

July 28, 2025

To,  
The Listing Compliance Department  
**BSE Limited**  
P. J. Towers, Dalal Street, Fort,  
Mumbai – 400 001  
Scrip Code – 522295

The Listing Compliance Department,  
**National Stock Exchange of India Limited,**  
Exchange Plaza, C-1, Block G,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai – 400 051  
Symbol - CONTROLPR

**Ref: Transcript of Q1FY2026 Earnings Conference Call**

**Sub: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement), Regulations 2015**

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, read with para A of part A of Schedule III thereof, please find attached Transcript of the Conference Call with the Investors / Shareholders of Control Print Limited ('the Company') fixed through Kaptify Consulting held on **Tuesday, July 22, 2025 at 12.00 P.M. IST** on **Q1FY2026** of the Company.

Further, the said Transcript will be made available on Company's website at [www.controlprint.com](http://www.controlprint.com).

This is for your information and record.

Yours faithfully,  
For **Control Print Limited**



**Murli Manohar Thanvi**  
**Company Secretary & Compliance Officer**

Place: Mumbai



# **CONTROL PRINT LIMITED**

**Q1 & FY26**

**POST EARNINGS CONFERENCE CALL**

July 22, 2025

## **Management Team**

Mr. Shiva Kabra - Joint Managing Director  
Mr. Jaideep Barve - Chief Financial Officer

**Call Coordinator**



Strategy & Investor Relations Consulting

## **Presentation**

### **Vinay Pandit:**

Ladies and gentlemen, I welcome you all to the Q1 FY '26 Post Earnings Conference Call of Control Print Limited. Today on the call from the management, we have with us Mr. Shiva Kabra, Joint Managing Director; and Mr. Jaideep Barve, Chief Financial Officer.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risks and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to brief us about the business and performance highlights for the period ended June 2025, their plans and vision for the coming year, post which we will open the floor for Q&A. Over to you.

### **Jaideep Barve:**

Good afternoon, everybody. My name is Jaideep Barve, and I'm the Chief Financial Officer of Control Print Limited. Welcome all of you for the earnings conference call for the first quarter of financial year '25-'26. We appreciate that you've taken out time from your busy schedule to attend this call. Thanks for being in this call. Mr. Shiva Kabra, the Joint Managing Director of Control Print Limited also joins me on this call.

For the first time joiners on this call, more information about our company can be obtained by visiting our website. For information, the detailed presentation has already been put up on the website, as well as in the investor presentation notification on the exchanges for this call.

Now let me provide you some highlights on the performance of CPL for the first quarter. On a standalone basis, the total revenue for Q1 is approximately ₹109 crores, which is a good growth from approximately ₹89 crores in Q1 of last year. For information, the total revenue of FY '24-'25, '23-'24 and '22-'23 is ₹395 crores, ₹347 crores and ₹295 crores, respectively.

Regarding the operating revenue, the Q1 revenue is ₹100 crores, which was ₹88 crores in Q1 of the last year. We had an exceptional income of ₹3.99 crores. This pertains to the capital subsidy related to the Mask Lab, which is about 30% we invested in plant and machinery. The cost of goods sold is around 43% of the operating income. Manufacturing costs remain approximately at 3%. Employee costs are 18% of the operating revenue.

Depreciation is about 4% in the Q1 and other expenses are 13% of the operating revenue. All the costs are in line with the business needs and in comparison, to the earlier periods.

On a consolidated basis, the Q1 operating revenue is ₹111 crores. This was ₹98 crores as per the June '24 figures. The way forward, we will consolidate the coding and marking business, we will increase the installed base and will provide robust solutions. We'll capitalise opportunities in the Track and Trace segment by more focused marketing and the sales strategies.

We'll increase revenue in the packaging sector, both in India and overseas through either of machine sales, co-packing and the laminate business. Overseas subsidiaries will continue to be monitored with focused growth targets. We have already provided the business plans, and they will ensure that they will be mandated for execution.

Now we leave the floor open for questions. I and Shiva are available to answer all your queries and questions.

### **Question-and-Answer Session**

**Moderator:** Thank you, Jaideep. We will request the participants who wish to ask the questions to please use the option of raise hand. I also request the participants to limit their questions to two per participant, so that everybody has the opportunity to ask. We'll take the first question from Jay Chauhan. Please go ahead.

**Jay Chauhan:** Good afternoon, and thank you for the opportunity. So my first question is, you have been very clear that scaling the cost-effective recyclable packaging material debottleneck for V Shapes business, especially for the food and cosmetic sectors. So could you provide some specifics like quantifiable milestones for this financial year in this front?

For instance like, what volume of recyclable material do you aim to produce and at what target cost per pack, they bringing the solution becomes viable for a mass market cosmetic consumer or be it any customer? Can you please guide me on that?

**Shiva Kabra:** So, Jay, this is Shiva Kabra. That's a fair question. So right now, our cost per piece for a standard six to eight ml type of a mono dose is about ₹2. In general, we are targeting to get down to ₹1. As of right now, we are not manufacturing anything ourselves. We are working on a fully recyclable package. It's still not complete. There's a speed limitation in that. So we are trying to work on overcoming that. So like I said, right now, it's costing ₹2 per piece. We're trying to target to get it down to ₹1 by the time we manufacture it ourselves. A regular sachet is in the region of ₹0.35, just so your comparison is there.

And a thermoform would be in the same region. A thermoform of barrier would be actually probably more expensive, like it will be similar like about ₹2, ₹1.5, ₹2 a piece because a lot of material

being utilised is quite a lot of material. So we're still working on the recyclable part, and we still have to start the manufacturing of the material. We are working mainly on the development of the fully recyclable stack. And once we do that, then we'll intend to manufacture that itself rather than the current structure, which is actually not recyclable.

**Jay Chauhan:**

Understood, thank you. That is it from my side. Thank you.

**Moderator:**

Thank you, Jay. We'll take the next question from Rushikesh. Please go ahead.

**Rushikesh:**

Thanks for taking my questions. So my question is essentially on the lines of the competitive pressure. So how are you seeing the competition impacting the V Shapes and the mono packaging business right now?

And I'll also put out my second question, like we saw the drop in the margins and the drop in the EBITDA at the consolidated level. And the reason that was mentioned in the presentation was that it is because of the higher printer sales that the gross margin has reduced. So I would like to have an explanation on that also, please. Thank you.

**Shiva Kabra:**

So as far as the gross margins dropping, I don't think it was so much because of higher printer sales. I think it was more because of higher expenses that we incurred in the packaging business that so we're still making a loss in that business, a significant loss. And that's why, so there's a loss abroad in CP Italy, which is where we are doing our packaging business. And there's also some sort of a large set of expense that we're incurring in India as we develop the business in Asia Pacific directly from Control Print in India. And I think those two things sort of are contributing to a variation in the results.

As far as our coding and marking business grows, so I think the track and trace business is doing better. And what I would say like this year should be breakeven, if not profitable. So that's growing. And as the volumes are scaling up, we are seeing like obviously, because there's a fixed cost that's there. And as the volume scale up and we get more repeat revenue in terms of contracts, AMCs and stuff like that, the profitability of that business is increasing.

So that addresses somewhat the gross margin question, but the reality is that, in our coding and marking business, we can increase the margins. We've not been taking up some price increases. And we've undertaken a price increase, which we announced about a month or two ago.

So that's with effect from 1st August. So practically speaking, it will take one to two months to roll it out because customers are

good at negotiating and all our other type of stuff. But what we should do is start seeing an effect from Q3 in terms of the coding and marking business margins increasing. We're also making sure that there's a little bit more tightness in the way we are running things overall. So that's where I'd say like where the margins have dropped. It's just more because of some expenses that have increased in terms of that.

Like I said, even on the material side, in the packaging thing as of right now, everything is still being imported. So it's not like there's much of a margin in India or elsewhere because we're buying it from high-cost supplies in Europe. And honestly, it's not very much profitable on the material side. So we don't manufacture the material or we don't do something to sharply reduce the cost, it's not going to come down drastically. So that's something we're still working on. The second part of your question was on the packaging business. If you can just repeat that again for my benefit, please?

**Rushikesh:**

No, my question was essentially about the competitive pressure that you are seeing in the mono dose packaging business and V Shapes.

**Shiva Kabra:**

So there is no competitive pressure because as a patented technology. So we are competing against different technologies. So some people might use like sachets will probably be the biggest, I think, use of single-use packaging. Thermoform is another thing. So when you get into a jams and those things or your Amul and you peel off the top, that's like a thermoform. Of course, sometimes people use single-use glass bottles or tubes for expensive types of packaging. So and of course, in the pharmaceutical sector, there's some more specialty type packaging also which are single-use. So there's no apples-to-apples comparisons out here, there's apples-to-orange comparisons.

What I'll say is this much, 95% of the market doesn't know that this packaging is there. So our biggest in India, where Control Print is present. If I look at the world, I think we like 99.6% of the world doesn't even know there's a packaging is available. So our first target is to improve our marketing to improve our reach. And also, at the same time, we've not been over aggressive because, like I said, we need to develop some things still.

But at the same time, we also want to make sure that everything is in all processes are smooth before we try to really increase operations beyond the point because there were certain development projects going on, which are coming to an end and certain new developments to continuously increase the scope of what we're doing right now. So that's continuing.

**Rushikesh:** So essentially, you're trying to like make the customer aware about this kind of existence of such kinds of products and basically convince them that this provides a better packaging than what they are using essentially right now. So you have entirely new product is what you're trying to say.

**Shiva Kabra:** Absolutely. It's a different type of packaging. So you can't compare it. It's like comparing a tetra pack to a HDP bottle for packing milk. So tetra pack is a different type of package. It's not a pouch. It's not a HDP bottle. It's something new. So we've made a different type of product than what is -- so there's no direct analog in the market. But, of course, we're all competing for the same business, which are all competing for the single dose packaging business or single serve. So yeah, that's sort of where it is.

**Rushikesh:** Just one last follow-up question.

**Moderator:** Rushikesh, may I request you to rejoin the queue, please?

**Rushikesh:** Yeah. Sure. Okay.

**Moderator:** We'll take the next question from Madhur Rathi. Please go ahead.

**Madhur Rathi:** Hi, thank you for the opportunity. I wanted to understand regarding the losses that we expect. So we mentioned that on the overall level, our track and trace should breakeven and there should be a ₹17 crores, ₹18 crores losses in our packaging business for FY '20 -- ₹10 crores losses in the packaging business in FY '26.

But in Q1, if I just consider stand-alone minus the consolidated, we have taken a ₹13 crores loss. So are we expecting some kind of turnaround? Or how should we think about the losses going forward for the whole year?

**Shiva Kabra:** So there were two aspects to it. There is one thing which is some sort of a foreign exchange gain that the stand-alone business got and a foreign exchange loss that came in the consolidation. And I think Jaideep can give you a better explanation about that.

The actual loss in the packaging business abroad was in the region of ₹4 crores to about ₹5 crores. So we are expecting that in this year, by Q3, Q4, we'll be at a breakeven maybe for that packaging business, and we're targeting a loss of less than ₹10 crores over the year. So, obviously, we've had a certain thing. We have sold some machines for various smaller issues, a lot of those machines are not running online because the packing size has changed or something else is there.

So as we get more machines to start working, the material business in that vertical will also increase, and that will also start helping us

address a lot more of the fixed cost rather than lining up with the machine sales.

**Madhur Rathi:**

Got it. And just a second question on the Codeology and the Markprint business. When I go through their websites, their products are, so obviously, there's a complement to our current products. So, I'm trying to understand how is the competitive intensity in this business? Because as I understand, there is a lot of Chinese competition in these products because being of a lower value item than what a printer would be. And what would be the addressable market size for these products that we are hoping to launch over the next one year?

**Shiva Kabra:**

So I think where Markprint and Codeology selling there's less competition. Markprint is more on digital printing technology in line. And we're using some of their technologies already in India. So that's definitely part of what we are doing in our own business, and we're getting some success in our sales on that regard. But their printers would not be selling, I think the cheapest printer would be like at least €25,000 or something. So I think they're definitely more expensive than anything we sell. That's why we're not importing their equipment or directly copying their design, because it's too expensive for the Indian market. So we've just taken elements of their design and incorporate it into our own machines.

Codeology is more an end-of-line automation, it's just more of an solution business. And of course, we do print and apply equipment. And so, what we're doing is we're working with building up a coding and marking business out there and also absorbing their print and apply technology in India without really affecting what their core business is and what they're doing and making money so far.

**Moderator:**

Madhu, may I request you to please rejoin the queue please. We'll take the next question from Kumar Saurabh. Please go ahead.

**Kumar Saurabh:**

Hello, so I have two questions. My first question is, currently, what is our capacity utilisation at our manufacturing premises? That is one. And is there any need of doing CapEx soon?

And second question is the extension of a previous participant asked. So last year, we incurred almost ₹14 crores, ₹15 crores of loss at EBITDA. It's good we are taking these new initiatives because that is how growth happens. But next two, three years, this minus ₹15 crores, what is your estimate? And I'm not looking for an exact number or anytime soon, but two year, three year, four year, what is our timeline where all these three subsidiaries, what is the kind of contribution should come? And if we are not getting desired results, let's say, after waiting for two, three years, do we have a plan beyond this? These are the two questions.



**Shiva Kabra:**

So good question. So I think like I said, we have given a two year plan when we bought V-Shapes, which is now CP Italy. So we're in the second year. So we bought on March 23, March 24, 2024 officially. Honestly, this is the first time we've done something -- we purchased a company from liquidation and stuff. So what happened was maybe the time [Technical Difficulty] optimistic because it just took us six -- I mean, frankly, seven, eight months just to get everything running normally because -- and some of the -- what happened was, they already had an existing base of customers, to be honest. They had like some working printers in the market. So we're expecting about [Technical Difficulty] worth of material sales from the existing customers. But because of the liquidation process and the bankruptcy process stretched on for 1.5 years, those customers couldn't run their machines because of the material supplies were irregular and support was irregular in that entire period for that two year period.

So what happened was, a lot of those customers went back to their older style of packaging. So -- and they were unhappy, of course, for a good reason because, obviously, if you bought a machine and it don't. So we thought that all those customers will come back to us and we'll use that. That actually didn't happen. So it was a bit of a negative, to be honest, maybe -- so I think -- yes, instead of -- like I said, we're expecting by the Q3, Q4 to be like a breakeven in this business across India and be probably between the Track and Trace and the packaging business, maybe I think like ₹22 crores to ₹25 crores is probably what we spent in terms of losses last year funding it, but it will come down this year.

Track and Trace should breakeven this year or be profitable. And I think that definitely next year, the Packaging business should be profitable, although it's going to take a longer time because we want to continue investing. Right now, we have a sales structure in Asia Pacific and in Europe. We're going to have to keep -- in all regions of Asia also, we're not there. So we're going to keep expanding that.

In terms of capacity utilisation, I think that was the second question. In the Coding and Marking business, I think we can go from about ₹400 crores, what we're doing right now to at least ₹600 crores without adding any types of CapEx or any significant manpower. So I think we have that much [Technical Difficulty] in what we have right now.

In terms of CapEx, there may be because we are working on the recyclable material for the Packaging business. Although it's more of an R&D expense, we might buy ₹10 crores to ₹15 crores of some pilot type of equipment for like lab, our lab lines because we need to [Technical Difficulty] testing, but it's very slow to get it

done outside. So we might try to speed up that process so that the recyclable material, which is lower cost can be produced faster.

**Kumar Saurabh:** Sure. Thanks a lot. And wish you all the best and I'll come back in the queue. I have a few more questions.

**Moderator:** Thank you, Kumar. We'll take the next question from Hardik. Please go ahead.

**Hardik:** Yeah, hi. Thank you for the opportunity. I just had a hypothetical question in the stand-alone Coding and Printing business. Is it possible for any one player to garner about 40% to 50% market share in the long run? And is it economically viable to wipe out that additional market share?

**Shiva Kabra:** I mean, I think that everyone would love to have 40%, 50% market share. Yes, the thing is, so obviously, theoretically, there's no reason why it's not possible. And it is then smaller countries, you see a lot of time just a single player who might have 50%, 60% market share and then a few smaller other competitors in certain countries, it's more for duopoly rather than an oligopoly of four people or something. So it is there, and it is very much possible. But once the market share settle, which is sort of what the situation is, it's a bit of a dog fight to keep changing that.

We are gaining a little bit of market share, but we're not -- obviously, I would like to be faster, but -- and it's the easiest, most profitable business because you already have a base, you have each and everything is best for us. But yes, I mean, I don't know why the customers would want to consolidate to one supplier in a major way. I'm trying to think it from another angle, like I mean, as a supplier, I would like it to be that person. But I don't know why the customers would feel like, oh, I don't want to do business with Domino or Videojet. And I wanted to do business with Control Print and increase my wallet share with them. So not sure. I don't think it's going to change that fast if you personally ask me.

**Hardik:** So that is why the strategy to focus on the larger customers and maybe potentially cross-sell to them something else that might be of value to them. That's the strategy it seems that we have been taking for the last couple of years.

**Shiva Kabra:** The strategy for that was slightly different in that we were finding it difficult to now manage so many people and there's a certain cost of people. What's happening with smaller customers in India is that, the amount of business we get per printer in terms of inks and other things is significantly lower than what we get from a larger customer. And though at the same time, those customers are more price sensitive. The large customers are more focused on reliability, on technical performance, on uptime, on service support and having like a high level of sales in terms of technical skill and

being able to consult them through the entire process so they understand what are the best technologies in the world, what are the best thing for their specific lines. The smaller customers are more interested in a cheaper supplier. So in the end, that's not where our USP is. We are more expensive, more on the high end, more expensive.

**Hardik:** Okay. Thank you. Thank you, Shiva, always for the elaborate answers. Thank you. All the best.

**Shiva Kabra:** We have more high-performance, not more expensive, more high-performance.

**Moderator:** Thank you. We'll take the next question from Dhruv Achrekar. Please go ahead.

**Dhruv Achrekar:** Hello, good afternoon. So my question is, what have been the key growth drivers across the international subsidiaries such as the Markprint Netherlands, Codeology Group from U.K., and CP Italy SRL over the past years?

**Shiva Kabra:** So I think the three very different businesses. Markprint was an acquisition for us to get into the digital printing space for us. So they are doing well. They are growing also about, they're about €2 something million or whatever and they're selling more machines. So the Ink business out there is growing. So we value it on a multiple of the Ink business margin that we're getting. So that's the way we look at it.

Codeology is more of an end-of-line automation provider, and we wanted to get in that space, because we felt that, a, we wanted their Print and Apply business because we want to add that product line into what we do.

**Dhruv Achrekar:** Okay. So my next question was, how are the recent acquisitions, including V-Shapes SRL and Codeology contributing to the group consolidated revenues and profitability?

**Shiva Kabra:** Yes. So that's what I'm saying. So I told you like Markprint is about €2 million, they're profitable. So is Codeology. I think they're like 1.23 -- I don't know, how much of this Jaideep? £1.3 million or something, they're also profitable. And I think if either one that's obviously making some large losses because we are investing in the Packaging business. And I'm not sure of the turnovers off-hand. But if you just take our basic difference in the consolidated and the stand-alone and most of it is the international businesses approximately. Yes, correct.

Jaideep, you want to add to that? If you want more specific numbers, definitely, Jaideep is here. He's going to tell you right now. Hold on.

**Jaideep Barve:** Yeah. So, Dhruv, for the Codeology Group, the total group turnover was about £283,000, and we had a small profit of about £13,000 profit in Codeology Group. Markprint, the revenue for the Q1 was about €413,000 and there's a profit of about 20% on the net profit level. And CP Italy, sorry?

**Dhruv Achrekar:** Sorry, sorry. Can you tell me again about the Markprint, please?

**Jaideep Barve:** So €413,000.

**Dhruv Achrekar:** Okay. Thank you.

**Jaideep Barve:** And there's a profit of about 20% Markprint. And CP Italy, there was a loss of €384,000 in the Q1.

**Dhruv Achrekar:** Okay. Thank you for your answers.

**Moderator:** Thank you, Dhruv. We'll take the next question from Keval Shah. Please go ahead.

**Keval Shah:** Hello, yeah. Good afternoon. Thank you for the opportunity. So firstly, I wanted to understand the V-Shapes part. So there are two sub-businesses. One is selling machines and one is selling materials. So firstly, I want to understand that while selling machines, are we profitable in that? And along with that, on the materials side, I believe last con call, you had mentioned that once you sell 60 to 70 smaller machines, after that, you would turn breakeven in the material side. Plus, of course, you are trying to get into cheaper materials business also, the renewable side. So will you reach that kind of installed base or something -- will you breakeven on the material side as well by the end of this financial year? Or how do you say when you breakeven on the V-Shapes? Will it be on the machine side or material side or both? That is my question number one.

**Shiva Kabra:** Yes. So we are making a profit in both. The profit is higher in the machines in this business. The profit is higher in the machines than the materials, a. And in terms of -- yes, the machines, we've got -- we sold two large machines here, maybe two in Europe and about four smaller machines totally, but only like a couple of them are fully active. So we are struggling a little bit with all the niggling issues and the print issues and just some small stuff. And so, hopefully, we expected that stuff will start about like three, four months ago. But because of certain niggling issues, some of the machines -- our supplies are delayed. So we've been -- like one machine was supposed to be installed like in May, it's not even reached India as yet and stuff like that.

So we're struggling a little bit with the whole logistics and the final installation, it's a new challenge for Control Print also, because

we're normally used to selling machines and getting in and out like the engineer goes, puts the machine and it's more standardised, we get out in two days, we are done. So it's a new game for us also. But yes, the machines are more profitable than the [Technical Difficulty]. For us right now, the focus of the materials to get the cost down and get the recyclable structure, which is especially important in Europe and America.

**Keval Shah:** So just to confirm, you said that even on the material side, you are profitable with the higher cost material that you have right now. If you find a solution of a lower cost material, then the profitability will further increase on the materials business. Is that correct?

**Shiva Kabra:** No. As I said the higher cost material when it goes to the customer is costing about ₹2 a pack. The margins aren't particularly high, because we're importing it from Europe. And there is a certain amount of wastage. The Italians do make money on the material because they sell it at a higher price than us. What I said is that, we want to get the material cost down to ₹1, which we can do when we manufacture it in-house. And we are waiting because we're doing an R&D project in terms of a fully recyclable structure, which is also a demand from many customers like a homopolymer fully recyclable structure. So we are close on that, but we're not quite there. So we just want to get that structure up and running before we really focus on manufacturing it in-house. Right now, we continue to purchase everything from Italy and as said, Europe.

**Keval Shah:** Sure. And my second question is on the Middle East side.

**Shiva Kabra:** And we're not manufacturing anything whether in CP Italy or in Control Print. We're importing it from outside suppliers.

**Keval Shah:** Okay. Okay, sure. Thank you. And second question is on the Middle East part. You have set up a subsidiary there. So what's your thought process on the Middle East market? How big would be the market over there? And from when do you see the sales starting, etc? Some thought colour on that front also, please? Thank you.

**Shiva Kabra:** Yeah. So that's not a large subsidiary of ours. It's going to have like a total of three or four people across Asia, Middle East and Africa. That's what we are envisaging like our focus on that. So what's happening is, we have a bunch of customers here, and we have a bunch of verticals in which we are very strong and we're known. So for things like steel, cement, things like piping and so on. So we are just focusing on certain sectors where we are already working and to try to take advantage of the same myself.

**Keval Shah:** Okay, thank you. And ₹10 crores, ₹15 crores...

**Moderator:** May I request you to rejoin the queue please?

**Keval Shah:** Sure, okay. Thank you.

**Moderator:** We'll take the next question from Deepan Sankara. Please go ahead.

**Deepan Sankara:** Good afternoon, everyone and thanks a lot for the opportunity. So, firstly, on the stand-alone business, we have seen 500 bills kind of production in gross margins. So what is the kind of revenue mix we have during this quarter as compared to year-on-year?

**Jaideep Barve:** Could you just repeat the last line? I just missed out, Deepan.

**Deepan Sankara:** Yeah. Revenue mix split in terms of printer and the consumables and these services part.

**Jaideep Barve:** Sure. So, for the Q1 of FY '25-'26, the breakup between the printers, consumables, spares and services is 11%, 62%, 12%, 14%.

**Deepan Sankara:** Okay.

**Jaideep Barve:** And if you want to compare it to the full financial year of '24-'25, it was 14%, 66%, 7% and 13%.

**Deepan Sankara:** How it was last year Q1?

**Jaideep Barve:** Last year lower in which sense, like. See, this is a cyclical thing. I mean, we cannot exactly predict and also depends upon the momentum of production the customers faces. So it depends upon how much is produced, so our demand for other consumables increase or decrease. So we take year-on-year numbers for comparison.

**Deepan Sankara:** Okay, thanks a lot.

**Moderator:** Thank you, Deepan. We'll take the next question from Saket Kapoor. Please go ahead.

**Saket Kapoor:** Greetings and thank you for the opportunity. Just if you consider Slide no. 22, wherein we have shown our brief financials for the consolidated part. So therein, we have seen our EBITDA declining from ₹20 Cr to ₹18.5 Cr. So if you could just elaborate what are the key factors that has led to the same? And I have a couple of points, firstly, to mention in terms for Jaideepji that, when we are mentioning about the breakup...

**Shiva Kabra:** Can I answer this question, then we just take the next question? Is that right?

**Saket Kapoor:** Yes, fine.

**Shiva Kabra:** So essentially, the EBIT that has decreased at a consolidated level. It's mainly because we had certain losses in the packaging business. I think the track and trace, in fact, this quarter is close to breakeven. So it was not that. Last year, in Q1, because we had just purchased the company and there were certain reserves and certain other things in stock, we didn't actually lose that much money last year Q1.

Maybe I think comparatively, it was less. Now, what's happened, like I said is that, our coding and marking business was okay performance this quarter, but to improve the gross margins of our coding and marking business which have dropped a couple of percent, we are going for a price increase, like I said, starting 1st of August, so it should start in a few days.

And practically speaking, we'll not see the difference before like 1st October. So we'll really see the difference in Q3 and Q4. So like I said, it's mainly other expenses, certain other material expenses that are increasing as a result of the packaging business scale up. Track and trace has definitely turned around because the fixed costs are now at least to that extent being almost covered by the mono business we are doing. So that's where the margins are changing.

The gross margins of our coding and marking business have not really changed and maybe like 1% or something, but not fundamentally changed. Consolidation of different businesses that are making this difference.

**Saket Kapoor:** Can you give the number for track and trace contribution for the first quarter in terms of the revenue?

**Shiva Kabra:** So we don't give it independently, but 10% of the business approximately in the standalone was packaging and track and trace combined.

**Saket Kapoor:** And for consol level?

**Shiva Kabra:** Is it about right, Jaideep? Just let me confirm that. I think approximately it was about 10% or so.

**Jaideep Barve:** Yeah, approximately, yes.

**Saket Kapoor:** You mentioned 10% on stand-alone basis. So what would be the number and consol?

**Shiva Kabra:** So, obviously, consolidated will be higher because then the packaging business from abroad and stuff comes into play. So that would be higher than this digital printing. So then it's more

difficult to compare. Jaideep, if you have the number, just you can provide?

**Jaideep Barve:** So, Saketji, for the CP Italy operations for the Q1, we have incurred a loss of €384,000.

**Saket Kapoor:** In rupee terms, how much it will be?

**Jaideep Barve:** So it will be about ₹4.5 crores, ₹4.5 crores to ₹5 crores.

**Saket Kapoor:** One small request to you, Jaideepji. So since we are all dealing in Indian rupees, gaining, losing money in Indian rupee, if we could just translate that number and provide all the sales and the revenue being translated into rupees, that would suffice a lot of questions. And also in the presentation, if we can provide this breakup of sales for Codeology, Markprint and CP going ahead, that answers a lot of the questions and the margin profile is also clear, which you are sharing right now during the call. If this can be looked into...

**Jaideep Barve:** Sure, Saket. Yeah, Saket, your point is noted. For the next con call, for the earnings call, we'll definitely like look into giving you information in that manner.

**Saket Kapoor:** And also the breakup of printer, consumables, spares. This is a repeated questions from investor.

**Jaideep Barve:** Sure, we will give.

**Shiva Kabra:** I mean, the problem is that, our competitors don't have to give this level of information. So, obviously, it makes us unhappy. That's the main issue that's there, like because Domino and Videojet. Domino have to disclose how much their digital printing business is, their digital print. So sometimes we don't disclose less, but we'll try to give it more. It's not that I don't think it's a competitive issue for us. So we will provide that.

**Saket Kapoor:** In the listed space, I think so we, as investors and analysts must have an understanding what narrative you are giving and what path we are gliding? Are they coinciding or not? And what factors will lead to the confluence of the same? The Q1 numbers somehow have not gone well with the Street. This is very well-known with the enterprise value getting eroded over a period of last two trading sessions. So investors and analysts must have correct understanding of what the state of affairs are for the existing business and also the future business where we are investing in a continuous manner. And you have already outlined the factors to us that has led to the lower profit.

So that was my reason why we wanted more understanding on the same because that's going to impact your enterprise value.



Domino's and others are not listed space. So they do not have that compulsion on their hands. Second point was, in this quarter, we have seen this purchase of stock in trade line item also being higher, whether it is stand-alone or in the consol. So what explains this nature to Jaideep, and also the employee benefit costs have also gone up first quarter? Yes. So if you could explain these two?

**Jaideep Barve:**

So the first point was related to the purchase of stock in trade. So what we have is that, in India in the stand-alone thing, we got a separate division called Packaging division, which purchases machines from CP Italy and sells it to the local domestic customers in India. So that is the reason why like in this quarter, we have sold two machines. So the purchase cost was there for these two machines.

**Shiva Kabra:**

And Saketji, like I said, as of right now, we're also purchasing all the materials that we're supplying. So it's not only the machines, even the materials are purchased directly from our suppliers in Europe. So whatever the packaging business essentially is mainly a trading business. When we start making the materials out here, then there will be a change and we'll see some more changes out there.

**Saket Kapoor:**

One question I have.

**Moderator:**

Saketji, may I request you to please rejoin the queue?

**Saket Kapoor:**

Please give me opportunity at the end again.

**Moderator:**

Sure.

**Saket Kapoor:**

Thank you.

**Moderator:**

We'll take the next question from Manan Shah. Please go ahead.

**Manan Shah:**

Yeah, hi. Thank you for the opportunity. You had mentioned earlier that we were focusing on the Pharma segment for our track and trace. So any major breakthrough or client addition that you've had over here in the current quarter or in the near future? If you can highlight or give some colour on that, that will be very helpful.

**Shiva Kabra:**

Yeah. So primarily, we are focusing on two major customers right now. We are still rolling out our solution out there. We have a few different cases going on at smaller levels, but we are fully occupied with these two large customers. So, of course, in stages, only when they sign off, then the billing gets complete and things happen. So it's definitely these are the two. I'd say, the two large customers, both in the top 10 easily of India, if not bigger. And once we roll out with these two, then we'll focus on other customers because [Technical Difficulty].

**Moderator:** I think we lost, Shiva.

**Shiva Kabra:** No, I don't know if you guys heard me. I said we have two of the major top 10 customers. We're doing some innovative things with them. Once we install those, we complete that entire installation and it's live and they can see what's there in the market, it will then be easier for us to approach other large customers. So there's some bunch of small to midsize projects going on. Whether these two, like say, more company-wide type sales or projects that we are working on.

And once that's fully online, then definitely it will be a massive benefit to us. There is a lot of technical new things that we are working on, and we're trying to cross each bridge as it comes. So it's a good solution and definitely I'm quite bullish on that.

**Manan Shah:** Understood. And my next question was on the packaging side. You mentioned that we've sold two machines, I believe they're sold in the domestic market. So what are the end industries where we've sold these two machines? And also, V Shapes recently participated at the CMPL Expo at Jio. So, any colour or how was the response to the Expo or any sort of leads that you were able to generate over there, that will be very helpful. Thanks.

**Shiva Kabra:** Okay. So, Tushar, to answer your question, we have four machines or five machines we sold in India. I think like two or three are in honey and two are nutraceuticals and one is in cosmetics, okay? So nutraceuticals stuff like not exactly pharmaceutical, it's more like cough syrup, like or Shilajit or Ashwagandha, those types of guys. So two nutraceuticals, two in honey, and one is actually in the Middle East, it's in Gulf, two are in the Gulf -- two are not in India, like one is abroad, four in India. Two in honey, one is in cosmetics and two are in nutraceuticals.

The second part you asked about the CMPL, yeah, it was a very good response actually. Even elsewhere, we've been having a good response. So what's happening is that, one of the things we have invested in the last year or so is to set up co-packaging facility for cosmetics in Nalagarh and also a co-packaging facility for food in our Nalagarh factory.

And this is basically what we're doing a lot of inquiries for 20,000, 30,000 pieces. People want to give a sample with the other materials, a couple of lakhs here and there. So more than people purchasing the machine, they want to test the packaging out on the market. So now the problem -- I mean, if you're in the packaging industry, you'll understand that printing and making a volume which is quite low is very difficult. But we've taken the strategic call recently that we will take those lower volume pieces on more as a marketing cost rather than any great revenue that we're getting for the co-packaging or any benefit.

But that's where the situation is. So it's a positive exhibition from what my knowledge is, I didn't actually attend myself, but this is what I got feedback from the team.

**Manan Shah:** Sure, thanks. That was very helpful.

**Moderator:** Thank you, Manan. We'll take the next question from Tushar Talwar. Please go ahead.

**Tushar Talwar:** Thank you so much. My question was around actually going back to the pharma side. There's been some literature which has been going around in pharma magazines and all that the anticounterfeiting measures that were put in place by the government, they're not really working out as expected. So my question was that in terms of the two customers that we are working with, are these issues that they're also looking to solve in the course of our pilots or whatever we are doing with them? And what is your larger perspective on this counterfeiting issue and how it will pan out for us in the future?

**Shiva Kabra:** So this is a very tricky thing for me to answer because I don't know how much like normally every customer is assumed even whether we sign an NDA specifically or not, like it is confidential till they allow us a specific disclosure. But, yes, there are some innovative aspects to it. We have like about three or four -- we have three key patents in our Track and Trace division, and we are utilising all three in this particular instance. And we're combining that with our digital printing technologies. So we're really going for a pretty comprehensive solution for the customers.

Definitely, I can say tell you that in general, in the pharmaceutical space, the counterfeiting is one of the key issues that's there. We are also working quite aggressively on ensuring that these issues or shortcoming of the current market solutions are addressed. I can't really go beyond that until I get a specific permission from the customers at hand, and I can't tell you beyond this.

**Tushar Talwar:** Sure. No problem. The second question I had was regarding the comment that you made that right now, we are not sourcing the raw materials. We are not -- we are just doing trading in the raw materials right now for the Packaging division. And you had said that in the future, we might look into doing this in-house. With respect to that, I just wanted to understand that when we talk about taking it in-house, are we talking about setting up polymer compounding facilities within our premises? Or is it more involved or complex CapEx than that if and when that was to happen?

**Shiva Kabra:** So right now, like I said, we are still working on -- we are going to spend a certain amount of money because we need to finalise this recyclable package. We are making progress, but it's being slow.

So that's what our initial CapEx is and also we can make pilot levels of production, both of the things. We just want to finalise our exact configuration going abroad, because that depends on -- depending on that sort of set up what sort of line equipment we are ordering.

It is more of a film and extrusion -- sheet extrusion and those types of processes that are there. It's not super complex, but it will require an expansion of the facility or a separate area because the amount of material that's flowing through in that type of a business would surely be higher than what we do in our inks and whatever other stuff it is. And in Guwahati, frankly also a little bit logistically difficult to manage the entire country from there for this type of material also, reexporting from here to all the other machines that we sold all over the world. So, obviously, then it's not only we're manufacturing for India, we're manufacturing for all of -- wherever Control Print sells these machines everywhere in the world.

So -- but I mean, again, it's a bit futuristic. We've not finished our development aspect. And at the same time, most importantly, we have some plans in mind, and obviously, we are working on certain things. But like I said, we also want to make sure that the volume is at least enough to -- so the first target is to get the pilot stuff done and develop all the stuff, and at the same time, cut down the losses and increase the sales pace so that we're not just investing and investing and investing and then not being able to even utilise the capacity at a fraction. So that's obviously something that is there.

So right now, our focus is more on investing more on the sales network. Our margins are higher on the machine. And in the short-to medium-term, that's actually going to drive our business more than the materials. We can always manufacture the materials and increase our margins whenever you want -- whenever we are ready for that.

**Tushar Talwar:**

All right. That's all from my side. Thank you so much.

**Moderator:**

Thank you, Tushar. We'll take the next question from Devanshu. Please go ahead.

**Devanshu:**

So two questions. Just the first question, can you talk a bit about the people running or heading the new businesses that we have? Are they people from in-house? Are they external hires? Can you talk a little bit about their background? I'm specifically more interested about the larger new companies that we've taken on, so Packaging and Track and Trace specifically. And when it comes to recruitment requirement, are we done with that? Or are we still hiring people? So when will the employee cost stabilise in that sense?

**Shiva Kabra:**

Okay. So I'm just going to answer your both the questions. So the Track and Trace business is actually been run by a doctor, like an MD type of doctor. And he is someone we recruited, because he was interested in this space and they had started something. So it's more of an acquisition where we actually let go for own develop and we felt their product was better. The person on the technical side is more of a blockchain specialist. And of course, there's the rest of the technical team there. So that's also one of the reasons, of course, why the employee costs have increased because a lot of these people are expensive people and so on as compared to maybe more standard types of sales and service engineers that we have in the core coding and marking business.

CP Italy is still run by Christian Burattini. He was a Founder of V-Shapes and also the creator of this technology. He's an inventor himself and he's on the key patents of V-Shapes. And he's also running the business overall. So we are trying to supplement that with more managerial experience. The person who's running the Packaging business in India is ex the Head of Flex Engineering. UFlex had a sort of engineering division packaging machines. So he's a Head of -- he was a former Head of Sales for Flex Engineering.

And yeah, Markprint is being run by its Founder [Technical Difficulty] also been in the business, and he was working previously at mark in the March for many years, maybe 15 years or something before he started Markprint [Technical Difficulty] brief about those guys.

Anything else -- and in terms of employee hires, yeah, so there was some cost there. We don't need people much right now. In fact, we're trying to focus on managing the amount of people we need. There has been some stuff because in the packaging, there has been a scale out. So we have got some people who are working abroad at various geographies and certain things like that. So the same thing, we've added some more people in Italy. So we might need like four, five more sales people only across the Packaging and Track and Trace sectors.

So overall, I don't see the headcount increasing now. Maybe three, four people, if we actually -- maybe three, four people who manufacture these pilot materials that we are working on. So I don't see like a major increase in people for sure. So I think we've put on a lot of those employees that are there. There might be some changes up and down. Obviously, the division becomes profitable. Some of these guys have a performance bonuses and profit sharing things in their own divisions and stuff like that. So that might increase, but the fixed cost should not go up long much.

**Devanshu:** So just a follow-up on this. So ₹100 crores employee cost annual run rate is good for now to assume?

**Shiva Kabra:** On a consolidated basis, I don't think it's going to be that much.

**Devanshu:** We did about ₹24 crores...

**Shiva Kabra:** More than ₹24 crores in the first quarter, but I don't think it should remain that much. So we can get back to you with more details on that. There is certain employee costs abroad. So I think it will remain the same.

Jaideep, I mean, I don't know how much of it is fixed, but I think like it could be -- it won't be more than that.

**Devanshu:** Sure.

**Moderator:** Thank you, Devanshu. Please request you to rejoin the queue. We'll take the follow-up question from Kumar Saurabh. Please go ahead.

**Kumar Saurabh:** Yeah, hi. So my question is on the consumable side. Are there other companies which can provide consumable for our printers or vice versa? Or how does it work? Our printers only our consumable, how does it work?

**Shiva Kabra:** So we have a protection on our printers with our RFID technology. So in general, like you can't really use someone else's ink on our printers. And neither do we provide our inks for use on other people's printers.

**Kumar Saurabh:** Okay. And one more question and more observation. So I think we have a very good business and we do get a lot of free cash flows. Some of those investments are there in the equity side as direct equity or mutual fund kind of product. So do we have some kind of formal fund management team or some professional team which is handling it?

**Shiva Kabra:** So anyway, I think what we discussed was its reduced and we are liquidating most of it. So I think maybe we can discuss it post the September 30th results, I think the balance sheet will be published it

**Kumar Saurabh:** Sure. Thank you.

**Moderator:** Sure. Thank you, Kumar. We'll take the next question from Disha. Disha, please go ahead.

**Disha:** Good afternoon. We wanted to ask that the GST benefit on a plant would be going when and what will be the impact?

**Shiva Kabra:** Yeah. So it's gone as of...

**Jaideep Barve:** 26 of May.

**Shiva Kabra:** Yeah. So the Guwahati benefit is over. I think it was close to ₹10 crores, ₹12 crores a year, if I'm correct. So that is thing that -- already we could see like about maybe ₹1.5 crores of impact on Q1. So that was already there. ₹1.5 crores, ₹2 crores in Q1.

**Disha:** Okay. Thank you. And in this track and trace and our coding and marking according to your printer sales, how much consistent growth can we expect for coming three to four years? Because we have already sold a lot of printers in the last two years.

**Shiva Kabra:** Are you talking about track and trace or you talking about coding?

**Disha:** Coding, coding.

**Shiva Kabra:** Yes. So I think we are continuing to grow. I think like our overall target is to continue growing the Coding and Marking business at, say, whatever growth we're used to doing in the past, something similar like maybe 14%, 15%. I think that's our target to keep growing at that rate for the next two, three years at least and keep seeing what happens if the market is okay.

**Disha:** Okay. And in terms of track and trace?

**Shiva Kabra:** [Technical Difficulty] these two projects, and we see what the market reaction is, I believe will give you a better picture.

**Disha:** Great. Thank you so much.

**Moderator:** Thank you, Disha. We'll take the next question from Rahil. Please go ahead.

**Rahil:** Just to round it up with the last question, like any consolidated growth guidance you'd like to give on revenue front and EBITDA margins?

**Shiva Kabra:** I didn't really get that. Can you just repeat that question, please?

**Rahil:** Yeah. I would like to ask if you can provide a certain consolidated level guidance in terms of revenue and EBITDA margins for this year and next?

**Shiva Kabra:** We don't have any guidance. But like I said, overall, some of the variation -- like I think the Coding and Marking business is steady. Some of the variations are caused by investments in especially the Packaging business too and both abroad and in India and Asia. And to some extent, in previous years, the track and trace, which I think should be breakeven or profitable this year.

So I think, yeah, as the other businesses get in line, things would definitely improve. Right now, it could be valued as two separate businesses. One is a business which is a Coding and Marking business in India, which is our core business. And then everything else is a growth initiative. And maybe it will just take a few more days or a couple more or a few more quarters, and you'll see as it scales up, how things are running on that front.

**Rahil:** Okay. Thank you.

**Moderator:** Thank you, Rahil. We'll take the last question from Keval Shah. Keval please go ahead.

**Keval Shah:** Yeah, thank you for the opportunity again. So I understand you are not giving any forward guidance, but is it fair to say that worst for the margins is over as of Q1 FY '26? That is one.

And second, the ₹10 crores, ₹15 crores of R&D lab expense that you're planning to do for your V-Shapes business. So will it be entirety of it in FY '26 and it will be expensed out in this year itself, so there will be an additional expense of this ₹10 crores, ₹15 crores that can we expect in this year? These are my two questions. Thank you.

**Shiva Kabra:** So regarding the second question, whatever R&D we do, which is more based on people, prototypes and stuff we expense it on. If there's specific equipment or tooling we purchase, then I think legally, we are obliged to capitalise it and then write it off. So, again, Jaideep, if you just want to give that idea.

And then, in terms of the margin or the EBITDA part, like I said, I think that we believe that, obviously, we've taken some amount of losses in the next few quarters are going to be better. So things are going to improve. If we control the losses in other businesses, then automatically things should improve. And like I said, we're also going for some price increase. So we are expecting better, but I don't want to say anything. I'd rather say like let's wait three quarters and everyone finds out what's going to happen.

But, yeah, specifically as far as the -- that's why I mentioned because someone mentioned CapEx. So it can be used for production. So it is a type of CapEx. And you can do production with it at a small to midsized level. And then -- so that's sort of what we're thinking. So I would say it's like a combination of CapEx and R&D. We are doing it for the R&D, but it will also be used for some certain levels of production.

**Keval Shah:** Okay, thank you.



**Moderator:** Thank you. Since that was the last question for this earnings call, would you like to give any closing comments, Mr. Shiva.

**Shiva Kabra:** I just want to thank everyone for taking the time out. I value everyone's participation and feedback. I think that to be honest, like the Q1 results were disappointing for a lot of people, and it's the same for us also. But like I said, this is a continuing process, and we knew that this change is happening and it's going to take a certain amount of time for it to pull through. And we're doing that step-by-step. So I still feel we are on the right path. And it's just -- yeah, one, two things have been slightly more difficult or longer term than what we envisaged maybe when we went in for a couple of these expansions in terms of business.

**Moderator:** Thank you very much, Shiva.

**Jaideep Barve:** Thank you, everybody. Thank you.

**Shiva Kabra:** Thank you.

**Moderator:** Thank you very much. And this brings us to the end of this conference call. You may please log off now. Thank you.