



June 10, 2024

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 Q4FY24 and the year ended March 31, 2024

We are enclosing herewith the Earnings Call Transcript of investor conference concall held on June 05, 2024, Wednesday, pertaining to the Financial Results for the Q4FY24 and the year ended March 31, 2024 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 LTD.

AN ISO 9001 : 2015, ISO 14001 : 2015 & ISO 45001 : 2018 CERTIFIED COMPANY

Commercial & Industrial Refrigeration Equipment Manufacturer

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Ice Make Refrigeration Limited
Q4 FY24 Earnings Conference Call
June 05, 2024

Moderator: Welcome to the Earnings Conference Call of Ice Make Refrigeration Limited arranged by Aaryana Matasco to discuss the financial results for the Q4 FY24 ended 31st March 2024. 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 to all of you. Thank you for joining us today for Ice Make Refrigeration Limited's Earnings conference call to discuss the financial performance for Q4 and the year ended March 31st 2024.

I am thrilled to share that over the past year Ice Make's market valuation has gone up by an impressive 88%. Looking back over the past 5 years this growth has been an outstanding 40%. Our market capitalization in FY2024 cost is Rs. 1,000 crores mark reflecting Ice Make Refrigeration as one of India's fastest growing company in this sector. Ice Make has been consistently rewarding its shareholders and for FY24 the dividend payment has increased to Rs. 2 per equity share which is 20% of the face value of Rs. 10.

As we delve into financial performance it is crucial to acknowledge Ice Make steady growth in revenues profitability and market valuation over the past years. Earnings have grown at 39.4% per year over the past 5 years. Our Price to Earnings ratio stands at 38.8x, which is below the industry average of 39.6x. Ice Make Refrigeration has been growing earnings at an average annual rate of 39.4% while the industries earnings growing at 23.3% annually.

Revenues has been growing at an average rate of 25.7% per year and our current net profit margin 6.9% of this year has been higher than last year of 6.7% and our return on equity stands at 25.1% which is considered high. These achievements reflect our strong market position and effective business strategies.

Furthermore, our commitment to sound financial management practices is evident in our prudent use of capital and control on cost. Ice Make stands as a prominent leader in innovative cooling solutions with a diverse portfolio of over 50 refrigeration product manufactured in

India. Our consistent growth performance underscores our unwavering commitment innovations, excellence and customer satisfaction.

The financial results are available on our website and on the stock exchange. However, I would like to caution you that during our discussion we may touch upon forward-looking statements that are subject to known or unknown risks, uncertainties and other factor. These statements should be viewed in conjunction with our business risk that could affect the results, performance or achievements. To discuss the results and address endless queries we have our management teams with us including 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 of Ice Make Refrigeration Limited. We will discuss the financial performance for the last quarter and also the full year-ended March 31st, 2024, address your queries and provide insights into our strategic initiative market opportunities and future prospects.

With that, I will now pass the floor to Mr. Patel. Sir over to you.

Chandrakant P Patel:

Ladies and gentlemen good evening. Thank you for joining our Earning Call today. We are delighted to present the financial performance and strategic direction of Ice Make despite encountering challenge in the last quarter including a decline in net profit and following profit margins. Our company has once again demonstrated resilience and strategic growth underscoring an unwavering commitment to excellence and financial discipline. We have proactively addressed this challenge and remained confident in our ability to overcome them.

Ice Make is steadfast in its mission to deliver sustainable growth and value to our shareholders. Our strategic initiatives and robust financial discipline continue to drive our success into the future. The company has achieved remarkable growth 23% in our top line and 65% in our bottom line over the last quarter and 21% and 25% respectively for the full fiscal year 2024. This growth is driven by strong market demand, efficient cost management strategies and geographical expansion is testament to our dedication innovation and excellence in refrigeration industry. A significant increase in revenue and profitability highlight the success of our strategic initiative and our ability to deliver substantial value to our stakeholder. We will continue to focus on expanding our product portfolio and enhancing our market presence as we aim to achieve Rs. 500 crores revenue milestone in current fiscal year 2025.

We are capitalizing on this growth momentum with timely launch of innovative product and capacity expansion, stable raw material price and increased overall demand for Cold Room, Ammonia, Transport, Industrial and Commercial Refrigeration verticals are expected to significantly contribute to our growth moving forward. With robust demand for Cooling and Cold Chain storage solution both domestically and internationally, Ice Make is well positioned in seamless opportunity remain optimistic about concluding the Fiscal 2025 year on a strong knock. 2025 year is of significance of India considering several important development that has

either already taken place or going to happen such a formation of new government and strategic direction the country plan to the next 5 year to become the world's third largest economy by 2027.

The Cold Chain industry in India has witnessed remarkable growth in recent years driven by increased demand for temperature sensitive products across various sector. Major contributor to this demand includes the pharmaceutical and healthcare industry, agriculture, horticulture, sea food and dairy products.

With a renewal focus on reducing post-harvest losses and unseen shelf life and ensuring product safety the Cold Chain has emerged as an inducible component of supply chain ecosystem. Despite significant progress the Cold Chain sector in India face many challenge ranging from indicative infrastructure and technology gap of regulatory complexity, the lack of seamless Cold Chain network across the country all logistically hurdles particularly in rural area. However, recent government initiative and collaboration between public and private entity are set to address these challenges and create an environmental conducive to sustain growth. 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:

Greetings to all of you. Let me first take you through our Q4 FY24 financial performance. Sustained growth in demand and strong control over cost has helped in delivering robust performance. During Q4 FY24 total income grew by 22.6% on year-on-year basis compared to Q3 FY24 sale was up by 70%. In March 24 quarter, company reported total income of Rs. 140 crores compared to Rs. 114 crores in corresponding period of fiscal 23.

During the quarter, the company's EBITDA margin improved to 14.93% up by 366 basis points compared to 11.27% in Q4 FY23 and 5.34% in Q3 FY24. During the quarter, raw material cost as a percentage of total income that is COGS stood at 67.94% as against 71.12% in the December 23 quarter and 69.5% in Q4 FY23.

Profitability improved which is led by increase in scale of business. As a result of higher profit, the company delivered 62% year-on-year growth in EBITDA to Rs. 20.9 crores. Due to strong demand, net profit jumped by 65.6% on year-on-year basis to Rs. 14.30 crores.

Let us now move on consolidated financial performance for 12 months FY24 strong industry growth and pickup in CAPEX cycle and control cost helps company to deliver high growth in revenues and profit. During Fiscal '24, the company recorded strong 21% year-on-year growth in total income to Rs. 379 crores as against Rs. 313 crores revenue in fiscal 23. Better sales mix and higher scale resulted in higher profitability during the fiscal year ended 24. The company's

EBITDA grew by 24.53% on year-on-year basis to Rs. 41.39 crores. For the full year ending 24 EBITDA margins stood at 10.9% recording 31 basis point improvement compared to last fiscal. During the year the company reported net profit of Rs. 26.25 crores which is up by 26.2% on year-on-year basis. Now I request Mr. Nikhil Bhatt to take over for the business updates.

Nikhil Bhatt:

Now let me update with some of the business updates during this quarter. We got 3 continuous order flow in the first quarter so far. We are getting many repeated order from the reputed clients like Haldiram's and Bikanervala. We are also getting some good orders from Amul Group Federation Unions like Panchamrut Dairy and Banas Dairy and the order size are substantial, reasonably high.

We have also received one of the good orders from the Jammu Kashmir Horticulture Department and so far as on we are having a Rs. 122 crores plus order on hand. In the last fiscal year we have object the growth in the various areas since regional wise we have seen good growth in Southern zone, East zone and as well as in the North zone.

In the vertical wise we are having a good flow in the Cold Room business as well as Commercial and the Ammonia verticals. So far as is our focus results we are expanding or we are strengthening our market presence in the North India and we are looking for some stock point or the warehouse facility, so that the product availability easy there and we save the logistic cost to the customers.

Let me now update you regarding our current projects of the new product development. Regarding the continuous PUF panel, our civil construction work is under way and imported machineries from the China and Singapore is already delivered at site and we are expecting the production in the early first or second month of the Q3.

Regarding Chest Freezers, the chest freezers, the machineries has been ordered and it will be operating somewhere in October '24. As far as Chennai plant is concerned, the civil construction work is underway, and it may take about 6 months to complete that building and we will be shifting by end of this current financial year.

The Cold Chain market has experienced a paradigm shift driven by a growing middle class, change in consumer preferences and an expanding organized retail sectors. In terms of revenue this Cold Chain market in India was valued at Rs. 1.86 trillion which 2023 and is expected to reach at about Rs. 5.06 trillion by 2028 expanding the compounded annual growth rate approximately 18.25% during the fiscal 23 to 28 period. The Indian Cold Storage market has all seen substantial growth recently propelled by increasing demand for dairy and frozen foods as well the growing pharmaceuticals and healthcare industries.

India's remarkable contribution to global milk production with a 58% surge over 9 years to reach 230.58 million tons in 22-23 contributing around 25% to global milk production

underscores the imperative needs for efficient cold storage facility in the various sector to maintain product quality. Currently India has about 10,000 fully frozen vehicles and roughly 8,000 Cold Storage units with a collectively capacity exceeding 32 million metric tons with approximately 70% dedicated to solely to single commodities predominantly potatoes.

According to industries research, the Indian cold storage market is projected to grow at a CAGR of 11.7% during 24 to 30 fiscal year. This growth is attributed to government initiatives such as the PM Kisan Samman Yojana and the increasing necessity of Cold Storage rooms in the agricultural sectors to avoid post-harvest losses which account for around 38% of the total food production due to the lack of proper storage conditions. Moreover as per the National Centre for Cold Chain Development NCCD, India requires 35 million metric tons to 40 million metric tons of Cold Storage, but currently has about 32 million metric tons of storage space creating significant opportunities for the Cold Storage expansion in the country. Furthermore, Indian regulations and quality standards such as those mandated by the Food Safety and Standard Authority of India ensures proper storage and handling of perishable goods further fueling the growth of the Indian Cold storage market.

Ice Make which is fully integrated business model innovative products and strategic surge in marketing. We can start now question and answer session.

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

Lucky: Sir in your investor presentation you have indicated that on March 25 you will do Rs. 500 crores target, in this what will be the expected Continuous Panel turnover?

Chandrakant P Patel: Approximately it will be Rs. 30 crores to Rs. 40 crores.

Lucky: For Continuous Panel?

Chandrakant P Patel: Yes.

Lucky: That means you are expecting a good organic growth in the current product range also? And EBITDA margins would be maintained at full year what it was this year, it was around 11% to that you are comfortable?

Ankit Patel: We are comfortable, but our targeted range is between 9.5% to 10.5%. It is possible that fluctuation can come in this range. If we see quarter-on-quarter then there was a little dip in Q3.

Lucky: Around 10% you are comfortable.

Ankit Patel: Yes number around 10 maybe sometimes more than 10 will also be there.

Lucky: Ankitji maximum project will be implemented by the yearend, what will be our long-term debt position by the end of the year, March 25?

Ankit Patel: We have finalized in regarding to these projects. Our position is also comfortable for debts, but in these products we have not finalized whether we will go by debt or through some other source.

Lucky: After implementation of the current projects, our debts will remain around Rs. 60 crores and Rs. 70 crores only?

Ankit Patel: As of now if we talk regarding this project then our debt profile would be Rs. 57 crores.

Lucky: This time from the first quarter itself heat was very high there was an overflow, so are you guys seeing its effect in order inflow?

Chandrakant P Patel: Actually, the effect of elections is much in the first quarter. There is no direct relation of heat or temperature with the business actually planning is done in advance, last quarter supply is in accordance with the summer season planning.

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

Kuljeev Singh: I have only one question, in the beginning of the concall you told about the different orders which you are getting from different places, so these order values are comparatively high or are they of the same size from those small orders which we used to get earlier?

Nikhil Bhatt: No, comparatively it is little more because our credential of certain industries particularly in Ammonia vertical the big projects that we did in that the references that we were getting its order size is usually big and in Q1 our old existing Cold Room business in that the project size increases substantially, so accordingly order size of our project is also big, but more or less it will a mix of the all size of products.

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

Nikhil Chaudhary: Sir I have 2 questions. The margin that has come, why is it not sustainable because our operating leverage is playing because gross margin is around last March, but still we have done 15% EBITDA margin. Can we not sustain in the range of 11%, 12%, 13% from here on, just trying to understand and the number 10.5% and 11% we feel will be sustained going forward?

Ankit Patel: We feel that its dependence is over sales mix also and year-on-year what we are targeting through our profitable verticals we think more than 10 to 11 is achievable in longer sustainable projects. It is possible that maybe we will be able to generate more EBITDA margins, but

sometime what happens is that we have to tap new market or have to launch new product or the places where our performances or presence is not there then we have to do there, so we will focus our topline first. As of now we are not focusing on our margin that is why we have kept this bottom line target because 9.5% to 10.5% or 10.5% to 11% we will keep sustainable and if it is more than that it will be beneficial for us, but by compromising on topline we will not focus on bottom line.

Nikhil Chaudhary: I was just trying to understand that if this business mix comes in repeated quarter then 15% is manageable because our business is also growing, so in overall business probably it will be 10%, 11%, but like in last quarter our business mix was weak then this quarter our business mix is better, so we are at 14%, 15%, something like that?

Ankit Patel: Ammonia and other big projects, these projects are beneficial for us because our infrastructure is not used much. We get good advances also and do job work type and onsite activity happens, so premises is not used here, so we can use that for other vertical or for manufacturing hence, it is like a bonus business and many a times getting the site ready, installation or material procurement these all are time taking activities. It is possible that in some quarter its dispatch is more then margins will be impacted, but for our company we feel that if you compare annually rather quarter-on-quarter then it would be better. This year contribution from our specific ammonia vertical is 15%, if 15% is its contribution then our ammonia margin range is around 15% to 20%, so it will be sustainable. Our company's focus is also such that we don't have to grow our topline through our project business. Project business has negative benefits also and besides that we get few orders from Freon or other ancillary business also. So we have to focus our project on a reasonable range and grow the business by focusing on other premium verticals.

Nikhil Chaudhary: So in this quarter what will be our mix, if you can tell because I just wanted to understand how much is the project business and how much is coming through premium verticals, so that wanted to understand how stable is this mix with respect to your numbers?

Ankit Patel: Let me tell you the mix first. We are talking about Q4 where Ammonia contribution is 16%, our major is Cold Room and its contribution is 43%. Commercial is around 19%-20%, Industrial is 3% to 4% and Reefer vehicle is around 10%. Contribution of our Haringhata in Kolkata is around 8% to 9%.

Nikhil Chaudhary: How is our order book placed? If you can tell the mix like currently how much is Ammonia? How much is Cold Room? And how much is Commercial?

Ankit Patel: Current pending order book is Rs. 122 crores plus and in that if I talk about the Ammonia specific vertical then it is Rs. 30 crores. Contribution of Ammonia in pending order book is more because of its deliverable for example if the order arrives today it will not be delivered immediately. Cold Rooms is Rs. 21 crores. Commercial vertical in total is Rs. 25 cores plus.

Industrial is around Rs. 4.5 crores to Rs. 5 crores. Reefer Vehicle is around Rs. 4 crores. Our Haringhata project, around Rs. 35 crores dispatch is pending, so overall it is Rs. 122 crores. In Cold Rooms, Industrial Refrigeration and Commercials it doesn't take much time for delivery for example if order is received in beginning of this month then it can be dispatched in this month itself then you can feel that its contribution is not much in pending order book, but it is a running order cycle and big projects on an average are dispatched little late. Its delivery period is between 6 months to 1 year, so you will see its contribution more in pending order book, but if we see cyclically our premium verticals, Cold Room, Commercials, Industrial will contribute about 75% in our sales, may be 2%, 5% here and there.

Nikhil Chaudhary: My second question is that currently we are seeing that many international and domestic companies are focusing more on data center and there also much cooling solutions are being used, so any thoughts on that where we can add some values because I feel that market size is quite good, and competition is also not much at the moment?

Chandrakant P Patel: Actually, one lead we have got after that we started to understand it technically. When we make modular Cold Room then in that a clean room segment is there which we haven't done till now, so we are looking at both of these segments, but it is a technical depth and for customer or load requirement we have to do some more homework and we will do also. Actually we can do any work related to refrigeration, but it is totally a new segment. We have to understand many details regarding user side we have to understand so perhaps in 1 month or 2 months can get some output over that.

Nikhil Chaudhary: But we have that capability like we can do that, if orders come then we can also do that?

Chandrakant P Patel: Yes, we will be able to provide that solution through our existing infrastructure in design capability and in manufacturing hence we can say yes, we have the capability.

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

Tej Patel: Sir my first question is this year on full year basis what would have been our utilizations as compared to last year?

Nikhil Bhatt: This year our utilization can be taken as 80%.

Tej Patel: How much was it in last year?

Nikhil Bhatt: Approximately around 70%.

Tej Patel: I wanted to understand that if leaving the CAPEX then what is the maximum revenue potential that can be considered in our current capacity?

Ankit Patel: We can do a topline of Rs. 450 crores by excluding ammonia business from that. Our plant utilization is not done in Ammonia, so Ammonia business can be over and above. So maybe it is possible that it can stretch a little more.

Tej Patel: Another question in our Continuous Panel plant probably we are expecting it in Q1, but it is delayed, and it is coming in Q3?

Nikhil Bhatt: It is little bit delayed because of the major work of civil. Took more time in civil rest machinery and everything has come, so as soon as civil work will finish we will be able to operate by at least on October or November.

Tej Patel: One more question, how much has been spent from our CAPEX of Rs. 200 crores this year and how much are we planning for the CAPEX in FY25, and it will be for?

Nikhil Bhatt: Our planning for Rs. 200 crores in that our big projects like Continuous PUF Panels and Chest Freezer are going on, so combining both of them our investment will be Rs. 75 plus crores which will probably end this year, in the current FY. Our Chennai plant, the expansion or shifting which we are doing to a new place in that our investment is around Rs. 8 crores to Rs. 9 crores, so all of this is in the current year and besides that the Rs. 200 crores which we planned was an assumption that Continuous PUF Panel's market response and demand we will use it in other line either in the same place or in the other geographical location, we will select because this products nature is like that, from a logistic point of view it is not more advisable. So this is our big CAPEX and we will expand our existing Kolkata business which we started last year and additional requirement of our working capital for expanding the business that is also planned in this Rs. 200 crores. We are planning for opportunities like for geographical expansion if we need to make stock point, do warehousing, or get any such similar industry acquisition opportunity we will do it.

Tej Patel: This year how much was the revenue from our East plant Kolkata?

Ankit Patel: From Kolkata our topline contribution was approximately between Rs. 90 lakhs to Rs. 1 crores. Most of the utilization started from quarter 4.

Tej Patel: On our full utilization we expect Rs. 10 crores from this?

Ankit Patel: Yes.

Tej Patel: Last question. Is my understanding correct that under Commercials the automation line which we are installing with that additional revenue will not come, but it will replace the manual line with which the process became more automated, and some incremental will come in margins?

Nikhil Bhatt: No, it is not like that. Actually it is not a product line at all. The product line which we are going to do is a new product like Chest Freezer or Visi Cooler, so that product is not in our product

portfolio, so it will be our additional revenue. Besides current business this is our new business, so it will be added to the revenue.

Chandrakant P Patel: That production line can increase the topline by Rs. 100 crores to Rs. 145 crores.

Tej Patel: And this year that operation is going to happen from October, right?

Nikhil Bhatt: Yes, October or November. At least third quarter it will be operative.

Chandrakant P Patel: No, we do it separately. One is Continuous PUF Panel which we think we can start manufacturing in October or November and other is Commercial Refrigeration which we told in last AGM also that we will start Commercial Refrigeration work. Its machinery has already being ordered, advance has been done, technical approval has been given and I think we will do its manufacturing in November and December. So may be in last quarter of this current year we may get support from this Commercial product in our topline.

Tej Patel: If it is operational in full utilization and full year then you are saying that Rs. 100 crores to Rs. 110 crores can come?

Chandrakant P Patel: Yes, after next 2 years, it can give a value of Rs. 125 crores extra to the topline.

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

Vignesh Iyer: Sir my first question is that for FY24 can you give an industry-wise break up of your revenue?

Ankit Patel: Our Ice cream and Dairy industry contributes approximately 30% to 40% in our business. Food Processing and Hospitality which is in the range of 15% to 20% even Pharma and Chemical is also in the same range 15% to 20%. We can consider E-commerce business around 3% to 5% and in Logistic business around 5% is our share.

Vignesh Iyer: Recently Ice Makes one of the biggest client Vadilal has given a plan of expansion who has planned a CAPEX of about Rs. 350 crores to Rs. 400 crores which they have not done in the last 10 years, 12 years, so what is your view relating to Ice cream and Dairy industry? Do you see any major expansion in overall industry?

Chandrakant P Patel: Actually in 24 also we have done big Ice cream expansion for Amul Groups member dairies, has worked in Ujjain and Kutch. We can say that in every Ice cream manufacturing we have our capacity and has increased up to 100% and 50% because demand of Ice cream is there and reason for this demand is that in rural also 24-hour electricity is available, so availability of ice cream has also increased hence utilized market also supports this. In the current year we have some enquiry for manufacturing of Ice cream industry, so looking at it, it seems that the current year will be the same as last year. Everybody has good projects for expansion in Ice cream.

Vignesh Iyer: So we can assume that this percentage 30% to 40% can increase a little more from here like from 40% to 50% type for 1year or 1.5 years because enquiry is there?

Chandrakant P Patel: Actually what happens is that the share of sector fluctuates if any big opportunity comes, like last year the dairy project which we did in West Bengal, 15%, 20% sale contribution comes from that only. Sometimes e-commerce also has good expansion and gets good valuation I can't give the name, but some e-commerce companies according their places and geographical presence they are giving projection of numbers which is 3x of the numbers that they have done in last 3 years and saying we want to do this much and what is your capacity and how much can you do, so if that numbers gets materialized then may be it is possible that e-commerce can make some more percentage instead of 5% they can make it to 7%, 8%, 10%. So overall it is a range in that 5% can fluctuate.

Vignesh Iyer: Sir my question was what will be the usual execution timeline of the order book of Rs. 122 crores which we have in hand?

Chandrakant P Patel: Product-to-product is different. Our Commercial products are plug-and-play products then customer orders are received, then advances are made, then we deliver to the customer within 2 weeks or 4 weeks. Sometimes customers planning of facility development is 2 weeks to 4 weeks, some projects of Modular Cold Room and Cold Room which is 8 week to 9 week and Ammonia project or big dairy project goes for 6 months to 10 months, 12 months.

Vignesh Iyer: Last question, I wanted to understand how is our EBITDA margin in our Ammonia project?

Chandrakant P Patel: Actually gross margin is less that is why EBITDA will be less, but as it is a contracting business you can call it as EPC there we don't have any asset investment, without utilizing our infrastructure we generate business revenues and second benefit is if you are doing a big project with someone then you get their small projects in premium or as bonus because you have built up a capability or trust that if you do the big projects then small projects come as a complementary. We can't tell exact EBITDA because few costs get mixed that is why it is difficult to give Ammonia's EBITDA separately, but we can give you gross margin range.

Ankit Patel: You can assume that around 10% to 12% in Ammonia, gross margin.

Chandrakant P Patel: Gross margin means 88% of material cost.

Moderator: Thank you very much. Next question is from the line of Faisal Hawa from H.G. Hawa and company. Please go ahead.

Faisal Hawa: Quick commerce like Zepto, or Blinkit they are emerging big distribution channel for their Dairy and Ice cream, so why are we not approaching them for bigger order because they will be in great need and their expansion is going on the most?

Chandrakant P Patel: No, whatever name you have mentioned all are our clients we work with all of them and for all of their expansions they comes to us first because we are a mid-size company who has service network all over India and you can say minor customize because we do solution based supply. So aggressive expansion of all these companies and CAPEX all these opportunities have already started materializing. For the last 4 year we cannot say that we are the major suppliers in e-commerce because we don't know about other suppliers, but according to me in e-commerce Refrigeration Solution which is their dark store in that more than 50% supply is from us.

Faisal Hawa: Would it be correct to say that after this new expansion our sales will double each time in 3 years to 3.5 years' time like in the next 7 years odd our sales will be 4 times is there any such chance?

Chandrakant P Patel: We can't say for double, but 2027 we will do Rs. 1,000 crores which is our target and which we have said earlier also that in 27-28 our topline will be of Rs. 1,000 crores to Rs. 1,100 crores.

Faisal Hawa: What will be the role of exports in this new project?

Chandrakant P Patel: Actually in exports it is like that we were not able to do more exports because it is a volumetric product hence its logistic and shipping cost increases and in India manufacturing scale was small hence we were not able to compete with China. Now in our Indian industries our numbers are good hence our landing cost and supply availability is quite good. We don't know much about the current production cost or Chinese price, but in the next 1 year, 2year we are seeing export opportunities that we can do good export and for that we have started network and potential checks in advance to know where we can do this new product.

Moderator: Thank you. Next question is from the line of Arvind Kothari from Niveshaay Investment Advisory. Please go ahead.

Arvind Kothari: I just wanted to understand that this year many companies in the Ice cream sector have reported very good sales and are in the CAPEX mode. Firstly we make Ice cream plants secondly we make Cold Reefer Vans and Cold Rooms also, so I wanted to understand that in next season the if the volume of ice cream across India is increased from 25% to 30% then in terms of revenue how will that sales opportunity play for us combining all 3 segments?

Chandrakant P Patel: These 3 are product, we provide end-to-end solution from manufacturing to retailer Logistic and Cold Chain. Our supply is there in Distribution channel also. Actually for Ice cream industries last year was not so good, so last year the business which we did in Ice cream machinery comparatively leaving the big projects the mid-size ice cream is not that good, but in current year ice cream has done a great job in value and volume both and raw material price was also comparatively in control, so the Ice cream industry has operated with good margins, so it is possible that next year we can get benefit of its expansion. Current year we can say that business was average. We can get benefit in next year.

Arvind Kothari: Basically I wanted to understand that only that next year generally when we are planning CAPEX and new player has also come like Hocco ice cream, Havmor after selling their business now they have started a new business, if any such player emerges does he distribute in the same distributors or builds a new distributor then does he has to build new Cold Rooms and plan new Reefer van, so accordingly, I want some understanding that in the next year if the overall volumes of the Ice cream industry increases by 25%, 30% or new CAPEX is done then what kind of opportunity is it for you or what size of opportunity will it bring for you?

Chandrakant P Patel: Actually you said it right, Hocco, Havmor and whichever new competitor comes they have their own distribution line in which previous ones are converted, but mostly new business opportunity for us. Adjusting Ice cream industries brand have their own network if volume increases then there capacity expansion is happening. Actually logistic business happens in a little different manner. Every companies hires logistic services that is why there direct Ice cream brand doesn't involves, so we do that business with transporter and logistic company. In current year with Hocco's arrival we supplied 20 plus number to distributors, so when a new brand comes then with them a new chain infrastructure is developed, so we get that opportunity.

Arvind Kothari: How was our sales mix in this quarter if we talk like how much was from Cold Room and how much from Ammonia vertical or how much was from Reefer Van, any mix?

Ankit Patel: For a quarter or for full year?

Arvind Kothari: For the previous quarter, cold room also?

Ankit Patel: Our contribution from Cold Room for a specific quarter was around 43%, 44%. Industrial 3% to 4%, Commercial was roughly around 19%, 20%, Reefer Van was 10%, Ammonia vertical was 16% and our other projects like Haringhata, second dairy one specifically of West Bengal and specific projects was around 8%, 9%. And if we see annually for the whole year, then Cold Room contributed 47%, Industrial was 4%, Commercial was 20%, Van 9%, Ammonia was 15% and rest Freon and other big projects that is around 4%.

Arvind Kothari: Next year the revenue which will come on CAPEX will be from different vertical, but after removing that more or less this mix will be same annually next year or will increase for Ammonia?

Ankit Patel: We have focused 3 verticals, Cold Room, Industrial and Commercial, by combining all 3 our maximum sales should happen. We are taping around 75%, 2% or 5% can be more or less, so our focus will be upon premium vertical otherwise we cannot maintain our manage and growth opportunity is ample in that, so to manage that we don't think we will have any difficulty.

Arvind Kothari: I wanted to understand that as we sell Ice cream through a normal distributor in that infra and suppose that in quick-commerce we are having traction in a very different level in various category of products suppose through that our Ice cream or any of the Cold Room product is distributed then in dark room we make some Cold Room versus the Cold Room made for distributor and if I assume the same volume because in quick-commerce in every 10 minutes do you need more number of Cold Rooms or how many multiples of number of Cold Rooms will increase if small Cold Rooms are to be made, but more Cold Rooms have to be made, so is there any such analysis?

Chandrakant P Patel: Yes in that there are 2, 3 types. Few are there who design dark stores there size is big in that numbers are less, but the midsize whose dark stores are multiple, whose spread is big covers all over city, there Cooling solution is of small size we can say portable also. They take that in consideration too because in many places for the last 4 years we have seen that every year they change the store of 10% sometime they do 15% and sometimes close it, sometimes make it 15, so now they have done it that it is better to shift their facility in midsize in which numbers are more.

Arvind Kothari: Lastly I want to understand that overall in your business if you are seeing various verticals emerging then how do you take any decisions for doing CAPEX, so minimum how much ROE should be there? What is the size of opportunity are we seeing because we have kept a benchmark of Rs. 1,000 crores for 27-28 suppose that it gives us a visibility as a company and on a continuous basis how are we evaluating new projects and what are the opportunities that you are considering in this evaluation stage?

Ankit Patel: First we look at the ROE, we access vertical's demand and marketability, if it is in our vertical and our customers accept it then it is our first priority and in that more or less we check the EBITDA margin, it doesn't distort our range support it and more or less we have started mapping ROCE and ROE, we cannot say that by tapping this much ROE this much business has to be done it is a connectivity business numbers keep on fluctuating, but ROCE should be around 25% because more than 20% is a must is what we see for specific like the companies of our size or the similar company like ours, is a small company in which we can bring more growth in that these numbers will be better only. As of now we are tapping around 25% so that our ROCE should be near this then it will be better for us, but it is not like whenever we do a CAPEX, make future planning then it is possible that may be 1 year or 2 year plus or minus then due to that we don't do CAPEX it is not like that also. We take decisions according to the overall industry, market and future.

Arvind Kothari: Sir one final question, as Chandrakant sir said as electricity reached villages Cold Room and Ice cream started reaching then Cold Room requirement started there. Today to keep the Cold Rooms or any article cool electricity is required and going forward in the next 4 years to 5 years solar will be used in many items due to that if electricity cost is reduced in 5 years, do you think that huge CAPEX will come in our industry if electricity cost starts coming down or they are able

to put more Cold Rooms because earlier they were not able to afford the running cost, but now may be they start affording running cost or in which verticals this drop in electricity cost is going to benefit us?

Chandrakant P Patel: Actually in our industry the sectors or segments where we do business there is no major electrical cost. In India for the last 5 years to 7 years the government has also been working behind it. Many volumetric products are there in which B rating has been applied due to which it is an energy efficient equipment and the customers also comes to know that the machine works on what running cost. So regarding energy cost, energy cost is not very high in Ice cream, Dairy, Frozen, Hospitality and in Food Processing. It is not like that if energy cost is reduced then people will do more CAPEX expansion, it is still a reasonable cost. Higher cost is distribution cost you can say logistic cost also. If good logistic network is built road or railway, if fast or cheaper logistic cost happens then it can give more benefit over electricity.

Moderator: As there are no further questions, I will now hand the conference over to the management for closing comments.

Mandar Desai: Ladies and gentlemen we deeply appreciate your presence on this conference call today. Our enthusiasm for the growth journey ahead both within India and beyond remains unwavering. On behalf of Ice Make Board of Directors and management team I would like to extend our sincere thanks to each of you for dedicating your valuable time to join us for this Earnings Conference Call. If you have any further questions or need additional information please do not hesitate to contact us or our IR advisors. We are here to answers any enquiries you may have. Once again thank you for participating in this Conference call. We wish you all a prosperous and successful future. Thank you.

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

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