

Ice Make Refrigeration Limited
Q2 and H1 FY25 Earnings Conference Call
November 19, 2024

Moderator: Welcome to the Earnings Conference Call of Ice Make Refrigeration Limited arranged by Aaryana Matasco to discuss the financial results for Q2 and H1 FY25.

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. Should you need assistance during this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone.

I now hand the conference over to Mr. Aryan Rana . Thank you and over to you, sir.

Aryan Rana: Good evening everyone. Thank you for joining us today for Ice Make Refrigeration Limited’s Q2 financial year 2025 Earnings Conference Call to discuss the Financial Performance for the quarter ended September 30, 2024.

We are delighted to share another quarter of solid performance underpinned by our commitment to innovation of **1:06**__ excellence and our robust portfolio comprising of over **55 plus 01:11** refrigeration equipment. The financial results for the quarter are available on our website and the stock exchanges. However, I would like to remind everyone that during our discussion we may include forward-looking statements these are subject to various risk and uncertainties with known an unknown that may **1:30**__ these results performance or achievements. We encourage you to view these statements in conjunction with the risk factors outlined in our disclosure.

Joining us today to discuss results and address your questions, we have our esteemed management team 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. During today’s call we will walk you through our financial performance for the 2nd Quarter of FY25, answer your questions and share insights on our strategic initiatives, market opportunities and future outlook. With that I will now hand over the call to our Chairman and Managing Director Mr. Chandrakant P. Patel, sir over to you.

Chandrakant P. Patel: Good evening everyone. I am happy to share with you the financial result of Ice Make Refrigeration Limited. In 2nd Quarter despite a challenging market environment, our performance shows our strong strategic execution and commitment. We have witnessed

robust growth in revenue on both standalone and consolidated basis driven by increasing demand across our diverse range of refrigeration solution. This growth shows the success of our market expansion initiative and a solid demand product offering.

Our quarter-on-quarter improvement in EBITDA margin will be our focus and on enhancing operational efficiency and smooth process. While we observe slight year-over-year decline in PAT margins, this was primarily due to increase man power for associated with new project. This cost our strategic investment and we expect see positive return once the project starts generating revenues.

To address short-term cost pressure, we are implementing strategic cost management measure at optimizing our expense structure. These initiatives are expected to improve profitability in the coming quarter. Our current running order book is Rs. 126 crores and we are confident to achieving a new milestone of our Rs. 500 crores revenue target this financial year.

Our both new project like Continuous PUF Panel and Commercial Freezer will be operational by end of this month and we are well prepared to capture the upcoming season benefit. We have committed to delivering sustainable growth and enhancing profitability. We are actively expanding our market presence through continuous innovation and operational excellence. With our diverse product portfolio like Cold Room Storage, Ammonia Refrigeration, Industrial Commercial Refrigeration as well as Transport Refrigeration we are well positioned to capture on the increasing demand for Advance Cooling and Cold Chain solution.

Thank you all for your continued support and confidence in Ice Make. We look forward to maintaining our growth momentum and achieving greater milestone in the quarter ahead. Thank you for your attention.

I now invite our CFO Mr. Ankit Patel to provide insight 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 to everyone. I am pleased to report that our consistent quarter-on-quarter financial growth demonstrates our strategic focus on sustainable expansion and operational efficiency. About standalone financial performance, in Q2 FY25, our Revenue from Operation increased to Rs. 101.38 crores a growth of 21.88% from Rs. 83.17 crores in Q1 FY25 a notable 34% rise in year-on-year. This performance was driven by heightened demand and effective execution of our strategy.

Our EBITDA reached Rs. 8.51 crores up by 35.08% from the previous quarter and 10.81% year-on-year. The EBITDA margin improved to 8.37% higher than 7.56% in Q1 FY25 although a slight below the 10.11% recorded in Q2 FY24 due to increase in strategic man power cost of our new project.

Profit after tax stood at Rs. 4.89 crores reflecting a 27.01% rise from Q1 and a 6.53% increase year-on-year. With a PAT margin improving to 4.81%, an increase from 4.62% in Q1 it is below 6.05% seen in Q2 FY24.

On Consolidated financial performance, Consolidated Revenue reached Rs. 103.39 crores it is up by 21.31% from Q1 FY25 and a 34.46% increase year-on-year reflecting a strong market demand and enhanced product portfolio.

EBITDA increased by 39.81% to Rs. 8.57 crores with a margin of 8.28% up from 7.19% in Q1. It is a bit lower than 10.01%, which was reported in last year. Consolidated PAT was Rs. 4.79 crores a 31.59% increase from Rs. 3.64 crores in Q1 and 6.68% rise year-on-year. The PAT margin improved to 4.63% up from 4.27% in Q1 though it was below the 5.83% recorded in Q2 FY24.

For half year review for H1 FY25 Standalone revenue raised to Rs. 184.55 crores up 20.63% from H1 FY24 while Consolidated revenue increased by 20.88% to Rs. 188.61 crores. However, Standalone PAT declined by 13.96% to Rs. 8.75 crores and Consolidated PAT fell by 14.42% to Rs. 8.43 crores.

The Company is under expansion phase. We have to incur some cost for a bit time before revenue from new projects starts. This is a temporary effect on our margins, once our revenue from new project start, our EBITDA margin will be in the normal range of 9.5% to 10.5%.

Now I invite our Strategy head Mr. Nikhil Bhatt to share the "Business Update". Thank you.

Nikhil Bhatt:

Thank you Ankitji. Ladies and gentlemen Ice Make's Robust revenue growth underscores our strong market position and the sustain demand for our diverse refrigeration solutions. Our commitment to innovation product diversification and the expansion of our sales channel has been instrumental in driving consistent performance.

Looking ahead the Indian Cold Chain Storage and Logistic market is poised for significant growth as per the one of the recent report project a compound annual growth rate of 5.67% with a market size expected to expand from \$10.30 US billion in 2024 to \$13.58 US billion by 2029. This growth is sure by increasing demand for perishable goods, the expansion of the food and pharmaceutical industries and the rising influence of E-commerce platforms. We anticipate strong opportunities in the market as well as investment in Cold Storage facilities and Logistic Infrastructure enquiries.

Ice Make is well prepared to capitalize on this growth leveraging our extensive product portfolio and strategic initiatives to meet the evolving needs of our customers helping the Company to achieve its revenue target. During this current year, we are receiving a sizeable order from our good, reputed customers and the organization like West Bengal Livestock. We

have received one order from the Dairy Modernization for the Rs. 9.63 crores as well as from the NEDB for the Refrigeration Plant in Himachal Pradesh of valued up Rs. 8.28 crores and from Jammu and Kashmir Horticulture Board for the CA Cold Storage of about Rs. 10 crores and also we are getting a good numbers from the leading good E-commerce platform with our existing customer as well as the new customer.

So, far as our new capital enhancement project expansion as our MD sir rightly said Continuous PUF Panel Plant has resolved already established and the trial run has been done and the production will start shortly and the Chest Freezer or Commercial freezer plant will be also operative by end of this month. So, far as our associate for the sister Company Bharat Refrigeration at present civil construction work is under way and by April 25, it is likely to be completed and we will be able to shift that unit by 2nd Quarter of FY26.

As our MD, sir rightly says we are targeting Rs. 500 crores which is achievable looking to the numbers of orders we are having as on today is Rs. 136 plus crores and we are hopeful that we will definitely catch this target.

Thank for your continuous support and now we look forward to your questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the lines of Resha Mehta from GreenEdge Wealth. Please go ahead.

Resha Mehta: So, wanted to check that what could be the revenue contribution of Transport Refrigeration and Ammonia refrigeration for the first half? And since these are low-gross margin segment, so the total revenue contribution from these 2 segments would we like to cap them at some level like in FY24 it was at almost 27% of revenue, do we have such a capping number in mind, so that is my first question?

Ankit Patel: For the first question about Reefer Van contribution, in H1 Transport Refrigeration contribution is around 8% and Ammonia along with the project has contributed around 23%.

Resha Mehta: So, are we planning to cap the revenues from both these segments at an annual level to some number because these are low gross margin segments, so how do we actually think about this?

Ankit Patel: In the Ammonia segment we have seen that the margins are a bit low. Transport Refrigeration is also similar it is around 16% to 19% gross margin business. Transport Refrigeration vertical should be somewhere in the range of around of 10% business. It is not like we are capping, but the nature of business is like it should somewhere in the range of 8% to 10% and so far as Ammonia and other project business is concerned we feel that in even current financial year also it should be somewhere in the range of may be 17% to 20% range on full-year basis. But there are some projects also which are having equal size of margin I think gross margin somewhere around 25%, 28% also, so not all the projects are having low-margin business, but

our focus is to maintain around 9.5% to 10.5% EBITDA going forward with around 25% to 30% growth year-on-year. So, the business mix will also be in the similar fashion. It might happen that may be 2% to 3% business may be somewhere here and there, but our focus is to maintain EBITDA margin in the range of 9.5% to 10.5% and our projection will be in the similar direction.

Resha Mehta: And 9.5%, 10.5% EBITDA margin we are confident of maintaining or achieving despite the revenue contribution from these 2 low-gross margin segments increasing, is that understanding right?

Ankit Patel: In current project there are some projects where we are having gross margin around 25%, 28% also. Some are having margin in the range of may be around 12%, 15% also. So, it is not fix that each and every project will bear low margin, but yes it is right it is in general said that big projects are having less margins, but there are some projects which is having equally good margin also. So, we are also very selective that if we are selecting any project that our EBITDA margin should be somewhere in our decided range also, so our focus will be there, and we will make our projection accordingly. And yes, we are confident that in going forward 9.5% to 10.5% somewhere in the range of 10% we will be able to maintain our EBITDA margins. We are confident on that.

Resha Mehta: In the industry the Cold Chain industry size is almost 2 trillion while the addressable market there for us is around Rs. 6,000 crores as per your presentation, so by entering new categories or new product line etc., how much is it possible in the near term in the next 2 years to 3 years to say expand this addressable market from Rs. 6,000 crores to let us say a Rs. 8,000 crores, Rs. 9,000 crores is that possible? And if yes then which are those new products, new categories where we are planning to enter?

Nikhil Bhatt: Actually, what you are referring the Rs. 6,000 crores of market that is we believe that we believe that is roughly for our existing for us. If we add our new product that is our Commercial Freezer as well as the Continuous Freezers it will be total Rs. 15,000 crores in all, so we are definitely increasing our market shares and we are hopeful that we will be getting new business from this current market quarter over here estimated around Rs. 15,000 crores.

Resha Mehta: That is Rs. 15,000 crores, right?

Nikhil Bhatt: Yes, so existing product is above Rs. 6,000 and the Continuous Panel market may be around Rs. 4,000 crores and the Commercial Freezers market may be Rs. 3,000 crores to Rs. 4,000 crores of market what we believe. So, total making is the Rs. 15,000 crores of the total market of our existing as well the new product.

Resha Mehta: Also, my understanding is that in Chemicals and Plastic Industry we have a low presence, so how big is it currently for us in terms of revenues and what is the potential year over say next 2 year to 3 year?

Nikhil Bhatt: See actually, it is true that in Chemical and Plastic Industries we are having less presence, but in the Pharmaceutical it is already there, so it one type of Chemical process in the Pharma Industry. So, when we are focusing on Chemical market and Plastic because there in Plastic some of our products like Chiller it is our ancillary product or ancillary machinery to the Plastic Industry, so it may not be required major product in the plastic industries except some storage of the raw material in particular chemical or etc.

Moderator: Thank you very much. Next question is from the line of Nikhil Chaudhary, an Individual Investor. And a request to all the participants, kindly ask question in Hindi if possible.

Nikhil Chaudhary: Ankitji can you explain that Quick Commerce like Zepto, Blinkit etc., are growing very quickly and we have few of our customers in it also, so how big do you think this opportunity is or how big will be the contribution of your players in the next 2 years to 3 years because they also have to setup dark stores and your services will be required, so can you tell something regarding this like with how many Quick Commerce players we are already in discussion and are associated with?

Chandrakant P. Patel: Actually in E-commerce we work with all the good and big players, the new people who are coming like brokers and dialogues are going on with old ones like Flipkart and according to our projection, every Company is saying that we will make 2,000 dark stores and their existing numbers are around 300, 200, so I think that in the next 2 years, 3 years we can assume a total market of Rs. 600 crores from this.

Nikhil Chaudhary: Only from these?

Chandrakant P. Patel: Yes, from these only.

Nikhil Chaudhary: So, how much is their current contribution?

Chandrakant P. Patel: This E-commerce has just started, so in 1st Quarter there was not much contribution in the revenue. There is a boom in 2nd Quarter, 3rd Quarter and good projection of numbers in 4th Quarter is there and ballpark it will be like 5%, 10% because in last quarter our retail season also opens up, so it will be between 5% to 8%.

Nikhil Chaudhary: Thank you, sir it will be a big opportunity if Rs. 500 crores, Rs. 600 crores comes from this space itself. Today it is close to less than Rs. 50 crores. Thank you, sir.

Moderator: Thank you. The next question is from the line of Vikas Jain from RM Capital Family Office. Please go ahead.

Vikas Jain: The compression on margins which happened on year-on-year basis, so that compression is mainly coming from the gross margin side, so can you comment something on product mix, like how was the product mix in every segment for this quarter?

Ankit Patel: I will tell you the vertical wise contribution in topline for the first half. In Cold Rooms we have done a business of 48%, Industrial Refrigeration's contribution is around 4%, Commercial is 17%, Van I am telling about Transport Refrigeration in that the contribution is around 8% and by combining both Ammonia and Project the contribution is 23%. And if we talk on blended gross margin level then I think you are comparing from previous year that is FY24 and if you compare first half and this half then there was a variation in sales mix because in our last year's 2nd Quarter results the contribution from our key or premium vertical was about 80% I am not sure, but somewhere in the range of 80%, 75% to 80% may be 78%. So, the variation in gross margin is due to the sales mix. Again our focus will be that year-on-year if you see the margin profile, so on annual basis you will not have any major variation. If you observe the previous year's Q3 then it will appear that our gross margins have increased significantly and profitability has decreased, so it depends on what type of sales mix we have. If we monitor on annual basis we can control it a bit because many a times it happens that the site of big projects are not ready, sometimes dispatches are more then at that time what happens is that site or due to the delay in dispatches quarter margins get compressed or sometimes it gets too much. So, if you see on annual basis then our margin profile is almost similar.

Vikas Jain: So, probably in few quarters execution of lower margin segments are more, so your margins are less, but on an annual basis it remains the same?

Ankit Patel: On an annual basis you can our EBITDA range or gross margin range that will be much comparable.

Vikas Jain: Second thing our CAPEX figure like you told in initial comments like both the new projects are almost on the verge of starting operations, so in H1 how much CAPEX has been done? And what is the guidance for H2?

Ankit Patel: Our first phase in which we say that Rs. 100 crores CAPEX will be done in which if we add both Continuous Panel and Commercial Freezers then we can see that CAPEX as of now is at end that means we have almost done the CAPEX, hardly the installation amount or some amount which we have to give after commissioning that all amounts are yet to appear on books. In Continuous Panel we have done an expense of about Rs. 64 crores in which land is Rs. 14 crores, both building and machinery is Rs. 20 crores to Rs. 23 crores, electrification and others we have approximately an expense of around Rs. 3.5 crores. In Commercials, machinery worth Rs. 15 crores has arrived and currently is undergoing commissioning. Continuous Panel production has started, this month we are expecting billing will be done. Commercial Freezers commissioning is going on and by the end of this month production will also start in that. So, for these 2 new projects from December we will have the next 4 months that is pre-summers it is the time when people do big CAPEX or do big procurements, so these 2 projects will benefit us in our topline. As Vice President Strategy Nikhilji told that the Chennai CAPEX which we have done we are expecting that its construction will be complete somewhere in the April and in

that CAPEX of around Rs. 4.5 crores, Rs. 5 crores has been done and after 1st Quarter of next financial year we will be shifting.

Vikas Jain: The order book visibility of Continuous Panel and Commercial Refrigeration is for how many months? And since we are starting its production, so as on date what do you think about its order book? What will be the revenues? How much revenue can we clock in H2?

Chandrakant P. Patel: In H2 we hope that we can do about Rs. 45 crores to Rs. 60 crores from both the new products. Regarding order book, trail testing of Continuous PUF Panel production has been done in that we have orders worth Rs. 5 crores, Rs. 6 crores on hand. In big project if you don't have the production then due to the delay in projects people don't do the order in advance, so now on hand orders will start materializing, the dialogues which are going on will be done now. In Commercial Freezer also currently production is not there, as it is a general trade market, people will be from the dealer-distribution network. So, order booking will start after 15 days, but with many people positive dialogue goes on like as soon as production starts they will place their orders.

Vikas Jain: Last question, how is the margin profile of these 2 new segments Commercial Refrigeration and Continuous Panel? It is similar to our other businesses or initially it is a bit lower and then it might inch up?

Ankit Patel: If we talk about gross margins then it is a plant with complete automation, so gross margin is little less. In Continuous Panel the gross margin is around 15%, 16% and in Commercial Freezer it is around 17% to 22%, it depend on volume with whom we are doing, so gross margins of 18% to 22% will be there. But labor cost is very less, so on EBITDA margin our existing EBITDA will complement it. There will be no compression.

Moderator: Thank you. The next question is from the line of Zaki Nasser, Individual Investor. Please go ahead.

Zaki Nasser: Chandrakantji, Ankitji and the entire team Namaskar. Congratulations, as our Continuous Panel project has started. Next year from this Continuous Panel how much are you expecting? And understandably this year the EBITDA margins will be little suppressed because of the starting issues, next year do you think the combined EBITDA margins will remain around 10% for Continuous Panel and our existing business?

Chandrakant P. Patel: If we talk about the EBITDA margin then we feel that we can achieve the Rs. 500 crores target which we are giving in this current financial year, then EBITDA margins will come in the range of 9.5%, 10% because whatever big expenditures or man power requirement is, which is of fixed type majority of that we have already incurred. So, going forward all these margins are coming from the existing business itself, contribution from new verticals has not started even. So, as soon as new verticals start contributing like we are planning a topline of about Rs. 50

crores Rs. 60 crores. Our business will grow from the existing consider a normal growth of 15% and we think that this year we can clock this Rs. 500 crores, so this year itself our EBITDA margins will come in normal range of 9.5% to 10%. We don't think that other expense or other burden will come in hence we will maintain the margins this year itself.

Zaki Nasser: Next year how much will be the combined topline of Continuous Panel, Rs. 60 crores to Rs. 70 crores you will clock on this Continuous Panel, sir?

Chandrakant P. Patel: Next year we think the business of Continuous Panel can be somewhere around Rs. 60 crores to Rs. 80 crores. We are still on a conservative side that we can definitely achieve these numbers and for our Commercial Freezers we are expecting in the range of around Rs. 40 crores or Rs. 55 crores EEP will bring. It is an automation line, hence our focus will be that these lines runs on maximum pace and within minimum time we will do maximum utilization then our margins will be quite good. Normal business will grow at a pace.

Zaki Nasser: Next year with the entire thing I think you have plan close to Rs. 625 crores to Rs. 650 crores kind of topline with the new project coming in?

Chandrakant P. Patel: Yes, we are expecting somewhere in the range of around Rs. 650 crores.

Zaki Nasser: Sir last question, our Commercial Freezer segment is slightly different from our existing business and is slightly towards B to C, so how are you going to make plan for this?

Chandrakant P. Patel: Actually, our plan is strong for Ice cream and frozen market for beverages and we will do this project through the dealer-distribution network, hence it has to be done in retail, but the key account like we have many ice cream companies who work for our product promotion. Currently we are working with most of the India's ice cream manufacture and frozen manufacturer in our existing products, so we have an established network with us that we have to keep this product in that platform.

Zaki Nasser: Next year what will be the debt level broadly with the expansion or the fund requirements?

Chandrakant P. Patel: Are you asking about long-term debt or including total debt?

Zaki Nasser: Long-term debt and working capital separately?

Chandrakant P. Patel: The long-term debt which we currently have I don't think that it will increase anymore. It is possible that due to undertaking of small tools may be one or more small loans can come, but still the long-term debt will not go beyond the current level of Rs. 65 crores in next year. We are enhancing the working capital with the existing limit of Rs. 40 crores that is the fund base limit of Rs. 40 crores with extra Rs. 25 crores that means we are doing the total fund base limit of Rs. 65 crores. Currently average utilization is very low, but we will go to the aggressive mode. The 2 new verticals which are coming up in that we have to do raw material procurement and

maybe with the existing growth capability we have to store raw materials worth Rs. 5 crores or Rs. 6 crores with us. And the second model of Commercial Freezer we will go with the dealer-distributor model, we will do little bit of stocking and if we look at the seasonal time, there is very short supply, so in order to not lose that opportunity, for 2 months to 3 months we have to use little working capital on that, so in order to not to lose that opportunity due to this 2 months, 3 months for that we have planned total fund base limit of Rs. 65 crores but in that utilization will not be maximum that utilization will be somewhere in the range of around 50% annually not more than that.

Zaki Nasser: How is our geographical spread? You have started towards the Eastern market, how will be its broad geographical spread of the Rs. 500 crores that will be done in the current year?

Chandrakant P. Patel: If we see zone wise, then our PAN India presence has become strong. In West if we see in 22-23 then it was 64% and in 23-24 it reduced to 55% in terms of amount it has increased, but geographically our other zone and region has become strong. In East our contribution is 18%, North and South both have a share of 14%, 14% and in West our contribution is 47%. So, that means other regions being strong, our contribution in percentage from the West seems very low, but in absolute amount form it will increase year-on-year. In other regions we have become strong and due to that our geographical spread has become little strong.

Moderator: Thank you very much. The next question is from the lines of Vijay Chugh, Individual Investor. Please go ahead.

Vijay Chugh: My question is that this time you have pledged for the first time for 4.15% then how are you going to use that fund?

Chandrakant P. Patel: It was for my personal home loan. The loan was for my home that is why I have pledged it. Maybe it is for the time period of 2 years, 3 years.

Vijay Chugh: That means tenure is 3 years and it is for personal use not for CAPEX or anything?

Chandrakant P. Patel: No, CAPEX is not there. It is for my personal use and that also for home making process and specifically for this purpose only.

Moderator: Thank you. Next question is from the lines of Tej Patel from Niveshaay Investment Advisory. Please go ahead.

Tej Patel: Most of my questions have been answered in detail, thank you for that. I have few more questions on our new CAPEX, so especially our Commercial line, so what I was looking at that if I see the data of previous 3 years, 4 years and previously also you have said that imports have reduced like previously let us say imports used to be 4 lakh units and now probably let us say is 18,000 in this year, so how exciting do you feel this OEM opportunity, I mean although let us

say the margins would be low, but more and more the existing players let us say Voltas, Blue Star, Western etc., they are giving work to more and more local players may be for few components to make a full setup so the OEM opportunity in terms of imports getting reduced how big do you see this getting? And how much order are you expecting from here or how much you want to keep a share between let us say the branded products and the OEM?

Chandrakant P. Patel: Actually we are not that much focused on OEM and our manufacturing capacity is 1.25 lakh per annum. So, we feel that 30% we can work for OEM and balance we have a dealer-distribution network. We have many old ice cream customers who buy freezer for their self-promotion and give it to their retail outlet, so our focus is more on retail accounting that is for the retail outlet of ice cream and frozen products. The opportunity is big in OEM, but it is little bit a seasonal demand product also, so when your market is on demand then at the same time OEM pressures on you for supply, so after finishing first phase of OEM we feel that at the time of next capacity expansion we should consider OEM, reserve a specific capacity for OEM and cater OEM very well. In India many multinational companies are there, Japanese companies are also there. They also do white labeling in India, so our talks are going on with them also, but when product is not in hands then for upcoming seasons no solid decisions can be done.

Tej Patel: What was the capacity you told, 1.2 lakhs per annum, right?

Chandrakant P. Patel: Yes, 1.25 lakh per annum.

Tej Patel: Is it for Chest Freezers and Visi Coolers both?

Chandrakant P. Patel: Yes, by combining both of them.

Tej Patel: So, any separate capacity is there or both are fungible?

Chandrakant P. Patel: We will do Visi Cooler for 8,000 per annum whatever balance is there it will go to Chest Freezer.

Tej Patel: Probably Indian market let us say if I talk in terms of Chest Freezers only then it is approximately about 7 lakhs to 8 lakhs, right?

Chandrakant P. Patel: Previous year Chest Freezer was around 10 lakhs. In Chest Freezer 2, 3 more products are also there like Combi Freezer, Glass Top etc. Chest Freezer is a combination of all these.

Tej Patel: In this if we see the end user, end of the grocery market who are the retailers are not growing that much for example their share has been taken by the electric Quick commerce, so this industry where our Chest Freezer is being used then by how much are you expecting it will grow let us say if it is 8 to 10 lakhs then how many years will it take to double itself 5 years or 6 years? How much growth are you expecting from this? And how will we acquire the market like the brand of Ice Make is already well established, so we are thinking of picking market

share or are we are looking for a new industry, new retailers are coming, and we are thinking to give them, so can you elaborate a more on this?

Chandrakant P. Patel: Actually these Commercial products grow from 15% CAGR and apart from the products that we currently have in India we will also start working on Water Coolers Chest Cooler, Visi Cooler and Water Cooler. So, India's previous year's total market size was 18 lakh units and in that 18 lakh we say our installed capacity is 1.25 actually we cannot do more than 60%, 70% we can say seasonal or off-season effect of cooling. So, if we see the numbers in the total market then our requirement is 5% to 6% only, we don't think that a big market share is required with which we have to compete with established player.

Tej Patel: As you have said earlier also like PUF Panel is required in all of our products, right, but this Continuous Panel which is our new product will not be used as it is very big in size, right? Is my understanding correct?

Chandrakant P. Patel: Earlier also we told that for the last 2 years, 3 years we have been doing our Ammonia and Cold Room projects by doing outsourcing of Rs. 20 crores. Cold Room project is an Ammonia product in that our Continuous PUF Panel will support in giving competitiveness.

Tej Patel: This is my last question, sir as a whole if we talk about the industry we say \$2 trillion, but if I see the data then in India in 2016, 2017, the requirement of Electric Cold Room has been captured little only let us say in 2023, 2024 similar situation is there although we say the industry is growing by 30%. We are luck that we are growing by 30% and because of our goodwill we are expanding, but what can be the reason that on ground farmers are also buying Cold Room, retailers are also buying Cold Room what is the coincidence that although the gap is very big like packhouses there is almost 90% gap is there, but still it is not fulfilled despite government policies. So, when will this growth come and how long could our Company let say growth rate is 30%? How sustainable it is because industry size is really big, but not only for 3 years, 4 years because of adoption in problem it has not grown that much, so if you want to put in your thoughts on that?

Nikhil Bhatt: According to numbers you are correct, but the current market trend which is going on, you can see the E-commerce which is a new concept and if we talk about India 5 years ago that market was not there and now development is taking place in that area. The awareness of people is increasing food processing industry is developing, so definitely the market will increase. And in terms of numbers that may be not what you were talking is correct it doesn't seem, but the market is definitely growing. Probably some players will keep getting added, so according to that there will be much demand.

Ankit Patel: If you see this demand on a sustainability point of view then many a times what happens is that these projects requires a lot of infrastructure network. If you see PAN India infrastructure will develop like for example electricity will come in every village, or road infrastructure network

becomes proper. Even today also there is electricity issue in some of the villages, then where there is an electricity issue there will be no demand for our small commercial Freezer, Deep Freezers. In that ice cream cost is not more and because of that reason this demand will not come. In this the stronger the infrastructure network is the faster will be the growth of this industry and of our refrigeration. And now if we look at the spending that this government is doing on road infrastructure network and the quick commerce are batting and our industry which caters is a necessity like dairy, ice cream, pharmaceuticals and people food habit which changes like we can see in quick commerce and QSR, so this industry itself is growing. The business of our end user will also grow, infrastructure will also grow, so definitely the Company will grow only and our order book and in lead also we can see this conversion that we are receiving so much of orders, so I don't see any reason why the Company may not grow.

Tej Patel: I just wanted the industry perspective Company levels perspective you have grown by 30% wonderful but I just wanted industry perspective. Thank you, sir for your time and all the best for your future.

Moderator: Thank you. Next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Sir I want to understand 2 things regarding the total CAPEX which we are going to do besides CAPEX on the asset basis how much peak revenue can we do? And can you please tell us the timeline when the CAPEX will complete? And in that what peak revenue can we do after CAPEX is fully done?

Ankit Patel: After our first phase of CAPEX of Rs. 100 crores we project our install capacity somewhere around Rs. 750 crores to Rs. 800 crores, existing as well as after new CAPEX this would be our installed capacity between Rs. 750 crores to Rs. 800 crores. We can do peak revenue of about Rs. 750 crores to Rs. 800 crores.

Vignesh Iyer: By when will our 1st Phase be kicked in?

Ankit Patel: The CAPEX of around Rs. 80 crores to Rs. 90 crores will be completed this month and the Chennai CAPEX that we are expecting somewhere in the month of May. Next year in May that phase will also be over and in June we will shift our office.

Vignesh Iyer: So, the CAPEX which will be over this month in that we can see a reasonable contribution of its in quarter 4 which is usually our good quarter?

Chandrakant P Patel: Definitely in quarter 4 itself its revenue sharing will be done may be from this December itself more billing can be done, so in 4 months billing will be done for this 2 products.

Moderator: Thank you. Next follow up question is from the line Vikas Jain from RM Capital. Please go ahead.

Vikas Jain: Overall I wanted to understand from the longer term view, sir our margin profile is like 9.5% to 10% which you call as a sustainable range, right, so sir as per your understanding what all levers will be there for our margin expansion let us say the peak revenue which you told of Rs. 750 crores to Rs. 800 crores and even beyond that, is there a scope that in future the margin can go from 9.5% - 10% to 12% - 13% Or you would like to maintain this margin run rate to get that revenue CAGR?

Ankit Patel: Currently our Company's focus is if we see our topline then Rs. 500 crores topline is not that high. Until a sizeable topline of Rs. 2,000 or Rs. 3,000 is not achieved our focus will be not to focus on margins. You can see that in the last financial year the margin was somewhere in the range of about 11% at that time also we got a lot of questions like will you focus on margins, but at that time also we told that right now our margin is not our focus, to increase our margins is not our focus. We will maintain the margin that is in our focus, but firstly we have to increase our topline. We have to increase our reach in PAN India and if a sizeable topline like Rs. 2,000 or Rs. 3,000 comes then at that time we will focus on our bottom line which we feel that will be better for a Company of our size.

Vikas Jain: If we talk about the pricing then our competitors in the market who make same products like ours let say in whatever segments that we operate, then in their product pricing we will be at discount to bigger players? And if yes, then around how much percent?

Chandrakant P Patel: Actually this product is not sold only on brand after sale service how well do you serve the customer as per his requirement you can say minor customize, sometimes we sell premium products also but there is no problem in doing business in equal price. If we see the price segment of India then we are working equally. We don't need to get orders by giving discounts.

Moderator: Thank you. Next question is from the line of Gurjeet Singh an Individual Investor. Please go ahead.

Gurjeet Singh: I have only one question before 2, 3 concall you told about Data Centers in which you were studying, is there any progress in that?

Chandrakant P Patel: Actually before 2, 3 concall we have told that we do check, but it is purely air-condition business and we are refrigeration people that is why that opportunity doesn't fit in our existing Product Manufacturing and Instrumentation skill that is why we cannot get any benefit from that.

Moderator: Thank you. The next question is from the line of Mosam Shah from Wealth Guardian Services. Please go ahead.

Mosam Shah: Sir I wanted to ask that our receivable days in this quarter has increased, so going forward how sustainable will be our receivable days?

Ankit Patel: Actually, if we talk about a specific project then specifically on September our total receivables of big projects is somewhere around Rs. 23 crores or Rs. 24 crores. We received a payment of Rs. 7 crores in the next week, remaining amount of Rs. 7 crores came after a week or two. So, if we talk on a half yearly or quarterly basis then it is possible in our receivable or in some numbers you may see a slight up or down, but if you map as of now situation then receivable days and the working capital utilization is well within the range. So, working capital is healthy. We can expect an annual working capital turnover of 6x. Sometimes it happens that project deliverables are there or sometime it happens that there is a change in government organization character like some new MD is coming and it takes at least 15 days to 20 days or even 1 month for the signature change and all due to which we had a blockage in working capital in the month of September, but as of now if we see everything is under control. This year our working capital will be around 6 times.

Mosam Shah: Going forward, when our new project will be commercialized then after that what will be our revenue mix?

Chandrakant P Patel: We think that this year the Commercial vertical will be somewhere in the range of 17%. Cold Room vertical will be in the range of 42% to 45%. Industrial vertical will be around 3%. Transport Refrigeration will be in the range of 7% to 9%. Ammonia Vertical will be in the range of 18% to 22% and the business which we will do with our new projects that will be somewhere in the range of around 10% to 12%.

Moderator: Thank you. Next question is from the line of Shane De Silva, Individual Investor. Please go ahead.

Shane De Silva: I wanted to know regarding our Rs. 200 CAPEX plan in previous calls you said that after completing this Rs. 100 crores you will do geographical expansion of additional Rs. 100 crores in or through your warehouse or setting a Continuous PUF Plant, can you elaborate on update or what is going on there?

Nikhil Bhatt: When these 2 plants become 100% operational, we will have revenue sharing in 3 months 4 months. So, we will do a review of the project in March end or April and according to the current market position, we will take the decision whether to change geographical location or increase the capacity or not, so we will review that decision in the month of April that is on the base of March end's revenue. So, right now there is no planning of any capital investment for the next 3 months - 4 months. By next Q1 we will definitely take some decision on that.

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

Mandar Desai: Q2 FY2025 has been a strong quarter for Ice Make Refrigeration. Our consistent growth across key financial metrics highlight our resilience and the effectiveness of our business strategies.

We remain confident in our ability to navigate the challenges ahead and to capitalize on the opportunities in the rapidly evolving refrigeration industry. On behalf of the Ice Make Board of Directors and the management team, I would like to extend our gratitude to our shareholders, employees and partners for their continuous support. We are committed to delivering value and look forward to strong performance in the coming quarters. If you have any questions or require additional information please feel free to reach out to us or our Investor Relation Advisors. We are here to assist you with any inquiries. Thank you.

Moderator:

Thank you very much. On behalf of Ice Make Refrigeration Limited and Aaryana Matasco that conclude this conference. Thank you for joining us and you may now disconnect your lines.

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