Management Discussion

Vipul Das - Investor Relations and Public Relations, Vright Aaryana Holdings Private Limited
Good day, ladies and gentlemen. On behalf of V-Right Aaryana Holdings, I extend a warm welcome to everyone joining us for the Q2 and first half of financial year '27 earnings conference call of Ice Make Refrigeration Limited. Thank you for taking the time to participate in today's interaction. Uh, we are, we are pleased to have with us the senior leadership team of Ice Make Refrigeration Limited. I would like to introduce Mr. Chandrakant Patel, Chairman and Managing Director. Mr. M.C. Nivas Reddy, who is the CEO of the company.

Mr. Nikhil Bhatt, VP Strategy, but he is traveling today and will not be able to join the call. Mr. Ankit Patel, Chief Financial Officer, and Mr. Mandar Desai, Company Secretary. Today's call will provide an opportunity to understand the company's financial performance for the 2nd quarter and 1st half of financial year '27, key business developments, strategic initiatives, and management's priorities going forward. Before we, uh, we begin, I would like to mention that the discussion may include forward-looking statements based on the management's current expectations and assumptions.

Actual outcomes may differ due to various business and market-related factors. Participants are requested to refer to the company's stock exchange filings and official disclosures for the complete information. We will begin with the business and operational overview, followed by the financial performance, strategic outlook, and closing remarks from the management. We will then open the floor for questions and answers subject to the time available.

To begin the discussion, I would like to invite Mr. Chandrakant Patel, Chairman and Managing Director, followed by Mr., uh, Chief Executive Officer of Ice Make Refrigeration Limited, to share their perspective on the company's business performance, demand and environment, operational developments, and key business priorities in the quarter. Mr. Patel, over to you.

Chandrakant P. Patel - Chairman and Managing Director, Ice Make Refrigeration Limited
[Foreign Speech]

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Thank you, sir. Good afternoon ladies and gentlemen. Thank you for joining us today. At the outset, I am very glad to inform you. We have continued our growth momentum in Q2 despite challenging geopolitical and supply chain situation. I strongly believe that the demand for the commercial refrigeration products and solutions continues to be robust, driven by overall consumption in general and food consumption in particular in India. All our businesses have demonstrated very good consistency in their performance, leveraging on the market opportunities.

I'm also happy to share with you that Q2 saw excellent performance by the new business verticals of Refrigeration Product Business, which deals with chest freezers and Visi Coolers, and Continuous Panel businesses. We continue to strengthen our internal capabilities to match with our growth agenda. During the quarter, we have successfully piloted a CRM during-- as part of our digitalization initiatives to support growth and towards higher customer satisfaction. We are very optimistic about H2 and also geared up. However, the commodity volatility, geopolitical situation and supply chain challenges continue to pose, um, I would say, a near-term bit of headwinds to the business's environment in general. However, we remain focused on the scale and profitability by improving cost efficiencies, better realization, product portfolio optimization, and market penetration.

With that, I would like to invite our Chief Financial Officer, Mr. Ankit Patel, to take you through the

detailed financial performance in greater detail. Thank you.

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
Thank you, sir. Very good afternoon to all. I'll now take you through the financial performance of Ice Make for Q2 and H1 FY27. For Q2 FY27, the revenue from operations stood at INR207.38 crore compared to INR147.49 crore in Q2 FY26, representing year-on-year growth of approximately 14.6%. Profit before tax for the quarter was INR3.73 crore. Compared to INR2.77 crore in corresponding quarter last year. Profit after tax, PAT, stood at INR2.71 crore as against INR2.02 crore in Q2 FY26. Earnings per share for the quarter increased to INR1.60 compared with INR1.28 in the corresponding period last year.

On a sequential basis, the revenue increased from INR178.88 crore in Q1 FY27 to INR207.38 crore in Q2 FY27. The quarter also marked a return to profitability following the loss in corresponding Q1. Coming to the half-year performance, Consolidated revenue for H1 FY27 to INR386.26 crore compared with INR258.99 crore in H1 FY26, registering a growth of approximately 49.1%. Profit before tax for the half year was INR1.50 crore compared with INR0.93 crore in the corresponding period last year. Profit after tax increased to INR1.05 crore from INR0.55 crore.

After EPS stood at INR0.64 compared with INR0.38 in H1 FY26. These numbers reflect strong revenue growth and improvement in reported profitability. However, we acknowledge that the margin remains an important area of our focus. Our financial priorities are concentrated on improving operational leverage, controlling overheads, optimizing procurement costs, ensuring that incremental revenue contributes more effectively to the bottom line. Our business is impacted due to the prices of our raw materials-- steel, copper, aluminum, compressors, etc.

The supply chain disruption and geographical development was also influenced the procurement costs and delivery schedules. We therefore are focused to balance the growth investment with working capital efficiency, cost management, and prudent capital allocation. The capital raised through our preferential allotment provides additional financial resource to support the company's strategic priorities, including capacity expansion and modernization, investment in joint venture development of infrastructure, and strengthening of our overall balance sheet.

Our approach will be to deploy these resources carefully with an emphasis on productive utilization of capital and sustainable long-term returns. Overall, our focus is not merely on expanding revenue base but on improving earnings quality, strengthening financial discipline, and ensuring that our investments generate sustainable returns. Thank you.

Now I request moderator to begin question-answer session.

Questions & Answers

Operator
Thank you. [Operator Instructions] We take the first question from the line of Shiva Kumar from SBI. Please go ahead.

Shiva Kumar - Analyst, SBI
Hello. Uh, congratulations on the good set of numbers to the management. I have 2 questions. One is, uh, uh, which vertical, uh, Mr. Reddy said, uh, we've been performing quite well vertical-wise also. So I just wanted to know which vertical looks like are performing and very hopeful. And my second question would be when we plan to list ourselves on BSE. These are the questions that I

have.

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yes, thank you for the question, Mr. Shukumar. Uh, we have 4 distinct verticals. Uh, predominantly the largest vertical contributor is the cold room business, which contributes close to about 50-55% to our entire top line. Uh, we also, uh, range of products which go into dairy, ice cream, and process industries applications. So those businesses are also fairly done well. So obviously the growth rate that we saw from these businesses close to 20-25%. Uh, I did mention about 2 new business verticals which are essentially to deal with the plug-and-play products, which are the chest freezers and Visi coolers, which were launched about a year and a half ago. This business has done extremely well in Q2, continuing its growth momentum in Q1. And also the continuous panel business, which essentially is linked to growth of the infrastructure sector as well as the cold storage segment is also done extremely well. So, uh, largest contributor continues to be the cold room vertical, cold room business.

Shiva Kumar - Analyst, SBI
Okay.

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Everything, everything falls under the gamut of the commercial refrigeration business itself, catering to different requirements of consumption segments.

Shiva Kumar - Analyst, SBI
All right, and how is, uh, how big is our order book right now? What is the size of the order book?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yeah. So our order book currently stands at around close to INR225 crores, um, across all the product verticals that I mentioned.

Shiva Kumar - Analyst, SBI
Any, any large orders that you have, if you can mention? I mean, what is the size and, uh

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yeah. So I, I can take few names. Uh, we have largest orders are coming from our Q-commerce sector. And also our penetration into retail across the consumption segments, especially pharma and dairy, I would say quite significant. So you can take any name in Q-commerce, we are of course there catering to their requirements.

Shiva Kumar - Analyst, SBI
All right, thank you, Mr. Reddy. I'll come back to the queue. Thank you.

Operator
Thank you. We take the next question from the line of Bhargav from Ambit Capital. Please go ahead.

Bhargav Buddhadev - Analyst, Ambit Private Limited
Yeah, good afternoon team and congratulations on a good set of numbers. But my first question is that if you look at gross margins, obviously on a Q-on-Q basis there is a good recovery, but on a Y-Y basis still there is a decline. Now given that we have started taking price hikes In the second half, what is the guidance in terms of gross margin? Can we expect gross margins to be flat on a Y-Y

basis in the second half?

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Bhargav Buddhadev - Analyst, Ambit Private Limited
Okay, understand. [Foreign Speech]

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Bhargav Buddhadev - Analyst, Ambit Private Limited
[Foreign Speech] for FY '27?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
So I have stated in the last investor calls , we continue to maintain that we would be exceeding the earlier guidance of INR850 crores. So we are seeing all the positive tailwinds to reach around close to INR900 crores, uh, by the end of the year.

Bhargav Buddhadev - Analyst, Ambit Private Limited
Okay, understood.

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yeah.

Bhargav Buddhadev - Analyst, Ambit Private Limited
Next question is on the balance sheet. So I think, uh, there is a debt repayment of about INR40-odd crores which I can see in the 1H FY27. But obviously the interest cost reduction hasn't yet taken because I think that debt repayment may have been happened at the end of the second quarter, so the second half of the second quarter. So the interest cost run rate, can we expect to reduce in the second half? I was calculating it could be about 2.5 crores per quarter. Is that number correct, or if you can guide on that?

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech] but not at a very drastic and exceptional level.

Bhargav Buddhadev - Analyst, Ambit Private Limited
[Foreign Speech]

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yeah. So your observation is right. And by Q2, that H1, both the businesses have crossed, uh, 53-54 crores average. We have believed and we are very confident that this business will exceed 100 crores by the end of the current financial year.

Bhargav Buddhadev - Analyst, Ambit Private Limited
And lastly, sir, if you can give us some, uh, roadmap in terms of the Galilei joint venture update. That when do we expect some revenues to kick in and what is the target maybe in the next two three years and that would be my last question.

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Bhargav Buddhadev - Analyst, Ambit Private Limited
[Foreign Speech]

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yeah, you asked a very good question, so in terms of the market segment that we address with the current product portfolio that we have and the Galilei product That's the first question that I would like to answer. Second thing is you said how it will help the organization here. Of course, we are bringing in the Japanese best technology forward, so there is a lot of learnings that we can take home from them. And secondly, one is the technology, second is the best practices. So these are the 2 things that we would like to take home from the Japanese joint venture.

Bhargav Buddhadev - Analyst, Ambit Private Limited
And so one last question to you, because you were in Blue Star earlier, and I guess You've also handled a similar portfolio, uh, given your sales background also at Blue Star. So, uh, in terms of the product suite, do you think there's a big gap between, say, the behemoths of the industry and Ice Make? And what are you doing to sort of fill up those product gaps so that we can also maybe in 3-5 years reach to where they are currently?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yeah, I think you, you, your observation is right. There is no product gap as such. You know, the question of the which product line to be launched and deployed first. So company, of course, being 33 years, has been strongly rooted in the refrigeration as a core category. Uh, they have earned the pedigree in terms of the cold storages and the refrigeration products and solutions that go into dairy and ice cream market particularly. So last 1.5 years to, uh, close to 2 years, a company launched the plug-and-play products, which is important part of the entire commercial refrigeration portfolio.

So if you compare to any other organization, probably companies, you know, I would say, um, easily, I would say very late entry into this particular segment, but I am pretty confident that this category that the company has launched will find a good traction and will complement the current portfolio that we have. So we are also now expanding our dealer network across the country, which will help us ramp up the sales of those plug-and-play products, which I call them the refrigeration products business. So in a 2-year time, I think we will be completing the full basket of our products, and perhaps, uh, we would be the only company which is highly focused, concentrated on the refrigeration products and solutions business in the country, uh, with greater focus to the, I would say, market segment that we address.

Bhargav Buddhadev - Analyst, Ambit Private Limited
Great, sir. Thank you for the clarification and all the very best.

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Thank you.

Operator
Thank you. We take the next question from the line of Shiva Kumar from SBI. Please go ahead. Shiva Kumar, if you can please unmute from your end and proceed with your question.

Shiva Kumar - Analyst, SBI
Yeah, sorry, I was-- sorry. So I just wanted to take a quick question. So our speaker, our previous participant, he left at Galilei. So could the Galilei partnership help ICEMAKE develop products specifically suited to emerging Indian operating conditions, uh, customer preferences, and price points, you know. So rather than simply introducing, you know, existing international products into India-- so this is the question for Mr. Reddy.

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
So, and, um, let me put it in a simple way. Uh, this is too early to comment on the, uh, JV product portfolio at this stage because there is a lot of a I would say pre-launch efforts that we need to do because there's a lot of groundwork going on understanding the market to, to be able to come out with a portfolio which suits Indian requirement. Galilei, as you know, is one of the world's best companies in terms of the commercial refrigeration portfolio that we-- they offer. And, uh, so we-- our intent will be to design products which are suited for Indian market at a nice right price In line with the competition and what market can consume. So probably any year down the line, we will be in a position to talk. I would say much greater detail as for this portfolio is concerned. I think we request you to bear with us till then.

Shiva Kumar - Analyst, SBI
All right. So my next question is on export strategy. [Foreign Speech] would Ice Make focus on neighboring markets, you know, like emerging companies, and, and use again the network of the village international network to explore [Foreign Speech]

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Shiva Kumar - Analyst, SBI
Correct. [Foreign Speech]

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Shiva Kumar - Analyst, SBI
[Foreign Speech]

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Shiva Kumar - Analyst, SBI
All right. Thank you. [Foreign Speech]

Operator
Thank you. We take the next question from the line of Tej Patel from Niveshaay Investment Management Private Limited.

Tej Patel - Analyst, Niveshaay Investment Advisors
Yeah, thank you so much. I hope I'm audible and thank you so much for the opportunity and congratulations on a good set of numbers. Couple of questions, sir. Starting with [Foreign Speech] right? I assume 20 crore [Foreign Speech] and right twenty would be probably coming in H2, right?

Is that what you said?

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Tej Patel - Analyst, Niveshaay Investment Advisors
[Foreign Speech]

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Tej Patel - Analyst, Niveshaay Investment Advisors
Okay, okay. Got it. Got it. [Foreign Speech] segment wise for this quarter only, Q2?

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Tej Patel - Analyst, Niveshaay Investment Advisors
Okay, okay, got it. [Foreign Speech]

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
You are correct.

Tej Patel - Analyst, Niveshaay Investment Advisors
Okay. [Foreign Speech]

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Chandrakant P. Patel - Chairman and Managing Director, Ice Make Refrigeration Limited
[Foreign Speech]

Tej Patel - Analyst, Niveshaay Investment Advisors
[Foreign Speech]

Chandrakant P. Patel - Chairman and Managing Director, Ice Make Refrigeration Limited
[Foreign Speech]

Tej Patel - Analyst, Niveshaay Investment Advisors
Got it. [Foreign Speech]

Chandrakant P. Patel - Chairman and Managing Director, Ice Make Refrigeration Limited
[Foreign Speech]

Tej Patel - Analyst, Niveshaay Investment Advisors
understood understood and sir [Foreign Speech]

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Tej Patel - Analyst, Niveshaay Investment Advisors
[Foreign Speech]

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Tej Patel - Analyst, Niveshaay Investment Advisors
[Foreign Speech] commercial freezers would be 8 4 50 60 sir

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech] going forward there are some plans also [Foreign Speech]

Tej Patel - Analyst, Niveshaay Investment Advisors
Interesting, interesting. Got it. [Foreign Speech] since this is like this like automated plants [Foreign Speech] almost 50 percent [Foreign Speech] how do you see that number moving fixed cost [Foreign Speech]

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
I think last conference [Foreign Speech] fixed nature and variable nature types I think you have ask right at that time [Foreign Speech] hello [Foreign Speech] financial [Foreign Speech] going forward [Foreign Speech] specific vertical [Foreign Speech] matter [Foreign Speech] price sensitive [Foreign Speech] competitor specific [Foreign Speech] straight setting [Foreign Speech] specific [Foreign Speech] public platform [Foreign Speech] going provide [Foreign Speech] but fix [Foreign Speech] variable expenditure [Foreign Speech] overall [Foreign Speech] vertical [Foreign Speech] fix cost [Foreign Speech] operational cost [Foreign Speech] majorly fix [Foreign Speech] same [Foreign Speech] it's just about a matter of time [Foreign Speech] operational [Foreign Speech] commodity prices [Foreign Speech] metal [Foreign Speech] inputs [Foreign Speech] challenging [Foreign Speech] couple of times [Foreign Speech] price high [Foreign Speech] dealer distributor network expansion [Foreign Speech] progress [Foreign Speech]

Tej Patel - Analyst, Niveshaay Investment Advisors
Understood. Of course sir I completely get it if I mean of course sir you can say exact [Foreign Speech] number but is right to say [Foreign Speech] 20 percent [Foreign Speech] improvement [Foreign Speech] business [Foreign Speech] Bawla [Foreign Speech] plant [Foreign Speech] right [Foreign Speech] basically fixed cost [Foreign Speech] operating [Foreign Speech]

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
[Foreign Speech]

Tej Patel - Analyst, Niveshaay Investment Advisors
Very much helpful, sir. [Foreign Speech]

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
So we did around, uh, close to 6 to 7% depending on the product categories and the market segments that we operate in. Um, so around 6 to 7%, and subsequent quarter we have done another, uh, 6 to 7% approximately.

Tej Patel - Analyst, Niveshaay Investment Advisors
Got it. Super.

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
So, you know, obviously yo so I was

Tej Patel - Analyst, Niveshaay Investment Advisors
Yes sir you may go ahead release sorry yeah

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yeah so I was trying to explain to you that to be passed that I mean transmitted that 6 to 7% of price hike, but you know a part of it only would get realized obviously because of the competition pulls and pr EBITDA improvement. So it may not have been done fully, but a part of it. That's why you see better numbers in Q2.

Tej Patel - Analyst, Niveshaay Investment Advisors
And sir, the reason you say this is because, let's say, once you pass on this price increase to your dealer, right, your dealer have to buy this at an incremental price. So you are saying you are probably yet selling some of the inventory at older price, but the new, let's say, orders from dealers are sent at higher prices, but there are some still, let's say, older inventory going at a lower price. Is it right to say that?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yeah. So we operate in both essentially B2B segments only. So some of them are dealers and some of them directly to customers. So we also operate to, you know, cater to Q-commerce customers. So certain Q-commerce customers may not give you that kind of a realization or increment in the prices, but dealers obviously, you know, are buying at a price point that we would expect them to buy. So there is a mix actually, so you cannot exactly say dealers, but even the direct customers also will have some pushback.

Tej Patel - Analyst, Niveshaay Investment Advisors
No, that was very much helpful. And sir, since the last time we talked, uh, you know, there's of course, you know, huge volatility in crude, but the levels have, let's say, not, uh, crossed the levels at the time which we were talking, right? It's lower only, or have, let's say, moved a bit lower than higher, and now right now lower. So just wanted to understand, you know, were there, let's say, further increase in our procurement cost since the time you were talking, or, you know, the, the levels have from there have dropped, or let's say maintained at a similar level?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
So it is too-- it's become actually too dynamic, you know. In the last 6 months to 1 year, what happened, you know it better. Uh, the inconsistency in the patterns were completely, you know, I would say chaotic, right? So if a particular price increase in a, let's say, a commodity may not have been translated to our price increase to us fully, but in subsequent months it would have happened. So in a slight movement upward and downward is not going to, uh, create any good picture for the industry as a whole. So even if there are prices down now for the crude that you see, notice about 15-20% down, it may not translate into a commodity, I would say, cooling off in the next couple of months' time because volatility still continues. So we are very cautious till March or April because We don't know which way it's going to take. I mean, every day we are hearing a lot of, I would say, very sensitive news from, you know, both sides, right, the warring factions.

Tej Patel - Analyst, Niveshaay Investment Advisors
But then in such a scenario, sir, at company level, you know, how do you plan inventories? I mean, let's say in a normal scenario, if you are, let's say, maintaining an inventory of, let's say, 100 days, 3 months inventory, you would be probably replenishing your inventory every month, you know, once one month production gets completed. But in such a scenario, you know, how do you plan your inventory where there's so much volatility? And then, you know, you also don't know what happens next day. Then how are you planning your inventory in that case?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yeah, that's where the tactical decisions play out. Uh, we take up a lot of tactical decisions based on our experience and based on the market scenario, uh, based on the demand. So it's more of, I would say, experience-based tactical decisions we take both in the supply chain and keeping in mind the demand side.

Tej Patel - Analyst, Niveshaay Investment Advisors
And sir, is there a shortage somewhere, or is it just the price increase, or is there a shortage scenario also in, in some of the components?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
We don't see any shortage scenario right now, but we-- I think whole industry is facing a typical issue related to compressor imports. So industry depends heavily on the compressor imports, especially the refrigeration industry, because In India, still there are not many players-- not no players at all who manufacture compressors. A few are coming up now. Uh, that challenge-- now the government has imposed some quota restrictions for the compressor import, so that may create some kind of a headwinds, uh, for the industry in general, in not just Ice Make but all of the industry yet. So we have-- that is something I think a little bit of a scenario that we have to deal with going forward. Only the compressors part.

Tej Patel - Analyst, Niveshaay Investment Advisors
Got it. Superb, superb. And sir, uh,

Operator
I would request you to please join back the queue for follow-up questions.

Tej Patel - Analyst, Niveshaay Investment Advisors
Sure, I request you to give me a chance if possible. Yeah, thank you. I'll join back.

Operator
Thank you. We take the next question from the line of Janam M from CJ Shah Family Office. Please go ahead.

Jainam Madrecha - Analyst, CJ Shah Family Office
Hello, am I audible?

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
Hi, yes, we can hear.

Jainam Madrecha - Analyst, CJ Shah Family Office
Yeah, yeah, thank you for giving me the opportunity. Just wanted to understand, in these new

businesses, given like the existing business is majorly dependent on, or majorly, uh, major part of the revenue is coming from the Western and the Northern region, is the case same for the, uh, new businesses as well, or is it more diversified?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Business? So let me, let me answer your question in 2 parts. The first question is, so yes, we are strong in the western part of the region. So obviously, uh, our entry strategy was based on our strength of being in western region. So we made an excellent footing in the western region for the new businesses. So that has given us a very good head start as for the new business are concerned. But we are still not content just you know, with our success in the Western region, we are now aggressively, uh, targeting the other big regions which are North and South. So we are now on a, uh, I would say, mission to expand our channel network in these 2 regions. So we'll soon be, I would say, sizable players going forward. So growth happens in all 3 regions effectively, but I think we've been able to reach a very, very sizable, decent position in the Western region because this is our strong market. Hope that answers your questions.

Jainam Madrecha - Analyst, CJ Shah Family Office
Understood. And so like in this, uh, new segment, we have grown pretty aggressively. Just wanted to understand what has sort of driven this growth. I, I understand that we have gotten a bit aggressive, uh, on the pricing side, but, uh, was there like some gap in the, uh, end industry, some sort of, uh, capacity issues in the industry which has created a opportunity for us, or it was more like we competed on the price and sort of gotten into the market? And secondly, now that, uh, what would be the difference in the pricing between us and the more established player in the new businesses, specifically this Vizi Cooler business? And thirdly, also wanted to understand, once we sort of start, uh, start coming back to normal pricing How do you think demand pays to, or our sales pays to be impacted because of that? Do you think it would slow down once we sort of start taking price hikes to normalized level, basically coming to similar levels as the existing players in the industry?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yeah, so let me take the first question. So your first question is about what has contributed to the growth, that excellent growth that we have got it. So, uh, let me answer this. I mean, it is not because of any industry weaknesses which has contributed to growth in the ICEMAKE. I think there is a systematic penetration plan and launch plan that happened as for this product is concerned, number one. Number two is this lineup is linked to consumption of food in general. So we see that the penetration level in the country being very low which is less than 10%, the market itself is expanding.

So there is an opportunity for every player to cash in here. So I hope that answers your first question. Second question, on the price parity, uh, we are not the cheapest player, let me tell you honestly. Uh, we are actually-- our prices are comparable to any other brand. So we're now trying to build our brand equity because our brand equity is pretty strong in many markets. We're trying to build our brand penetration as well. So that gives us the-- of course, the reliability that the company has built in the last 30 years is a strong footing for this category as well. When we go out into the market, say we represent Ice Make and then we are launching new product, so there is obvious welcome to our product range. So the equity is such that-- and the dealers and the customers welcome us. So that's the second point. Our prices are not cheapest in the market for sure. We are

comparable to any of these I would say so-called large players.

Jainam Madrecha - Analyst, CJ Shah Family Office
Understood, sir. And so, uh, basis what we are trying to target in terms of, uh, EBITDA margin, 6-6.5% for the full year, which means that for the H2 we are sort of targeting 8% sort of EBITDA margin if we take the 900-950 crores of guidance, uh, for the full year. I just wanted to understand like this, uh, 7-8% of delta If you could break that, uh, to us, like how specifically would be-- it would be-- what would be contributed from the change in the mix from like, let's say we, we were, uh, we had already contracted orders which were at lower margins which would now sort of get out of the base and the new orders would sort of come up at better margin.

Then secondly, we are also seeing, uh, price hikes which would be helping us the driving the, uh, margins. And thirdly, we are also seeing the op leverage which would play out. So could you help us understand how would this, like, uh, of the incremental EBITDA that we are seeing for the H2, what would be the impact of all these 3, like, specifically?

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
Actually, uh, here if I talk about the price hike, the price hike has gradually happened. It's not like very, uh, only once in this whole financial year we have increased the price. Though in Q1 we have increased the price, some of the benefit has, uh, you know, come in Q2. And in Q3 we expect that the full-fledged benefit-- at least one quarter it will take to reflect. Then in Q3 we expect that the first price hike will come in full phase. Here also in Q2 we have increased our prices. So in a slowly and gradually manner, maybe with the hit of one quarter the price benefit, price increase what we have done will translate in our books of accounts.

So the other thing is in H1 and H2, if you see historically over the period of past year, the business trend generally used to be around 40 and 60%. 40% of our business comes in our H1, that means comprised of Q1 and Q2. Our major portion of the business come in Q3 and Q4. So the operational expenditure will more or less remain similar, the fixed nature of expenditure. With the increase of scale and the price which we have translated, we are sure that, uh, that 8% EBITDA delta will not be very difficult to achieve with this increase of scale and 40-60% of the business pattern which we are having it historically.

Also, we are having very strong traction in our funnel Our order flow, we are getting very good quotations. Our pending order books are also very healthy. So we do not see there will be any challenges to post or, you know, to make very extra aggressive effort to achieve the guidance what we are giving at this con call. So, uh, it's just about execution and, uh, managing our input cost, which we have already than our price hike. So we are sanguine that, that overall 6-6.5% EBITDA will be achieved in this whole financial year.

Jainam Madrecha - Analyst, CJ Shah Family Office
Understood, sir. Yeah, those were my questions.

Operator
Thank you. We take the next question from the line of Tej Patel from Navshay Investment Management Private Limited. Please go ahead.

Tej Patel - Analyst, Niveshaay Investment Advisors
Yeah, thank you. Thank you so much for the opportunity again. Uh, um, so, uh, I mean, very

wonderful of you. You know, probably you would be at 50-60% utilization this year and probably, you know, close to optimal next year in the newer business. Uh, just wanted to, you know, I know you have already put it out in the EGM, the purpose of this fundraise, but if you could elaborate, you know, now if you could take some time and, you know, talk about, you know, where, where is this next CAPEX Uh, that we are planning to put up.

Of course, there is some amount going in Galilei, which of course you have briefed about, but the remaining amount, you know, apart from the repayment, if you are looking for acquisition and, you know, for, for some CAPEX, if you could help us, you know, take some time and lay out, you know, where exactly is this CAPEX going to be spent on, and, you know, what are the timelines, and, you know, what are we thinking in terms of maybe geographical expansion, or let's say theme product expansion.

And Srimasir, I just wanted to get your view as well on a specific thing. So if you look at the VC cooler and deep freezer market today in India, that would be about what, INR4,000 crores? Correct me if I'm wrong, it could be bigger as well. And today, after let's say we reach our optimal utilization, we would be almost like, you know, 5 to 6% of India's market. And you know, there is a-- there are already legacy players, there are already players coming in. So how do you see this market for us? And, you know, in the next phase of CAPEX, you know, where are we spending, you know, what are the timelines, you know, how are we looking our journey in the coming 1 and 2 years? Yeah.

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
The first question about the capital issue and how we are going to invest, though there are actually 5 objects. The first is the investment in JV company. Which we have already done around 35-odd crores. We have already invested and the GB operations and, you know, the activities have already started. It will take somewhere around 18 months, you know, uh, start our production. The other is 58 crore that regarding expansion, modification, and maybe acquisition as well. So, uh, in expansion also There are various objects like we are considering our prime vertical cold room.

We are planning to expand the installed capacities, maybe double the capacity. There are some existing working is also going on. We are also investing in the door using specific door-- doors which are used in a continuous panel. The other is The Rockwool panel also, we are considering to expand our footprint. Currently we are just, uh, you know, not in the business of Rockwool panel. There are ample of opportunities and we are also planning to set up the Rockwool panel. So it will increase the scope and, uh, you know, the reach in a continuous segment, continuous panel segment.

Further also, there are some internal, uh, machine taking some of the other capabilities like automation work also we are planning. So that will be the part of second object around 58 CR. So we have hardly invested somewhere around 3 crore upfront. There are still huge chunks which is lying and we are carefully deploying because, you know, with the passage of time and with the interaction of the all the stakeholders, investors, how we can generate the return, ROC, EBITDA. We are very careful in our investing.

The project which we are taking up, it's like we review each and every project, what benefit it will come. And we have 3 years of span to deploy this fund, so we are not in an extreme hurry. We are taking our time, but yes, we also know how critical and how important it is to invest and take the benefit at the right time. So we feel that the benefits of that, our expansion projects will start coming to reflecting our books of accounts from FY29 onwards at the full scale. Further, the other objective

of a corporate office that we feel that some 17-odd crores will be deployed with the, you know, the increased manpower and the need of our existing plant.

There was a very critical need to have the corporate office because the current premises and the area was not very sufficient to-- for the requirement of our company. The other is INR40 crore debt repayment that we have already, you know, invested the amount around INR38.5 crore. The last one was DCP, which we have taken to our working capital need. And the further preferential related issue expenses also out of that. So the overall 190 odd crore, somewhere around 73 crore rupees deployment is still pending as on the date.

Tej Patel - Analyst, Niveshaay Investment Advisors
No, got it. But sir, I mean, of course, you-- I mean, I just wanted to know, are there any projects which are, let's say, expected to go live maybe end of next financial year, or let's say second half of next financial year, or let's say we are yet to, you know, make some concrete plans and you probably, you know, get back in the next quarter or, or so. Just wanted to understand, I mean, are there any concrete plans on something where we are probably saying, you know, X amount of-- X amount will be deployed on this project which is expected to go live by, let's say, a certain quarter? Are there any projects which are like at a concrete stage, at an advanced stage, we are you know, looking to get into?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
See, currently we are evaluating 4 or 5 opportunities within the space that we operate, say, you know, the cold room space, chest freezers, and like Mr. Ankit explained, the continuous final space. So we are looking at the returns versus investment in 3-4 categories that I have spoken about. So I think Uh, that evaluation is now currently underway. So I think as soon as we firm up our plans, obviously we will, uh, we will make the, uh, further details available to the investors. So that might take some time, but you know, even if you take a decision in say Q4, um, obviously you know, Tej, that the-- yeah, of course, implementation will take about not less than a year, right? Isn't it? So the The fruits or benefits or outcome of your investment will start coming from only, I think, like Mr. Ankit said, is about FY29 or so.

Tej Patel - Analyst, Niveshaay Investment Advisors
No, understood, understood. That was, that was helpful. And sir, are we, are we happy with our POF execution? Or let's say, is it like going as per plan? Or let's say, is there some delay in what we were planning to execute? Of course, the commercial freezer is, I think, in my opinion, doing Quick, you know, pretty well, I think. But, you know, is it as per our plan, or you think that some slowdown according to what we were expecting?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Oh, you mean to say continuous panels?

Tej Patel - Analyst, Niveshaay Investment Advisors
Yeah, yeah.

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Okay, so I know it is absolutely as per our plan. So if both these lines, uh, we call them our debut businesses, the new businesses, um, each business, both of them are contributing to close to about 14 to 15% of the top line, and Both are parallelly running well.

Tej Patel - Analyst, Niveshaay Investment Advisors
Understood, understood. And sir, let's say from, I mean, a quarter or two, I mean, nobody knows, but let's say if the prices of our commodities start falling, right? And is it right to assume you would not, let's say, reduce your price also that fast? The increment which you have taken would also take some lag effect. They would not reduce, you know, as per commodities. Is it right to say so?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
[Technical Issue]

Tej Patel - Analyst, Niveshaay Investment Advisors
Sir your voice broke, your voice broke. hello.

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
[Technical Issue]

Tej Patel - Analyst, Niveshaay Investment Advisors
Again, it is breaking sir, I don't know if moderator could tell, it's breaking for me.

Operator
Yes it is sir. Uh, speakers, uh, your line is not clear.

Tej Patel - Analyst, Niveshaay Investment Advisors
If you can help them rejoin, that would be helpful.

Operator
Ladies and gentlemen, I'll just go ahead and rejoin the management. Please stay connected. Thank you. Ladies and gentlemen, we have the management line reconnected. Tej, if you can please proceed with your question.

Tej Patel - Analyst, Niveshaay Investment Advisors
Yeah, I think, uh, if you want, sir, I can repeat my question if you might not have heard it.

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
No, no, I, I got a sense of your question. So I was saying it is an intelligent question, but if you are sitting in a customer place, I'm sure you won't allow, you know, knowing the commodity situation, and allow brands like us to walk away with whatever we want, right? So I mean, it will be dynamic, but, uh, we will have to just watch out the competition, what competitive players, um, you know, play out. So depending on that, we will take a decision which will be tactical at that point in time, as and when the commodities.

Tej Patel - Analyst, Niveshaay Investment Advisors
Okay, okay, got it, got it. Uh, and sir, after this price increase right now, almost like 15-16% is, you know, the price which we have increased, right? And at a, at a, at a, let's say, 30-40,000 base, you know, that absolute number is also, you know, decent number. I just wanted to understand, you know, after this price increase, uh, how's the demand? You know, are people like deferring the demand? You know, what's, what's your view? You know, what's the inventory level that dealer, what's your observation? Just wanted to understand that.

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
So, I think, um, what is important for us to know is that this price increase is across the board of the industry itself. It is just not only for ice make. So I don't think this has any impact on the demand side because most of our products and solutions go into, I would say, the need-based requirement of our customers. So someone wants to buy a chest freezer with the cooler It is unlikely that he will postpone because the prices increase by about INR1,000 or INR1,500, because our products go into making somebody's business.

For example, if somebody wants to open a food kiosk or convenience store, he has to definitely buy a chest freezer, a Vizicolor. Without that, he can't run his business, right? Suppose an ice cream distributor-- yeah, so ice cream distributor, he has to set up his distributorship, he has to have a cold room, right? So that's the essentiality of our products and solutions. So We don't see any issue, but of course the customers haggle for, uh, you know, some more discounts and the better price favors, etc. But, uh, that challenge is that we-- I'm saying the price increase will not definitely dent demand for this category, not even now, in the next 5 years also.

Tej Patel - Analyst, Niveshaay Investment Advisors
Superb, superb. And so how is the replacement demand for such products, or is it like still very early in our country for, for replacement demand for VC Coolers and deep freezers?

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Yeah, it is too early stage because the, the penetration is low now. And, uh, I would say these products will run for about 6 to 7 to 8, 10 years, uh, if managed well. So we don't see any replacement demand coming up, uh, immediately, uh, as a sizable part of here and then some small percentage might happen, but it is not sizable like other categories like air conditioners or any other category.

Tej Patel - Analyst, Niveshaay Investment Advisors
Got it. And so last 2 questions, uh, and so whatever number we close this year, right, is it right to assume, you know, maybe let's say 8 to 9 or 10%, uh, would be because of this price increase, right? And rest would be maybe let's say because of increased volume.

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
Actually, the input cost has increased, so whatever the price we have increased will definitely pass on and reflect in our books of account. But you know, the volume is also coming. Otherwise, the guidance which we have given earlier, we are increasing. It's just not only just because of price, because the number, the volume has to come. And our growth, if you see year on year, I think last year somewhere around 676-680 crore, and currently we are giving guidance 900 crore. Definitely there will be some price increase impact, but volume will be definitely coming. So we don't see even currently also we are getting good traction, good demands, we have very good funnels, so we don't see any dip in our, you know, requirement and inquiries, so the growth in volume will be that in current year also in future as well.

Tej Patel - Analyst, Niveshaay Investment Advisors
super super the debut business is, sir, size at optimal level at share of 1000 crore hundred you know what working capital would both of this business require you know every year let's say how much working capital you know this business would require?

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
Overall what we feel that somewhere around if whatever the at the, you know, peak of the time we may reduce it, but at least 15-15-odd percent working capital has to be there because, you know, sometimes when there's a slack season and in commercial freezer vertical we need to build the stock. So at that point of time we may need the invent-- uh, the working capital limit to be utilized at the optimum level, but somewhere around 15-17% working capital limit Every business has to maintain.

Tej Patel - Analyst, Niveshaay Investment Advisors
So right now, sir, we will be maintaining 3 months inventory, right? The raw material inventory.

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
Raw material inventory is good. Raw material, we have, you know, the order book is itself around more than 200 to 225. Yeah, so to cater and in time, we need to maintain that inventory. And the season time is coming, and in commercial freezer as well know, once the Q3, uh, about to conclude, then the majority of order finalization planning will be there. So when the demand comes, then we should be ready with our stock. So at this point of time, we will have inventory. In the March, there will be a lot of executions and, you know, inventory dispatches and everything. But depending on demand and funnel, we need to maintain our inventory.

Tej Patel - Analyst, Niveshaay Investment Advisors
Superb, superb. And sir, Angit sir, is it right to assume from here on, given price increase and let's say stabilization of let's say raw material, maybe incremental procurement would come at a lower price or let's say decent price? Is it right to assume quarter on quarter we can expect the margin to improve?

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
You know, uh, in our planning, if we got an opportunity, then we will definitely encash. But at this point of time, it will be very difficult to say that we will definitely grab. Otherwise, what will happen that The competitor may take advantage and, you know, take the customer. So, uh, we are not denying, but it depends that, uh, whether the encashment opportunity is there for us at that point of time. We would love to grab that opportunity, but as for the time and, you know, the customer preferences, we will decide how we can take it.

Tej Patel - Analyst, Niveshaay Investment Advisors
I'm asking in a normal scenario only, Abhil, you already taken the price increase, right? So in the subsequent quarters, we can increase quarter-on-quarter margin improvement because Q4 is like huge scale, and then Q3 we already taken margin improve-- I mean, uh, the price realization increment.

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
But you know, in the W businesses, uh, I would still say that the increase of scale of our business is not still very optimum level, apart if I will say, uh, continuous panel as well. The operational cost will be, you know, maximum at this point. So once we increase the scale to the optimum level, then our normal level of EBITDA margin, we feel that we can expect that. Otherwise, we can also focus on bottom line and just tap that reasonable top-line growth. But at this point of time, we feel that, uh, focus on top line with the 9.5 to 10.5 EBITDA is what is in our focus.

Tej Patel - Analyst, Niveshaay Investment Advisors
Super super super got it sir do you want to give any guidance for next year this year we are closing at 850 900 any idea on what what

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
At Q2 it will be too early maybe at the next quarter and maybe year end it will be more relevant the one top line we conclude at the full financial year.

Tej Patel - Analyst, Niveshaay Investment Advisors
Yeah, yeah, sir. Makes sense. Makes sense. Thank you so much for patiently answering my questions. Lovely talking to you. Thank you so much and all the best.

Ankit Patel - Chief Financial Officer, Ice Make Refrigeration Limited
Okay, thank you. Thank you, Tej.

Operator
Thank you. Ladies and gentlemen, with that we conclude the question and answer session. I now hand the conference over to the management for their closing comments.

M Srinivas Reddy - Chief Executive Officer, Ice Make Refrigeration Limited
Thank you. We thank all the participants and sincerely appreciate the questions and continued interest shown by the investment community. We look forward to maintaining an open and constructive dialogue with all our stakeholders. Thank you once again. Have a good day. Thank you.

Operator
[Operator Closing Remarks]