Ice Make Refrigeration Limited
Q3FY24 Earnings Conference Call
February 16, 2024

Moderator: Good afternoon ladies and gentlemen, I am Muskan moderator for this conference call welcome to the Earning Conference Call of Ice Make Refrigeration Limited arranged by Aaryana Matasco to discuss the financial results for Q3FY24 ended 31st December 2023. At this moment all the participant lines are in the listen only mode later we will conduct the Q&A session. At that time if you have a question please press * and 1 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aryan Rana. Thank you and over to you, sir.

Aryan Rana: Good evening ladies and gentlemen. Thank you for joining us today for Ice Make Refrigeration Limited Earnings Conference Call. Ice Make Refrigeration stands as a prominent leader in innovative cooling solutions with a diverse portfolio of over 50 plus refrigeration products manufactured in India. Our consistent growth performance underscores our unwavering commitment to innovation excellence and customer satisfaction.

As we delve into the financial performance for Q3FY24, it's crucial to acknowledge that Ice Make has made remarkable achievement in revenue profitability and market valuation over the past few years. These achievements reflects our strong market position and effective business strategies. Furthermore, our commitment to sound financial management practice is evident in the significant reduction of our debt. **(Kindly note that this is factually incorrect and it was mistakenly told by Mr. Aaryan). (Our debt has increased as a part of CAPEX plan)**

One of the strength lies in our zero-promoter pledge which underscores our dedication to our shareholders interest and financial stability. This commitment to become strong of our corporate ethos and guides our strategic decision-making process. However, I would like to caution you that in our discussion we may touch upon forward-looking statements that are subject to known or unknown risks uncertainties and other factors.

Now without further ado I would like to introduce our esteemed executives who will provide insights into our financial performance and strategic outlook. Mr. Chandrakant P Patel – Chairman and Managing Director, Mr. Nikhil Bhatt – Vice President Strategy, Mr. Ankit Patel – Chief Financial Officer and Mr. Mandar Desai – Company Secretary and Compliance Officer. They will discuss the financial performance for a quarter and a nine months ended 31st December 2023. Address your queries and provide insights into our strategic initiatives, market opportunities and future prospects. With that said I now pass the floor to Mr. Patel. Thank you and over to you, sir.

Chandrakant P Patel: Ladies and gentlemen thank you for joining the call. We are pleased to present to you the financial performance of Ice Make Refrigeration Limited. Over the past few years despite facing challenges, our company has demonstrated resilience and strategic growth showcasing our commitment to excellence and financial discipline. The company has achieved impressive growth in our topline for the quarter under discussion driving the strong performance of domestic economy and conjunction. We continue to capitalize on this growth momentum with timely launch of innovative product and capacity expansion, stable raw material price, increased over all demand for Cold Room, Ammonia, Transport, Industrial and Commercial Refrigeration verticals have contributed significantly to our growth this quarter.

However, this quarter there has been a shift in our business product mix notably marked by the expansion of our Ammonia-based project ventures, while this expansion presents growth opportunity. It is important to note that this project typically in lower margin compared to our flagship product such as Cold Room and Commercial Refrigeration unit. Moreover, with uptake in our Ammonia based projects we may overcome the rise in installation costs which are now reflected in our other expenses. However, we are aware to your concern and challenge in phase. There has been a decline in net profit with a falling profit margin. We are actively addressing these challenges and have confidence in our ability to overcome them. Ice Make Refrigeration Limited remains committed to delivering sustainable growth and the values to our shareholders.

We are confident that our strategic initiatives and strong financial discipline is continued to drive our success in future. With a robust demand for cooling and cold chain strong storage solution both domestically and internationally, Ice Make is well positioned to seize this opportunity. We remain optimistic about ending this fiscal year on sound knock.

Thank you for your attention. I now invite our CFO Mr. Ankit Patel to provide insights into the company's financial performance followed by Mr. Nikhil Bhatt who will share our business growth strategy. Thank you.

Ankit Patel: Thank you MD, sir and good evening everyone. Let me first brief you on our Q3FY24 Financial Performance, where we witnessed a strong recovery in demands in the end market which lead to healthy growth in our revenue. During the quarter total income jump by more than 23% compared to the same quarter last fiscal. Consolidated total revenue in Q3FY24 stood at Rs. 84.52 crores compared to Rs. 66.82 crores in Q3FY23. The company recorded an EBITDA of Rs. 4.41 crores in Q3FY24 as against EBITDA of Rs. 7.46 crores in the corresponding period of previous year. During the quarter EBITDA margins stood a 5.34% as against 11.16% in the corresponding quarter of last fiscal.

The company's net profit stood at RS. 4.01 crores in Q3FY24 as against Rs. 4.43 crores compared to previous Q3FY23. The major reason behind the margin dip in current quarter is because of change in sales mix as addressed by our MD sir. Ammonia and project vertical generally contribute around 10% to 15% in topline whereas in current Quarter three the contribution was around 28%.

Now I am addressing the Nine month financial performance of FY24. The company recorded strong growth in revenue lead by recovery in domestic economy and consumption. Ice Make will continue to capitalize on strong growth with a timely expansion and launch of new and innovative products. During the first Nine months of fiscal 2024, the company post a robust 20% year-on-year growth in total income to Rs. 238.86 crores as against Rs. 199.04 crores in the first Nine month of fiscal 2023. The company has achieved an EBITDA of Rs. 20.46 crores in the first Nine month of fiscal 2024. The cost of goods sold as a percentage of revenue stood at 69% in the first Nine month. Despite higher cost the company was able to maintain highly profitability. The company's EBITDA margin stood at 8.6% in the first Nine month of fiscal 2024. The company owns a net profit of Rs. 11.87 crores in the first Nine month of fiscal 2024 as against Rs. 12.17 crores in the corresponding period of the last fiscal.

The company has a vision to achieve Rs. 1,000 crores topline in coming financial years and to support the vision we have done strategic recruitment. There might be a short-term impact on margins somewhere in the range of 1% or 1.5% in the financial year. The company is very optimistic in growing topline and maintaining a healthy EBITDA margin around 9.5% – 10.5% range in a longer run. Now Mr. Nikhil Bhatt will take over for the business updates. Thank you.

Nikhil Bhatt: Thank you, Mr. Ankit. Ladies and gentlemen now I would like to highlight some business updates as well as the running project which we are going to invest which was declared earlier. So first of all whatever the projects on hand particularly Continuous PUF Panel the status regarding the project building to civil work is under process as well as machineries are ordered and some of the delivering might be received by the end of this year and it will be dispatched in February and in the March end. Second thing regarding the Chennai-based project which we are going to start specific construction process shortly and document work is under process. The Kolkata based project is already 100% completed and production basis PUF Panel is healthy and it will show in result in the Q4. Regarding the Commercial Refrigeration project, we are planning for the procurement of the machineries, quotation has been received and it is in the advanced stage, and we will be able to finalize by end of this year.

More or less apart from the order on hand about Rs. 170 crores we are having an order on hand and there are some of the few reputed orders one of them is Rs. 3 crores order from Assam dairy as well as the 40 Cold Rooms single order from the Rajasthan Medical Corporation around Rs. 4.5 crores. One of the food processing company we have got the order of freeze dryer of Rs. 1.75 and the Ammonia project of around Rs. 8 crores so making Rs. 9.75 crores order from the single party.

Previously what we have the project on hand was that was our Ujjain project of the Panchmahal Dairy that project has been completed and almost all process has been done production is also already started. So these were the updates regarding the orders and our projects.

With the approach of summer demand for our product is expected to increase while there the refrigeration equipment markets has been fluctuating growth patterns improvement in the economy and supply chain are likely to boost demand in the future. Despite these positive trends, the industry faces challenges such as fixing consumer preferences, the need for quality adjustment to address environment concerns, fluctuating raw material cost due to geographical disturbance and a slowdown in global economic growth. To address these challenges Ice Make is focusing on resilience and innovation maintaining investment discipline actively engaging in business ecosystem and demonstrating a strong commitment to sustainability.

The company is also investing in new technologies efficient procurement and inventory management to sustain growth. Government policies promoting energy transition have supported manufacturing growth, but the uneven recovery across different markets and geographies remaining a challenge, necessitating a focus on cost consciousness and operational efficiency. Even the global economy slowdown geographical disturbance and regional growth dispatching Ice Make as a key player in the refrigeration equipment industry has adopted a vigilant and a forward-looking approach. Adaptation in supply chain dynamics and our cleaner practices are driving strategies shifts within the industry benefiting the company and stakeholders alike. Thank you and we stand ready to address any questions you may have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Zaki Nasir an Individual Investor. Please go ahead.

Zaki Nasir: Sir when will this Continuous Cold Panel's project be implemented? When will the commercial production start? And as Ankit said that next year we are expecting the EBITDA margins to be around 10%, so for next year along with this Continuous panel project which may come for half of the year or 9 months, do you think we can still hope to do the Rs. 500 crores or it will be nearer Rs. 450 crores on the sale side?

Ankit Patel: The projections that we have made from that we feel that next year Rs. 500 crores is possible. We don't see any major impact of this the way our CAPEX is in lined we feel that by June end or next July this will be commissioned, so that project will also be functioning, so we will get approximately 8 to 9 months for doing its business, so we feel that Rs. 30 crores, Rs. 40 crores or may be it is possible that Rs. 50 crores is possible, so we are expecting a topline of Rs. 40 crores, Rs. 50 crores from it.

Chandrakant P Patel: Besides that we can do our commercial production by the second quarter end or mid of the first quarter, so some contribution will come from that product, so we feel that we can easily reach Rs. 500 crores.

Zaki Nasir: Apart from that how do you feel the geographical stretch in Kolkata, you have made inroads in Bengal how is the response there? And what is your idea about the South, current year anything you are looking at in the South?

Chandrakant P Patel: Ankit will tell you with the percentage and value.

Ankit Patel: East business is almost the same as our last year's business and if we talk about Nine months period then around 11% contribution we got from this side. However, in South that percentage has increased by 2%, in West if we compare for Nine months then dependency has little bit reduced last year the share was 63% now it has become 55% in West may be it is due to some big projects otherwise our dispatch is heavy in West. I think the expansion which we did in East in Q3 its contribution was hardly Rs. 10 lakhs - Rs. 15 lakhs, it was not more. In Q4 we think that it has again started, so in Q4 we will start getting the benefit from the contribution of IceBest from East.

Zaki Nasir: Next year Ankit after implementation of the Continuous Panel what will be the peak debt in the company, sir?

Ankit Patel: If we see debt profile, we have taken a loan worth Rs. 48 crores which we have told during the time of CAPEX. Now the expansion which we are currently doing in Chennai for that we have already taken a debt of Rs. 7.5 crores. Otherwise, if we talk about the working capital then by adding the limit of our Non-Fund Based price working capital our working capital limit is Rs. 52 crores as of now. Our current fund-based utilization is about Rs. 15 crores to Rs. 20 crores.

Zaki Nasir: After Continuous Panel project how much will be the peak debt whatever few more which we will take Peak long-term debt forget these working capital debt, what will our peak long-term debt next year and after full implementation of Continuous panel?

Ankit Patel: We don't have any other debts in our books beside these 2 debt of Rs. 48 crores and Rs. 7.5 crores, so when our project will be functioning somewhere in June or may be in July then it can be on peak both are our term loans.

Zaika Nasir: So next year it should not be more than Rs. 60 crores?

Ankit Patel: No it is not long.

Moderator: Thank you. The next question is from the line of Tej Patel from Niveshaay. Please go ahead.

Tej Patel: Sir I had doubt on margin side, so you have given reason that due to the change in the product mix there is an impact on the gross level, so I missed what you said that the contribution of Ammonia refrigeration this quarter was 28% and how much was for previous quarter? And year-on-year wise what was the contribution of last December quarter for Ammonia? And how much are we expecting its contribution going forward, so that we can get an idea of margin?

Ankit Patel: This quarter contribution from Ammonia business is 28%, if we talk about the previous quarter 1 and quarter 2 then last Q2 which was an immediate preceding quarter in that 10% contribution was there and before that Q1 was there in which Ammonia's contribution was around 14% to 15% and if we talk about the previous full year then 10% contribution was from our Ammonia vertical. As of now if we see the Ammonia vertical our margin is somewhat compressed and this is not our primary or focused sector. If we target year-on-year then we have kept a target that around 15% our Ammonia vertical will be there in our topline contribution and we cannot say anything because sometimes it is opportunity based and sometimes due to some projects entry we get benefited in other projects or other business as well. Many times our other verticals entry levels are also supported from our Ammonia vertical, so 5% are here and there. Our major contribution will be from focusing on our premium vertical.

Tej Patel: So we can assume that yearly contribution will be 10% to 15%?

Ankit Patel: We assume 15% if we go higher side then it can go up to 20%.

Chandrakant P Patel: It will not be uniform Ammonia is actually tender based, sometimes big projects orders are received, sometimes we use it also, so you can take average of 15% in Ammonia plus minus 2%, 3% because last year it was 10%, 11% and previously before 1.5 years, 2 years it was in the range of 8% to 10%. Current year due to big projects Ammonia business contribution increased and equally our Commercial and Cold Room business was little flat that is why Ammonia contribution seems to be more.

Tej Patel: One more question our full year guidance that we will grow from 30% and according to it number is showing around Rs. 400 crores and if we are count for 9 months then if we have to achieve our target in last quarter then it is around Rs. 168 crores, so do we have that inventory, so that we can achieve that number or this number is not possible this year or will do some revision in guidance?

Chandrakant P Patel: We also have the same doubt that it is difficult to reach our business at Rs. 400 crores in last quarter, but we have said earlier also that we will do from 25% growth because this current year no new CAPEX contribution came into the business and monsoon season also went long in the current year, so the results of all our peers are also in the same accordance, so we feel that we can close in between Rs. 360 crores – Rs. 380 crores.

Tej Patel: Our Chennai plant where civil construction has been started, so how much time will it take for completion and when will it go for commercial production? Will it start in FY26 can you tell something regarding this?

Chandrakant P Patel: It will take 9 months, legal process is little lengthy there.

Nikhil Bhatt: In FY25 it will be in production, it will not go to 26.

Tej Patel: So it will be completed till last quarter?

Chandrakant P Patel: Yes.

Moderator: Thank you. The next question is from the line of Nikhil Chowdhary from Kriis Portfolio. Please go ahead.

Nikhil Chowdhary: Sir I wanted to understand that usually what is the typical size of an Ammonia contract? In what range it is in? How big is the order?

Chandrakant P Patel: Ammonia's minimum order will be from Rs. 50 lakhs to Rs. 25 crores. Till now we have done of Rs. 25 crores. Generally, Ammonia's project orders are of Rs. 100 crores which are big Greenfield projects**.** You can assume that the ticket size of Ammonia's average order will be of Rs. 7 crores, Rs. 8 crores last year and current year.

Nikhil Chowdhary: In the current order book how will be the contribution of Ammonia?

Chandrakant P Patel: In current pending order book Ammonia will be in the range of Rs. 35 crores to Rs. 40 crores, but we have got 1, 2 orders it is not like that it will be executed in Q4 itself. Mostly Rs. 20 crores to Rs. 25 crores or in Q4 we were doing project of Rs. 30 crores for both Ammonia and Project business together.

Nikhil Chowdhary: Sir can we make such a strategy that Ammonia can bring you an additionally business upon further other verticals, but is it possible that in this quarter our Ammonia's contribution increased is it possible that in any of the quarter we not let it exceed like say 15% because I don't have your execution idea that how rest of your projects are executed, so that our margin volatility remains contained because our sustained liability was coming 9%, 10% that never spoils because it is possible that in coming quarters due to Ammonia our margins dip?

Chandrakant P Patel: Actually, we cannot go forward by making any of such target or focus that in quarter 2 and quarter 1 we will close Ammonia at 15% only because it is project based, so it is done at the time of at the completion, so it can be 1 or 2 quarter, but Ammonia will be down in next quarter. You can assume that yearly average is 15%. Going forward we neither focus nor ignore Ammonia, but one bottleneck was there that we were not able to do orders above Rs. 1 crores to Rs. 2 crores. We started Ammonia to complete the range of refrigeration. We got good response in 6 years. During initial times we required 5 to 6 years to create our reference, to create one customer's goodwill in Ammonia vertical. Going forward with profitability we will get orders in premium price then our net profit in our balance sheet will not be disturbed due to Ammonia it will be equal in the contribution.

Nikhil Chowdhary: So basically, in future going forward may be Ammonia will not impact our numbers?

Chandrakant P Patel: Yes, after 1 year to 2-year net profit from Ammonia will become like other business.

Ankit Patel: In our Continuous panel project in that also Ammonia vertical we outsource that panel, so when this Ammonia business increases then our new project of Continuous panel its consumption will also increase and it will support that also, so Ammonia's margin can improve after Continuous panel.

Moderator: Thank you. The next question is from the line of Piyush Jain an Individual Investor. Please go ahead.

Piyush Jain: Sir my question is that we are doing a growth of about 20%, but last year our March quarter was very good we had almost done Rs. 113 crores, so can we assume that we can do a growth of 25% beyond this Rs. 113 crores because you told that this year we will close on Rs. 360 crores or something numbers can you tell something regarding that?

Chandrakant P Patel: We have told Rs. 360 crores to Rs. 380 crores. We feel Rs. 380 crores for 3 quarters.

Piyush Jain: Three quarters is Rs. 240 crores?

Chandrakant P Patel: After seeing the order book we feel that we can do a topline growth of 20% in the last quarter because the on hand order book is between Rs. 150 crores to Rs. 170 crores.

Piyush Jain: So you are saying that we can do approximately Rs. 370 cores – Rs. 380 crores means you are saying that in last quarter business of Rs. 130 crores – Rs. 140 crores is possible?

Ankit Patel: Yes, very much possible.

Piyush Jain: The order book which you are saying of Rs. 170 crores generally for how many months this order book is executable means is it for 6 months, for 1 year, or for 3 months how is this done?

Chandrakant P Patel: This Ammonia business is minimum for 7 months to 12 months and few are disputed commercial products which is for 1, 2 week cycle, but it is like that after order is done customers have their own issues regarding bank loans or their construction, so our dispatch doesn't happens as per our commitment when the inventory is made, so to complete the order book leaving the project 45 days average can be made.

Piyush Jain: Sir what was our gross margin this quarter from the last few quarters? The impact in margin is due to the gross margin reduction or gross margin has been intact, but other than gross margin the margin has dropped.

Chandrakant P Patel: If you roughly see the gross margin for 9 month or for a year, if you see Q-on-Q then due to Ammonia it can be 2%, 4% up or down, but on annually basis besides gross margin sometimes installation cost which comes in other cost. If we look at our gross margins then it is 28% - 30%. In that vertical wise labor cost will be different we don't add it. We can assume a margin of 28% to 30%.

Piyush Jain: I want to understand a few things that we have told in the past that in 2025 it will be Rs. 500 crores then in 2027-2028 it will be Rs. 1,000 crores, so largely from where this growth will come because as far as I understand that most of our orders are of small amount like Rs. 1 crores, Rs. 2 crores, Rs. 5 crores, Rs. 4 crores, so do we have big orders like from any company or from any dairy we have received any order which is of Rs. 20 crores or Rs. 25 crores or some big orders anything like that or adding these small orders this business is building up?

Chandrakant P Patel: Big and small orders are mixed, big orders are always on hand, few orders are big, but small orders are also more because our Commercial vertical which we say Cold Room that Modular Cold Room if we see its size in Commercial then an individual machines size and value is not more than Rs. 70,000, Rs. 80,000 and Modular Cold Room is from Rs. 8 lakhs to Rs. 10 lakhs, but the number of order is more in that. If we talk about the pharmaceutical we work with many of our OEMs, so multiple orders of same size or nearer size comes in one PO it is not necessary that we have to sell it individually same customer multiple order is there. If a 5-star, 7-star hotel is there then in one property itself 15 to 30 Cold Rooms order is there, so such is the quantity. When we have forecasted a Rs. 1,000 crore business there Commercial Refrigeration and Continuous PUF panel whatever business is there is in the volume and its order size is always big. Continuous PUF panel work will be there if order is there from the end user side, so that order's size will be around Rs. 2 crores or above Rs. 2 crores and we are a dealer in Commercial Refrigeration so we will do in time. If we see the individual order then that also will be above Rs. 50 lakh.

Piyush Jain: We also said that we are doing a CAPEX of Rs. 200 crores, so what is the update on that means is it started because you told about the bad debt, in that it is understandable that this Rs. 200 crores debt will not come until March of this year?

Ankit Patel: We have planned a CAPEX of Rs. 200 crores over a period of 3 years we will do in 3 years, so one business for Continuous panel has come, we have done a Chennai project then in East side also we have done there also a second phase will come once stability comes in that market or political environment or production designing we want to see. We are planning in North side also and once this Continuous panel is successful then we have other planning also with us till next year's December once its forecasting is done that in this project we can go in this manner then we will plan it geographically.

Piyush Jain: This Rs. 200 crores is largely is towards Continuous panel or it will be placed in geographical expansion? Where will this Rs. 200 crores number be deployed? Is it Continuous panel, is it something Chennai or something that is done in East, I think there the numbers are small, or we will do in North? Where can it be deployed?

Nikhil Bhatt: This Rs. 200 crores is not for Continuous panel. In Continuous panel contribution is about Rs. 60 crores. Apart from that the work we are going to do in Commercial filters, going to install new project automation line that will be between Rs. 15 crores to Rs. 20 crores. In Bharat Refrigeration our additional investment is from civil in land and building and going forward in East side the pilot project which we have done its contribution will increase and if everything is convenient then there also we will do a full investment. In North side we don't have any manufacturing setup, so initially we will plan something by stock pointing or warehousing in which some investment will be done and going forward according to the opportunity and according to the condition there we will take some decision. So this Rs. 200 crores is not only for Continuous panel, but it is for our going forward projection for 3 years that we will do this much of investment may be debt will be there going forward according to the opportunity and requirement of the market we can plan for funding.

Piyush Jain: How is the response of the pilot project which we started in East? And do we plan to expand more there?

Nikhil Bhatt: No, at present it is a very early stage. In the second quarter working is going on there. In first quarter means Q3 100% work was not happening, so we feel that at this quarter end it will be better and depends upon 6, 8 months working or after 1 year where we are going to increase our capacity, so its utilization and according to the market condition next year we can plan about it that what should be done.

Piyush Jain: What is the scene of South in Chennai?

Nikhil Bhatt: The existing unit going there the manufacturing setup is a space constrains and on cost point of view we have taken a decision that we will go for our company owned property and by doing construction will shift the present setup and if additional requirement is there then will do for development. Currently the space constraint is there and cost is there, so in big scale we can add a few products in manufacturing which we do here in our head office of Ice Make. So will increase the product range in manufacturing and do the expansion accordingly.

Piyush Jain: In this quarter have we added any new client, breakthrough or something new client any name?

Nikhil Bhatt: Yes, as I have told that in food processing industry one big client is there from whom we have received an order of Rs. 10 crores and before 10 years we did a project of Rajasthan Medical Corporation of 40 Cold Room which was a single order in that we can say a we got a repeat order through a tender for 40 Cold Rooms, though it is a rate contract and overall requirement for the Cold Room will be approximately between 85 and 100 which is in different location. The first order which we have received is for 40 Cold Rooms.

Piyush Jain: What will be the amount for 40 Cold Rooms any ballpark number?

Nikhil Bhatt: Its value is Rs. 4.5 crores, average will be between Rs. 10 lakhs to Rs. 11 lakhs. Different locations are there. It has to be installed in every district of Rajasthan where they have their drug warehouses.

Piyush Jain: Roughly I can understand that this year if we are closing at Rs. 370 crores – Rs. 380 crores then may be next year we cannot touch Rs. 500 crores but can be around Rs. 450 crores? That could be the number we take in to consideration.

Nikhil Bhatt: Previous year's growth and according to the potential business that we are seeing we will go to Rs. 500 crores, rest our 2 projects support will be there Continuous PUF panel and Commercial Freezers, so doing Rs. 500 crores doesn't seems difficult, but it depends upon the time and the situation. Our projection is we should cross Rs. 500 crores next term.

Piyush Jain: The margin that is less in this quarter is one off and we assume that we will do the margins in the range of 9%, 9.5%, 10% because I understood everything about the Ammonia and all, so more or less margin we will be again back to the trajectory of between 9% to 10% range, correct?

Ankit Patel: Our vertical wise margin is in comfortable level. We have done some strategic recruitment, but that margin is not like that due to which our financials or profit will be dipped this is because of the mix. If we see annually then our margin will be comfortable. The range is Between 9.5 to 10.5 which we will sustain in long run also.

Moderator: Thank you. The next question is from the line of Faisal Hawa from HG Hawa and Company. Please go ahead.

Faisal Hawa: Sir don't you feel that today's business approach you have to be much more ambitious and go in larger export market it has a huge demand and much more appreciation of the kind of work that we are doing? So don't you think that we are a bit more ambitious about this?

Chandrakant P Patel: Opportunities are there in export and we are working in this direction also. Particularly we get priority in OEM business because we require local support also particularly backup support is necessary in refrigeration product and service. Though there are opportunities in export market particularly in African countries along with US based many of the OEMs we are developing and their business is starting so their government procedures and policies are there of which we need approvals that is called ULK that is under process. The moment this document processing is completed we see a lot of chances of export business there. But at the same time as we have told earlier there are many opportunities in the domestic market. So if there is no specific margins benefit in focus and in spite of that if we focus on the export that is not right so it is better if we focus more on domestic markets but we are expanding our export markets aggressively. The kind of efforts we are putting in developing our business aggressively in the export markets I believe we are going to get a lot of business in the export markets.

Faisal Hawa: Second thing is sir that the business we are doing of Rs. 200 crores, does this have export potential as well?

Chandrakant P Patel: The export will happen in that as well, but it will not be a very big volumes. This is a volumetric product so it has a huge shipping and logistic cost and because of that we cannot compete with other competitors.

Faisal Hawa: Do we have put any efforts on putting our cold storage products in exhibitions and all?

Chandrakant P Patel: Are you talking in reference to Continuous panel?

Faisal Hawa: Yes, Refrigeration.

Chandrakant P Patel: In Continuous PUF panel actually marketing strategy's plan has already been made. One experienced sales person has been appointed and in next year in 2025 there is one exhibition is going to be organized for this related matter we have already planned and booked but this product is such it is all dependent on samples and all but right now the exhibitions which are keep on happening in other segments in that we hare already started our marketing campaign and we have given information regarding our projects and we have already started focusing marketing and on business development and in Continuous PUF Panel exhibitions do not happen but if the exhibitions in comes in other segments such as cold room infrastructure we will definitely participate in that.

Faisal Hawa: In Continuous panel when our plants were started then how much improvement was there in ROC and ROE**?**

Chandrakant P Patel: Actually what net margin and EBITDA margin which we are projecting in that our existing products margin is more but after absorbing the labor cost our margins decreases. On the other hand Continuous Panel is a fully automated product in that gross margin is less but there is not much cost associated with labor and handling cost that is why net-net it will support the margin which is in the existing verticals.

Faisal Hawa: So will it maintain the current ROCE margin of 28% to 29%?

Chandrakant P Patel: We are projecting ROCE of about (+25%) but what happens many times the sales depends on the vertical wise sales so we would try to do better EBITDA margin so that our ROCE will be maintained.

Moderator: Thank you. The next question is from the line of Vikas Gupta from Wealth Guardian. Please go ahead.

Vikas Gupta: I just wanted the vertical wise revenue breakup for the quarter.

Ankit Patel: Our contribution in Cold Room in Q3 was around 46%, Industrial Refrigeration is 4%, Commercial is 17%, Refrigerated van is 6% and Ammonia and other turnkey project is 28%.

Vikas Gupta: Similarly, what was it in the last year?

Ankit Patel: Last year our Cold Room contribution was 47%, Industrial was 5%, Commercial was 28%, Van and Ammonia both were 10%, 10%.

Moderator: Thank you. The next question is from the lines of Tej Patel from Niveshaay. Please go ahead.

Tej Patel: Last question regarding the margins which we were talking for PUF panel roughly what would be our margins on EBITDA level? And according to you what will be the industry size approximately for this PUF panels? And if we are operating in full capacity then yearly how much revenue can come from this if you can provide the numbers?

Ankit Patel: The size of the industry is approximately around Rs. 7,000 crores and if we see the full optimum capacity in single shift then it is Rs. 200 crores and if we see in double shift then it can be Rs. 350 crores or Rs. 300 crores plus. If we talk about the margin on EBITDA level then it will be around 8.5% or 9.5%.

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

Mandar Desai: Ladies and gentlemen your presence on this conference call today has been greatly appreciated. Our optimism for the growth journey ahead not only within India, but also in other regions remains steadfast. On behalf of Ice Make Board of Directors and management I extend our heartfelt gratitude to each of you for investing your valuable time and participating in this Earnings Conference Call. Should you have any further enquiries or require additional information please do not hesitate to reach out to us or you can contact my colleague at ayesha.aryan@aaryanamatasco.ind.in We remain at your service to address any queries you may have. Once again thank you for being a part of this conference call wishing you all a fruitful and fulfilling time ahead. Thank you.

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