so in current year we are not expecting any dip in EBITDA margins, it may also happen that it will slightly improve in this year.

Akash Shah: But those are one off things, what I am trying to ask is in coming years or in coming quarters once this COVID cost which we have saved, after that these expenses that you are seeing are extras now maybe due to in house manufacturing, we are saving and the rest of the 4 countries which you named if you are importing from them, then your cost is going to increase, is that true?

Ankit Patel: Basically, our EBITDA margin will be there that will be stable at 10% - 11%, the working or planning that is there that we will keep this much margin and work upon that we can expect 10% - 11% over the coming years because we are focusing, our focus is there on increasing our topline also.

Akash Shah: Okay and on the same thing just one extension last, the Agri markets that have all opened, the cold chain opportunities that are there, anything which our company is specifically looking for or trying to partner with the retail partners where retail chains are going or do we have some strategies for that?

Chandrakant P Patel: In Agriculture the way the government has planned the rules, we feel that due to corporate and privatization happening, the actual farmers do not adopt the cold chain and technology, so it can be a big opportunity for us but there is a lot of difference in anticipation and actually happening, in overall India's economy, in Agro-processing the population being one of our specialty for our country, big business can happen and also it may so happen that the policy and rules of the government that is being laid down could fasten this process and we can get a good opportunity due to the potential in the market.

Akash Shah: And this penetration that is there, the retail partners like Reliance Retail, Jio Mart anything where we are trying to forge a partnership or ventures with them? Because those are established, I can understand, in agriculture you said that it is a very nascent stage or it is relatively new now right and I guess what I understood right now with our company we do not have any such strategic plan with us but the established retail players that are there, everyone wants a cold chain with them, do we try to get there in that market?

Chandrakant P Patel: See in retail chain we work with Swiggy, Big Basket, we have worked with Reliance few years back and we have worked with Spencer, Big Bazar; these have been our old customers and, in many supplies it happens, even you are aware of it that along with our supply even freight services are required. So we have many such OEMs, they take the supply part from us and then supply to the online retail and digital platforms. So directly or indirectly there are few segments wherein we cater those markets, now I cannot give you any solid reference, that yes, we have accurate contracts with Reliance and we will get this much business in a year definitely.

Akash Shah: Okay and this last question on utilization; which you said that at present 55% utilization is taking place, you have 45% free capacity which may be used for COVID-19, right? So, does this utilization needs to be increased or is this the industry standard that it works out on this utilization only?

Nikhil Bhatt: If we talk about capacity numbers, percentage point of view, then basically if the market is there then the capacity utilization is there. And there are two reasons for the excess capacity that we have; we have even said this before many times that about one or two years back, we had got machinery at a very good price, with which we could work on a high volume or high capacity. So during that time, we purchased a good equipment at a low price, so its capacity is more in that and the market condition that is there and with the gradual improvement of the market regarding the refrigeration product, then the numbers will increase for those capacity utilization but this is the only reason for the excess capacity that the capacity that we have, that we had got a chance to increase the capacity with very less Capex, so we have bought it.

And we will get the market but this year due to COVID-19, it will be affected a little bit but refrigeration industry has got a very good future ahead and as the people's mindset and the living style is changing, so food product industry or agriculture base that you are trying to say, there is an opportunity to get a lot of demand in that area as well.

Akash Shah: Okay, thank you very much for answering all my questions and I expect that in the upcoming quarters, we see different industries our company caters to, thank you.

Moderator: Thank you. The next question is from the line of Darshit Shah from Nirvana Capital. Please go ahead.

Darshit Shah: Yes sir, thank for the opportunity. Sir my question; one is that since we are saying that we have sent few containers with US clients and if possible, we are also planning a tie-up, so basically in which market is it? Is it for US market and which type of products are we supplying there, to that particular client, if you can throw some light on that?

Rajendra P Patel: We are supplying our working cooler's panel to them and it goes to the display market in the retail shop and they supply it to two markets; America and Europe.

Darshit Shah: So basically sir, I did not understand, where are they used; this display panel and is it in retail?

Rajendra P Patel: These are used in shops in the shopping malls; say this butter, cold drinks, etc. so for that along with the display, you can take your goods yourself by opening the glass door from front, so they take it that way. The glass is on top, there is a light next on the display side at the top, and this is a standard product in America, a shop cannot be opened without this.

Darshit Shah: So we are supplying this to the client basically for US and Europe both.

Rajendra P Patel: The client supplies it to Europe; we supply it in America to them.

Darshit Shah: Okay, so it goes from US to Europe, that is what you are trying to say.

Rajendra P Patel: In that what happens is, it is made with a calculation of a standard panel and then they have the material in their warehouses. So, whether you want for three glasses or four glasses or six glasses; so they set it together with the glass and along with the refrigeration and then they sell it with the complete package. So, if it goes with the numbering then only it can be assembled, otherwise it will be a problem, so that is why it is compulsory to take it over there.

Darshit Shah: Okay, sir this must be obviously difficult to quantify but how much can this be an opportunity for us in future, in case if we tie-up with them for a normal supply?

Ankit Patel: If we look at the orders now, then our running order right now is of \$58, 000 and if its tie-up will take place, discussions are going on, so we can expect all the running orders for this, means

whatever orders we get from them, our dispatch will be running for it on an ongoing basis, it is like per dealer, OEM, accordingly our container may also be exported.

Rajendra P Patel: And this American dealer says that you make me the dealer for America and I will do the business from there only but the company is not going to hand over like this because today we are working with him and America is such a big country, so he cannot do work alone in every State, tomorrow we may need to tie-up with more companies. So we said no to this, we said the business that we are doing with you today, tentatively we will give for six or eight months to you only, remaining we will not give any commitment to you. So, we have not given this in writing as such, although the dealer is telling that you give so in writing.

Darshit Shah: So, sir are we planning that in the US we do tie ups with other companies or we setup something by ourselves for marketing, how are we planning like you are telling that the supplier is saying that market is there basically?

Rajendra P Patel: Sir we are in talks with a couple of parties out there and with one of them we have done business also but for exports in America and other foreign countries what happens, that someone has to go out there make some relations, give samples and all so that a trust relationship is built and then once we get the order it does not wait for long.

Darshit Shah: Correct, so we are trying to get in touch with other people as well?

Management: Yes exactly.

Darshit Shah: And sir the second question is on the capacity utilization, till when are you thinking that we would be reaching at optimum capacity in next how many years do you think we can reach at that level?

Rajendra P Patel: See in capacity sometimes the capacity also operates at 110%, this 55% that we are talking about overall. Refrigeration depends on season and non-season so for the entire year's capacity is calculated then you get this figure. For 4 months it runs at 100%, so this is how it works, so for using this capacity if need be, we will do but currently it is not a big task to use manpower and the capacity subsequently.

Darshit Shah: And sir a question I had on finance that majority of our profits come in the second half, so is it that, your fixed costs most of them are getting absorbed in H2 where our revenue also I think is sizeable, so that is the reason that most of the profits around 80% - 90% of the profits comes in H2, second half?

Ankit Patel: Our Fixed expenses that are there over the years would be same only like salary and all, so 60% of our business we do in the 2nd half and the profitability in 2nd half is better as compared to 1st half and quarterly if you see, then Q4 and Q1 our performance is good in terms of profit.

Moderator: Thank you. The next question is from the line of Hiten Boricha from Joindre Capital. Please go ahead.

Hiten Boricha: So, my first question is on the order book, so our current order book is around Rs. 40 crore, so what kind of order inflow we are expecting in the 2nd half, excluding this COVID-19 situation? So, what order inflows we are expecting and from where can we get these orders?

Management: Apart from the Rs. 40 crore?

Hiten Boricha: Our current order book is Rs. 40 crore, right?

Management: Yes.

Hiten Boricha: So, what I am trying to understand is that in the 2nd half, what are the expectations of we getting orders and from whom? Like are we getting any new order or are we in discussions with someone, something like this?

Nikhil Bhatt: See it is an ongoing process, we are getting continuous inquiries and order processing that we have, the solution that we give is going on and like you have heard earlier, the 2nd half particularly is stronger and more seasonal if you go to see October onwards to May, June, we get good business opportunity and few businesses are also acquired, so if you go to see our past record and if you see anything the 2nd half will be stronger, so now the orders of Rs. 40 crore that come through and the rest for the 4 months that are there December to March for this year, our 4th quarter is always the highest in terms of business, so like I said earlier that the business which we had in the last year we will maintain and in the 1st half already reached Rs. 40 crore and the rest of the 2nd half which are there in them, almost Rs. 80-90 crore business we are expecting.

Hiten Boricha: Okay, so this order book will be somewhere in the range if Rs. 80-90 crore from Rs. 40 crore, is my understanding correct sir?

Chandrakant P Patel: The old orders also will be added in there, Rs. 40 crore is the maximum, for the coming season the bookings are highest in the next 2 months and after that booking decreases as orders get cleared from us but the question that you have, where will the rest of the orders come from, that does not have a specific answer as such because what happens is the market has its own need and Ice Make has a specialty that for some specific work people ultimately come over to us only, we are a good solution provider in refrigeration products, our average orders in flat times also never go below Rs. 10 crore and in some months the maximum order book in some months goes up to Rs. 22-25 crore. This is routine, if some big orders come through there can be fluctuation of 15% - 20% but Rs. 12-15 crore order book is pretty normal for us. In the backlogs inquiries are also there, dialogues are also exchanged, negotiations happen, so this is a

routine and we are very confident that this season-based business was impacted, so in the coming times it is a very good opportunity.

Ankit Patel: And the agencies of Pharma companies for leading equipment suppliers that are there we get running orders from them, so whatever orders we get from them exclusively only we supply to them, so they also have a lot of dealers and they have ongoing running orders.

Hiten Boricha: Okay that was helpful sir and my second question is just a clarification, you mentioned that in this year we will do revenue as same as the previous year and in the coming year the growth will be between 25% - 30%, right?

Management: Yes, correct.

Hiten Boricha: Okay and majority of this growth will come from the Pharma sector?

Chandrakant P Patel: Pharma is there, Dairy is there, Cold Chain logistics industry also which is growing because from years ago we had figures right from the time we were listed also that India has a shortage of 60,000 vehicles, so in the current or running year we have manufactured vehicles in highest numbers, generally 3 years ago at this point in time we did not use to have any business in logistics, in current we feel that this is a big opportunity but all over market demands also show the same, so there are many such segments with us where we have expectations that we can do good business from them in the coming years. Exports also we told you, we are also giving Ammonia Turnkey solutions as well, so the project team is also now experienced and they manage the resources of the company very well, so this is like an ongoing process what we are working on today and what benefits we get from the previous years is all in there, we will reap the fruits of the hard work done then, in the next year doing 25% - 30% growth is not a task, unless something like COVID comes back, we can achieve it easily and our track record also shows the same.

Hiten Boricha: Okay sir my final question is who is our closest competitor in this listed space, can you name any company?

Nikhil Bhatt: If we go to see in that way, the 5 verticals in which we are working today there is no such single company in India as such, as per our information, lot of segments that are there a few are common like commercial, industrial in them Blue Star is there, Voltas and Carrier as well. In transport refrigeration 2-3 companies are there like Suraksha, Sub Zero and few new companies that have started Jindal and Rinac, And if we go to see in Ammonia vertical, then there are 3-4 companies are there in India who are leading. So, to sum it up there is no single company in these 5 verticals within India which are providing solutions in these 5 verticals.

Moderator: Thank you. The next question is from the line of Atul Bhandari, an individual investor. Please go ahead.

Atul Bhandari: Hello, this is Atul. Basically, I am investor from Switzerland but majorly from India. So actually I heard about this, you know the company from Luxembourg is like visiting to Gujarat and them when especially when it comes to Gujarat and Ice make having presence there in the market and the cold storage space, so if you can give a bit more, actually I joined the call a bit late, so maybe I missed something and sorry if I am visiting something again which was already discussed, so the thing is, you know the main concern which I see on this, this is a Luxembourg is a European company and they have very different standard of products what is basically used in India. So now if there is a joint venture and if there is something happening in this address and in this space, do you think that will Ice Make be able to match the quality standards what is being expected from this company?

Nikhil Bhatt: See actually we can, we have a confident that we can match the quality and only thing is, just we have to take some technical knowhow as per the standards but we are capable to maintain that quality because our product is also CE certified, so there may not be any issue on the quality and we are capable to match their quality.

Atul Bhandari: Okay, that is nice to hear. And the other thing on the stage of the discussion you know, just if you can give a little bit more light, is that like I heard that they visited the company. Is it already entered into a sort of a negotiation stage or is it completely like right now, it is just they visited and we do not know further about it?

Nikhil Bhatt: See the visit has just finished two days back, so right now it is difficult to say that because there may be some internal procedure on that part but whatever they have discussed and whatever they have seen at our plant, they were quite satisfied and they have long term as well as short term plans, so first is, what we feel that, we are there on number 1 on their selection list.

Atul Bhandari: Okay, so you are short listed in their, let us say, list of companies.

Nikhil Bhatt: Yes, whatever discussions had because they have many plans and they are looking for the enter in the Indian market, so they are looking for a long-term plan and I think so, if they are positive, they will declare shortly what because they have a plan to enter in the market in the current financial year only.

Atul Bhandari: Okay, and I think with this Pandemic it seems, I think the countries have learnt their lessons, so if people see that COVID-19 as a one-time opportunity, you know that the there could be a one-off, let us say, if there is a business coming in this area, that would be a one-off. So I am basically rather in a different mindset because this will give, if there is an infrastructure to develop something which can be used further in some other product as well. So do you think that if there is some joint venture which happens because of COVID-19 thing? In my opinion, that the same thing can be sustainable for the future as well, the same infrastructure can be used as well for further enhancing the bulk business, do you think it is, are you of the same

opinion or what do you think, if there is a joint venture you will see like a one-off thing or it would be for a long term or so?

Nikhil Bhatt: See the Pharma segment or the Healthcare segment is not only the limitations for us because we are working in so many segments that food processing industries and looking to the awareness in the people for the Healthcare, so that demand will be increased as well as the food habits have changed, so naturally food processing industries and the healthcare divisions will be on big contracts and dairy as well as the Ice-cream industries are on the top in the Indian market, so we are catering to dairies also and so this will be a continuous, not only for the limited to the COVID-19 only, it will be a long term process.

Atul Bhandari: Okay, thanks a lot for answering the questions. And actually, from the financial side, I think we have discussed enough in the other terms. And then concerning the capex, if there is a need to enhance the capex, you know like capacity expansion, if there is a requirement, are we in the sense of you know, whatever let us say, the first thing which comes is to, is the land. Do we have enough assets to expand even more if there is an opportunity coming?

Nikhil Bhatt: Yes, so far as to double our revenue, we have quite capacity to double our revenue and so far as other, the refrigerator, the transport refrigeration segment is there which requires a huge space for the vehicles to keep there as well as the production. So in that part, we have also planned and also decided to keep our refrigeration transport we need to somewhere else and nearby we have already acquired a land nearby. So it will be improving our, there will be a financial saving on long term because at present this is working on a leasehold land, so after few years, one or two years it will be a, annually it will be Rs. 50 lakh to Rs. 55 lakh savings on the lease part excluding the infrastructure capex we are going to do.

Atul Bhandari: Okay, thanks good to know. And the very last question is about, I heard recently, I do not know it is true or not but internet gives lot of information and it is just that, that like Snowman Logistics, this company has a tie-up with I think Spice Jet for the distribution of you know, so I do not know if we are like say, having similar tie-ups to, for facilitating the distribution of the vaccine or not or if you ...?

Nikhil Bhatt: See so far as tie-up is concerned, there is no tie-up with right now anybody. Snowman is a different thing because they are in the service sector also, they have a logistics service they are providing with cold chains and cold warehouses might be there, so they have an opportunity for that but we do not have any idea for the other companies.

Moderator: Thank you. The next question is from the line of Rajendra Patel, an individual investor. Please go ahead.

Rajendra Patel: My question is, up to what temperature COVID-19 vaccine is there, so that we do not need to make additional Capex, if you can throw some light on it?

Chandrakant P Patel: If temperature require is more than -40 degrees, then we have to think for the additional Capex to develop the infrastructure for related to that equipment.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to the management for 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 all for your participation in this investor conference call event. Thank you for listening and have a wonderful new year, let us make India COVID free in 2021. Stay Safe, Stay Strong, Thank you.

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