

December 01, 2023

**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No. C / 1, G Block,  
BandraKurla Complex – Bandra (E)  
Mumbai – 400051

**NSE Symbol: ICEMAKE**

**Sub: Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'listing Regulations') - Earnings Call Transcript for the Q2FY24 for the quarter ended September 30, 2023**

We are enclosing herewith the Earnings Call Transcript of investor conference concall held on November 25, 2023, Saturday, pertaining to the Financial Results for the Q2FY24 for the quarter ended September 30, 2023 of the Company.

Please take note of the same.

Thanking you,  
Yours faithfully,  
For **Ice Make Refrigeration Limited**

**Mandar Desai**  
**Company Secretary & Compliance Officer**

Encl: As above

## **ICE MAKE REFRIGERATION LIMITED**

AN ISO 9001 : 2015, ISO 14001 : 2015 & ISO 45001 : 2018 CERTIFIED COMPANY  
Commercial & Industrial Refrigeration Equipment Manufacturer

**Registered Office / Mailing Address:**

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**C.I.NO : L29220GJ2009PLC056482**



**Ice Make Refrigeration Limited**  
**Earnings Conference Call**  
**November 25, 2023**

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**Moderator:** Good afternoon, ladies and gentlemen. I am Yashashree the moderator for this Conference Call. Welcome to the Earnings Conference Call of Ice Make Refrigeration Limited arranged by Aaryana Matasco Reputation IR Service Provider to discuss the Financial Results for Q2 and H1 FY24 ended 30th September 2023.

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 recorded. I now hand the conference over to Mr. Aryan Rana from Aaryana Matasco. Thank you and over to you.

**Aryan Rana:** Thanks Yashree. Good evening ladies and gentlemen. Thank you for joining us today for Ice Make Refrigeration Limited our Earnings Conference Call. It is my great pleasure to be your host for the session. We have some exciting updates to share as we delve into the financial results for the second quarter and H1 of FY24 concluded on September 30, 2023.

I am delighted to inform you that Ice Make recently achieved a significant milestone by entering the INR 1,000 crores market capitalization club in October this year. Our market valuation has surged by impressive 84% in the last 6 months and our several discussions in last three years underscoring Ice Make position as one of India's leading fastest growing companies in the refrigeration manufacturing sector.

As a renowned leader in innovative cooling solutions and manufacturing over 50 refrigeration products in India Ice Make has recently demonstrated resilience and growth potential. The consistent growth performance we present today speaks volumes that of innovation, excellence and customer satisfaction.

However, I would like to mention that during 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, let me introduce our esteemed executive who will provide insights into our financial performance and strategic outlook. Mr. Chandrakant P Patel – Chairman and Managing Director whose leadership has been instrumental in driving our company's growth and strategic leadership, Mr. Nikhil Bhatt – Vice President Strategy whose expertise and leadership has directly contributed to our company success.



Ankit Patel – CFO is responsible for managing our financial operations and offering strategic plans and guidance and Mandar Desai – Company Secretary and Company Officer who has simply managed company communication and coordination and particularly regarding compliance and regulatory requirements.

We will discuss the financial performance for the quarter and half year ended September 23 addressing to your queries and provide insights into our strategic initiatives and market opportunities and future process. With that said now I am passing the floor to Mr. Patel. Sir, over to you. Thank you.

**Chandrakant Patel:**

Ladies and gentlemen wishing you all very Happy New Year. Thank you for joining the call. I am delighted to provide insights into the key factors driving our sustainable success despite recent challenge such as higher input cost, change monsoon patterns and ongoing robust global uncertainties.

Our second quarter earnings have showed steadiness looking ahead. The robust long term growth opportunities particularly in the growing manufacturing sector in India reflects a promising outlook for our business. Our current order book and lead stand strong as Rs. 152 crores positioning us annual growth rate of 30% or higher. We have also good number of order of the E- commerce segment like Big Basket, Blinkit etc.

We are also engaged in supply and providing technical service support for establishment of commercial production line setup at BRC Congo. This year marked a very important as we focused on our most ambitious growth plan till date through the impairment of 200 crores CAPEX plan over the next three years. We aim to significantly enhance our production capacity with strategic recent could not only meet, but surpass our long term revenue target of Rs. 1,500 crores.

Our immediate focus is on surpassing the turnover target of 500 crores by 2024-25 with a larger aspirations to achieve revenue of Rs. 1000 crores by 2027-28. Throughout our remarkable 33 year journey Ice Make has consistently achieved noteworthy milestone. It is truly heartening to witness tangible outcome attaining from the company unwavering vision, effective strategic execution and dedicated effort of our workforce.

These factors have collectively contributed to our recent significant achievement crossing this 1,000 crores market capitalization threshold within our segment. Thank you for your time and 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 update on the business and the opportunities we are pursuing. Thank you.

**Ankit Patel:**

Thank you MD sir. Greetings to everyone. Let me provide an overview of our consolidated financial performance for Q2 FY24 of Ice Make Refrigeration Limited. Strong market from the

end market has propelled decent growth in our revenue. In Q2 FY24 our total income grew by 14.43% compared to the same quarter last year. Consolidated revenue for Q2 FY24 range Rs. 77 crores, making a significant increase from Rs. 67 crores in Q2 FY23. There is a significant improvement in cost of goods sold that is 55.56% in Q2 FY24. Our raw material prices are stable at present, but considering our project dispatch in coming times. Our annual COGS should be in the range of somewhere 68% to 70%.

While our Q2 FY24 net profit experience a slight dip of 3.45% to Rs. 4.47 crores. The Q2 FY24 EBITDA to at Rs. 7.71 crores with EBITDA margin of 10%. Few business expenses incurred in Q2 FY24 which were not incurred in Q1 FY24 like dealer meet business development consultancy, few exhibitions, further increment arrears of few key personnel were residing and paid in Q2 FY24. Some portion is attributed to Q1 FY24 also.

There are some senior strategic recruitment in Q2 FY24. Our interest as a percentage of revenue stood at 0.91%, our interest coverage remained healthy at 9.56 times reflecting a strong financial position. Current Q2 FY24 financial cost include one time bank processing fee and government charges maybe which consists of Rs. 17 crores.

Now I am moving to consolidated financial performance for half year FY24. Benefiting in strong industry growth and pickup in CAPEX cycle we achieve a substantial growth and profitability in the first half of FY24. Revenue recorded 18% year-on-year growth to Rs. 156 crores compared to 132 crores in first 6 months of FY23. Ice Make reported an impressive 27% increase in H1 FY24 consolidated net profits reaching 9.81 crores compared to 1.72 crores in second half of previous Fiscal year.

Our biggest control over cost resulted in higher profitability with EBITDA growing by an impressive 24.49% on a year-on-year basis to Rs. 16.05 crores. The EBITDA margin for the period stood at 10.27% making a 52 basis point improvement compared to the corresponding period in last fiscal year. Our interest as a percentage of revenue for H1 FY24 stood at 0.59%, our interest coverage remained robust 15.19 times. We appreciate your attention to our financial performance, and I now invite Mr. Nikhil Bhatt to share business updates an insights. Thank you.

**Nikhil Bhatt:**

Thank you Ankit ji. Ladies and gentlemen considering the escalating demand for refrigeration the Indian overseeing market is poised to more than double which is 2.86 lakh crores by 2027 from 1.28 lakh crores in 2022 exhibiting a compelling CAGR of 14.3%. This growth offers significant opportunities for our company. India's cold chain industry is projected to undergo substantial growth in the next 5 years in a market stands of fruits, vegetables, milk, sea food and meat exist only 60% of this produced on the coast the crucial needs for our robust cold chain solutions.



The rise of organized meal delivery and ecommerce further fuels to development of the Indian cold chain industry. In tropical countries like India where temperature plays significant role in foods challenges are essential approximately 13% of food is lost due to inadequate refrigeration at the harvest point a figure that increased to 30% by the time the product reaches to consumers.

In contrast regions like Europe more superior refrigeration infrastructure, however, there exist a critical lack of ONS about the importance of refrigeration in our country. To address this issue and help mitigate potential food loses we have introduced several products Reliance specifically for this purpose. Ice Make is committed to meeting the market requirement with cutting edge products, equipments and technology providing a diverse range of options to consumers.

Considering the order on hand and prospects to what we are looking for we are confident to achieve our goal in current financial year. Thank you and we stand steady to address any questions you may have.

**Moderator:** Thank you. We will now begin the question-and-answer session. We have a question is from the line of Rahul Dhruv from Pegasus Growth. Please go ahead.

**Rahul Dhruv:** I wanted to basically talk about your CAPEX plan I was reading about 200 crores of CAPEX plan that you have over the next three years which is significantly larger than the current block, it's almost four times, so just wanted to understand where this is going and how this will affect the profit and loss statement because we are talking of effectively going from debt free to almost to almost 120 crores of debt over the next three years if this happens even assuming that your free cash flow continues to grow, even the depreciation cost is going to sharp shoot up quite a bit, so net margin will again be under pressure, so can you just run us by this 200 crores asset turnover ratio for that?

**Management:** We have decided to deploy more than 200 crores CAPEX over a period of three years. In the first phase we have decided to go with the debts, but over the next two years or three years we may plan for some equity infusion also while our growth CAPEX plan and growth in revenue is also begin. So, the first phase is with the debt and maybe going forward with the current inflow and the working capital requirement we are also planning. It is not certain where or at which phase we may opt for capital infusion through equity market, but that is certainly in our mind.

**Rahul Dhruv:** Can you break up the CAPEX in terms of where is it going to go the 400 crores and what are all those projects basically like it will be generate in terms of revenue or cost saving?

**Management:** You are asking for year wise CAPEX announcement deployment?

**Rahul Dhruv:** I am saying that 200 crores which are projects which are planned in the 200 crores and what is the revenue or the profitability outlook for all of them?

**Management:** The first one is the continuous panels that we are currently deploying. We have also plan for purchase of land in Tamil Nadu that is in Chennai we have already acquired that land and currently development process is undergoing. We are also looking for a continuous line of one of our commercial products that consist maybe around 25 crores. The second phase of our subsidiary company IceBest, we are also planning for some further capital investment over there in the second phase. There will be some additional working capital requirement of maybe around 10 crores and we are also planning for the North side maybe a small manufacturing or stock point. So, we will be able to distribute and cater to that demand by our local presence in North side that has also CAPEX that we are planning once this continuous panel plants gets successfully installed then we are also looking for another continuous panel plans maybe the location is yet not decided, but we feel that our competitors are running with two and three plans and the demand what we are seeing is tremendous. So, there may be need of installing another continuous plan so that is also in our consideration. These are the CAPEX that we are planning.

**Rahul Dhruv:** So, it includes working capital basically you are saying with a 200 crores?

**Management:** Hardly 10 crores, 15 crores not more than that and there are some contingences also, but not more than 10%, 12%.

**Moderator:** Thank you. We have a question from the line of Muthukumar from Fidelity Ventures. Please go ahead.

**Muthukumar:** Do you have any plan to foray into the consumer durable air conditioning segment?

**Management:** There is no planning for going for the air conditioner business right now and we are just focusing on the refrigeration only and developing the products on similar lines.

**Muthukumar:** And also I just want to know about what is the CAPEX spent for financial year 2023?

**Management:** For the first year we are planning for CAPEX maybe around 80 crores, but maybe 10 crores, 15 crores may get deployed in 2024-25 also.

**Muthukumar:** And also I just want to know what are the steps taken to ramp up the export business?

**Management:** See export is looking to the nature of the product export is not certain because definitely our product depends on the service more than the product supply. So, we are just focusing on export where we have some OEMs were there just type of breakup is not needed frequently. So, our export is focused there, but this year also we have plan to get this year about 14 crores

of business in FY24 and almost 50% has been received during as well. There are sizable orders are in pipeline maybe around 3 crores to 4 crores are still in our pipeline.

- Muthukumar:** That is for financial year 24?
- Management:** Yes
- Moderator:** Thank you. We have a next question from the line of Rahul Dhruv from Pegasus Growth. Please go ahead.
- Rahul Dhruv:** I wanted to actually understand the continuous panel business and how much of productivity consumed and how much would be sold and what kind of products?
- Management:** If you are comfortable we can discuss in Hindi.
- Rahul Dhruv:** So, I am saying that your continuous panel plant which is there out of that how much you will consume internal and how much will you sell it outside and whatever you are going to consume internal after that how much will be margin improvement?
- Management:** See ammonia projects we do it outsource 20 crores each year every year. By seeing capital consumption we have not done continuous panel. The remaining quantity balance production we have to sell outside and as far as profit is concerned it is our own project the margin which is there which will get improved and overall net profit that comes under in this product range only.
- Rahul Dhruv:** Means the project margin will be the same as company's whole margin?
- Management:** The product which is there we mapped through EBITDA so EBITDA would be same. Margin may get improve slightly and as business get increased our margins may not get deteriorate it will remain somewhat similar.
- Rahul Dhruv:** Revenue how much is it 60 crores CAPEX is there in that how much revenue can we expect in capacity?
- Management:** In single shift we can generate 200 crores topline through a single shift.
- Rahul Dhruv:** The CAPEX breakup which you have said earlier I didn't get properly because continuous panel of 7 crores I have understood and 25 crores current plan expansion apart from that can you give breakup?
- Management:** I am repeating once again the CAPEX plan which is there of three year in that continuous panel existing already we have started construction work for continuous panel that investment which will be there will be of 60 crores it will be around that and after that second plan which is there

is that the Chennai subsidiary company in that we are working in rented premises so we are planning for shifting and moving to a new place. So in that we have investment of land and including building and machinery 9 crores to 10 crores investment plan is there. Second thing in Kolkata by the name of Ice Make we have started a subsidiary company in that initially it was a pilot project so 2 crores investment is there in that and apart from that in future which we are going to solve commercial products vertical which is there so from that product the manual system the project which is happening automation plan damage is coming in that 25 crores investment might happen. So, that was of first phase we can say apart from the routine CAPEX 4 crores, 5 crores, 6 crores and additional working capital aggressive business when we will do the existing working capital in that 15 crores requirement will be there and apart from that we are doing geographical expansion like recently in East side in Kolkata we have planned and in North also we are seeing of some opportunities to make stock point and start the warehouse because by considering our volume logistics cost is more so to overcome that and to control market competition we are planning this. Now the initial first phase plan which is there apart from that the future continuous panel once complete production once it start, the market feedback which is there or market response according to that continuous panel second plan is of equivalent value investment we are thinking of that it should be of 60 crores to 65 crores. For that looking to the volume and the nature of the product particularly continuous panel in that also logistic cost is more. So, till now the existing in India whosoever are our major players two or three places they have a plan according to geography strategy. So, we have to go in that direction only and in Kolkata second phase the setup which is there by seeing the market response there also we have to do the additional expansion, so there we have plan for 10 crores. So, including all that it is around 200 tons is our investment plan for the next three years.

- Moderator:** Thank you. We have a next question from the line of Navin from MS Capital. Please go ahead.
- Navin:** My question is on the continuous panel when is it getting completed and when will the revenues be booked on the line?
- Management:** As far present condition we may be complete the next quarter of FY and commercially the business will run either in the second quarter or by end of first quarter only.
- Moderator:** Thank you. We have a question from the line of Shriram Rajaram an Individual Investor. Please go ahead.
- Shriram Rajaram:** Can you please give the revenue breakup for the first half like how much for cold room, how much for industrial etcetera?
- Management:** The cold room contributed 50% of our current top line, the next is commercial which contributed 23% for vehicles our transport refrigeration has contributed 10%, ammonia vertical has contributed 12.5% and industrial refrigeration was 4.5%.





**Moderator:** Thank you. As there are no further questions I would like to hand over the call to the management for closing comments. Over to you.

**Management:** In conclusion we want to underscore our unwavering confidence in our ability to create enduring value for all stakeholders. Our commitment to executing strategic initiatives and fostering sustainable growth remains resilient. Your support and trust hold immeasurable importance to us and we eagerly anticipate engaging in further meaningful dialogues and interactions in the future. Should you have any additional question or require further information please don't hesitate to reach out to our Investor Relation Advisors or directly to us. Before we bring this call to a close 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. Thank you and best wishes for the better future.

**Moderator:** Thank you sir. Ladies and gentlemen, that concludes today's conference. Thank you for joining us and you may now disconnect your lines.