

May 27, 2026

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

Sub: Transcript of Q4FY2026 Earnings Conference Call

Ref: 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 **Thursday, May 21, 2026 02:00 P.M.** on **Q4FY2026** of the Company.

Further, the said Transcript will be made available on Company's website at 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

Q4 & FY26

POST EARNINGS CONFERENCE CALL

May 21, 2026 02:00 PM IST

Management Team

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

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations Team, I welcome you all to the Q4 and FY26 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 risk 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 March 2026, the growth perspective and vision for the coming year, post which we will open the floor for Q&A. Over to the management team.

Jaideep Barve:

Hi, good afternoon everybody. My name is Jaideep Barve and I am the Chief Financial Officer of Control Print Limited. Welcome all of you to the earnings conference call to the fourth quarter of the financial year 2025-'26. We appreciate that you have 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. Just 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.

Let me provide you some highlights on the performance of CPL for the period ended 31 of March 2026. Revenues: On a consolidated basis, the total revenue is INR 484 crores in FY25-'26. The figure for the corresponding previous year was INR431 crores. Out of this, the operating revenue is INR482 crores in 25-'26, which was INR425 crores in 24-'25.

On a standalone basis, the total revenue in the fourth quarter is approximately INR 138 crores, which is a good growth from INR 114 crores of the Q4 of the previous year. For information, the total revenue for FY25-'26 at the previous three years is INR 460 crores, INR 395 crores, INR 347 crores and INR 295 crores. Regarding operating revenue on a standalone basis, it is INR 446 crores for the complete year of 25-'26. This was INR 385 crores in last year.

Coding and marking continues to be the main and most significant profit centre of the standalone company. It has seen a steady growth in the business. Pipes, food, dairy, Cable and Wire, FMCG, Steel and metal and wood are our top performing business verticals. We continue to be the market leaders in cement, plywood, sugar and dairy.

The business outlook remains good for the track and trace division. We have developed new solutions and acquisition of new customers is another plus points for us. We are getting good traction in the core packing activities in the packaging division. A pipeline is being generated for the laminates, food packing and new machines. Management of this division is now strictly controlled and operations are tightly measured.

The mask lab has now been operating as a PPE and safety division. Along with masks, we are also engaged in the trading of hardhats, suits, helmets, gloves, blankets and shoes.

Expenses: On a consolidated basis, the cost of goods sold is around 40% of the operating revenue, which was 42% in the last year. Employee costs remain high, which is 23% in FY25-'26, which was 21% in the previous year. Other expenses are around 16% for the current year and previous year. On a standalone basis, the cost of goods sold is around 41% of the operating revenue. This was 42% of the operating revenue for 24-'25. Manufacturing costs continue to remain at 3% of the operating revenue. The employee costs are 19% in FY25-'26. This was 18% in the last year. Depreciation and other expenses are in line with the previous periods and in line with the business activities of the company.

That said, management remains committed to optimize all the costs and would look closely into the economy, efficiency and effectiveness of operations. This repeal can definitely lead to a reduction in operating costs. The way forward. We would like to consolidate the coding and marking business by increasing the install base and provide robust solutions. Just for your information, we have implemented a price increase. Reduction in the input costs and overheads is also being prioritized.

We would be developing new solutions and capitalize the available market opportunities in the Track and trace segment. With respect to the packaging business, both in India and overseas, we are looking forward to increasing revenue in the printer sales, the co-packing and

laminates. Overseas subsidiaries will continue to monitor the focus group targets. Business plans have already been mandated for resolution.

We now leave the floor open for any questions. We'll be happy to address them.

Question-and-Answer

Moderator: Thank you, sir. We'll now begin the question-and-answer session. [Operator Instructions]. We'll take the first question from Mr. Keshav Garg. Please go ahead.

Keshav Garg: So, Mr. Kabra, thank you very much for this opportunity. I'm very concerned by the losses that our international acquisitions are doing and the losses seem to be ballooning with every passing quarter. Now, we have seen this story before of Indian companies doing vanity acquisitions in saturated Western markets and then continuously pumping money, making losses and then ultimately just writing off the whole thing. So, I mean, is there a different story over here or we are following the same predictable pattern that we have seen many times in the past before?

Shiva Kabra: Yeah. So, Keshav, this is Shiva. Thank you for taking part in the conference and for your question. I think that will be a concern for many other people also. So, you see, the thing is, I think this is a fundamental question for me as a manager and for the shareholders also, or investors, however you want to term it. You see, there are two routes out here. We are in a comfortable position in our coding and marking business. When I look at the results, the profitability has increased on a standalone basis, fueled by the coding and marking business. Even though we have made investments in both the QRiousCodes which actually probably was at least a breakeven this year, I would say, if not at a profit, but it was definitely at breakeven.

We didn't probably spend money developing that business, but we didn't make losses in the packaging business in India. So, the question is whether we wanted to be a TCS or Infosys-type business. I mean, I'm not trying to say they're a great company or something, but in the end, they've been making a lot of money and running a comfortable business model for 30-35 years, but they haven't reinvested in creating IP. There are no products that they have per se. They're not leading in, say, the AI or something. They've not created any, like Zoho or SaaS-type products.

They've not competed with anyone that asked -- or done anything like that.

So the question for us is that there are certain types of companies and business models which are going in a certain direction. We have felt that our coding and marking business has a certain limit because the total business in India is still, like somewhere between INR2,000 crores, INR2,200 crores was our last calculation when we had the fall of us, plus assume something for all the other parts of the market. Now, if that's going to grow about like, about 10%, then 11%, something like that, 10% on average, then the options for us are limited. Although it's a very comfortable, highly profitable business and we believe that we have the type of skills, we have the type of thing, and we've been investing aggressively in developing our own technology. So we were licensing many things earlier. We were a distributor for the new manufacturing, and under license. We developed a lot of our own products and technologies in the last few years. So, just so you understand, you know, the losses that you're talking about are almost entirely in the packaging division abroad.

It's not in markprint or Codeology, which are more allied with our current business. The main losses that we're having are fundamentally linked to the packaging business. Now that's a business that is not, I won't say like it's something that we're not really doing that directly in terms of packaging machines and packaging materials, right? We are supplying a different set of equipment than the packaging ones. So the fundamental call out here was to invest in some technology, which we feel has a differentiating factor. And the investment cycle has gone a bit longer than what we expected.

That's also because, it's taking more time -- it has taken more time to stabilize the machines, as compared to what we expected. And the machine is actually stable, but in certain types of material development in terms of certain other aspects that are there in those markets. So like I said, in the end, when we've done this acquisition, or we've invested in this, we feel that the scope of this business is significantly bigger than that of our coding and marking business. But we need to invest and have patience. And we've gone on a certain route where we have said that we are comfortable building up our IP-stack, and that's what our company wants to do. That's what we believe is necessary for the long-term health of our company, when we're talking over a decade-long period.

So, I understand that, as an investor, as a shareholder, as a even manager, you have to ask these questions to our board. These questions

were raised also yesterday, and that's been raised in a few other meetings that the rate of growth-- sort of makes the growth out here look very muted, and it's not that good. But the thing is it's a conscious path we've taken. We've got like a bunch of key patents, not only, like I said, in our coding and marking business, which we've created over the last few years. We've done a lot of investment in R&D out there also. So, we are coming from, I'm coming from a different angle.

We have been paying license fees and royalties, and someone calculates that I've been paying INR7 crores, INR8 crores, INR9 crores a year, INR10 crores, maybe, whatever it is. And we've been paying for the last 10, 15, 20 years. Then we are coming from the idea that we want to leave this new thing and get into new areas where we are the ones who are owning highly differentiated IP and building platforms on that.

So, it's a very different type of a situation, and this change has been happening for a decade. We need to focus on our coding and marking business only, so nobody questioned it earlier. Now, we are also getting more, like I said, into digital printing, into Track and Trace, and in-house because we're combining a lot of those technologies, and now we go to the packaging industry also, and that's a similar platform.

But like I said, you know, if someone is asking me, and I was just at interpack, for about 8 -- 7 to 8 days or something in Germany, I think there was a lot of strong interest in our product and our platform. So, it's something that definitely -- I'm still very sure of the end-use case, but everyone has to understand that when you're going down a certain route, we have to load a certain amount of risk and some sacrifice of certain short-term results, which we're trying to manage to the best extent possible in order to ensure that the company has multiple levers of growth and a strong platform over the next decade or two. So that's sort of where the situation is.

I don't know if this is answering your question in complete. There's no vanity here. We're not taking on certain things. It's a very calculative decision. Wherever we have invested, it is to take certain types of intellectual property where either we have some holes in our portfolio and we want to ramp it up in terms of Codeology, the print and apply, in terms of the Markprint withdigital printing. It also filled some geographical options for us, maybe in the future, and in the packaging business, again, it's an IP platform that we bought, which we really believe we can develop to be a significantly bigger business and a more profitable business than our coding business.

Keshav Garg:

So, Mr. Kabra, I appreciate your answer and I do understand that until we attempt to do new things, the company cannot grow. But I mean, there has to be some endgame that, okay, we are trying to do this and if we are unable to do this in a certain time period at a certain cost with a certain capital outlay, then we will basically write it off. And it will not be open-ended that after three years also, we are discussing the same thing and I think we are again putting INR32 crore in the Italian subsidiary, whether through IPR purchase or equity infusion, it's basically the same thing that we are putting INR32 crore additional capital. So, basically, how much money did we put to acquire this packaging business? What has been the additional investment since acquiring it? And what has been the cumulative loss?

So, the basic point is that are we realistically going to get in the foreseeable future any return on all this investment that has been incurred till now? And by when?

Shiva Kabra:

Yeah, so, Keshav, again, like I said is that this is not an open-ended type of investment. Obviously, in the end, we've got a certain bunch of milestones, and the first thing is to have a very stable product platform, which has taken slightly longer than what we expected because what happens since we bought the company from liquidation, there's a lot more damage to their technical and quality and many other aspects that were there than what we expected. The IP, what we're doing is not a method of fund infusion. I will actually retract on saying that, we, in any case, have certain things that we've extended are not clearly in terms of the equity into what we've done. So of course, some part will be used to repaying ourselves. But this is to formalize the fact that all the IP is now belonging to Control Print, right? Not to Control Print Italy.

And we are also potentially going to be licensing this technology to other people, okay. So, one of the options we're also looking at is whether to make it a platform and whether we want to do everything ourselves or whether we want to make it a platform and even license it to other people. So, we can do all kinds of things in the platform, right? We can also license it to other people in certain geographies or we can make everything ourselves. So, there are multiple options ahead of us.

For that, we wanted this to lie with Control Print itself and make Control Print affordable for India. So, that's the situation that's there. But I can assure you these questions are asked of us, obviously. And like I said, our board is also very conscious -- Mr. Kabra is very conscious of what is happening. He has a lot of questions to ask also. So, I can assure you that we are making significant progress and it may or may not show up

in the results at the time that everyone expects, including me. But I understand and I have done this with two other platforms that we've done before. Now, we're able to do three other options like the Track and Trace. Now, we can see the sort of results showing up out there.

We can see the same thing here. And again, we've gone for a highly differentiated approach. If we go for a less differentiated approach and keep building out the platform, it's going to obviously probably give us a faster return. But like I said, the idea is to get something which can really take the company to the next level. I think that's what we're looking for.

Keshav Garg: Sure, sir. Thank you very much. I appreciate your answer and I hope the company succeeds in our endeavours. Thank you.

Shiva Kabra: Thanks.

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

Madhur Rathi: For the opportunity. Sir, I wanted to understand regarding the sharp increase in our employee benefit expenses. On a standalone basis because it seems that the investments in the Track and Trace had been done. So, what is this increase related to?

Shiva Kabra: Yes, sir. I cannot hear you clearly. Can you repeat everything, Madhur?

Madhur Rathi: I wanted to understand the increase in employee benefit expenses during the quarter from INR21 crores to INR27 crores, INR28 crores. So, why is this? And from my understanding, all the investments in Track and Trace had been done and the employee expenses were going to stabilise at those earlier levels. So, what has led to this increase?

Shiva Kabra: So, I take the second part of the question for us, as far as Track and Trace goes, I mean, we're continuing to invest. We have a team there. We continue to develop new products and IP. So, there is an ongoing commitment and an investment. But now we're making enough revenue that it is breakeven, maybe even profitable. I can't disclose those exact numbers, but it is not -- if in the future, I mean, for whatever we are seeing, it's either going to be at least breakeven, if not profitable. So, it will be a contributor or at most neutral for the company.

Now, the second part, which is the employee expenses, you know, Jaideep is going to answer this question.

Jaideep Barve:

Yeah, if you look at the numbers, you will feel that the amount has increased. But for the granular approach, like what we've analysed is that since November '25, the new wage code has come into being. And as a result, we had to recast the liability on account of leave encashment and an Gratuity. So, a major chunk of the variance is because we have implemented the new wage code and the hit has been then repeated around. Along with that, we have also done some good amount provision for the sales and service people incentives and also some loyalty bonuses for key management people.

So, the last one, basically in terms of keeping the business ahead and having the right people and the first impact of more or less about INR3.5 crores was because of that leave encashment and the gratuity entitlements.

Madhur Rathi:

Got it. And sir, our standalone business has done a decent growth during this quarter. So, what has led to this growth? How much was the price hike that we took during the quarter? And how much is from the demand that has come up? And sir, post GST, how is the demand for the coding and marking equipments in India? Has it picked up or how is it? If you could help us understand.

Shiva Kabra:

Yeah, so just so we can't give percentage, numbers in terms of price hikes, but we have implemented a surcharge because, right now -- so I think previous year there was a price hike, but the major growth has come from the volume. This year what's happened is because of some further -- we've actually had some costs. These are some major issues happening with the Iran thing or something, some chemical supply chains because, you know, the gas and some other things are being allowed for petrol and fertilizers and all, but for some reason, they've stopped the chemical chain. So there's some cost increases for sure on our side, you know, and some cost which has also been declared here and there.

So obviously -- I mean, it's not as bad as COVID by any stretch of the imagination, but we are keeping our stocks ready. So we have had some significant cost increases. Also, the rupee depreciation has affected us, but we're not getting calculated as yet. But we have taken a surcharge from our customers to counteract whatever cost increase we're going to incur due to whatever this conflict and whenever it ends, I've got those. But it's going to take a few months for the market to normalize, even if the conflict ends tomorrow. So I think the surcharge will be placed till

the end of the year. There was a couple of other questions in there, which I think Jaideep will address.

Jaideep Barve: No, you do address it. He just wanted to know that how are you fitting in the coding and marking there?

Shiva Kabra: Fair, fair. So most of the growth last year was volume. Some small part is a cost increase. And, yeah, this year there's a surcharge, but I don't think it's going to -- it's mainly to cover the additional costs that we've already incurred. It's not, or are incurring on account of the depreciation at the whatever this Iran thing. I don't think it's going to necessarily add to our bottom line, but it will prevent it from getting affected.

Shiva Kabra: Yeah.

Madhur Rathi: And sir, on the demand from the FMCG segment post the GST changes.

Shiva Kabra: Madhurji, we can't hear you properly.

Madhur Rathi: Sir, the demand from the FMCG market post the GST rate reductions for the coding and marking equipment.

Shiva Kabra: Sorry, it's difficult for us to say. It's been quite stable, last year and this year. So it's difficult for us to say. Normally the packaging sector which is pharmaceutical, beverage, food, and FMCG, whatever you call it, is stable. And we see more ups and downs in the industrials, which is like cable and wire, pipe, steel, those are the ones which fluctuate more. So depending on -- because a lot of them are linked to home construction and white goods and those types of things. So, yeah, but the packaging side of the business is quite stable. I mean, people consume milk comfortably, whether it's a GST, that's what it was. I think, but I'm not sure.

Madhur Rathi: Got it. Thank you, sir.

Moderator: Thank you. We'll take the next question from Vinit Thakur. And I would request the participants to limit their questions to two per participants. Vinit, you may go ahead, please.

Vinit Thakur: Yeah. Hi, sir. Thank you for giving me the opportunity, sir. I had a couple of questions if you would give me the revenue breakup by consumable spares and...?

Jaideep Barve: Yeah, I'll take this question. So for the Q4, I'll talk first. So between printers, consumables, spares and services, it is 12%, 62%, 9%, 16%. And if I take the complete year of '25-'26, it is 14% for the printers, 61% for the consumables, 9% for the spares and 15% for the services.

Vinit Thakur: And sir, could you just, also, since already my question was answered, I wanted to know about the CODEOLOGY and other investments, especially V-Shapes because we've been bleeding money for it. And as you mentioned, we don't have a timeline when we will have at least a break-even point for it. But could you explain the Indian business as well? What do you think about the Indian business as of right now?

Shiva Kabra: So you mean the Indian business on the packaging side of the business or which part of the business?

Vinit Thakur: The coding and marking business.

Shiva Kabra: So that's going steadily. I think that's steady so far. Last quarter, last year was good. This year should be also reasonably good. And like I said, we expect the Track and Trace to be one of the things that we add to sales, hopefully profitability this year. So it's going to be developed to some extent this year, stabilized where we can then have a base on which we can grow

Vinit Thakur: Could you expand more on the Track and Trace business? Like what revenues or what is the highlight in the next two or three years? What do you think the potential of the business could be?

Shiva Kabra: So that's difficult to say. There are other people in it. So we are a very late entry into the market, relatively speaking. We are trying to offer something which is a very differentiated solution. It's quite technical if someone will have to take the time out to understand what our solution is and how it compares to whatever is the state of the art from other people as of today. But I can assure that any leading pharmaceutical or other similar company will find significant amount of benefit coming to us.

And I had mentioned that, we are doing some pilots with two of the top five to ten in size pharmaceutical companies in India. And we're coming to the end of those. And if everything goes and everything is successful, then we should get a bigger rollout of these companies. And that will also have a market move to the rest of the companies or other rest of the customers. So, yeah, that's what our focus is. It's not really on rushing to try to sell to everyone, it's more about going into depth and really

working closely with two pilot customers of large scope complex requirements, probably the most complex requirements from all companies in India and making sure that we are giving that level of solution to them, that they feel there's a huge delta and it's a no brainer for them to switch from the existing solutions to us.

And so it's more about proving the proof of concept in two apex customers. And you feel that it'll have its own self-explanatory effect down the line to all the other customers.

Vinit Thakur: So just a last comment on V-Shapes, what do you think about when can we reach a breakeven point on what scale and what factors could it lead to reaching a breakeven point and a general commentary on that part?

Shiva Kabra: So it could be this year also. So what happened was, you know, we had predicted about a EUR 1 million something loss, this like an reduction from about EUR2 million, EUR 2.5 million last year to about EUR1.5 million this year. What's happened is that because of some difficulties in our --- some design changes or some stuff that we made, we put a bunch of inventory there which still needs to go out to customers. We're not able to build that.

So I think that happens, you know, the losses would reduce. So, and also, you know, the revenues may start. We have a couple of big customers in the Gulf and Middle East who are not now purchasing materials because we can't ship them the materials. So to the Middle East, in the Gulf, in the Strait of Hormuz area and we don't know where to get past this. And so that's affected us to some extent. But I think, yeah, it could easily breakeven this year. But irrespective, I'm quite confident that the losses will reduce this year.

Vinit Thakur: From at least after FY28, we will not be bleeding more money towards V-Shapes. Would that be a general consensus?

Shiva Kabra: I don't think that we need to put more funds in after this -- since we purchased the technology and shipped it to India. I think this will be the last, like you said, someone said, part of it is to feed some loans that we have provided to get them back. So that's going to be part of it. So most of the funds are not going to be infused there. But I think there's not much of a funds requirement from their side. If we believe as possible that the current inventory that they have is finalized and they can ship it out because all the changes have been agreed upon.

So we made some minor changes to the product. What's happened is that the products are still somewhat stuck at -- in the factory, in their factory. If those products can go out, if those machines can go out, then we can convert them into revenue and get some money in. Obviously, we already said part of it is in advance. Part of it will come in. So the inventory will get converted into cash and it will also lead the way to recurring revenue. So yeah, some improvements that can happen, in terms of the manufacturing out there. But I think that I think we're close to saying that now this is the final change.

There's, again, I don't want to be critical of our own company and, that there's something but sometimes happen is, It's a new thing because we run in a very different way. When you sort of buy a certain machine from certain types of Italian companies of a certain size that each machine is slightly different than the last, and then it becomes impossible for an engineer to go there and understand which machine is what. There aren't major changes, but there are minor changes from each machine to each machine. So our, papers that this can't happen, it has to be finalized. If you go to the customer, you should have installed it in one day, you know, and give the training and get out and it just runs.

So, you can't be like, I'm going to go there and I'm going to fiddle around with it and I'm going to make some things here and there. So because we are putting more of our own quality and customer level standards out there, otherwise they would have shipped out. But that's not acceptable for us. So it's going to be quite straightforward. Again, it's nothing negative or positive about it. Maybe people are used to doing businesses a certain way we don't accept that. So they have to comply with our laws.

Vinit Thakur: And so what is our land? So have you been able to reduce the cost...?

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

Vinay Pandit: Yes, yes.

Moderator: We'll take the next question from Saket Kapoor. Please go ahead.

Saket Kapoor: Yeah. Namaskar, Shiva ji. Shiva sir and Jaideep sir. Hope I'm audible.

Jaideep Barve: Yeah, yeah.

- Saket Kapoor:** So first of all, a very humble suggestion. Please do make it into consideration that earlier, sir, the post results, the concall and the presentation part used to be done on the same day, maybe at the fag end at 5pm or sometime around that also. But we have now made it a next day affair. So if our team can work on it and we can host the investor call on the same day later in the evening, if the board meeting permits so, that will suffice and would be very beneficial for the investors and the analyst community. That's a suggestion from my side, if that could be looked into and deliberated on.
- Shiva Kabra:** Saket, we actually prefer that. But then some people said they need time to study the presentation and the results before they can ask us questions. So I don't know there are different investors with different - - so I don't know.
- Saket Kapoor:** In the paucity of time, I'm not taking it into discussion. You have a similar set of investors participating in the call. The Kaptify can call us and get the feedback from us what is the preferable time since we people are participating and we people are investors also in the organization.
- Shiva Kabra:** I request to do that on behalf of the Control Print. Please check this on the end of the call for us. You know, it's actually better to do it all in one day. It's much better for us.
- Saket Kapoor:** Yeah, it is much better for us also, sir.
- Shiva Kabra:** Okay, I got a different feedback but I'm just telling you Saketji that this was the feedback that we got. That's why we have changed to give everyone a day to study the results and the presentation before asking us questions. But we are open, we are more than open to going back to the old style. I'll leave it to Vinay to get the feedback.
- Saket Kapoor:** Yes, yes, yes. Sir now, sir, taking into account the V-Shapes losses, the packaging business losses, can you explain to us, sir, what is the nature of these losses? And as you mentioned about some machines and not getting delivered because of some changes in the specification. So what are the course correction that are expected going ahead? If you could just dwell further on the same.
- Shiva Kabra:** Yeah, so just so that, okay, roughly speaking, about half the V-Shapes expense is in terms of R&D. Okay, so the focus has been on shipping the R&D. So India is going to do the materials R&D and V-Shapes will keep developing the machine technology and also extending our packets into other areas. So, for example, we have a patent for taking

our snap technology to powders. So we developed a thing where we developed a powder machine which we're not apart from finalizing and selling, but we've taken the patents out on that as a concept. So that will extend, say, to 2044.

So what happens is that we are, so one part of things to develop the technology and to extend our IP, that's about half the cost of running V-Shapes in Italy. Okay, the other half of the business what they do is two things similar to India. They do contract packaging for customers. And this is more because a lot of customers don't want to buy the machine upfront. What they do is they'll pack a hundred thousand pieces or 50,000 pieces and try it out on the market and do things like that. And then if everything's successful, sort of come back to us and then look at purchasing machine.

So that's sort of where what they do is a second thing. And then the main business of course is manufacturing the machines. And their sales geography now is limited to Europe. And India is taking care of the Asia Pacific and Middle East and Africa. Although maybe our real focus is, I'd say 90% is India and to some extent the Middle East and Gulf. It's not really Africa and the rest of Asia is theoretical as of right now. And so their costs are obviously in terms of two things. They've got a sales team out there, and some people in the packaging and manufacturing production operation. They've got some part of the cost in the R&D. So I would say like, if the R&D costs of something like a EUR100,000 a month.

So obviously, we are expensing the same, but that, I mean, theoretically, we would have capitalized for something, because this is a natural way of doing things. So that's a big investment that we are making there. So in a way, they've got a similar R&D expenses what Control Print has like a little bit less than us. But because obviously, they don't have the same level of revenue and profitability, they can't expense that without losses. So that's one of the major differences there. The rest of the people are sales people.

You've got a CEO who looks at sales and some of the technical aspects of the people who are manufacturing some logistics and back office or whatever. And then some people -- it's a pretty thin team. I think it's like just 12, 13 people, 14 people. Part of the R&D costs are not only our people, but also we have some consultants that we use and then certain kits and tools that I know they keep buying some stuff the other day to check some stuff out. So yeah, so that's where the V-shapes for the CP Italy costs come from. What are the other questions you had?

Saket Kapoor:

Sir, I have a couple of them. I'll just put forward them and then join the queue. Firstly, about the new manufacturing unit at Guwahati. What can be noted, sir? What is the rationale? And how are we going? I think with the packaging segment itself. So that has some correlation with the IP which we have purchased, I think so far from V-Shapes. And sir, secondly, to endorse or whether to second to the views of Keshavbhai also in the earlier part. Sir, you have built up this organization and also the confidence in your investors in a journey that has transcended for the last 6, 8 years of consistent performance, delivering your dividends, buybacks. Somehow it appears to the minds of your investors that we are getting derailed from the objective. And that is very well reflected in the type of peak compression that we see currently with respect to our current market cap also.

So sir, although in your presentation, you have spoken about, I think so slide number 8 speaks about three pronged long-term growth strategies. And then we have also spoken about long-term value drivers. We as investors only want things on ground to move in this aspect. And we would like to understand as we say in the Hindi terminology, How far is Delhi? How far are we away from achieving these two slide number 7 and slide number 8? And your thought process of how confident you are in achieving the same. This is what the sum and substance of my question was. And I'll join the queue.

Shiva Kabra:

Okay, so just looking at the first question, do you want me to take this now or take it at the end of the queue? If anyone else wants, I'll just take them now. Is that fine with everyone?

Moderator:

Sir, I think we can take a question from Saloni Arya from Molecule Ventures. Saloni, if you can go ahead, please.

Shiva Kabra:

Keep those two questions there then, and we'll address them now.

Moderator:

Yeah, sure, sure.

Saloni Arya:

Hello, am I audible, sir?

Moderator:

Yes, Saloni.

Saloni Arya:

Yeah, sir, I joined a little late. I don't know if my questions are Repeatative if I just say them out loud. First one, obviously, being related to the losses that we are undertaking in the subsidiary. So when can we expect these losses to subside? In the earlier call, we mentioned

it's in H2 FY27. So what is the trend we are looking at for the next two quarters? Second question is regards to the Track and Trace business. So earlier we used to mention the market size of this business to be around INR500 crores. And four players are already in this. What kind of a market share are we looking to capture from them? Basically, over the next two, three years, what kind of revenue are we targeting from this segment alone? Is this going to be a meaningful contributor once the pilot commercializes or it will take longer than that? And we have never talked about the margin profile that this business can do. So if you could disclose that, it would be really helpful. And sir, total investment done in the V-Shapes specifically. Hello.

Shiva Kabra: If you can just keep your questions, I just can answer them because I'll forget your questions by the time I answer the first one. So if you can just understand I'm a 47-year-old guy with a very short memory. So the first thing, the first question you asked, I believe has been answered.

Saloni Arya: Right, right.

Shiva Kabra: Saketji has asked a similar question again. We're going to revisit this at the end of the investor call, I believe, once all the other -- we have finished with the two questions. And so it might be coming towards the end. So if you have a bit of patience, we'll come to it towards the end. Now, the second part is about our Track and Trace business, which also has been addressed to some extent. So we started this thing about five-something years ago. And again, I'm saying the same thing for the packaging business. It's been four years of investment in that business, creating IP in that, and sort of understanding where the market is, where it may be going to be. And like you said, yeah, it is a INR500 crore, INR600 crore business currently.

The scope is there. But again, like I said, we're looking at redefining the way we're addressing that market. So it's not only a conventional Track and Trace solution, which is -- we're already at a certain level where we are breakeven, if not profitable, in the conventional part of the business. We've been working more on sort of an IP-differentiated solution in that business. And like, I mean, just so that everyone understands, my way of thinking. Like, we had a Track and Trace developed. We spent some money developing it. And we found a team that had developed a blockchain-based Track and Trace with a QR. We dumped our solution and we went through them. And we got that team. That team became our team in the QRiouscodes team. We invested more in developing the product around that we thought was there.

We worked with them for the last three-something years, and we put a lot of money in that. We've developed our thing. We've developed our printing and other types of R&D, and other expertise to contribute to them. A lot of the expertise that we've also acquired through MARKPRINT. So it is bringing different parts of Control Print together. And I guess we go to a level where we are break-even, if not profitable. I can't disclose that very well in that business. In general, whatever we do in terms of any business is at a similar gross margin level to what we do in our coding and marking business, at least. Now the point that was then raised was, you know, what is the size of this business? What is the scope of this business? What is the market share?

So for us, it's to create a product, like I said, when we are not afraid to know that we can make a product, we can sell it as Control Print, we can do another meaningful business and get a share. I think someone's mic is on and they need to switch it off, because there's some background noise coming through someone. So I think what we're trying to do is create an IP-differentiated solution. Okay, we're not very content doing the same thing that we're doing. In the coding and marking business, we've done it. We've established a proper market share. We've still got great options and great solutions in the coding and marking business, which is enabling us to continue growing. Hence, we've got a lot of equity there.

In other segments, we don't want to just use the Control Print reach to make a meaningful solution, which could probably be profitable and be like a basic return on equity, but that's not our philosophy as a company. So in terms of where we're going to be in two, three years or something, I think we've got like two pilot projects that we are running with two of India's largest pharmaceutical firms to play amongst two of India's largest pharmaceutical companies. We're coming to the end of those pilots. If we feel all of us agree, and maybe the customers, but also us, that we are getting the results that are giving them a significant delta over what they're currently employing, then I think there's a firm commitment to implement our solution and scale it up in those companies.

If that's the case, there will be obviously significant growth driving for us in this year, but it will also sort of re-establish the standard of what can be done and what should be expected in a track and trace solution or, off the level that Control Print delivers. And we believe it will also affect the rest of the market and really make it much, much easier for us. I mean, we think that customers will be coming to us rather than us going to them post that if this happens, because, the proof of concept is

that the customer has run the pilot, he's done everything, he's doing the market testing and he's finding it successful.

So again, like I can't give exact numbers. We don't give predictions on all these types of things. In terms of, I guess in margins, it should be, I think like overall, the corporate should be able to maintain its margins, overall. Like I said, it's -- if someone needs to understand what our solution does, first of all, I don't know how much you can disclose because most of our stuff is covered under NDA. But if we can disclose some general stuff, more than be welcome to do that. But again, like I said, it's a very IP-based platform, which is differentiated. And for that, someone has to be willing to invest time and understanding the differentiating point between us and our competitors or whatever's there right now in the market.

So that's the second question that you asked. Now you want to ask them another question. So I'll, please go with that.

Saloni Arya: Sorry from my end, I'm in a public place. So third question would be, so you can't even give the ballpark figure regarding the V-Shapes and Track and Trace business as to how much you expect them to be a part of the overall revenue mix over the next three, four years. If a ballpark figure could also give us some sense as to where the management is directionally going.

Shiva Kabra: So, okay. I think there's some overlapping questions. I think Saket has asked some overarching questions on this basis. If I can just cover this, if you can make that a point, Saketji of your question. So I specifically addressed that point. That would be perfect.

Saloni Arya: Okay, okay. Sir just one last question on my side, sir. Basically, sir, this, you basically said that once the negotiations are done, you will be coming out with a presentation on Track and Trace business itself. So when do you think we can expect that?

Shiva Kabra: We already have one. We have a clear one. It's for customers. What our specific differentiating IPs are? Right now, we give it to people under, -- who sign an AP with us. So, yeah, we can put on a general purpose Track and Trace. It must be on our website. Someone can do it. Yeah, sure. Jaideep can just put it up on a standard presentation.

Jaideep Barve: Yeah, a generic one.

Shiva Kabra: We can just put it up on the website.

Jaideep Barve: We can do that.

Shiva Kabra: We can do that. That's not a problem.

Saloni Arya: That would be really helpful, sir.

Shiva Kabra: Yeah. If anyone needs to get a specific theme with a specific customer, obviously, you can't disclose what we do with specific customers. But I'm sure a lot of you guys are analysts for some of those customers, investors and some of those customers. Maybe you can speak to the customer directly, and they will be better explaining what, because it's better to actually get it from their point of view, right? Rather than getting it my thing or what I'm trying to sell or what I'm trying to pitch to them. It's better to understand what they are thinking and why they are doing this. How they are evaluating this type of purchase. I think that's far more valuable than what we might say.

Saloni Arya: You make sense, sir. Just one last question and I'll...

Moderator: Please go ahead.

Saloni Arya: What is the Market size of this product, basically. We have said that it was 300, top 300 drugs have been already mandated and government is increasing it to a thousand drugs. But the execution on the government side has not been that strong. And as it is a compliance on pharma company's point of view, so how much of a market size increase are we expecting in the pharma space for this track and trace business?

Shiva Kabra: Yeah, so in the top 300 medicines we are already doing like 20 or something in 2022. But, you know, the government is going to come out of the notification in our discussion with the DCGI to make it to 946 of the top medicines of India. Why 946? I'm not quite sure about but this is what the preliminary discussions that are going on. I'm assuming these are public, so I if they're not -- I take that back. So this is the discussion that's come out right now to set to 946 medications.

The fundamental issue is that there's no standard in terms of the fact that we own a QR code which goes to the manufacturer's site to validate it, whether it's working or not. And what's happened is I believe there's been a lot of instances where people have scanned the QR code to authenticate the medicine but the medicine was counterfeit because the entire batch was copied and released out in the market. Now what that is doing is giving a false sense of security to the customers because

you've scanned the medicine, it's saying it's authentic but it's not actually authentic and that's what really where our solution, this is one of the main issues our solution is addressing at the heart of, but so that everyone knows what we're doing in a differentiated manner.

So you get 100% accuracy like there's a million copies out there each the one authentic will come out. And we also have some other parts which are because since you're already doing the track and trace case which is acquiring warehouse, supply chain and other types of information, some other types of management for the pharmaceutical companies so they can use all this data to manage all their logistics, supply chain, diversion issues and other types of things. So just so you get an idea there is a talk to make it 946 medicines but there's no notification yet.

Right now it's just -- so we don't know when it's going to come out to be this thing and there are some issues in the first 300 medicines in terms of the fact that the objective was to eliminate counterfeiting but actually it's in fact gone a little bit the other way it's leaving customers with false sense of security that it is genuine. It's actually it's not genuine. So it's not really helped so far the objectives have not been achieved. So I don't know -- I know the government does want to extend it but at the same time there's also like some more discussions of how the solution is going to be improved so that it's far more difficult for people to get -- make counterfeit copies of these types of medicines.

Moderator: Thank you sir. We'll move on to Samarth Singh and I request the participants to limit their questions to one per participant. Samarth Singh you can go ahead please.

Samarth Singh: Yeah thank you for the opportunity. Shiva, just circling back on CP Italy I think in the last quarter call we had also mentioned that we had some quality control issues and we were to get CP Italy to have the similar quality of Control Print and hopefully after that post that the backlog would be taken care of. So I realized I guess three months isn't a long time but it seems that those issues are still continuing. So if you could just talk exactly where we are as far as the quality control issues are concerned and when do we start seeing us fulfilling that order book?

Shiva Kabra: Yeah, so Samarth what's happening is right now it's not so much about quality control issue. What happens say we made a batch of 10 machines part of them are already sold like so a significant chunk of them are sold. Now the first machine that came was sent to a customer but some issues were there because the testing wasn't as thorough. So

then someone else -- the engineer has to go we go in there four times in order to make some changes to the machine. Now it's running fine. The second machine we had to sell to a customer in India. It came to us, we are having some issues with it even though we have a strong technical team here and we can't send this to our customers. We have to send the machine that we have in our own stock for our co-packaging to the customer instead.

So now the third machine or the fourth machine and the fifth machine are ready but you know what's happening is that the first second third and fourth and fifth machine are all slightly different to each other so they keep improving the machine but my point is like all ten machines have to be the same. So whether we go directly to four machines and the next five machines or whatever, everything has to be it has to be the same machine it has to be tested it has to work I mean I'm not saying that I know this sounds like whatever math 101 or something to everyone like it's obvious but the reality is that sometimes people make things and they make a product and then they make minor changes and then you know they release the product and make minor changes.

So I think like Tata had the same thing with their car like earlier they even introduced a Tata car and everyone is saying the V2 is going to be good. So just wait till the V2 version comes out with all these cars and then buy the Tata car. And again a lot of respect for Tata Motors as a company please don't take it in the wrong way, I hope nobody is sending this to Tata they are a customer of ours, very big customer to be honest I'm not saying this had this reputation like a decade ago and then they've gone through that and resolved that that it's first time right.

Now what's happening is it's a very similar story that's happening out there but for us it's not possible to manage customers in multiple geographies, managing multiple things send out a product and then make some changes to it on the fly. So our instruction is that all the 10 machines have to be made all of them will work exactly the same all of them have the same lower details the same parts the same design the same everything. Just small things like they can make a change in a part and they don't update the BOM with that same drawing.

So what happens when we make like 10 new parts of that we make with the old drawing and someone has changed the drawing like we've got a part it's matching it's not working because we've got something with the thing so it's just like very I mean to be honest frankly speaking it's very small stuff. It's like what happens you buy an R&D outfit frankly which is posing as a company and then they're not really thinking in the same

way as our company. So it's taking us a little bit of effort you know but we have the thing is I'm not willing to send anything out that doesn't meet our own internal standards. So it's a game of patience.

Samarth Singh: And you mentioned that we are spending about I think EUR 100,000 a month so that is so is that the main expense that comes about INR12 crores a year is that the total expense for CP Italy?

Shiva Kabra: That is just the R&D expense. That's not the total expense.

Samarth Singh: Okay what would be the total expense? Not including I'm not talking about the COGS, just the OpEx and the wages.

Shiva Kabra: I don't understand exactly though. So I'm saying the R&D expenses is in the region of EUR100,000-something a month. Our expense would be higher in India but that's more for the coding our printing business.

Samarth Singh: I'm just talking about CP Italy what would be the total expense uh on the OpEx and the wages in CP Italy?

Shiva Kabra: So the direct wages are not very high. They are like a EUR1 million or something, maybe less. But it's difficult to say because we have a lot of consultants and other types of things some people on contract, because we don't want on take people so I...

Jaideep Barve: So it's roughly about EUR 750,000 a year

Samarth Singh: In rupees.

Jaideep Barve: Yeah it's the total cost out of which the R&D is...

Shiva Kabra: It's contractual costs. Yeah and then R&D other things will be all in addition. So yeah again like I said you know we do some stuff on like it's not the total cost but yeah it's not a very huge cost it's maybe like EUR3 million something a year, 2, somewhere between EUR2 million to EUR3 million to just run the show there.

Jaideep Barve: Yeah.

Shiva Kabra: Yeah. Out of which EUR 1 million is R&D and I'll say like a EUR1 million to EUR1.5 million is all whatever the power and the sales team and a couple of logistics and admin team and couple guys for the production. Yeah there's a few guys production and technicians and that type of stuff. So yeah maybe like somewhere between \$2 million to max

\$2.5 million be like the fixed operating cost assuming like yeah there was no purchaser manufacturing -- like we just had people sitting around with R&D types of things. So yeah

Samarth Singh:

And is it possible to restructure some of this cost and bring it on to the India operations because you're -- we're paying our tax rate on the consolidated basis close to 40% at this point.

Shiva Kabra:

So there is some work going on that side uh in terms of the machine but like I said you know first we need to make the machine a 100% we say like this is the final machine because otherwise I'll keep making some new machine in India or some new parts for those machines and so on and so forth. So it's not like we're planning to reduce the size of that office because now it's really we have slimmed down and got rid of all of the additional costs that are there. So like we have three, four people have been let go and some other things are there but like you can say all the additional pack or the non-productive people and expenses are being cut. So I'm going to see people see some more differentiation there.

So it doesn't look like the costs have come down so much but we've gotten rid of a lot of the non-productive people and where the investments have been made is much more on the sales team and I'm getting a much higher sales type of output out there and definitely I'm expecting much better sales results the revenue results from them going forward. As far as you know getting the cost of the machine down you know for that we have to say that this is the final, final product and it's not going to change till we make a new version.

Whenever we make a new version and update the car, so till I don't say that this is the Toyota Corolla 2024 and this is fixed and Toyota doesn't sign off that we will count it the Toyota Corolla 2027 so yeah we've got a machine. It's theoretically been fixed but obviously like the final things that -- so I think we are very close to the final, final stages of this machine being fixed, this batch of 10 coming out, us observing that and then the plan is that switching between what's happening is all of these parts are bought from local Italian suppliers, okay.

So it costs us significantly more than if we could source some of these parts through our base or manufacture them ourselves or at least negotiate with our suppliers if they're bought out things like specific motors and drives and things like that. So that's the idea to get the cost down to batches but yeah -- and there's already some significant amount of work going on out there. I think because there's some minor changes

you know it's been a little more of a difficult process that we originally had such. But it will happen. It's just yeah it's step by step.

Samarth Singh: Appreciate that thanks.

Moderator: Thank you we'll take the next question from Nikunj Bhanushali. Please go ahead.

Nikunj Bhanushali: Hi. Thank you for the opportunity. Am I audible?

Jaideep Barve: Yeah, you are.

Nikunj Bhanushali: Yeah. So firstly I would like to know some numbers in terms of our acquired companies so in CODEOLOGY and MARKPRINT and CP Italy what was the sales numbers for the entire year FY26 and what are the profit or loss numbers for the year '26 ?

Shiva Kabra: We don't normally give it for the specific subsidiaries. I think it might come out in the annual report when we disclose whatever is required to be disclosed. Like I said almost the entire loss or the entire losses is on account of CP Italy of the consolidated losses outside of India. So just I mean obviously I guess that's an interesting point that everyone wants to know but yeah the entire loss can be ascribed to CP Italy.

Nikunj Bhanushali: Sure. So the reason behind me asking about individual numbers is that from the past year we have not been able to grow our top line as well. So expenses and losses are one thing but what I want to really understand is what kinds of -- what top line growth are we envisioning for the future in terms of our subsidiaries in terms of MARKPRINT and CODEOLOGY specifically because you mentioned that they are right on the basis of breakeven and even profitable. So what top line growth are we envisioning there in terms of percentages maybe you can share and what are we targeting what sales figures are we targeting there?

Shiva Kabra: Yeah. So again we expecting some growth there in a similar 15%, 20% growth rate. I think that's what one would expect there in both CODEOLOGY and MARKPRINT. In CP Italy I think there would be some better growth if we could sell some of the machines that we have sold but actually like sell them by shipping them out it would be better -- it would have looked a bit better at least optically. So for CODEOLOGY we have -- just so that everyone knows we've been taking the print and apply technology from them. We've transferred it to us. Now we're trying to put into beta home thermal transfer in it, a print engine.

So what will happen is that will also lock the consumers for them and for us so that if someone buys a print and apply whether from them or for us if the consumers business will come to us recurring in the future. Print and apply is also although India is not as big print and apply market surely as abroad there is still it's a growing segment in India and Promoter is not there in the segment.

So just in the recent sales managers meeting we had in April we sort of did the first reading for the print and apply. And we're expecting that although a bit slow we will get off the ground in this year and start the print and apply sales which in the future years will be an additional product in our coding portfolio and help us maintain our growth rates. And like I said for CODEOLOGY we have done an analysis of their business and in all honesty we have asked them to scale down the core business because we feel that the types of margins --- there's not an operating leverage if they grow from \$1 million or 1.5 million from where they were, if they become double it's not like the profits will become three or four times. So it's a bit of a tricky situation there. And they themselves believe that the V-Shapes packaging business has the maximum amount of scope in in the UK and those areas.

So they will be doing the sales for UK and maybe even Scandinavia and Benelux or something like that and the co-packaging there so they are more focused on scaling that up and scaling up a couple of power coding and marking products in their market. So we are actually going to make it more profitable by scaling down reducing and do some restructuring they're getting rid of some of the excess costs making the core business more profitable by making it a bit smaller which is a bit counterintuitive but the cost should come down faster than the whatever the profit revenue as a result and refocusing our resources on the packaging business and a couple of select parts of our coding and marking business. So that's planned with CODEOLOGY.

And with MARKPRINT they've already got some good contracts. Like I said they -- what happens with these companies it's a bit tricky to say because a lot of them are marquee businesses but they've got -- they've got a couple of good things going on and hopefully that keeps going on I think we should see some strong growth.

They had some technical issues themselves in a couple of installations last year but that those installations are like you're marketing within your own potential. So if that continues to roll out that -- like even without getting any new customers it's just going to be in the rollout I

think they'll install into our 25% a year. So that's fine. But yeah that doesn't mean of course we aren't trying to push them to get additional customers additional things in the meantime. But yeah so I think those businesses are less concerned. CP Italy is the main focus for us because that's obviously where the losses are concentrated right now.

Nikunj Bhanushali: Okay. Thank you for explaining that. And just...

Shiva Kabra: Technology has been largely I think consolidated in Control Print. So we are using that now quite extensively and also in some of the solutions that we are providing our customers. So it has been contributing to us in the last couple of years. Now definitely I think that the level which we've integrated has increased and we are providing at a much higher level to our customers.

Nikunj Bhanushali: Okay, okay. In terms of printers can you help me with the number of printers that were sold in this particular year?

Jaideep Barve: For '25-'26 you mean to say?

Nikunj Bhanushali: Yeah, for FY26 yeah.

Jaideep Barve: Yeah. It's about 3,064 printers.

Nikunj Bhanushali: Okay, 3,064. All right, Yeah, I think that's it from me. I will get back in the queue.

Moderator: Thank you. Sir we'll take the last question from Hardik Bora. Please go ahead.

Hardik Bora: Yeah. Hi. Am I audible?

Moderator: Yeah.

Hardik Bora: Yeah, hi. Thank you. Shiva just one point on the coding and marking business in India. Notwithstanding your -- the caution that you've said that you need to focus on these other businesses, before significant slowdown of maturity comes to this business. Actually the business has been doing pretty well, even when you see the performance in FY26 on profitability, printer edition as Jaideep mentioned we have 3,000 plus printers sold this year. The metrics seem to be pretty encouraging there still. So trying to tie it back to your initial remark like these large IT companies who probably took a lot of time to wake up to the AI threat and invest in that area.

Do you feel that compared to five years ago the growth opportunity of the coding marking business has meaningfully slowed down. That is why you're focusing on these new technologies or it's just out of abundant precaution? The coding business is still doing well. You're just trying to pre-empt the slowdown that might come 10, 15 years later and hence you're trying to seize these new technologies today. So just wanted to get a sense on how are you looking at the coding marking businesses growth potential compared to what it was let's say five years ago?

Shiva Kabra:

So Hardik, if I can ask you some questions what is the market cap of TCS and Infosys and Wipro and Cognizant, and all these guys. And then what is the market cap of Nvidia and Microsoft and Apple and even new guys like Salesforce or Oracle or those types of guys who own the IPs and own the products or SAP or those types of guys so where do we want to be? I think that's a fundamental question for Control Print And yeah, based on the coding and marking business it's generating the cash flows. It's our bread and butter, jam whatever you want to call it today. I'm not denying all those things. But that doesn't mean, like at least for us we still feel that we have that capability where for a few companies there's a strong tech team out here.

We're doing a lot of work on R&D and development for the last 10, 12 years so we're confident of that path. So you know we are very much in a different sort of situation of like I said where -- when we see even Chinese companies they're able to create their own technologies. Like when look at Huawei or something in all honesty their products are fantastic. They create a lot of their own IP around telecom and other types of things or something like that. So I think if I look at pharmaceuticals how many Indian companies in spite of being large pharmaceutical manufacturers the last 30, 40 years in the genetic space how many of them have created new chemical entities besides Wockhardt I don't know of a single company that has created a sort of whatever Phase 3 molecule even focused on that business. I was thinking focused on creating that business.

So I think for me the thought is very different. Like I said it's not that the coding and marking business is bad we have that capacity in us to do much better. I personally feel I have the juice in me to still be motivated to work and do something rather than being like no I'm getting the comfortable growth in the coding and marking business and I want to focus more on my lifestyle and that other type of thing. I think our team is still strongly motivated to keep doing pushing our own

boundaries and then we understand that there's a certain lumpiness up and down that's going to come, the size of company that we are. We could manage it much easier in the coding and marking space but like I said you know when I look at the fact that we probably made like INR100 crore, INR150 crores in royalties over 20 years and if I look at the today's cost of that and if I look at the present value even paying INR3 crores, INR 4 crores 20 years down the line, INR8 crores, INR9 crores, whatever it is. After we negotiate the agreements down and those royalties have come down because we've developed some of our own technologies in the time.

So we don't need to license them anymore. So CIG, which used to be like 90% of our sales, is now like 60%. So 40% is at least our own inbuilt type of solution. So what's happening is that, my own experience, my own feelings are coming from a very different point of view. And again, like I said, and that doesn't mean the coding and marking business is bad. It's a good business. But, yeah, I could be comfortable with being -- and I'm not saying this is a threat. Like I said, I think like when the people look at AI as a threat, I'm not getting to that part. But we're not getting away from coding and marking because we feel it's under threat.

I don't think the government is going to change legislation anytime soon, from my feeling. Again, like, it's just my own feeling, opinion, that I don't think legislation is going to change fundamentally to a sort of make, date, batch, and all that type of information, MRP information, or non-mandatory. It could happen. I'm not denying that. As long as it happens, it will be required. And same thing for the pipes and the cable, the pressure ratings, the information, like we're bringing all basic stuff out here.

So I'm not seeing this legislation changing, at least in the next few years. But of course, like I'm not in the government, so I can't see anything. I don't know how they evaluate what needs to be done or not to be done. But it's not a threat aspect. The focus is more that we have that capability. We have sort of completed our coding and marking product portfolio quite substantially. With the MARKPRINT acquisition, we've improved our own digital printing skills. We have -- so that opens up a new avenue for us, which is a combination of digital printing, coding and marking, part of our track and trace offering also. So that's a big area we've opened up. It's a sort of hybrid area.

We've got another track and trace area. We've been investing that in the last four or five years now. And that's somewhat at a certain level,

although still needs more focus, more investments to continue development that will, so that it truly is a strong product. So just to give you like a larger picture on what's happening, because the coding and marking is not bad. And I think that it should be that it's going to be the strong base, which is going to give us that space that we can create other platforms. But we -- so I don't think that that's going to change, and neither is it a bad business to be in, but neither is it like if I want to be a different level of business, if I want to be a different level of IP or platform, then we have to actually target these opportunities that we've undertaken right now.

And like I said, you know, I'm focused on maturing these opportunities before we even think of doing anything else. So yeah, give that a shot. First, we will mature these before we even think of something else. Once I'm profitable, then we will think of something else going forward.

Hardik Bora: So yeah, Shiva, and actually, as investors, we are encouraged that you're exploring these new areas. The objective of asking the question was that, are we like the Infosys and TCSs of 2010? Or are we on the 2020 phase where we have to spend on this today otherwise, the overall consolidated growth is under pressure. I think you answered the question. I was trying to understand from that perspective. But yeah, all the best to you on these new ventures. And hopefully, we start seeing them bearing some fruit soon. Thank you.

Vinay Pandit: Thank you. Shiva, you had to address those two questions at the end, right?

Shiva Kabra: Yeah, yeah. So Saket was going to, if you can just put those questions again, Saketji, just one question at a time. One is the key question and investment of the Guwahati facility? Is that correct, Saket?

Jaideep Barve: Saketji is on mute.

Shiva Kabra: Okay, I believe the first question was the investment in the new UNNATI factory in the Northeast. So like I said, one of the bigger longer term issues with our current setup of the packaging business is the cost of the packaging materials. I agree that some questions were asked, and I did say yes, there's some slight issues with the machine finalization as of right now. But one of the other big challenges in the long term, especially with the large customers is the cost of the material. Still, very approximately cost like INR2 something a pack. For the cost of the packaging material, between INR2, it's increased a bit after this Iran thing. We're importing at all. It's going to cost about INR2.5. When

we make it in Guwahati, we believe we can sell it to the customer for almost 40% less. So what is INR2.5 now, it'll be INR1.5 then, or what was INR1 now, it'll be like INR0.25, INR0.30. So we believe that that's going to actually make a much bigger explosion in the market.

A regular sachet costs about INR0.40 for a bulk customer, like Unilever, who makes Dove, something like that, Sunsilk, or one of those types of things in bulk. We will be about INR1.20, INR1.30, that type of large scale customer. Again, it's never going to make us go to the INR2.5 packet, or maybe up to the INR5, but we'll be very competitive in a INR10 packet.

The other part that we think is that in the foreign markets, EUR0.01 cent, or whatever is doing is not a big deal for them, or so even for ketchup and sort of cheaper products, right? I don't think for them, it's going to be a different type of situation. So we needed to invest in the materials. And of course, that's also part of our business model. It's a little bit, we're selling the machine, of course, the packaging machine. But in fact, out there, the materials business will give us -- when you look at the value of how much margin we're making on the machine, versus how much we're making on the material in year one, obviously, the machine is the main business.

But when you look at the fact that we're going to make money on this machine for the 15 year life, and even if it runs like 10, 12 years on average, something like 15, 20, like, no, you're going to make money on this machine, or money on this machine for 10, 12 years, then the value of the materials is significantly higher than that of the machine. So the machine, it's like a jet engine or something, right? You sell the engine and the money is, as much in the parts and the upgrades and the services, and here's the same thing as like a jet windows or stuff.

Definitely, there's a value in selling the machine and a margin that we're making in it right now. But we're going to make more money in the materials down the line. By making the materials cheaper, we believe that the margin, the volume of the business is going to be exponentially. And as a result, the scope of what we can -- how much we can service the V-Shapes business is going to increase exponentially. So that's the primary purpose of putting up this UNNATI factory. We are putting some pouring a lot of bits out there. This is to accelerate the revenue right in the beginning. It's not that our Guwahati facility is like, mostly running out of capacity. We could have done these minor expansions in Guwahati, but we're doing them instead of the new facilities so that we

maximize the incentives on offer. Does this answer the UNNATI question, for the Northeast expansion? Okay, I think that's that question.

Vinay Pandit: Yeah, I think answered it.

Saket Kapoor: Yeah, yeah. So that was the reason that if you could just also give color on the incentive part and also on an annual basis or by what optimum level of revenue we will be we will be enjoying the benefits, some color on the incentives also would that suffice or I'll take it offline later.

Shiva Kabra: Okay, so the benefits are you get INR7.5 crores back on a INR15 crore investment plant & machinery. If you go beyond INR15 crores, you still get only INR7.5 crores back. So it's capped at that. The second benefit is that you get a 5% interest subsidy on your term loan for a period of six years. The third benefit is that equivalent to the plant and machinery investment, you get a excise or rather a GST refund of the same over 10 years. So suppose I invest INR50 crores in plant and machinery, I'll get back INR5 crores of GST refund every year for 10 years.

Obviously present value terms that's less than INR50 crores, but there is a benefit to that. So we are already in Guwahati. We probably wouldn't have gone for this scheme if we weren't already there, but it's not far from my existing plot. We've had a lot of experience working in the Northeast. We didn't feel any risk in going to that area. And the logistics costs are quite well covered, but there are some separate minor subsidies on that of getting the freight from somewhere in the Northeast to, I think, Siligurior Bengal or some place like that. So it's not really a concern.

So there are some reasonably significant benefits. They're not huge, but they add up and made our case for sticking to Guwahati for our expansion worldwide rather than doing something right outside of Bombay or Silvassa somewhere. That was our other option.

Vinay Pandit: Okay, we'll close it here now. Thank you to all the participants for joining on the call and thank you to the management team for giving us their time. This brings us to the end of today's conference call. Thank you.

Shiva Kabra: Thank you very much.

Jaideep Barve: Thank you.